

The new EU-GSP Rules of Origin
“Challenges and Opportunities for Thai Exporters”
Friday 5th August 2011
Chiang Mai, Thailand



6. CUMULATION

GSP

CUMULATION

INTRODUCTION

BILATERAL

REGIONAL

INTERREGIONAL

EXTENDED

INTRODUCTION

Cumulation: definition ?

Cumulation = a combination, junction or addition of originating materials or processing which applies only within a preferential agreement

- **Bilateral**
- **Diagonal**
- **Regional**
- **Extended**

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Full
(not in GSP)

Bilateral cumulation

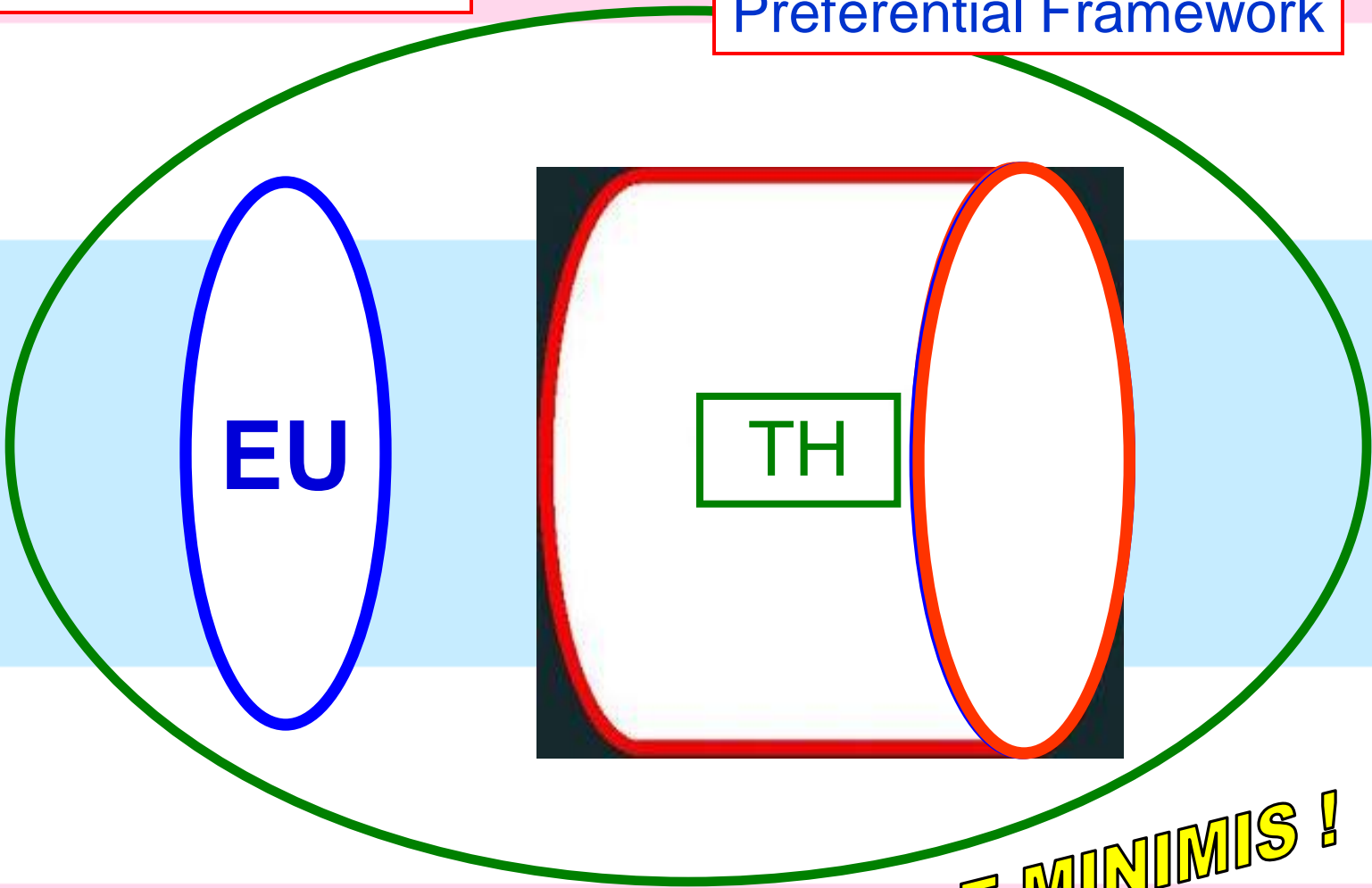
Art. 84 Regulation (EU) 2454/93

Bilateral cumulation shall allow products originating in the European Union to be considered as materials originating in a beneficiary country, when incorporated into a product manufactured in that country, provided that the working or processing carried out there goes beyond the operations described in Article 78(1).

