

# **ANNEX I**

REFERRED TO IN ARTICLE 2.4

**RULES OF ORIGIN AND ADMINISTRATIVE COOPERATION**

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**SECTION I**  
**GENERAL PROVISIONS**

Article 1

*Definitions*

For the purposes of this Annex:

- (a) “Party” means Indonesia, Iceland, Norway or the customs territory of Switzerland. Pursuant to the Customs Treaty of 1923 between Switzerland and Liechtenstein, a product originating in Liechtenstein shall be considered as originating in Switzerland;
- (b) “chapter” means a chapter (two-digit codes) of the Harmonized System;
- (c) “competent authority” means the authority that, according to the domestic laws and regulations of a Party, is responsible for authorisations, verifications and other origin issues;
- (d) “customs value” means the value determined in accordance with the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994 (hereinafter referred to as “WTO Agreement on Customs Valuation”);
- (e) “ex-works price” means the price paid for a product to the manufacturer in the Party where the last working or processing was carried out, in accordance with the international commercial terms (“incoterms”), excluding internal taxes which may be repaid when the product is exported;
- (f) “goods” means materials or products;
- (g) “Harmonized System” or “HS” means the Nomenclature of the Harmonized Commodity Description and Coding System set out in the Annex to the International Convention on the Harmonized Commodity Description and Coding System, and adopted and implemented by the Parties in their respective domestic laws and regulations;
- (h) “heading” means a heading (four-digit codes) of the Harmonized System;
- (i) “manufacture” means working or processing, including assembly;
- (j) “material” means any ingredient, raw material, component or part, used in the manufacture of a product;
- (k) “product” means a product that has been manufactured;

- (l) “sub-heading” means a sub-heading (six-digit codes) of the Harmonized System;
- (m) “territory” includes the land territory, internal waters and the territorial sea of a Party;
- (n) “value of materials” means the customs value at the time of importation of the non-originating materials used, or, if this is not known and cannot be ascertained, the first ascertainable price paid for the materials in a Party.

## Article 2

### ***General Requirements***

1. For the purposes of this Agreement, a product shall be considered as originating in a Party if:

- (a) it has been wholly obtained in that Party, in accordance with Article 3 (Wholly Obtained Products);
- (b) the non-originating materials used in the working or processing of that product have undergone sufficient working or processing in a Party, in accordance with Article 4 (Sufficient Working or Processing); or
- (c) it has been produced in a Party exclusively from materials originating in that Party.

2. Without prejudice to paragraph 1, a product originating in Liechtenstein shall, due to the Customs Treaty of 1923 between Switzerland and Liechtenstein, be considered as originating in Switzerland.

## Article 3

### ***Wholly Obtained Products***

The following products shall be considered as wholly obtained in a Party:

- (a) mineral products and other non-living natural resources extracted or taken from its soil or seabed;
- (b) vegetable products harvested there;
- (c) live animals born and raised there;
- (d) products from live animals raised there;
- (e) products obtained by hunting, trapping, fishing or aquaculture conducted there;

- (f) products of sea fishing and other marine products taken from the sea outside the territorial sea of any country, by a vessel registered in a Party and flying its flag, and products manufactured exclusively from such products, on board a factory ship registered in a Party and flying its flag;
- (g) products extracted from marine soil or sub-soil outside the Parties' territorial sea provided that they have the sole rights to exploit that soil or sub-soil;
- (h) waste and scrap resulting from manufacturing operations conducted there;
- (i) used products collected there fit only for the recovery of raw materials, including used tyres which no longer comply with the national legislation; or
- (j) products manufactured there exclusively from those specified in subparagraphs (a) to (i).

#### Article 4

##### *Sufficient Working or Processing*

1. Without prejudice to Article 5 (Insufficient Working or Processing), a product listed in Appendix 1 (Product Specific Rules) shall be considered to have undergone sufficient working or processing if the product specific rules of that Appendix are fulfilled.

