



SUPPLEMENTARY GUIDELINES TO THE PACER PLUS RULES OF ORIGIN

Understanding Product Specific Rules

ABSTRACT

These guidelines add to existing material and focus on the Product Specific Rules of Origin under the PACER Plus Agreement

FOREWORD

Firstly, I want to thank the Pacific Agreement on Closer Economic Relations Plus (PACER Plus) Implementation Unit for giving me the opportunity to develop these guidelines. My initial involvement with the PACER Plus Agreement began during the negotiation of the Agreement, as a rules of origin negotiator on the New Zealand negotiating team and I have participated in delivering some training initiatives after the Agreement came into force.

I have thoroughly enjoyed my interactions with the many representatives from the Pacific Island nations, both during the negotiations and with the customs officials subsequently charged with implementing the rules and training their own people.

Many of us involved in the “Rules of Origin” world tend to overlook that what seems to us commonsense, can be bewildering “techie” to those who have to use the rules. These guidelines are my attempt to translate the Product Specific Rules of Origin, and in particular the change in tariff classification (CTC) rules, into simple language, focusing on what has to be done to products to earn that preferential tariff treatment offered by the Agreement.

I have structured the guidelines so that you can turn immediately to the products you have a particular interest in, but would urge you to read the introductory chapter first as it explains the terms and concepts that are used throughout the document.

Finally, I would like to acknowledge the assistance that Wame Valentine, PACER Plus Implementation Unit, has given me in selecting appropriate images to illustrate the text. I fear it would be very dry reading without these images.

Christine Mullinder

Disclaimer

These guidelines intend to help business, customs brokers and customs officials to understand the Rules of Origin under the PACER Plus Agreement.

The guidance is based on the legal text (Chapters 2 and 3) of the Agreement but is not a substitute for those texts and does not constitute formal legal advice.

The guidelines have a specific focus on the CTC rules.

For a more comprehensive understanding the guidelines should be read in conjunction with the Rules of Origin Manual produced by the Oceania Customs Organisation (OCO).



PACER PLUS RULES OF ORIGIN

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A wooden gavel is positioned diagonally across the frame, resting on a laptop keyboard. The background is a warm, orange-toned image of a laptop keyboard. A semi-transparent orange rectangle is overlaid on the left side of the image, containing the text.

01

INTRODUCING PACER PLUS RULES OF ORIGIN



OVERVIEW

What are rules of origin?

Rules of origin are the rules that determine the “**economic nationality**” of a good. Many countries may participate in the manufacturing of a good, providing specialised ingredients or parts, but when the finished good crosses the border into the importing country there can be only one country of origin.

A set of rules is needed to determine that country.

This is particularly important in free trade agreements (FTA) because under an FTA the trading partners offer a benefit to each other through reduced or preferential tariff rates. You need to achieve the agreed level of processing to be eligible for that benefit.

In the context of PACER Plus

The Pacific region, including New Zealand and Australia, is not a manufacturing powerhouse in global terms, but our processing and manufacturing are significant contributors to our economic well-being.

Being able to trade between ourselves under rules that allow us to source materials from global supply chains is important.

The rules of origin in PACER Plus are designed on the principle that a single transformation that results in a new product should confer origin. They set out what materials (or what total value of materials) we can use from the wider world to produce our goods, and still retain PACER Plus origin.

Rules of origin have three specific purposes

- Setting out the **origin criteria** that must be met to be able to claim the preferential tariff treatment made available under the Agreement. That is, identifying how much processing must be undertaken, or how much value must be added, on a product-by-product basis, to achieve originating status.

These guidelines focus primarily on the Product Specific Rules (PSR) in the PACER Plus Agreement and the use of the tariff classification of a product to identify sufficient processing.

(see pages 10-90)

- Setting out consignment rules for how the goods are treated when they cross other borders on their way to the importing country, primarily to prevent free-riding from non-Party

(see page 94)





- Setting out the documentary requirements, both at the point of importation and post clearance, if more information is requested to support a claim for preferential tariff treatment.

(see pages 96-103)

The rules of origin are set out in the PACER Plus in:

Chapter 3 Rules of Origin and Verification Procedures

Chapter 3 sets out the policy framework for the rules. It describes the rules for wholly obtained products and products produced entirely from originating materials and explains how packaging, spare parts and accessories, and indirect materials are dealt with. It also sets out the rules for transportation and transit through non-PACER Plus Parties and the documentary requirements and the procedures that will be adopted in the case of a verification.

Annex 3-A Declaration of Origin Requirements

This Annex details the information that must be provided in the declaration of origin.

Annex 3-B Schedule of Product Specific Rules

This Annex contains the product specific rules for goods that have used imported non-originating materials in their production. If you have used materials that were not produced within the PACER Plus Parties you need to go to this Annex to see what level of processing is required to achieve originating status.

These guidelines attempt to explain the processing and documentary requirements under PACER Plus rules of origin in simple terms. They do not constitute legal advice.