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Bilateral cumulation

Preferential Framework

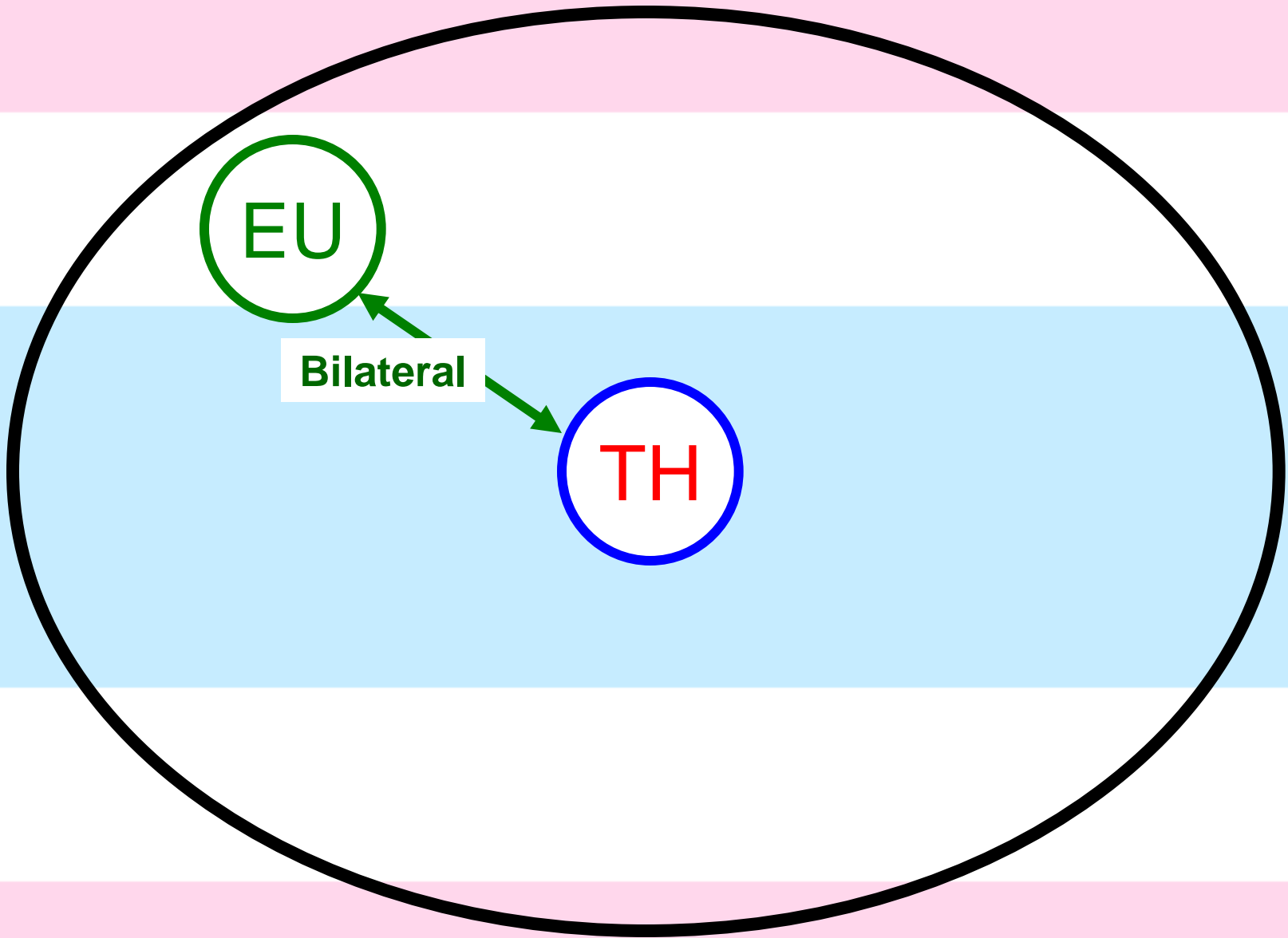


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Bilateral cumulation in general

- ▶ referring to products originating in country of supply
- ▶ no application of origin rules of Annex 13a
- ▶ more than 'minimal' working or processing
- ▶ only applicable within preferential framework (GSP/FTA)

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Bilateral cumulation

Production of construction bricks HS 9503

Details (fictive data)



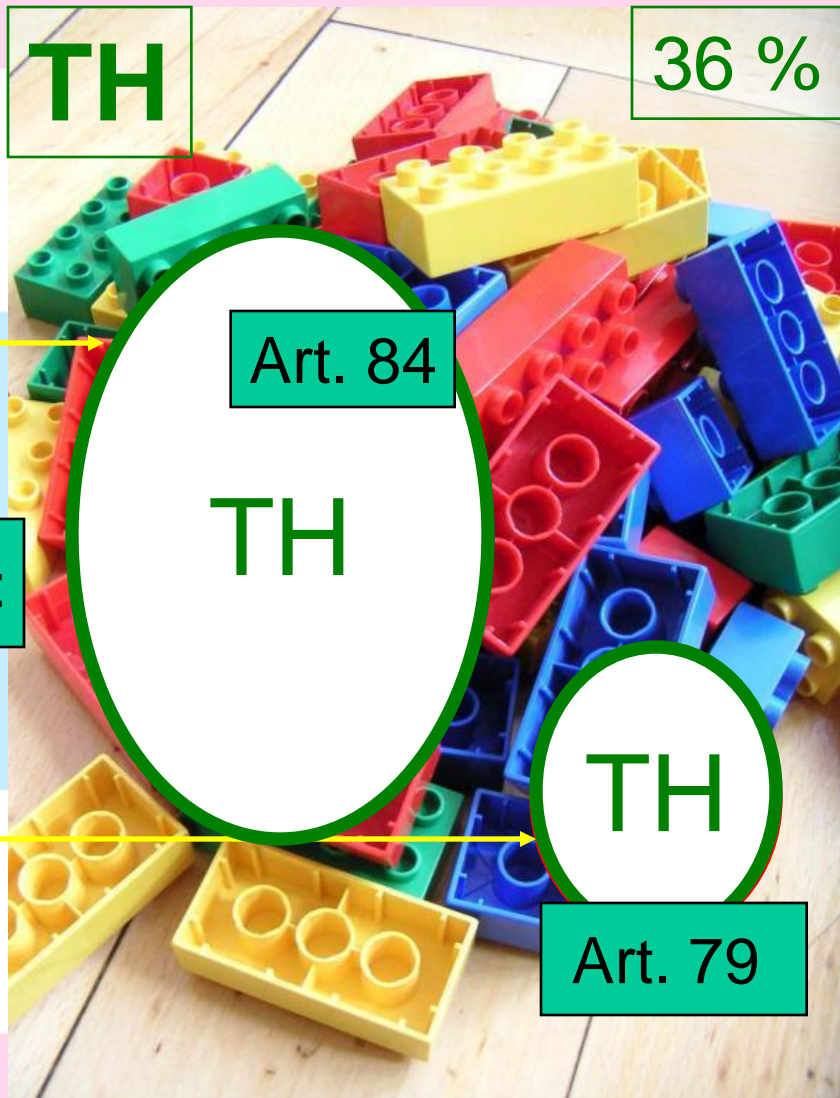
- ▶ percentages: ex-works price of the product
- ▶ production cost in Thailand (TH): 36 %
- ▶ granulate origin Netherlands (NL): 55%, 32% and 9%
- ▶ granulate origin China (CN): 9%, 32% and 55%
- ▶ origin rule for HS 9503:

Manufacture from materials of any heading, except that of the product, and in which the value of all the materials used does not exceed 50 % of the ex-works price of the product.