2. If a product, which has acquired originating status in accordance with paragraph 1 in a Party, is further processed in that Party and used as material in the manufacture of another product, no account shall be taken of the non-originating components of that material.

3. Where a rule set out in Appendix 1 (Product Specific Rules) is based on compliance with a sufficient processing threshold or a maximum content of non-originating materials, the value of non-originating materials may be calculated on an average basis over a period of three months in order to take into account the fluctuations in costs or currency rates, subject to the domestic requirements of the exporting Party.

4. Notwithstanding paragraph 1, non-originating materials do not have to fulfil the conditions set out in Appendix 1 (Product Specific Rules) to be considered to have undergone sufficient working or processing, provided that:

- (a) their total value does not exceed 20% of the ex-works price of the product; and
- (b) no maximum value of non-originating materials set out in Appendix 1 (Product Specific Rules) is exceeded through the application of this paragraph.

## Article 5

### ***Insufficient Working or Processing***

1. Notwithstanding Article 4 (Sufficient Working or Processing), the following operations shall be considered insufficient to confer originating status:

- (a) preserving operations to ensure that a product remains in good condition during transport and storage;
- (b) freezing or thawing;
- (c) packaging and re-packaging;
- (d) washing, cleaning, removal of dust, oxide, oil, paint or other coverings;
- (e) ironing or pressing of textiles;
- (f) simple painting and polishing;
- (g) husking, partial or total bleaching, polishing, and glazing of cereals and rice;
- (h) operations to colour sugar or form sugar lumps;
- (i) peeling and removal of stones and shells from fruits, nuts and vegetables;
- (j) sharpening, simple grinding or simple cutting;
- (k) sifting, screening, sorting, classifying, grading, matching;
- (l) simple placing in bottles, cans, flasks, bags, cases, boxes, fixing on cards or boards and all other simple packaging operations;
- (m) affixing or printing marks, labels, logos and other like distinguishing signs on products or their packaging;
- (n) simple mixing of products, whether or not of different kinds;
- (o) simple assembly of parts of articles to constitute a complete article or disassembly of products into parts;
- (p) slaughter of animals; or
- (q) a combination of two or more operations specified in subparagraphs (a) to (p).

2. For the purposes of paragraph 1, “simple” describes activities which require neither special skills nor machines, apparatus or equipment especially produced or installed to carry out the activity.

3. All operations carried out in a Party on a given product shall be taken into account when determining whether the working or processing undergone by that product is considered as insufficient working or processing referred to in paragraph 1.

## Article 6

### *Accumulation of Origin*

1. Without prejudice to Article 2 (General Requirements), a product originating in a Party, which is used as material in the manufacture of a product in another Party, shall be considered as originating in the Party where the last operations beyond those referred to in paragraph 1 of Article 5 (Insufficient Working or Processing) have been carried out.

2. A product originating in a Party, which is exported from one Party to another and does not undergo working or processing beyond those referred to in paragraph 1 of Article 5 (Insufficient Working or Processing), shall retain its origin.

3. Where materials originating in two or more Parties are used in the manufacture of a product and these materials have not undergone any working or processing beyond the operations referred to in Article 5 (Insufficient Working or Processing), the origin of the product is determined by the material with the highest customs value, or if this cannot be ascertained, with the highest first ascertainable price paid for that material in that Party.

## Article 7

### *Unit of Qualification*

1. For the purpose of determining the originating status, the unit of qualification of a product or material shall be determined in accordance with the Harmonized System.

2. Pursuant to paragraph 1:

- (a) packaging shall be included with the product if it is included with that product in accordance with General Interpretative Rule 5 of the Harmonized System;
- (b) where a set of articles, in accordance with General Interpretative Rule 3 of the Harmonized System, is classified under a single heading, it shall constitute the unit of qualification; and
- (c) where a consignment consists of a number of identical products classified under a single heading or subheading of the Harmonized System, each product shall be considered separately.



