EUROPEAN COMMISSION
DIRECTORATE-GENERAL
TAXATION AND CUSTOMS UNION
Customs
Origin and Customs Valuation

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TAXUD/A6/AM/MO

GUIDANCE
REVISED PEM RULES OF ORIGIN
(V1.0 – 2025)

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General disclaimer

This guidance document is of an explanatory and illustrative nature. Customs legislation in the EU and its Member States, as well as customs legislation of the Contracting Parties of the PEM Convention takes precedence over the content of this document and should always be consulted. The authentic texts of the EU legal acts are those published in the Official Journal of the European Union. There may also be other instructions or directives issued at national level

NOTE: Between 1 January 2025 and 31 December 2025, transitional provisions are in place impacting the application of the revised rules related to the issuance of proofs of origin and cumulation. For more details, please consult the guidance on the transitional provisions here.

ACRONYMS AND DEFINITIONS

HS: Harmonised system. The Harmonised Commodity Description and Coding System (HS), commonly referred to as the Harmonised System, is an international system to classify goods developed by the World Customs Organisation (WCO).

PEM Convention: The Regional Convention on preferential pan-euro-Mediterranean rules of origin, EU OJ L54 of 26 February 2013, as amended by Decision No 1/2023 of the Joint Committee of the Regional Convention on pan-Euro-Mediterranean Preferential Rules of Origin.

Contracting Parties:

- the EU,
- the EFTA States (Switzerland, Norway, Iceland and Liechtenstein),
- the Faroe Islands,
- the participants in the Barcelona Process (Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestine[1], Syria, Tunisia and Türkiye),
- the participants in the EU's Stabilisation and Association Process (Albania, Bosnia and Herzegovina, the Republic of North Macedonia, Montenegro, Serbia and Kosovo[*]),
- the Republic of Moldova,
- Georgia,
- Ukraine.

2012 rules: the rules in Appendix 1 of the Convention in its version as published in the EU OJ L54 of 26 February 2013.

2023 rules: the rules in Appendix 1 of the Convention in its version as amended by Decision No 1/2023 of the Joint Committee and published in EU OJ L 2024/390 of 19 February 2024.

VERSIONS

V1	First published version (26 March 2025)

[1] This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue

[*] This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence

1. 2023 RULES

1.1. Background

The process of amending the PEM Convention resulted in a new set of modernised and more flexible rules of origin. These rules were adopted on 7 December 2023 by unanimity in the PEM Joint Committee and entered into force on 1 January 2025.

1.2. Matrix – Commission's Notice

The procedure of ratifying the 2023 rules and updating the bilateral protocols with a dynamic link to the PEM Convention, between the EU and its partners and among themselves is an ongoing and staggered process.

The European Commission regularly publishes updated information related to the progress in the pan-Euro-Mediterranean area reflected in an updated Commission's notice in the series C of the Official Journal of the EU.

This notice is in the form of a table (so-called Matrix) that provides information related to the cumulation possibilities based on the 2023 rules.

This communication is also available also in the DGTAXUD website.

NOTE: Between 1 January 2025 and 31 December 2025, transitional provisions are in place impacting the application of the 2023 rules related to the issuance of proofs of origin and cumulation. For more details, please consult the guidance on the transitional provisions here.

1.3. Codes to be used in the customs declarations

For the application of the 2023 rules two new codes have been created in TARIC:

U078 = Movement certificate EUR. 1 bearing the following statement in English in Box 7: "REVISED RULES"

U079 = Origin declaration bearing the following statement in English after the text of the declaration: "REVISED RULES"

The code for origin declaration shall be used regardless of the amount of the consignment or the type of the exporter.

2. THE MAIN CHANGES

This section is focusing on the **main changes** brought by the 2023 rules compared to the 2012 rules. Economic operators are invited to consult websites of the customs administrations or DG TAXUD to obtain more information on the common provisions constituting the core of the rules of origin.

Explanations on these common provisions are accessible on DG TAXUD's website.

Preferential Trade: Guidance on the Rules of Origin.

2.1. Wholly obtained products

2.1.1. Aquaculture

The 2023 rules explicitly refer to products of aquaculture. Under Article 3(1)(g) – wholly obtained products of Appendix A of the protocol on rules of origin, a specific definition has been introduced for these products.

"*products of aquaculture where the fish, crustaceans, molluscs and other aquatic invertebrates are born or raised there from eggs, larvae, fry or fingerlings*"

2.1.2. 'vessels' conditions

The so-called vessel conditions contained in the 2023 rules are simpler and provide for more flexibility. Compared to the provision of the 2012 rules (Article 4(2) of Appendix I) certain conditions have been deleted (i.e. specific crew requirements); others have been amended in order to provide for more relaxation (bilateral cumulation possibility).

According to the Article 3(2) – wholly obtained products – of the 2023 rules, the conditions are the following:

> *The terms 'its vessels' and 'its factory ships' in points (h) and (i) of paragraph 1 respectively shall apply only to vessels and factory ships which meet each of the following requirements:*
> *(a) they are registered in the exporting or the importing Party;*
> *(b) they sail under the flag of the exporting or the importing Party;*
> *(c) they meet one of the following conditions:*
> *(i) they are at least 50 % owned by nationals of the exporting or the importing Party; or*
> *(ii) they are owned by companies which:*
> *– have their head office and their main place of business in the exporting or the importing Party; and*
> *– are at least 50 % owned by the exporting or the importing Party or public entities or nationals of these Parties.*

Example 1 – crew requirement

Fish are caught in the open sea outside territorial waters and landed in EU (Spain). The vessel is flying a German flag and respect all criteria listed under Article 3(2) of the 2023 rules. The crew is constituted of Turkish nationals and a Moroccan captain. Under the 2023 rules, the fish are regarded as being wholly obtained in EU.