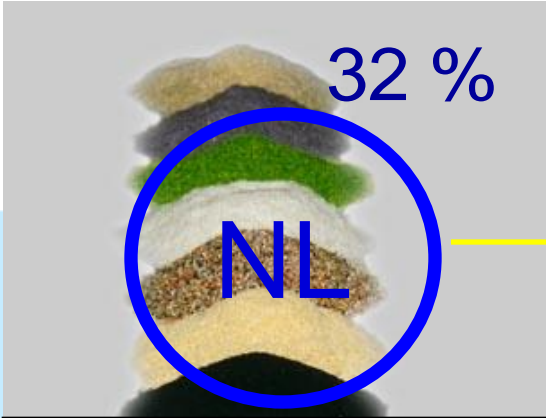
Bilateral cumulation



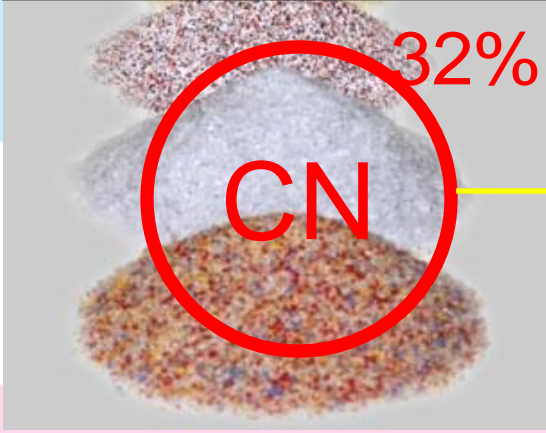
Determination of the origin:



Bilateral cumulation

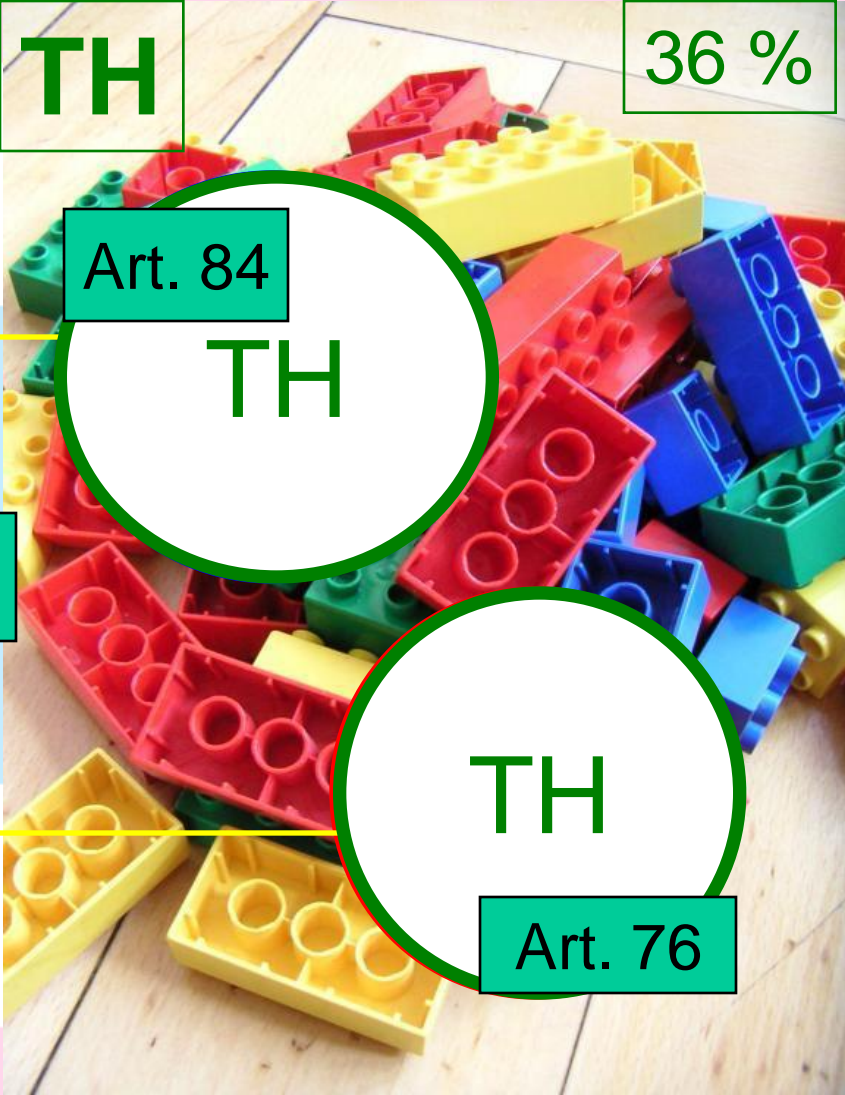


Determination of the origin:



TH

36 %



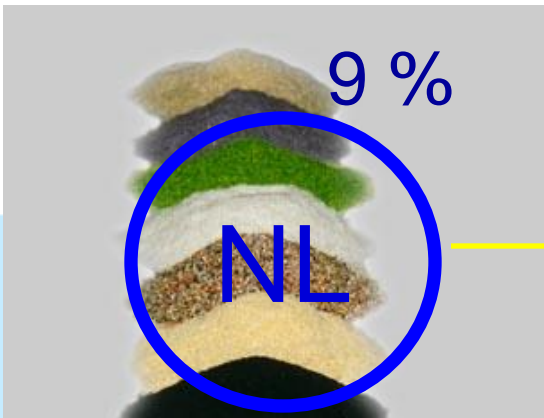
Art. 84

TH

TH

Art. 76

Bilateral cumulation



Determination of the origin:



TH

36

Art. 84

TH



Pref. Origin THAILAND can not be conferred

CN
55%

Multilateral cumulation

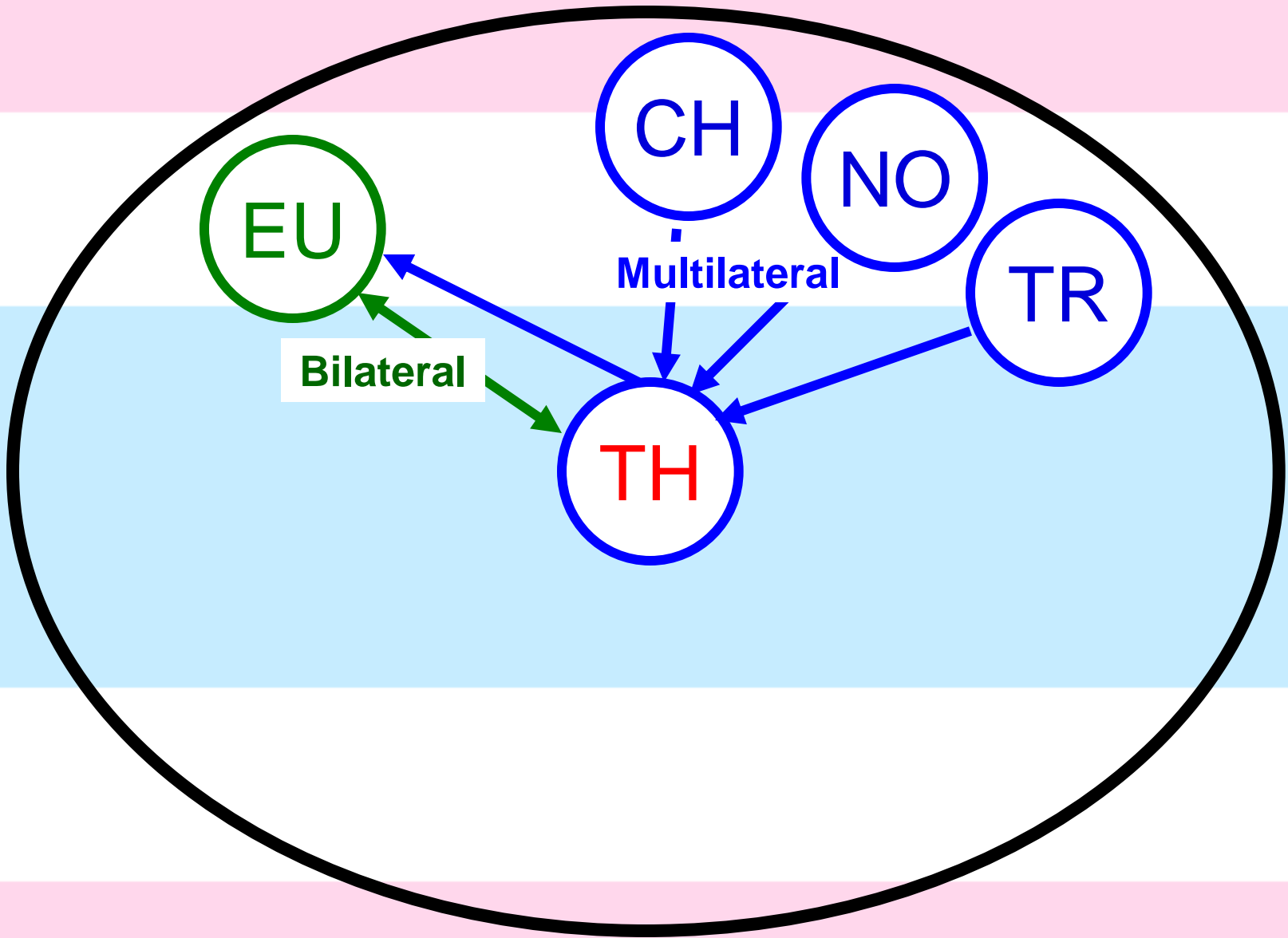
Art. 85 Regulation (EU) 2454/93

Cumulation with Norway, Switzerland and Turkey shall allow products originating in NO, CH and TR to be considered as materials originating in a beneficiary country.

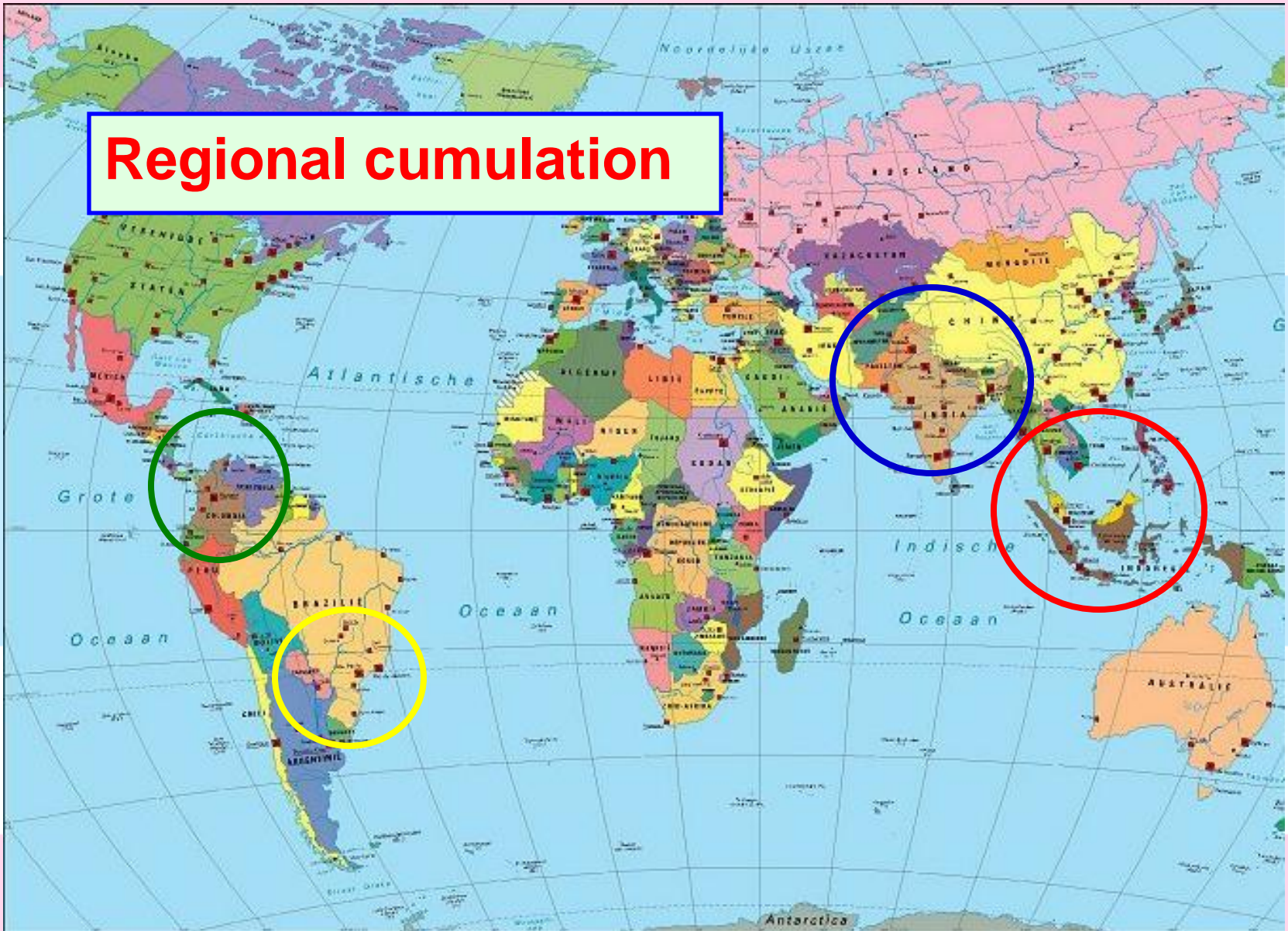
Conditions:

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1. NO, CH and TR apply a definition of the concept or origin corresponding with that of the EU;
2. NO, CH and TR apply the same treatment to goods incorporating materials of EU-origin (reciprocity);
3. Working/processing goes beyond operations described in Article 78(1);
4. **Does not apply to Chapter 1 to 24 Harm. System.**



Regional cumulation



Regional cumulation

Art. 86 Reg. 2454/93

shall apply to 4 separate groups

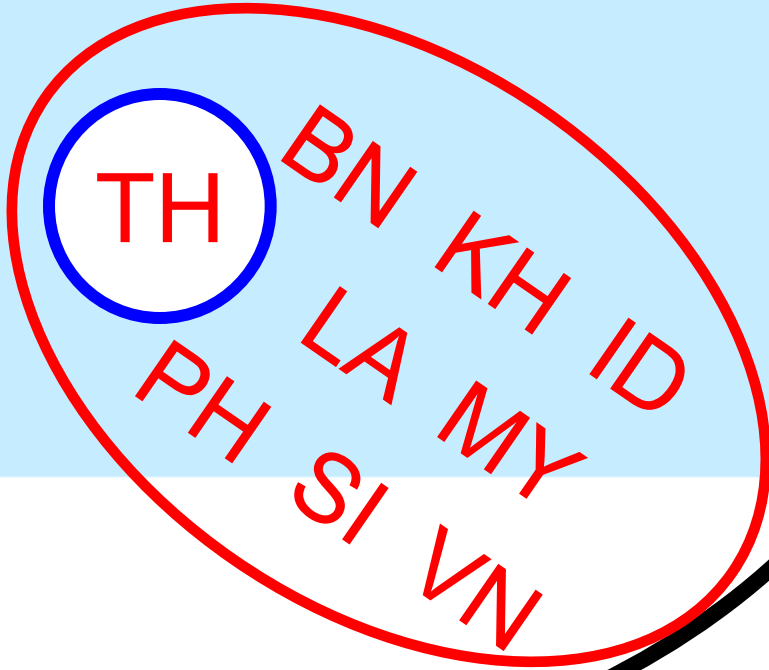
(a) Group I: Brunei-Darussalam, Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand, Vietnam;

(b) Group II: Bolivia, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Peru, Venezuela;

(c) Group III: Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka.

(d) Group IV: Argentina, Brasil, Paraquay and Uruguay

Regional cumulation - Group 1



Regional cumulation shall allow products originating in other countries of the regional group to be considered as materials originating in a the beneficiary country of manufacture.

Conditions:

1. Regional countries apply mutual a definition of the concept or origin corresponding with that of the EU;
2. Compliance to Regulation and administrative cooperation (Asean council);
3. Working/processing goes beyond operations described in Article 78(1);

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4. **Materials of Annex 13b excluded** in case where:
 - tariff preference in EU is not the same for all countries involved in the cumulation, and
 - materials would benefit a more favourable treatment then bij direct export to EU.