3. Accessories, spare parts and tools dispatched with a piece of equipment, machine, apparatus or vehicle, which are part of the normal equipment and included in its ex-works price, or which are not separately invoiced, shall be considered as part of the product in question.

## Article 8

### *Neutral Elements*

Neutral elements, which have not entered into the final composition of the product, such as energy and fuel, plant and equipment, or machines and tools, shall not be taken into account when the origin of that product is determined.

## Article 9

### *Accounting Segregation*

1. If originating and non-originating fungible materials are used in the working or processing of a product, the determination of whether the materials used are originating may be determined on the basis of an inventory management system, subject to prior authorisation.

2. For the purposes of paragraph 1, “fungible materials” means materials that are of the same kind and commercial quality, with the same technical and physical characteristics, and which cannot be distinguished from one another once they are incorporated into the finished product.

3. The inventory management system shall be based on generally accepted accounting principles applicable in the Party where the product is manufactured and ensure that no more final products receive originating status than would have been the case if the materials had been physically segregated.

4. A producer using an inventory management system shall keep records of the operation of the system that are necessary for the customs administration of the Party concerned to verify compliance with the provisions of this Annex.

5. The authorisation to use accounting segregation may be withdrawn if the producer makes improper use of it.

## SECTION II

### TERRITORIAL REQUIREMENTS

#### Article 10

##### *Principle of Territoriality*

1. The conditions for acquiring originating status set out in the provisions of Section I (General Provisions) must be fulfilled without any interruption in the territory of a Party.
2. If an originating product is returned to the exporting Party after having been exported to a non-party without having undergone any operation there, beyond those necessary to preserve it in good condition, that product shall retain its origin.
3. Notwithstanding paragraph 1, the acquisition of originating status of a product in accordance with the provisions of Section I (General Provisions) shall not be affected by operations carried out in a non-party, under an outward processing procedure or a similar arrangement, if:
  - (a) the re-imported product has been obtained from the exported materials;
  - (b) the total added value acquired in the non-party does not exceed 20% of the ex-works price of the product; and
  - (c) taken together, the total value of the non-originating materials incorporated in the Party and the total added value acquired outside the Party concerned does, not exceed the value allowed in accordance with Appendix 1 (Product Specific Rules).
4. For the purposes of subparagraph 3 (b), “total added value” means all costs arising outside the Party concerned, including transport costs and the value of materials incorporated there.

#### Article 11

##### *Direct Transport*

1. Preferential treatment in accordance with the Agreement shall only be granted to originating goods that are transported directly between the Parties.
2. Notwithstanding paragraph 1, originating goods may be transported through territories of non-parties, provided that they:
  - (a) do not undergo operations other than unloading, reloading, splitting-up of consignments or any operation designed to preserve it in good condition; and

(b) remain under customs control in those non-parties.

3. It is understood that originating goods may be transported by pipeline across territories of non-parties.

4. Upon request, an importer shall supply appropriate evidence to the customs authorities of the importing Party that the conditions set out in paragraph 2 have been fulfilled.

### **SECTION III**

#### **PROOF OF ORIGIN**

##### ARTICLE 12

##### *Origin Declaration*

1. For goods originating in a Party and otherwise fulfilling the requirements of this Annex, an origin declaration may be completed by an exporter established in a Party. While recognising that the Indonesian system requires information pertaining to the origin criteria, the origin declaration as set out in Appendix 2 (Origin Declaration) shall be the basis for granting preferential treatment under the Agreement.

2. The origin declaration must be completed on an invoice or any other commercial document that identifies the exporter and the originating goods, and, except as provided in Article 14 (Approved Exporter), bear the original signature of the exporter.

3. An origin declaration shall be valid for 12 months from the date of completion.

##### Article 13

##### *Representation*

1. Subject to the domestic requirements of the exporting Party, forwarding agents, customs brokers and other persons have to be entitled in writing by the exporter of the product to complete origin declarations.

2. The representative must submit his title of representation to the competent authorities of the exporting Party, upon their request.