Example 2 – Exporting from Poland to Switzerland

Fish are caught in the open sea by a Swiss owned ship. The vessel is registered in Poland having a 50 % Indian crew and Norwegian officers. Under the 2023 rules, the fish are regarded as being wholly obtained in EU.

2.2. Sufficient working or processing – Average basis

For general information on sufficiently worked or processed products see Chapter B.1 "List rules" of the Preferential Trade: Guidance on the Rules of Origin.

When assessing if a product complies with a product-specific rule based on a value limitation for non-originating materials, the 2023 rules (art. 4) offer the exporter the flexibility to ask the customs authorities an authorisation to calculate the ex-works price and the value of non-originating materials on an average basis in order to take account of fluctuations in costs and currency rates. This should provide exporters with more predictability.

For some products the list rules confer originating status based on a value limitation for non-originating materials. In that case the value of all or specific non-originating materials may not exceed a given percentage of the ex-works price of the final product.

Example – Umbrellas (HS heading 66.01)

According to the 2023 rules, the list rule for umbrellas (Chapter 66) requires:
"Manufacture in which the value of all the [non-originating] materials used does not exceed 50% of the ex-works price of the product."

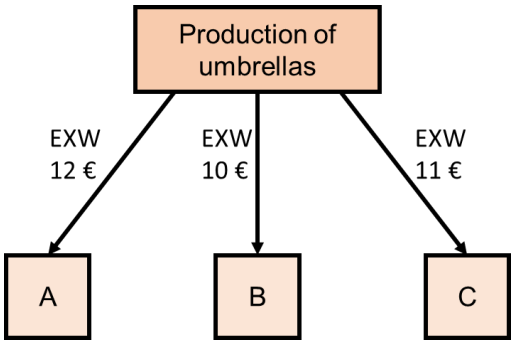
In order to determine whether a product fulfils the aforementioned list rule, at first it is necessary to determine the value of non-originating materials used as well as the ex-works price of the final product. A distinction has to be made thereby between the 2012 rules and the 2023 rules.

Context of the 2012 rules

Often companies sell the same products at different prices to different customers (or to the same customer at different times) or source the same materials at different prices, then for the calculation of value limitation the **specific** ex-works price as well as the **concrete** value of the non-originating materials for the respective consignment must be taken into account. The determination of whether a product fulfils the value limitation shall be carried out for each product. It is not allowed to use an average ex-works price or the average value of the non-originating materials used in the production.

Example:

A factory sells the same umbrellas (HS heading 66.01) to a number of customers at different ex-works prices (EXW).



According to the 2012 rules the ex-works price of the specific consignment applies to the calculation of the maximum value of non-originating materials. Therefore, the umbrellas sold to customer A may contain non-originating materials up to a maximum value of EUR 6, the ones sold to customer B up to a value of EUR 5 and the umbrellas sold to customer C up to a value of EUR 5,50. It is not allowed to use the average of the ex-works prices (EUR 11) as basis for the calculation. Furthermore, the concrete values of the non-originating materials actually used in the production of the umbrellas and not an average value shall be used for the purpose of establishing compliance with the maximum content of non-originating materials.

Context of the 2023 rules

Pre-authorisation

According to the 2023 rules, the determination of whether a product fulfils the list rule shall be carried out also for each product. However, unlike the 2012 rules, the 2023 rules offer in Article 4 the flexibility for the exporters to ask the customs authorities for an authorisation to calculate the ex-works price of the product and the value of the non-originating materials on an average basis, in order to take into account the fluctuations in costs and currency rates.

Although the wording of article 4 refers only to “exporters”, this simplification can also be authorised for EU suppliers which make out supplier´s declarations according to the UCC-IA (Commission Implementing Regulation (EU) 2015/2447, as amended) for the preferential trade with PEM partner countries also applying the 2023 rules.

Definition of “same products” and averaging periods

Article 4(3) provides the method of calculation : “An average ex-works price of the product and average value of non-originating materials used shall be calculated respectively on the basis of the sum of the ex-works prices charged for all sales of the same products carried out during the preceding fiscal year and the sum of the value of all the non-originating materials used in the manufacture of the same products over the preceding fiscal year as defined in the exporting Party, or, where figures for a complete fiscal year are not available, a shorter period which should not be less than three months”.

The “same products” referenced in Article 4(4) corresponds to identical and interchangeable products. This means they must be of the same kind and commercial quality, with the same technical and physical characteristics.

For example, umbrellas can only be considered the same if they present the same characteristics such as materials, colors, branding, etc.

When calculating the average ex-works price, all sales of the same product in the preceding fiscal year are taken into account. Regarding the limit of the fiscal year, it can be difficult to distinguish between sales made in one or in the other fiscal year, especially at the beginning and at the end of a fiscal year. In that case, it depends always on the date of invoicing.

In contrast to that, when determining the average value of non-originating materials also materials sourced in earlier years need, where appropriate, to be included in the determination of the average value. That is particularly the case with companies whose materials have a longer storage period, because the average value of the non-originating materials is based on the values of these non-originating materials that are actually used in the manufacture of the products sold in the preceding fiscal year.