Seminar Origin rules - Bangkok - January 26th 2011		Annex B	
Materials excluded from regional cumulation - Article 14 (b)			
Column of ANNEX 13b (Group 1 and Group 8)			
Code	Description of materials	Group 1	Group 8
0100	Wool or animal hair of all species of heading 0101, in primary forms	X	X
0200	Meat or edible meat offal of all species of heading 0201, in primary forms	X	X
0300	Fish and crustaceans, molluscs and other aquatic invertebrates, fresh or chilled	X	X
0400	Dairy products, whether or not containing added sugar, salt or other substances	X	X
0500	Wool or animal hair of all species of heading 0501, in primary forms	X	X
0600	Wool or animal hair of all species of heading 0601, in primary forms	X	X
0700	Wool or animal hair of all species of heading 0701, in primary forms	X	X
0800	Wool or animal hair of all species of heading 0801, in primary forms	X	X
0900	Wool or animal hair of all species of heading 0901, in primary forms	X	X
1000	Wool or animal hair of all species of heading 1001, in primary forms	X	X
1100	Wool or animal hair of all species of heading 1101, in primary forms	X	X
1200	Wool or animal hair of all species of heading 1201, in primary forms	X	X
1300	Wool or animal hair of all species of heading 1301, in primary forms	X	X
1400	Wool or animal hair of all species of heading 1401, in primary forms	X	X
1500	Wool or animal hair of all species of heading 1501, in primary forms	X	X
1600	Wool or animal hair of all species of heading 1601, in primary forms	X	X
1700	Wool or animal hair of all species of heading 1701, in primary forms	X	X
1800	Wool or animal hair of all species of heading 1801, in primary forms	X	X
1900	Wool or animal hair of all species of heading 1901, in primary forms	X	X
2000	Wool or animal hair of all species of heading 2001, in primary forms	X	X
2100	Wool or animal hair of all species of heading 2101, in primary forms	X	X
2200	Wool or animal hair of all species of heading 2201, in primary forms	X	X
2300	Wool or animal hair of all species of heading 2301, in primary forms	X	X
2400	Wool or animal hair of all species of heading 2401, in primary forms	X	X
2500	Wool or animal hair of all species of heading 2501, in primary forms	X	X
2600	Wool or animal hair of all species of heading 2601, in primary forms	X	X
2700	Wool or animal hair of all species of heading 2701, in primary forms	X	X
2800	Wool or animal hair of all species of heading 2801, in primary forms	X	X
2900	Wool or animal hair of all species of heading 2901, in primary forms	X	X
3000	Wool or animal hair of all species of heading 3001, in primary forms	X	X
3100	Wool or animal hair of all species of heading 3101, in primary forms	X	X
3200	Wool or animal hair of all species of heading 3201, in primary forms	X	X
3300	Wool or animal hair of all species of heading 3301, in primary forms	X	X
3400	Wool or animal hair of all species of heading 3401, in primary forms	X	X
3500	Wool or animal hair of all species of heading 3501, in primary forms	X	X
3600	Wool or animal hair of all species of heading 3601, in primary forms	X	X
3700	Wool or animal hair of all species of heading 3701, in primary forms	X	X
3800	Wool or animal hair of all species of heading 3801, in primary forms	X	X
3900	Wool or animal hair of all species of heading 3901, in primary forms	X	X
4000	Wool or animal hair of all species of heading 4001, in primary forms	X	X
4100	Wool or animal hair of all species of heading 4101, in primary forms	X	X
4200	Wool or animal hair of all species of heading 4201, in primary forms	X	X
4300	Wool or animal hair of all species of heading 4301, in primary forms	X	X
4400	Wool or animal hair of all species of heading 4401, in primary forms	X	X
4500	Wool or animal hair of all species of heading 4501, in primary forms	X	X
4600	Wool or animal hair of all species of heading 4601, in primary forms	X	X
4700	Wool or animal hair of all species of heading 4701, in primary forms	X	X
4800	Wool or animal hair of all species of heading 4801, in primary forms	X	X
4900	Wool or animal hair of all species of heading 4901, in primary forms	X	X
5000	Wool or animal hair of all species of heading 5001, in primary forms	X	X
5100	Wool or animal hair of all species of heading 5101, in primary forms	X	X
5200	Wool or animal hair of all species of heading 5201, in primary forms	X	X
5300	Wool or animal hair of all species of heading 5301, in primary forms	X	X
5400	Wool or animal hair of all species of heading 5401, in primary forms	X	X
5500	Wool or animal hair of all species of heading 5501, in primary forms	X	X
5600	Wool or animal hair of all species of heading 5601, in primary forms	X	X
5700	Wool or animal hair of all species of heading 5701, in primary forms	X	X
5800	Wool or animal hair of all species of heading 5801, in primary forms	X	X
5900	Wool or animal hair of all species of heading 5901, in primary forms	X	X
6000	Wool or animal hair of all species of heading 6001, in primary forms	X	X
6100	Wool or animal hair of all species of heading 6101, in primary forms	X	X
6200	Wool or animal hair of all species of heading 6201, in primary forms	X	X
6300	Wool or animal hair of all species of heading 6301, in primary forms	X	X
6400	Wool or animal hair of all species of heading 6401, in primary forms	X	X
6500	Wool or animal hair of all species of heading 6501, in primary forms	X	X
6600	Wool or animal hair of all species of heading 6601, in primary forms	X	X
6700	Wool or animal hair of all species of heading 6701, in primary forms	X	X
6800	Wool or animal hair of all species of heading 6801, in primary forms	X	X
6900	Wool or animal hair of all species of heading 6901, in primary forms	X	X
7000	Wool or animal hair of all species of heading 7001, in primary forms	X	X
7100	Wool or animal hair of all species of heading 7101, in primary forms	X	X
7200	Wool or animal hair of all species of heading 7201, in primary forms	X	X
7300	Wool or animal hair of all species of heading 7301, in primary forms	X	X
7400	Wool or animal hair of all species of heading 7401, in primary forms	X	X
7500	Wool or animal hair of all species of heading 7501, in primary forms	X	X
7600	Wool or animal hair of all species of heading 7601, in primary forms	X	X
7700	Wool or animal hair of all species of heading 7701, in primary forms	X	X
7800	Wool or animal hair of all species of heading 7801, in primary forms	X	X
7900	Wool or animal hair of all species of heading 7901, in primary forms	X	X
8000	Wool or animal hair of all species of heading 8001, in primary forms	X	X
8100	Wool or animal hair of all species of heading 8101, in primary forms	X	X
8200	Wool or animal hair of all species of heading 8201, in primary forms	X	X
8300	Wool or animal hair of all species of heading 8301, in primary forms	X	X
8400	Wool or animal hair of all species of heading 8401, in primary forms	X	X
8500	Wool or animal hair of all species of heading 8501, in primary forms	X	X
8600	Wool or animal hair of all species of heading 8601, in primary forms	X	X
8700	Wool or animal hair of all species of heading 8701, in primary forms	X	X
8800	Wool or animal hair of all species of heading 8801, in primary forms	X	X
8900	Wool or animal hair of all species of heading 8901, in primary forms	X	X
9000	Wool or animal hair of all species of heading 9001, in primary forms	X	X
9100	Wool or animal hair of all species of heading 9101, in primary forms	X	X
9200	Wool or animal hair of all species of heading 9201, in primary forms	X	X
9300	Wool or animal hair of all species of heading 9301, in primary forms	X	X
9400	Wool or animal hair of all species of heading 9401, in primary forms	X	X
9500	Wool or animal hair of all species of heading 9501, in primary forms	X	X
9600	Wool or animal hair of all species of heading 9601, in primary forms	X	X
9700	Wool or animal hair of all species of heading 9701, in primary forms	X	X
9800	Wool or animal hair of all species of heading 9801, in primary forms	X	X
9900	Wool or animal hair of all species of heading 9901, in primary forms	X	X

Annex C

Seminar Origin rules – Workshop

Annex C

Materials excluded from regional cumulation - Article 84 (3)

Extract of ANNEX 13b (Group I and Group III)

Harmonized System or Combined Nomenclature code	Description of materials	Group I: Brunei Cambodia Indonesia Laos Malaysia Philippines Singapore Thailand Vietnam	Group III: Bangladesh Bhutan India Maldives Nepal Pakistan Sri Lanka
0207	Meat and edible meat offal, of the poultry of heading 0105, fresh, chilled or frozen	X	
ex 0210	Meat and edible meat offal of poultry, salted, in brine, dried or smoked	X	
ex 0407	Eggs in shell of poultry, other than for hatching		X
ex 0408	Eggs, not in shell and egg yolks, other than unfit for human Consumption		X
0709 51 ex 0710 80 0711 51 0712 31	Mushrooms, fresh or chilled, frozen, provisionally Preserved, dried	X	X
1006	Rice	X	X
ex 1102 90 ex 1103 19 ex 1103 20 ex 1104 19 ex 1108 19	Flours, groats, meal, pellets, rolled or flaked grains, starch of rice	X	X
1701 and 1702	Cane or beet sugars and chemically pure sucrose, and other sugars, artificial honey and caramel	X	X
ex 1704 90	Sugar confectionery, not containing cocoa, other than chewing gum	X	X
ex 1806 10	Cocoa powder, containing 85 % or more by weight of sucrose/isoglucose	X	X
1806 20	Chocolate and food preparations containing cocoa other than cocoa powder	X	X
ex 1901 90	Other food preparations containing less than 40 % by weight of cocoa, other than malt extract, containing less than 1,5 % milkfat, 5 % sucrose or isoglucose, 5 % of glucose or starch.	X	X
ex 2101 12	Preparations with a basis of coffee	X	X
ex 2101 20	Preparations with a basis of tea or maté	X	X
ex 2106 90	Food preparations not elsewhere specified, other than protein concentrates and textured protein substances: flavoured or coloured sugar syrups other than isoglucose, glucose and maltodextrine syrups; preparation containing more than 1,5 % milkfat, 5 % sucrose or isoglucose, 5 % of glucose or starch	X	X
2207	Undenatured ethyl alcohol of an alcoholic strength by volume of 80 % vol or higher		X
ex 2208 90	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80 % vol, other than arrack, plum, pear or cherry spirit and other spirits and spirituous beverages		X
ex 3302 10	Mixtures of odoriferous substances of a kind used in the drink industries, containing all flavouring agents characterising a beverage and containing more than 1,5 % milkfat, 5 % sucrose or isoglucose, 5 % of glucose or starch	X	X
3302 10 29	Preparations of a kind used in the drink industries containing all flavouring agents characterising a beverage, other than of an actual alcoholic strength by volume exceeding 0,5 %, containing, by weight, more than 1,5 % milkfat, 5 % sucrose or isoglucose, 5 % glucose or starch	X	X