## Article 14

### *Approved Exporter*

1. The competent authorities of the exporting Party may, subject to domestic requirements, authorise an exporter of that Party to complete origin declarations without signing them, provided that he submits a written undertaking to those competent authorities, stating that he accepts full responsibility for any origin declaration which identifies him, as if he had signed it.
2. An exporter who requests such authorisation must offer to the satisfaction of the competent authorities of the exporting Party all guarantees necessary to verify the originating status of the goods as well as the fulfilment of the other requirements of this Annex.
3. The competent authorities of the exporting Party shall provide an approved exporter of that Party with an authorisation number. The authorisation number must be included in the origin declaration instead of the signature.
4. The competent authorities of the exporting Party may verify the proper use of an authorisation and withdraw it if the exporter no longer meets the conditions referred to in paragraph 2 or otherwise makes improper use of it.

## **SECTION IV**

### **PREFERENTIAL TREATMENT**

## Article 15

### *Importation Requirements*

1. A Party shall grant preferential tariff treatment in accordance with this Agreement to originating products imported from another Party, on the basis of an origin declaration referred to in Article 12 (Origin Declaration).
2. In order to obtain preferential tariff treatment, the importer must, in accordance with the procedures applicable in the Party of import, request preferential tariff treatment at the time of importation of an originating product.
3. Subject to the domestic laws and regulations of the importing Party, an importer who is not in possession of an origin declaration at the time of importation may present the origin declaration and, if required, other documentation relating to the importation, at a later stage.

4. An origin declaration shall be submitted to the customs authorities of the importing Party within 12 months from its completion. The expiration of this period may be suspended as long as the goods covered by that origin declaration remain under customs control of the importing Party. After this period, an origin declaration may be accepted only in exceptional circumstances.

#### Article 16

##### *Exemption from Origin Declarations*

Notwithstanding Article 15 (Importation Requirements), a Party may, in accordance with its domestic laws and regulations, waive the requirements to request preferential tariff treatment on the basis of an origin declaration and grant preferential tariff treatment to non-commercial low value shipments of originating goods and originating goods for personal use forming part of the personal luggage of a traveller.

#### Article 17

##### *Denial of Preferential Treatment*

1. The importing Party may deny preferential tariff treatment or recover unpaid customs duties in accordance with its domestic laws and regulations where a product does not meet the requirements of this Annex or where the importer or exporter fails to demonstrate compliance with the relevant requirements.
2. Slight discrepancies between the statements made in the origin declaration and those made in other documents submitted to the customs office for customs clearance or obvious formal errors, such as typing errors in an origin declaration, shall not as such render the origin declaration invalid.

## **SECTION V**

### **OBLIGATIONS OF IMPORTERS AND EXPORTERS**

#### Article 18

##### *Cooperation of Exporters and Importers with Competent Authorities*

Exporters and importers benefitting from the Agreement must, within the framework of this Annex and subject to the domestic laws and regulations of the Party where they are established, cooperate with the competent authorities of that Party.

## Article 19

### ***Documentary Evidence***

1. An exporter who has completed an origin declaration according to Article 12 (Origin Declaration), must keep a hard copy of the origin declaration and all documents supporting the originating status of the product, for three years from the date of completion, or longer if required by the domestic laws and regulations of the exporting Party. An approved exporter may keep an electronic version instead of a hard copy of these documents.

2. For the purposes of paragraph 1, “documents supporting the originating status” include, *inter alia*:

- (a) direct evidence of the processes carried out by the exporter, producer or supplier to obtain the product, contained, for example, in his accounts or internal bookkeeping;
- (b) documents proving the originating status of materials, used or issued in a Party in accordance with its domestic laws and regulations;
- (c) documents proving the working or processing of materials in a Party, issued in that Party in accordance with its domestic laws and regulations;
- (d) origin declarations proving the originating status of materials used or issued in a Party in accordance with this Annex;
- (e) evidence concerning working or processing undergone outside the Parties by application of Article 10 (Principle of Territoriality), proving the fulfilment of the requirements of that Article.