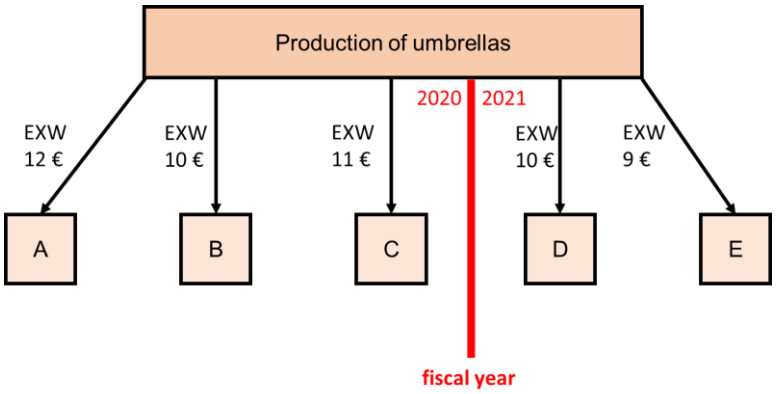
Conditions of application

Where an exporter/supplier requests the calculation based on average values, both the average ex-works price of the same product and the average value of the non-originating materials used to produce those products shall be calculated. Through this method, it is not allowed to determine only the average ex-works price or only the average value of the non-originating materials used. Furthermore, this method shall be used for all products and non-originating materials the company is dealing with. It is not possible to use this simplification just for specific goods.

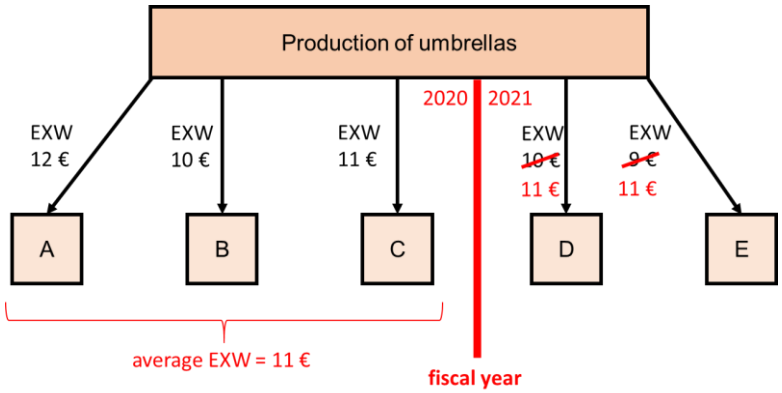
Exporters/Suppliers having opted for calculation on an average basis shall consistently apply such a method during the year following the fiscal year of reference, or, where appropriate, during the year following the shorter period used as a reference. They may cease to apply such a method where during a given fiscal year, or a shorter representative period of no less than three months, they record that the fluctuations in costs or currency rates which justified the use of such a method have ceased.

The averages calculated as described above shall be used as the ex-works price and the value of non-originating materials, respectively, for the purpose of establishing compliance with the maximum content of non-originating materials.

Example:



An umbrella factory received on prior application an authorisation to calculate their ex-works price and the value of the non-originating material used on an average basis at the end of September 2025. The preceding fiscal year of the company started on 01.01.2024 and ended on 31.12.2024. Accordingly, in the example there are three ex-works prices that shall be taken into account at calculation of the average ex-work price. Consequently, the average ex-works price is EUR 11 ($\frac{12€+10€+11\,€}{3}$) in the year 2024.



This ex-works price shall be used for the purpose of establishing compliance with the maximum content of non-originating materials. Therefore, non-originating materials up to a maximum value of EUR 5,50 may be used (50 % of EUR 11). The value of the non-originating materials actually used in the production of the umbrellas sold in 2025 is calculated in the same way as the average ex-works price.

Since the responsible customs authorities granted the authorisation at the end of September 2026, the average ex-works price of the umbrellas and average value of the non-originating materials of the year 2025 may be used for the purpose of establishing compliance with the maximum content of non-originating materials until 31.12.2026, the end of the current fiscal year. Furthermore, after receiving the authorisation it is also possible to make out retrospectively statements on origin based on the average method for consignments of umbrellas invoiced as from 01.01.2026.

For the calculation in year 2027, a new average ex-works price and value of the non-originating materials shall be determined on the basis of the sales carried out in 2026.

Application

When applying for authorisation on calculation of the ex-works price of the product and the value of the non-originating materials on an average basis, the economic operator needs to provide the necessary information. Each Member State may prescribe a special application form. The following elements could be requested, inter alia:

- corporate name
- EORI number
- address of the company - if different additionally the administration or establishment which holds the accounting records e.g. stock records, documents on origin, information on production process, etc.
- if held REX number, Approved Exporter number, Authorised Economic Operator (AEO)
- Contact person: first name and surname, e-mail address, phone number, position in the company
- Fiscal year
- Partner country(ies) exported to

Inventory valuation methods

The averaging provided for in Article 4 of the 2023 rules are without prejudice to common inventory valuation methods accepted in the Party applied by businesses. Those methods can be used when calculating the compliance with rules based on a maximum value of non-originating materials.

Specifically, the value of the non-originating materials used in the production of the product may be calculated on the basis of the weighted average value formula or other inventory valuation method under accounting principles which are generally accepted in the Party.

2.3. Tolerance

For general information on tolerances, see Chapter B.2 "Tolerance" of the Preferential Trade: Guidance on the Rules of Origin.

The percentage of the general tolerance for the 2012 rules was at 10 %. The 2023 rules introduced a 15 % tolerance for agricultural goods, as well for the other products (except for products falling within Chapters 50 to 63 of the Harmonised System). A distinction is made as to what this percentage refers to. For agricultural products, the 15 % is set to the net weight of the product, while for the rest of the products, this percentage is applied to the ex-works price of the final product.

Likewise, compared with the 2012 rules, more flexibility is offered by the 2023 rules when it comes to textile products for which the tolerances mentioned in the introductory notes apply.

By applying the tolerance in the processing of a product, it is not allowed to exceed the maximum percentage of non-originating materials in the list rule. This means that the percentages cannot be cumulated in order for the list rule to be fulfilled.

