

**INTRODUCTORY NOTES TO THE LIST IN ANNEX 3-B**

**Note 1 – General introduction**

The list sets out the conditions required for all products to be considered as sufficiently worked or processed within the meaning of Article 3.4 (Sufficient working or processing).

**Note 2 – The structure of the list**

2.1. The first two columns in the list describe the product obtained. The first column gives the subheading number, heading number or chapter number used in the Harmonized System and the second column gives the description of goods used in that system for that subheading, heading or chapter. For each entry in the first two columns, a rule is specified in column 3. Where, in some cases, the entry in the first column is preceded by an “ex”, this signifies that the rules in column 3 apply only to the part of that subheading, heading or chapter as described in column 2.

2.2. Where several subheading or heading numbers are grouped together in column 1, or a chapter number is given and the description of products in column 2 is therefore given in general terms, the adjacent rules in column 3 apply to all products which, under the Harmonized System, are classified in subheadings or headings of the chapter or in any of the subheadings or headings grouped together in column 1.

2.3. Where there are different rules in the list applying to different products within a tariff item, each indent contains the description of that part of the tariff item covered by the adjacent rules in column 3.

2.4. Where two alternative rules are set out in column 3, separated by “or”, it is at the choice of the exporter which one to use.

### **Note 3 – Examples of how to apply the rules**

3.1. Article 3.4 (Sufficient working or processing), concerning products having acquired originating status which are used in the manufacture of other products, shall apply, regardless of whether this status has been acquired inside the factory where these products are used or in another factory in a Party.

3.2. Pursuant to Article 3.5 (Insufficient working or processing), the working or processing carried out must go beyond the list of operations mentioned in that Article. If it does not, the goods shall not qualify for the granting of the benefit of preferential tariff treatment, even if the conditions set out in the list below are met.

Subject to the provision referred to in the first sub-paragraph, the rules in the list represent the minimum amount of working or processing required, and the carrying-out of more working or processing also confers originating status; conversely, the carrying-out of less working or processing cannot confer originating status.

Thus, if a rule provides that non-originating material, at a certain level of manufacture, may be used, the use of such material at an earlier stage of manufacture is allowed, and the use of such material at a later stage is not.

If a rule provides that non-originating material, at a certain level of manufacture, may not be used, the use of materials at an earlier stage of manufacture is allowed, and the use of materials at a later stage is not.

Example: when the rule for Chapter 19 requires that "the weight of materials of headings 1101 to 1108 used does not exceed 20 % of the weight of the final product", the use of non-originating cereals of Chapter 10 (materials at an earlier stage in the manufacturing process of goods of headings 1101 to 1108) is not limited by the requirement concerning the 20 % of the weight."

3.3. Without prejudice to Note 3.2, where a rule uses the expression "Manufacture from materials of any heading", then materials of any heading(s) (even materials of the same description and heading as the product) may be used, subject, however, to any specific limitations which may also be contained in the rule.

The expression "Manufacture from materials of any heading, including other materials of heading ... " means that materials of any heading(s) may be used, except those of the same description as the product as given in column 2 of the list.

3.4. When a rule in the list specifies that a product may be manufactured from more than one material, this means that one or more materials may be used. It does not require that all be used.

3.5. Where a rule in the list specifies that a product must be manufactured from a particular material, the rule does not prevent the use of other materials which, because of their inherent nature, cannot satisfy this condition.

3.6. Where, in a rule in the list, two percentages are given for the maximum value of non-originating materials that can be used, then these percentages may not be added together. In other words, the maximum value of all the non-originating materials used may never exceed the higher of the percentages given. Furthermore, the individual percentages must not be exceeded, in relation to the particular materials to which they apply.

#### **Note 4 – General provisions concerning certain agricultural goods**

4.1. Agricultural goods falling within Chapters 6, 7, 8, 9, 10, 12 and heading 2401 which are grown or harvested in the territory of a beneficiary country shall be treated as originating in the territory of that country, even if grown from seeds, bulbs, rootstock, cuttings, grafts, shoots, buds, or other live parts of plants imported from another country.