Regional cumulation

Group 1 - ASEAN

Cambodia, Laos

Brunei-Darussalam, Indonesia, Malaysia, Philippines,
Thailand, Vietnam

Singapore

Customs duty

HS- or CN- code	Description of materials	SPGA		SPGL			rest
		KH	LA	BN	ID	PH	SI
ex 1704 90	Sugar confectionery, not containing cocoa, other than chewing gum		0		9,3		13,4
2003 10	Mushrooms, prepared or preserved otherwise than by vinegar or acetic acid		0		14,9 +		18,4 +
ex 2101 12	Preparations with a basis of coffee		0		8		11,5

Regional cumulation

Determination origin - Art. 84 (6)

- Country of origin is the country where the **last working or processing** was carried out, under condition that operation goes beyond minimal operations (textile products: see also Annex 16).
- When this **condition is not satisfied**, the products shall have the origin of the country of the regional group which accounts for **the highest share of the customs value** of the originating materials used originating in other countries of the regional group.
- N.B. The condition of added value (50%) has ceased to be valid

Regional cumulation (example)

TH: office chair ex-works price: € 219,-

TH: painting, assembling, packing

PH: weels: € 25,-

MY: frame: € 95,-

SI: seat and back: € 60,-

(value = customs value)

Determination origin: till 1-1-2011

- value added in TH € 39,-
- less then 50% of ex-work price
- country origin: highest customs value: € 95,-
- origin of office chair: **Malaysia**



Regional cumulation (example)

TH: office chair ex-works price: € 219,-

TH: painting, assembling, packing

PH: weels: € 25,-

MY: frame: € 95,-

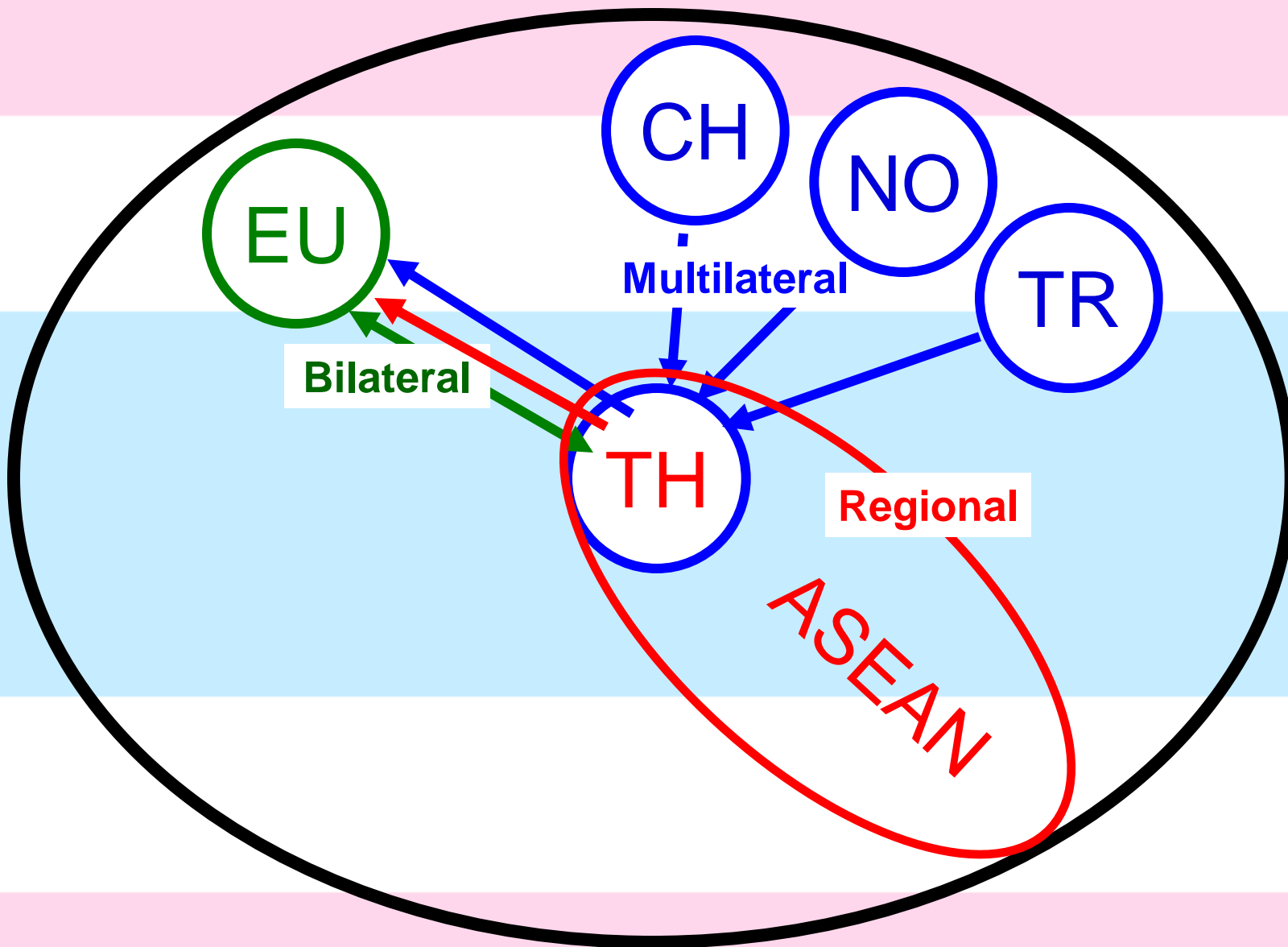
SI: seat and back: € 60,-

(value = customs value)