2.4. Cumulation

NOTE: Between 1 January 2025 and 31 December 2025, transitional provisions are in place impacting the application of the 2023 rules related to the issuance of proofs of origin and cumulation. For more details, please consult the guidance on the transitional provisions here.

The 2023 rules (Article 7) maintain diagonal cumulation for all products under the condition that identical rules of origin are applied between the partners involved in the cumulation. In addition, the 2023 rules provide for a generalised full cumulation for all products except textiles and clothing listed in Chapters 50-63 of the Harmonised System (HS).

Moreover, for products of HS Chapters 50-63, the 2023 rules provide for bilateral full cumulation. In the context of application of the 2023 rules, the partners have the option to agree to extend the generalised full cumulation also to products of HS Chapters 50-63. A party who chooses this extension shall notify the other party and inform the European Commission (Article 7(5)).

For textiles and clothing products, only bilateral full cumulation applies without specific condition except those of Article 8 "Conditions for the application of cumulation of origin". In this case, the Republic of Moldova and the participants of the EU Stabilisation and Association Process applying the 2023 rules are considered as a single contracting party (Article 7 (4)).

Where the working or processing carried out in the exporting party does not go beyond the insufficient operations referred to in Article 6, the product obtained by incorporating materials originating in any other Contracting Party, shall be considered as originating in the exporting party **only where the value added there, is greater than the value of the materials used originating in any of the other Contracting Parties**. If this is not so, the product obtained shall be considered as originating in the Contracting Party which accounts for the highest value of originating materials used in the manufacture in the exporting party (Article 7(2)).

Products originating in the Contracting Parties which do not undergo any working or processing in the exporting party shall retain their origin if exported into one of the other contracting parties (Article 7(7)).

Article 8(1) lists the conditions for applying cumulation under the 2023 rules:

— A preferential agreement exists between the contracting parties participating in the acquisition of originating status and the contracting party of destination;

— The goods acquired their originating status by applying identical rules of origin.

Article 8 (3) provides that the proof of origin issued by application of cumulation in accordance with Article 7 must include the following statement in English: "CUMULATION APPLIED WITH (name of country or countries in English)".

Article 8 (4) allows the parties to waive the obligation of including on the proof of origin the statement above, for the products exported to them that obtained the originating status

in the exporting Party by application of cumulation. The parties concerned shall provide the European Commission with a notification of this waiver.

In the Official Journal of the EU a matrix is published and updated regularly containing information on:

- the possibilities of cumulation between parties under the 2023 rules
- the extension of the full diagonal cumulation on products listed in Chapters 50 to 63
- information concerning the waiver of the obligation to include the statement on cumulation on the proof of origin

For general information on cumulation see Chapter B.7 "Cumulation" of the Preferential Trade: Guidance on the Rules of Origin.

2.5. Accounting segregation

For more information on accounting segregation, see Chapter B.10 "Accounting Segregation" of Preferential Trade: Guidance on the Rules of Origin.

General information and definitions

The purpose of accounting segregation is to provide a facilitation to producers allowing them to physically store together in the same place originating and non-originating materials. Under the accounting segregation method fungible originating and non-originating materials may be stored together without those originating materials losing their originating status.

At the date of determining the origin of the product, the economic operator must hold sufficient quantities of originating materials, as reflected in the stock records (recorded on the basis of the general accounting principles applicable in the exporting party), to produce that originating product.

Relevant changes in 2023 rules

Under the 2012 rules (art. 20), customs authorities may authorise accounting segregation where "considerable cost or material difficulties arise in keeping separate stocks". The 2023 rules (Article 12) provides that customs authorities may authorise accounting segregation 'if originating and non-originating fungible materials are used'.

Therefore, under the 2023 rules, exporters has no longer to justify when requesting an authorisation for accounting segregation that keeping separate stocks has a considerable cost or gives rise to material difficulties; in order to obtain authorisation to apply accounting segregation, it is sufficient to indicate that fungible materials are used in the working or processing of a product.

Exception for sugar

In general, products cannot benefit from accounting segregation since this provision can only be used by producers who process materials into products. However, under the 2023 rules, originating and non-originating stocks of sugar (heading 1701) are not kept physically separated in order to maintain its preferential origin, regardless of whether it is processed as a material or sold as final product.

Example

A producer and exporter of chocolate products of heading 1806 uses both originating as well as non-originating sugar in its production process. For chocolate products, only a limited amount of non-originating sugar may be used in order for the product to obtain preferential origin on export. Therefore, it is necessary to keep track and administrate the originating status of the sugar that is being used.

However, since the sugar he uses for his chocolate products can be qualified as a 'fungible material', the producer can obtain authorisation from its customs authorities to apply accounting segregation. He is then no longer obliged to keep separate stocks in order for the amount of originating sugar to maintain its originating status, obtaining and proving the originating status of his final products easier, and also allowing him to save on storage costs.

2.6. Principle of territoriality

The 2023 rules do not contain the exclusion for textiles (Article 13).

Working or processing can be carried out outside the PEM cumulation zone without the final product losing its originating status if the following four conditions are met:

a) that the goods exported for working or processing outside the zone are originating within the zone;
b) it has to be shown that the re-imported goods are the result of working or processing carried out in the third country on the previously exported materials;
c) the total added value acquired outside the pan-Euro-Mediterranean cumulation zone does not exceed 10 % of the ex-works price of the product for which preference is being sought.
d) the working or processing done outside the exporting partner country shall be done under the outward processing arrangements or similar arrangements.

If any of the above conditions cannot be complied with, the re-imported goods will be treated as non-originating. Under conditions of the Pan-Euro-Mediterranean cumulation of origin under the 2023 rules, Article 13 applies not only when an originating product is exported to a third country but also to a country of the zone with which cumulation is not applicable.