3. The competent authority of the exporting Party may, at any time, carry out inspections and verify the accounts of exporters who have completed an origin declaration or producers who have contributed to origin conferring processes. Upon request of those authorities, these exporters or producers must submit the documents referred to in paragraphs 1 and 2.

4. In accordance with the domestic laws and regulations of the importing Party, an importer who has been granted preferential tariff treatment must keep the origin declaration, based on which preferential treatment was granted, and all documents supporting the originating status of the product, for at least three years. Upon request of the customs authorities of the importing Party, the importer must submit the documents to those authorities.

## Article 20

### ***Incorrect Information***

When becoming aware of or having reason to believe that an origin declaration contains incorrect information affecting the originating status of a product covered by that origin declaration:

- (a) an exporter must immediately notify the importer and the competent authorities of the exporting Party;
- (b) an importer must immediately notify the customs authorities of the importing Party.

## **SECTION VI**

### **ADMINISTRATIVE COOPERATION**

#### Article 21

##### *Notifications and Cooperation*

1. The Parties shall provide each other, through the EFTA Secretariat, with:
  - (a) the contact details of the competent authorities of the Parties responsible for verifications referred to in Article 22 (Verification of Origin Declarations) and other issues related to the implementation or application of this Annex;
  - (b) information on authorisation numbers allocated to approved exporters, pursuant to Article 14 (Approved Exporter); and
  - (c) information on the interpretation, application and administration of this Annex.
2. The Parties shall endeavour to resolve technical matters related to the implementation or application of this Annex, to the extent possible, through direct consultations between the competent authorities referred to in subparagraph 1 (a) or in the Sub-Committee on Trade in Goods. Disputes that cannot be settled through such consultations shall be submitted to the Joint Committee.

#### Article 22

##### *Verification of Origin Declarations*

1. The competent authority of the exporting Party shall carry out verifications of origin declarations on request of the importing Party.
2. The verification request shall specify the reasons for the inquiry. It may address the authenticity of origin declarations, the originating status of the goods concerned or the fulfilment of other requirements of this Annex. It shall include a copy of the origin declaration and, if appropriate, any other document or information giving reason to believe that the origin declaration may be invalid.

3. The customs authorities of the importing Party may, subject to their domestic laws and regulations, suspend preferential tariff treatment to a product covered by an origin declaration until the verification procedure has been finalised.

4. The competent authority of the exporting Party may request evidence, carry out inspections at the exporter's or producer's premises, check the exporter's and the producer's accounts and take other appropriate measures to verify compliance with this Annex.

5. The requesting Party shall be informed of the results and findings of the verification within three months from the date of the verification request. If the requesting Party receives no reply within the time limit mentioned above, or if the reply does not state clearly whether a product is originating or whether the origin declaration is valid, the requesting Party may deny preferential tariff treatment to the consignment covered by the origin declaration in question.

6. The time limit mentioned in paragraph 5 shall, upon request by signed letter, sent by electronic means to the contact point within the said time limit, be extended by three months.

### Article 23

#### *Confidentiality*

Subject to the domestic laws and regulations of each Party, any information which is by nature confidential or which is provided on a confidential basis shall be covered by the obligation of professional secrecy. The Parties' authorities shall not disclose such information without the explicit permission of the person or authority providing it.

## **SECTION VII**

### **FINAL PROVISIONS**

### Article 24

#### *Penalties*

Each Party shall provide for criminal, civil or administrative penalties for violations of its domestic laws and regulations related to this Annex.



Article 25

***Goods in Transit or Storage***

The provisions of this Annex may be applied to goods, which, on the date of entry into force of the Agreement, are either in transit or in temporary storage in a customs warehouse or free zone under customs control. For such products, an origin declaration may be completed retrospectively up to four months from the entry into force of the Agreement, provided that the provisions of this Annex, in particular Article 11 (Direct Transport) have been fulfilled.

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