

APPENDIX 1 TO ANNEX I

INTRODUCTORY NOTES TO THE LIST IN APPENDIX 2

Note 1:

The list sets out the conditions required for all products to be considered to be sufficiently worked or processed within the meaning of Article 5 of Annex I.

Note 2:

- 2.1 The first two columns in the list describe the product obtained. The first column gives the chapter number, heading number or sub-heading number used in the Harmonized System and the second column gives the description of goods used in that system for that chapter, heading or sub-heading. For each entry in the first two columns a rule is specified in columns 3 or 4. Where, in some cases, the entry in the first column is preceded by an 'ex', this signifies that the rules in columns 3 or 4 apply only to the part of that chapter which is not described below in column 2.
- 2.2 Where, for an entry in the first two columns, a rule is specified in both columns 3 and 4, the exporter may opt, as an alternative, to apply either the rule set out in column 3 or that set out in column 4. If no origin rule is given in column 4, the rule set out in column 3 has to be applied.

Note 3:

- 3.1 The provisions of Article 5 of Annex I concerning products having acquired originating status which are used in the manufacture of other products 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 The rule in the list represents 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.
- 3.3 Without prejudice to Note 3.2 where a rule states that "materials of any heading" may be used, materials of the same heading as the product may also be used, subject, however, to any specific limitations which may also be contained in the rule. However, the expression "manufacture from materials of other headings, including other materials of heading No ..." means that only materials classified

in the same heading as the product of a different description than that of the product as given in column 2 of the list may be used.

- 3.4 When a rule in the list specifies that a product may be manufactured from more than one material, this means that any 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 condition obviously does not prevent the use of other materials which, because of their inherent nature, cannot satisfy the rule.
 - 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 highest of the percentages given. Furthermore, the individual percentages must not be exceeded in relation to the particular materials they apply to.
 - 3.7 “At least two preparatory or finishing operations” in the rules of Chapters 50 to 60 in the list means any kind of working or processing such as scouring, bleaching, mercerizing, heat setting, raising, calendering, shrink resistance processing, permanent finishing, decatizing, impregnating, mending and burling.
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