For more information on the principle of territoriality, see Chapter B.6 "Territorial Requirements" of the Preferential Trade: Guidance on the Rules of Origin.

2.7. Non-alteration

The non-alteration rule (art. 14) provides for more leniencies for the movement for originating products between Contracting Parties. It should avoid situations whereby products, for which there is no doubt about their originating status, are excluded from the benefit of the preferential rate at importation because the formal requirements of the direct transport provision are not met.

The 2023 rules are moving forward from the direct transport rule as provided in the 2012 rules to the more lenient rule of non-alteration.

The principle remains the same: goods must be transported directly from one contracting Party's territory to another. The purpose of this rule is to ensure that the goods arriving in the country of import are the same as those which left the country of export and they are not altered during transportation.

Under non-alteration however, the splitting of consignments and operations for the adding or affixing marks, labels, seals or any other documentation to ensure compliance with specific domestic requirements are allowed in addition to those of direct transport (unloading, reloading or any operation designed to preserve goods in good condition).

The splitting of consignments may take place in a third country, carried out by the exporter or under his responsibility, provided that the goods remain under customs supervision in the country of transit.

The requirements for the non-alteration rule are deemed to have been met unless the customs authorities have reasons to believe the contrary. In such cases importers may be required to provide evidence of compliance, such as:

a) contractual transport documents such as bills of lading;
b) factual or concrete evidence based on marking or numbering of packages;
c) a certificate of non-manipulation provided by the customs authorities of the country(ies) of transit or splitting or any other documents demonstrating that the goods remained under customs supervision in the country(ies) of transit or splitting; or
d) any evidence related to the goods themselves.

For more information on non-alteration see Chapter B.6 part 3 "Direct transport, non-alteration and non-manipulation" rules of the Preferential Trade: Guidance on the Rules of Origin.

2.8. Prohibition of drawback of, or exemption from, customs duties

Under the 2012 rules (Article 14) the general principle of the prohibition of drawback applies to materials used in the manufacture of any product. Under the 2023 rules (Article 16) the prohibition is eliminated for all products, with the exception of materials used in the manufacture of products falling within the scope of HS Chapters 50 to 63. Nevertheless, the text also provides for some exceptions to the prohibition of duty drawback to these products (see point 3.3 of this Guidance document).

'Drawback' refers to the waiver or refund of such duties on materials used in the manufacture of a product for exportation.

The principle of "drawback" is illustrated by the following example:

When goods arrive in the EU from a third country, they may be liable to customs duty at a specific rate. Similarly, when EU originating goods arrive in a partner country, they too are liable for duties. Before taking delivery of the goods these duties must be paid by the importer.

The intention of this Article is to prevent "drawback" on textile non-originating goods used in the working or processing of an originating product. All duties to which the non originating goods are liable must be paid and at no time waived or refunded and proof to

that effect must be made available to the customs when they request it. Except textile, all other goods may benefit from drawback, meaning an inward processing regime for example.

2.9. Proof of origin

NOTE: Between 1 January 2025 and 31 December 2025, transitional provisions are in place impacting the application of the 2023 rules related to the issuance of proofs of origin and cumulation. For more details, please consult the guidance on the transitional provisions here.

The 2023 rules introduce a single type of proof of origin (EUR.1 or origin declaration), instead of the double approach EUR.1 and EUR.MED under the 2012 rules, which substantially simplifies the system of documentation. This should improve compliance by economic operators by avoiding mistakes due to complex rules as well as facilitate the management by the customs authorities. Moreover, it should not affect the capacity of verification of proofs of origin, which remains the same.

Products that are originating in one of the Parties can benefit from preferential tariff treatment when imported into the other Party, when one of the following proofs of origin are submitted:

a. a movement certificate EUR.1;
b. a declaration, subsequently referred to as the "origin declaration" given by the exporter on an invoice, a delivery note, or any other commercial document which describes the products concerned in sufficient detail to enable them to be identified.

Just like in the 2012 rules, a movement certificate EUR.1 may be issued after exportation of the products to which it relates if:

a) it was not issued at the time of exportation because of errors or involuntary omissions or special circumstances; or
b) it is demonstrated to the satisfaction of the customs authorities that a movement certificate EUR.1 was issued but was not accepted at importation for technical reasons.

In addition to those reasons, the 2023 rules also allow for a EUR.1 certificate to be issued retrospectively if:

a) the final destination of the products concerned was not known at the time of exportation and was determined during their transportation or storage and after possible splitting of consignments in accordance with the non-alteration rule;
b) a movement certificate EUR.1 was issued on the basis of Article 8(4) and the application of Article 8(3) is required at importation in another Contracting Party.

Article 8(3) provides that when products have obtained the originating status by application of cumulation of origin in accordance with Article 7, the proof of origin should include the statement in English "CUMULATION APPLIED WITH (name of the relevant Contracting Party/Parties in English)." Pursuant to Article 8(4) Parties may decide to waive the obligation of including the aforementioned statement on the proof of origin. However, if another Contracting Party is involved in the cumulation process and that Party still

requires the aforementioned statement on the proof of origin, the exporter can request an EUR.1 certificate, including this statement, to be issued retrospectively.

The exporter has to indicate in his application the place and date of exportation of the products to which the movement certificate EUR.1 relates and state the reasons for his request.

In the context of the 2023 rules, the customs authorities may issue a movement certificate EUR.1 retrospectively within two years from the date of exportation and only after verifying that the information supplied in the exporter's application complies with that in the corresponding file.

Movement certificates EUR.1 issued retrospectively shall be endorsed with the following phrase in English: “ISSUED RETROSPECTIVELY”.