Determination origin: from 1-1-2011

- assembling > minimal operation?
- country of origin **Thailand**





Inter-Regional cumulation

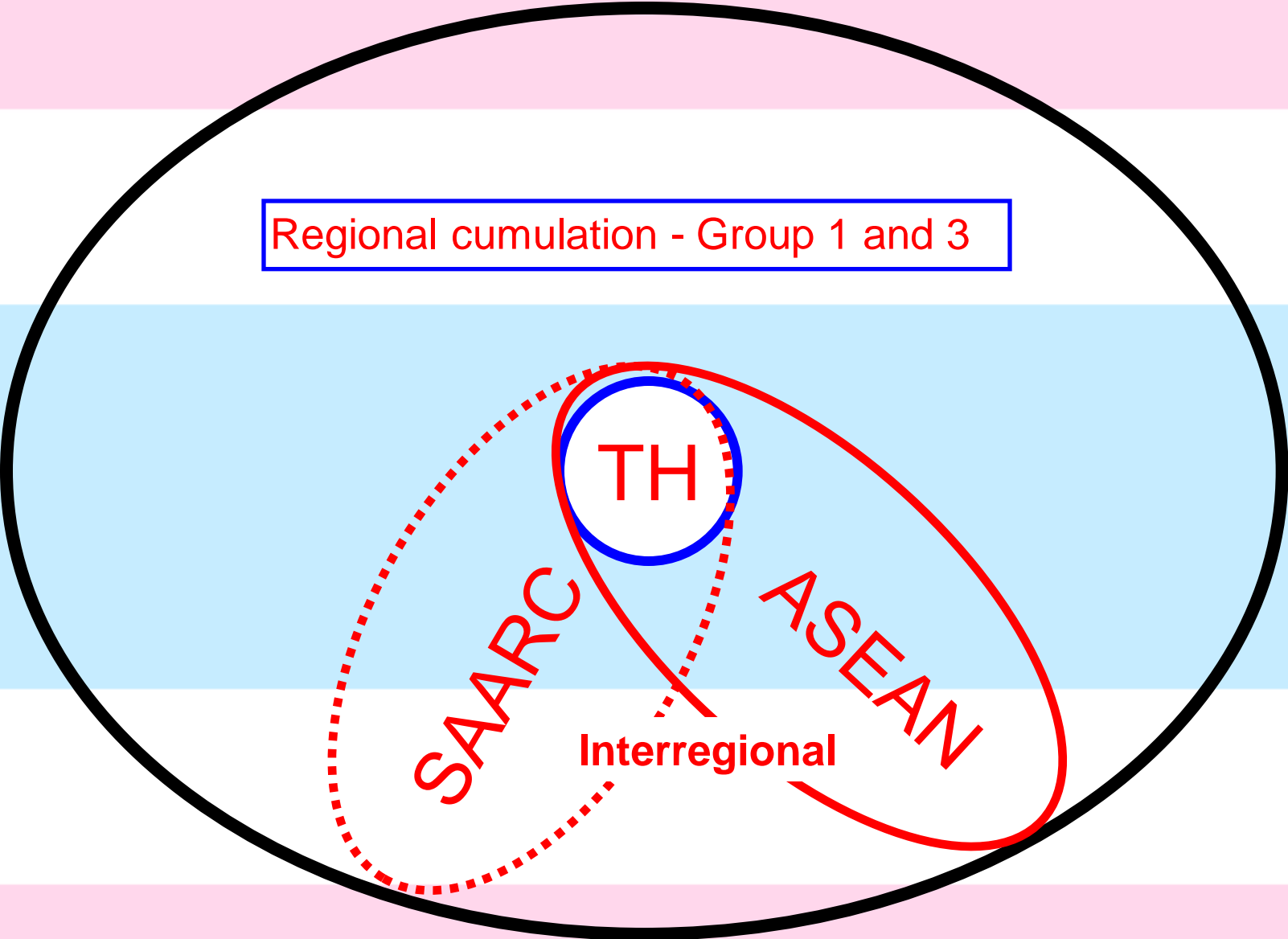
Art. 86 Reg. 2454/93

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5. At the request of the authorities of a **Group I or Group III** beneficiary country, regional cumulation between countries of those groups **may be granted by the Commission**, provided that the Commission is satisfied that each of the following conditions is met:

- (a) the conditions laid down in paragraph 2(a) are met, and
- (b) the countries to be involved in such regional cumulation have undertaken and jointly notified to the Commission their undertaking

Regional cumulation - Group 1 and 3



Extended cumulation

Art. 86 Reg. 2454/93

7. At the request of any beneficiary country's authorities, extended cumulation between a beneficiary country and a country with which the European Union has a free-trade agreement in accordance with Article XXIV of the General Agreement on Tariffs and Trade (GATT) in force **may be granted by the Commission**, provided that the Commission is satisfied that each of the following conditions is met:

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Extended cumulation

Art. 86 Reg. 2454/93

(a) the countries involved in the cumulation have undertaken to comply or ensure compliance with this Section and to provide the administrative co- operation necessary **to ensure the correct implementation of this Section** both with regard to the European Union and also between themselves.

(b) the undertaking referred to in point (a) has been notified to the Commission by the beneficiary country concerned.

Does not apply to Chapter 1 to 24 Harm. System.

Overview of countries with preferential trade to the EU (Nov 2010)

Switzerland
Liechtenstein
Norway
Iceland
Faroe Islands

EEA

Turkey

Andorra

European Union
Austria, Belgium, Bulgaria,
Czech Republic, Cyprus,
Denmark, Estonia, Finland,
France, Germany, Greece,
Hungary, Ireland, Italy,
Latvia, Lithuania,
Luxembourg, Malta,
Netherlands, Poland,
Portugal, Rumania,
Slovakia, Slovenia, Spain,
United Kingdom, Sweden

Israël
West Bank & Gaza Strip
Ceuta & Melilla
Algeria
Morocco
Tunisia
Egypt
Syria
Lebanon
Jordan
South-Africa
Mexico
Chile

Albania
Croatia
Macedonia
Montenegro
Bosnia-Herzegovina
Serbia

Kosovo
Moldavia

GSP

OCT

MAR

Cariforum

South Korea