#### **Note 5 - Terminology used in respect of certain textile products**

5.1. The term “natural fibres” is used in the list to refer to fibres other than artificial or synthetic fibres. It is restricted to the stages before spinning takes place, including waste, and, unless otherwise specified, includes fibres which have been carded, combed or otherwise processed, but not spun.

5.2. The term "natural fibres" includes horsehair of heading 0503, silk of headings 5002 and 5003, as well as wool-fibres and fine or coarse animal hair of headings 5101 to 5105, cotton fibres of headings 5201 to 5203, and other vegetable fibres of headings 5301 to 5305.

5.3. The terms “textile pulp” and “chemical materials” are used in the list to describe the materials, not classified in Chapters 50 to 63, which can be used to manufacture artificial or synthetic fibres or yarns.

5.4. The term “man-made staple fibres” is used in the list to refer to synthetic or artificial filament tow, staple fibres or waste, of headings 5501 to 5507.

**Note 6 – Tolerances applicable to products made of a mixture of textile materials**

6.1. For products falling within Chapters 50 to 63, the conditions set out in column 3 shall not be applied to any basic textile materials (excluding elastomeric yarns) used in the manufacture of this product and which, taken together, represent 10 % or less of the total weight of all the basic textile materials used.

6.2. The tolerance mentioned in Note 6.1 may be applied only to mixed products which have been made from two or more basic textile materials.

The following are the basic textile materials:

- silk;
- wool;
- coarse animal hair;
- fine animal hair;
- horsehair;
- cotton;
- paper-making materials and paper;
- flax;
- true hemp;
- jute and other textile bast fibres;
- sisal and other textile fibres of the genus Agave;
- coconut, abaca, ramie and other vegetable textile fibres;
- synthetic man-made filaments;
- artificial man-made filaments;
- current-conducting filaments;
- synthetic man-made staple fibres of polypropylene;
- synthetic man-made staple fibres of polyester;
- synthetic man-made staple fibres of polyamide;
- synthetic man-made staple fibres of polyacrylonitrile;

- synthetic man-made staple fibres of polyimide;
- synthetic man-made staple fibres of polytetrafluoroethylene;
- synthetic man-made staple fibres of poly(phenylene sulphide);
- synthetic man-made staple fibres of poly(vinyl chloride);
- other synthetic man-made staple fibres;
- artificial man-made staple fibres of viscose;
- other artificial man-made staple fibres;
- yarn made of polyurethane segmented with flexible segments of polyether, whether or not gimped;
- yarn made of polyurethane segmented with flexible segments of polyester, whether or not gimped;
- products of heading 5605 (metallised yarn) incorporating strip consisting of a core of aluminium foil or of a core of plastic film whether or not coated with aluminium powder, of a width not exceeding 5 mm, sandwiched by means of a transparent or coloured adhesive between two layers of plastic film;
- other products of heading 5605;

**Note 7 - Other tolerances applicable to certain textile products**

7.1. Materials which are not classified within Chapters 50 to 63 may be used freely in the manufacture of textile products, whether or not they contain textiles.

Example:

If a rule in the list provides that, for a particular textile item (such as trousers), yarn must be used, this does not prevent the use of metal items such as buttons, because buttons are not classified within Chapters 50 to 63. For the same reason, it does not prevent the use of slide-fasteners, even though slide-fasteners normally contain textiles.

**Note 8 - Definition of process referred to in chapters 27, 38 and 39 in Annex II**

a) "chemical reaction" means a process (including biochemical processing) which results in a molecule with a new structure by breaking intramolecular bonds and by forming new intramolecular bonds, or by altering the spatial arrangement of atoms in a molecule, with

the exception of the following which are not considered to be chemical reactions for the purpose of this definition:

- (i) dissolving in water or other solvents;
- (ii) the elimination of solvents including solvent water; or
- (iii) the addition or elimination of water of crystallisation.