The 2023 rules (Article 17) also include the option to agree on the application of a system of registered exporters (REX). These exporters registered in a common database will be responsible for making out themselves statements on origin without going through the approved exporter procedure. The statement on origin will have the same legal value as the origin declaration or the movement certificate EUR.1.

Further, the 2023 rules foresee the option to agree on the use of proof of origin that is issued and/or submitted electronically.

For more information on documents on origin see Chapter B.8 “Documents on origin and importer’s knowledge” of the Preferential Trade: Guidance on the Rules of Origin.

2.10. Validity of a proof of origin

The 2023 rules prolong the period of validity of a proof of origin from 4 to 10 months, providing for more leniencies for the movement for originating products between the Parties.

The EUR.1 certificate or origin declaration must be submitted within that period to the customs authorities of the importing Party.

Proofs of origin which are submitted to the customs authorities of the importing Party after ten months may only be accepted under certain conditions, see Chapter B.8 lit. c) “Validity period” of the Preferential Trade: Guidance on the Rules of Origin.

3. SPECIAL FOCUS ON THE PRODUCT SPECIFIC RULES

3.1. Agricultural products

(a) Value and weight

The limit of non-originating materials was expressed only in value under the 2012 rules. The new thresholds of the 2023 rules are expressed in weight to avoid price fluctuation and currency fluctuation (e.g. ex-chapters 19, 20, and headings 2105, 2106) together with a deletion of certain limit for sugar (e.g. chapter 8 or heading 2202).

The 2023 rules raised the threshold of weight (from 20 % to 40 %) and the possibility for some headings to use an alternative choice value or weight. The HS chapters and headings

concerned by the change are notably: ex-1302, 1704 (alternative rule weight or value), 18 (1806: alternative rule weight or value), 1901.

(b) Adaptation to sourcing patterns

Other agricultural products (i.e. vegetable oils, nuts, tobacco) contain more flexible rules adapted to the economic reality notably for HS chapters 14, 15, 20 (including heading 2008), 23, 24. The 2023 rules strike the balance between regional and global sourcing like for chapters 9 and 12. Rules have also been simplified (reduction of exceptions) in chapters 4, 5, 6, 8, 11, ex-13.

Identified changes compared to the 2012 rules:

1. A new introductory note 4 for certain agricultural products is introduced providing explanation concerning certain agricultural products that are to be treated as originating. In addition, an explanation what sugars are to be taken into account, calculating the limitation expressed in the weight in the case the product is subject to such limitations, is provided.

2. Aiming to avoid possible fluctuation of prices of the materials used in the production of the product the threshold of non-originating materials expressed in value is changed by the threshold expressed in weight (with some exceptions where the possibility to choose between limitations expressed in weight or in value is left e.g., the list rule for heading "ex 18.06").

Example: List rule for HS heading 20.07

2023 rule:	**2012 rule:**
Manufacture: - from materials of any heading, except that of the product, - in which the weight of sugar used does not exceed **40 % of the weight** of the final product	Manufacture: - from materials of any heading, except that of the product, and - in which the value of all the materials of Chapter 17 used does not exceed **30 % of the ex-works** price of the product

3. Trying to adapt to economic realities, to strike the balance between the regional and global sourcing the list rules are made:

3.1. *more flexible* – instead of wholly obtained materials possibility to use the materials of any heading, or any heading, except of that of the product in the manufacture process of the product is introduced.

Example: the list rule for HS chapter 14

2023 rule:	**2012 rule:**
Manufacture from materials of any heading	Manufacture in which all the materials of Chapter 14 used are wholly obtained

3.2. *less complicated/simplified* – reduction of exemptions. It means that it is possible to use non-originating materials in the manufacturing process of the product that in the 2012 rules are not allowed to be used, or the use of which is limited up to a certain threshold expressed in value.

Example: the list rule for HS heading 04.03

2023 rule:	**2012 rule:**
Manufacture in which: - all the materials of Chapter 4 used are wholly obtained (the list rule is for the chapter, without any exceptions for certain HS headings)	Manufacture in which: - all the materials of Chapter 4 used are wholly obtained, - all the fruit juice (except that of pineapple, lime or grapefruit) of heading 2009 used is originating, and - the value of all the materials of Chapter 17 used does not exceed 30 % of the ex-works price of the product (the particular list rule for the HS heading 04.03)

3.3. *clearer* – instead of the description of particular, non-originating materials in the list rule, particular chapters, headings, and subheadings of the materials are indicated.

Example: the list rule for HS chapter 11

2023 rule:	**2012 rule:**
Manufacture in which all the materials of Chapters 8, 10 and 11, headings 0701, 0714, 2303 and 2303, and subheadings 0710 10 used are wholly obtained	Manufacture in which all the cereals, edible vegetables, roots, and tubers of heading 0714 of fruit used are wholly obtained

4. Although the majority of the new 2023 list rules for agricultural products are more favourable to obtain preferential origin status in comparison to the 2012 list rules, it is important to underline that this must be checked case-by-case as a few rules are stricter, for example in the list rule for HS heading 19.01 (except malt extract) an additional limitation to the materials of Chapter 4 in weight is introduced.

Example: list rule for HS heading 19.01

2023 rule:	**2012 rule:**
Manufacture for materials from any heading, except that of the product, in which the individual weight of sugar and of the materials of Chapter 4 used does not exceed 40 % of weight of the final product	Manufacture from the materials of any heading, except that of the product and in which the value of all the materials of Chapter 17 used does not exceed 30 % of the ex-works price of the product

3.2. Industrial products

List rules – industrial products (except textiles chapters 50-63) The list rules for industrial products in the 2023 rules contains many changes (for textiles, please see point 3.3) compared to the 2012 rules. The 2023 list rules are more lenient and simpler, because more products can achieve preferential status. Therefore, it will be easier for the economic operators to apply the rules.

Changes can be regarded from three different types of criteria.

a) **Value percentage**, which means that the value of the non-originating materials must not exceed a certain percentage of the ex-works price of the finished product;
b) **Change of heading**: where the non-originating raw materials or components used must have a different HS tariff heading from the HS tariff heading of the finished product;
c) **Specific rules**: where very specific criteria are laid down

Changes can be observed:

- regarding a number of products, the 2012 Chapter rule contains a double cumulative condition. This is brought to a single condition (HS Chapters 74, 75, 76, 78 and 79);

- a large number of specific rules that are derogating from the Chapter rule have been deleted (HS Chapters 28, 35, 37, 38, 68 and 83). This more horizontal approach implies a simpler panorama for operators and customs;

- the inclusion in the 2023 Chapter rule of an alternative rule thereby offering to the exporter more choices in meeting the origin criterion (Chapters 27, 40, 42, 44, 70 and 83, 84 and 85).

In addition, the above-mentioned possibility of using an average basis over a period of time to calculate the ex-works price and the value of non-originating materials will provide for further simplification for exporters.

The following examples illustrate some of the changes in the list rules criteria and illustrate how the economic operators can benefit from these changes.

Example of Chapter 31

2023 rule:	**2012 rule:**
Chapter 31: Manufacture from materials of any heading, except that of the product. However, materials of the same heading as the product may be used, provided that their total value does not exceed 20 % of the ex-work price of the product or Manufacture in which the value of all the materials used does not exceed 50 % of the ex-works price of the products (No specific rule for ex3105)	ex Chapter 31: Manufacture from materials of any heading, except that of the product. However, materials of the same heading as the product may be used, provided that their total value does not exceed 20 % of the ex-work price of the product or Manufacture in which the value of all the materials used does not exceed 40 % of the ex-works price of the products ex3105: Manufacture: -from materials of any heading, except that of the product. However, materials of the same heading as the product may be used, provided that their total value does not exceed 20 % of the ex-work price of the product, and -in which the value of all the materials used does not exceed 50 % of the ex-works price of the products or Manufacture in which the value of all the materials used does not exceed 40 % of the ex-works price of the products

Explanation

When applying the 2023 rules, the economic operator only has to consider one criterion for the entire chapter. The chapter no longer contains a double cumulative condition as well as an alternative rule along with rules for specific headings in the chapter.

Example of Chapter 68

2023 rule:	**2012 rule:**
Chapter 68: Manufacture from materials of any heading, except that of the product or Manufacture in which the value of all the materials used does not exceed 70 % of the ex-works price of the products	ex Chapter 68: Manufacture from materials of any heading, except that of the product ex6803: Manufacture from worked slate ex6812: Manufacture from materials of any heading ex6814: Manufacture from worked mica (including agglomerated or reconstituted mica)

Explanation

The 2023 rules add a value criterion, which makes it possible to use non-originating materials from the heading of the product as long as all the materials used does not exceed 70 % ex-works price. Furthermore, the specific rules have been deleted.

3.3. Textiles

In relation to textiles falling under HS Chapter 50 to 63, new origin conferring processes have been introduced in Annex II (please find the comparison of 2012 rules and the 2023 rules in the Annex). With the new options introduced in the 2023 rules such as full bilateral cumulation, tolerances and principle of territoriality, the list rules on textiles are simplified in most of the Chapters when compared to the 2012 rules.

To give an example, the list rule for articles of apparel and clothing accessories (HS 62) in the 2012 rules provides that in order for the apparel to obtain preferential origin, the yarn should be manufactured in the Party.

Example: list rule for Chapter ex 62

2023 rule:	**2012 rule:**
Weaving combined with making-up including cutting of fabric or Making-up including cutting of fabric preceded by printing (as standalone operation)	Manufacture from yarn

Unlike the 2012 rules, the 2023 rules introduce two alternative rules for the same product. To acquire originating status, either the non-originating materials used have undergone the weaving combined with making-up including cutting of fabric or making-up including cutting of fabric preceded by printing.

The second alternative rule provides that for the apparel to obtain preferential origin, the non-originating materials used can be manufactured beyond the stage of yarn, which means that the fabric can be manufactured from non-originating yarn, and still obtain originating status, provided that it has been printed.

A. Full Bilateral Cumulation (*please see 2.4 Cumulation*)

The Article on Cumulation (Article 7) provides for a generalised full cumulation for all products except textiles and clothing listed in Chapters 50-63 of the HS. However, for those products, it provides for **bilateral full cumulation** in paragraph 4. It simply demands that the working or processing in the list rule must be carried out on non-originating materials in order for the final product to obtain origin, in the area that the 2023 rules are applicable.

In the same paragraph, it is mentioned that for the purpose of the bilateral full cumulation, the participants in the European Union's Stabilisation and Association process and the Republic of Moldova are to be considered as **one Contracting Party**.

Example: list rule for HS 6209

Two alternative rules are provided for baby clothing (ex6209) which are separated by 'or'. While the second alternative rules are the same in the 2012 rules and the 2023 rules, there is a difference in the first alternative rule.

2023 rule	**2012 rule**
Weaving combined with making-up including cutting of fabric or Manufacture from unembroidered fabric, provided that the value of the unembroidered fabric used does not exceed 40 % of the ex-works price of the product	Manufacture from yarn or Manufacture from unembroidered fabric, provided that the value of the unembroidered fabric used does not exceed 40 % of the ex-works price of the product

For manufacturing clothes for babies (ex6209), yarn (HS 52 04) originating in Bangladesh will be used.

As a first step, the Bangladesh originating yarn is imported into the EU. In the EU, weaving operation is done. The woven fabric does not qualify for the EU preferential origin since weaving (as a standalone operation) is not a sufficient processing in accordance with the list rule for woven fabrics of cotton (HS 52 08).

The non-originating fabric is exported from the EU to Switzerland based on the 2023 rules, where the woven fabric is treated for colour, dyed and cut. Then, the made-up fabric is manufactured together with the lining materials originating in the EU into baby clothes.

In Switzerland, the garment for babies obtains preferential origin status because the working carried out in the EU (weaving) will be added to the working carried out in Switzerland. The requirement for obtaining preferential origin is fulfilled in the territory of the participating countries benefiting from bilateral full cumulation.

The final product obtains preferential Swiss origin and can be exported to the EU.

N.B.: This final product may benefit from preferential treatment at the import in other Contracting Parties if those parties opt for the extension of full cumulation for textile products as provided by Article 7(5).

B. Tolerance (please see 2.4 Tolerance)

Article on Tolerances (Article 5) regulates that the tolerances mentioned in this Article shall not apply to products falling within Chapters 50 to 63 of the HS. For these goods, the tolerances mentioned in Notes 6 and 7 of Annex I shall apply.

Note 6 of the 2023 rules provides for textile materials a tolerance of maximum 15 % of the weight of the product.

Note 7 provides that the textile materials (with the exception of linings and interlinings) which do not satisfy the rule set out in the list in column (3) for the made-up product concerned may be used, provided that they are classified in a heading other than that of the product and that their value does not exceed 15 % of the ex-works price of the product.

Example: list rule for HS 5205

2023 rule	***2012 rule***
Spinning of natural fibres or Extrusion of man-made fibres combined with spinning or Twisting combined with any mechanical operation	Manufacture from - raw silk or silk waste, carded or combed or otherwise prepared for spinning, - natural fibres, not carded or combed or otherwise prepared for spinning, - chemical materials or textile pulp, or -paper-making materials

In North Macedonia, cotton fibres (HS 5203) originating in the Republic of Moldova and synthetic man-made filament fibres of polypropylene (HS 5506) originating in China are spun. The non-originating synthetic man-made filament fibres of polypropylene is used in the manufacture of the yarn which represents 12 % of the total weight of all the basic textile materials. In line with the list rule of the yarn (HS 5205*)* taking together with Note 6.1, the yarn acquires North Macedonian originating status within the 2023 rules.

C. Principle of Territoriality (please see 2.6 Principle of Territoriality)

The principle of territoriality (Article 13) allows for working or processing to be done outside the territory under certain conditions. Under specific arrangements such as outward processing, the products can be exported from the Party to third countries for processing and subsequent re-importation in the form of specified processed product.

Example: list rule for HS 6101

2023 rule		**2012 rule**	
Articles of apparel and clothing accessories, knitted or crocheted: – Obtained by sewing together or otherwise assembling, two or more pieces of knitted or crocheted fabric which have been either cut to form or obtained directly to form	Knitting or crocheting combined with making-up including cutting of fabric	Articles of apparel and clothing accessories, knitted or crocheted: - Obtained by sewing together or otherwise assembling, two or more pieces of knitted or crocheted fabric which have been either cut to form or obtained directly to form	Manufacture from yarn
– Other	Spinning of natural and/or man-made staple fibres combined with knitting or crocheting or Extrusion of man-made filament yarn combined with knitting or crocheting or Knitting and making-up in one operation	- Other	Manufacture from: — natural fibres, — man-made staple fibres, not carded or combed or otherwise processed for spinning, or — chemical materials or textile pulp

In order to manufacture overcoats for men (HS 6101) in Türkiye, the yarn originating in Georgia is knitted combined with making up including cutting of fabric. To buttonhole, the fabric is exported from Türkiye to Azerbaijan under outward processing. Provided that the total added value acquired in Azerbaijan by applying the processing does not exceed 10 % of the ex-works price of the overcoats for which originating status is claimed, the overcoats acquired Turkish origin within the 2023 rules.

D. Mechanical Operations

Definition:
"Mechanical operations are substantial processes that physically change the characteristics of the yarn to improve its look, performance, feel and properties. Mechanical operations include spinning, twisting, gimping and texturizing but are not limited to these processes. Chemical treatments as well as beaming are not assumed as "any mechanical operation".

Mechanical operations are operations that involve a change in the yarn making-up and physically change yarn characteristics by applying physical principles such as friction, temperature, pressure, tension, etc.

Examples of operations that can be **combined with twisting** in yarn production and are **compliant with the definition** if those operations are mechanical:
• Texturizing
• Gimping
• Spinning
• Heat treatment; heat operations alone do not confer origin

Examples of operations that are **not** considered **mechanical operations**:
• Chemical treatments
• Dyeing
• Beaming

NB: Repetitive operations of the same nature (ex. several twisting operations on the same yarn), should be counted as one operation.

4. USEFUL LINKS

ROSA: the Rules of Origin Self-Assessment tool in Access2Markets. It offers guidance in simple steps to determine the rules of origin for your products:

https://trade.ec.europa.eu/access-to-markets/en/content/presenting-rosa

On the PEM Convention TAXUD Website:

https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/rules-origin/general-aspects-preferential-origin/arrangements-list/paneuromediterranean-cumulation-pem-convention_en

On the adoption of the revised rules (2023 rules) of origin by the Council of the EU (final Council Decision per country):

https://ec.europa.eu/taxation_customs/news/eu-enhance-preferential-trade-pan-euro-mediterranean-countries_en

On general information on Rules of Origin

https://taxation-customs.ec.europa.eu/document/download/8b2da278-ec14-4707-814b-11041a9cc825_en

On Approved Exporter

https://ec.europa.eu/taxation_customs/system/files/2019-02/guidance-on-approved-exporters.pdf