Understanding the PSR Chapter 3

Terms that will be used throughout this explanation of the rules of origin

An **“originating material”** means a material that is either wholly obtained in one or more of the PACER Plus Parties, or a material that has undergone sufficient processing in one or more of the PACER Plus Parties, to meet the PSR criteria in the PSR schedule in the ROO Chapter of PACER Plus.

A **“non-originating material”** means a material or component that has been imported from a country that is not a Party to PACER Plus, and has not undergone sufficient processing to meet the PSR criteria, or is a material of undetermined origin. That is, the material’s origin is not known or cannot be proven.

“Wholly obtained” (WO) refers to goods that do not contain any raw materials, ingredients, packaging or parts that have been produced outside of the Parties to the agreement.

“Produced entirely from originating materials” (PE) refers to goods that are made from originating materials produced by the trading partners. Most of the trade under this umbrella will be similar to the



above (wholly obtained goods) because materials will be sourced from within the region.

However, non-originating raw materials may be used provided those materials have been sufficiently transformed before being used in further production.

“Produced using non-originating materials” refers to goods that use non-originating materials, generally in the later stages of production.

Defining originating status

There are three pathways to achieving originating status.

1. The goods are wholly obtained (WO)

This means that the goods do not contain any raw materials, ingredients or parts that have been produced outside of the parties to the agreement. Essentially this means primary products such as plants, live animals and fish, minerals, and natural resources and products that have been made from primary products without the addition of any imported materials. Articles 2(a) and 3 of Chapter 3, Rules of Origin and Verification Procedures

These goods are generally classified in the Tariff as follows:

Live animals and products obtained from live animals (including fish)	Chapters 1 through 5
Plants and plant products	Chapters 6 through 14
Minerals	Chapters 25 through 27
Plastics, rubber, wood, raw fibres	Early headings of Chapters 39 through 52
Unprocessed natural stones, precious metals and base metals	Early headings of Chapters 71 through 80

2. The goods are produced entirely from originating materials (PE)

This means goods that are made from originating materials produced by the PACER Plus partners. Most of the trade under this umbrella will be similar to the above (wholly obtained goods) because materials will be sourced from within the region.

However, non-originating raw materials may be used provided those materials have been sufficiently transformed before being used in further production. Articles 2(b) and 5(2) of Chapter 3, Rules of Origin and Verification Procedures





Example 1: Production using only PACER Plus materials

Bauxite from Australia 2606	New Zealand produces aluminium sheets 7606	Vanuatu produces corrugated aluminium roofing sheets 7606	Samoa imports the roofing sheets
All of the materials used have originated in one or more of the PACER Plus Parties.			

Example 2: Production using a non-originating material which is further processed into an originating material

Aluminium rod from China 7604	Vanuatu produces aluminium sheets 7606	Samoa produces corrugated aluminium roofing sheets 7606	Samoa exports to other PACER Plus Parties
Non-originating	PSR (meets CTH rule)	PE	PE
Even though the aluminium rod originated from China, sufficient working has been undertaken in Vanuatu to achieve originating status for the aluminium sheets. Further work on the sheets is therefore being carried out on an originating product.			

Goods using the PE pathway will be classified throughout the Tariff.

The critical factor in using PE is that if non-originating materials have been used, the PACER Plus Parties must have undertaken at least two production processes to achieve originating status for the final product.

3. The goods are produced using non-originating materials - PSR

These rules are designed for goods that use non-originating materials in the later stages of production. Articles 2(c) and 5, and Annex 3-B of Chapter 3, Rules of Origin and Verification Procedures Schedule of PSR of the PACER Plus Agreement).

The PSRs are based on:



- a rule based on a specified change in CTC rule, or
- a regional value content (RVC) rule, or
- a specified process rule, or
- a rule which combines one or more of the above.

Some PSRs will offer optional rules RVC (40) or CTC rule or process rule. Some PSRs will offer only one option.

Goods using the PSR pathway will be classified throughout the Tariff.

The critical factor in using the PSR is that the non-originating material that has been incorporated into the product in a later stage of production has been sufficiently transformed to result in a new product or has had sufficient value added to meet the value threshold.

Change of CTC rules

Concept: A material that has been sufficiently transformed (that is, the processing undertaken on the material has resulted in the creation of a different product), should achieve originating status. The CTC rules are designed using the classification system (HS Code) that underpins your national tariff and are based on a specified **change in tariff classification** (tariff shift) from the input materials to that of the final product. The CTC rules focus is on what non-originating materials you can use in the production of your product and still achieve origin.

“CC” is short hand for “a change to a good of chapter XX from any other chapter”. It means that any material used in the production of the good that is classified in the same chapter must have been produced in a PACER Plus Party. Put another way, you can use any components or ingredients that are classified in another chapter, regardless of their origin, in the production of your good.

Goods classified in the same chapter will have the same 2 digits at the beginning of the tariff classification number.

“CTH” is short hand for “a change to a good of heading XXXX from any other heading” and means that any material used in the production of the good that is classified in the same heading must have been produced in a PACER Plus Party. In other words, you can use any components or ingredients that are classified in another heading, regardless of their origin, in the production of your good.





Goods classified in the same heading will have the same 4 digits at the beginning of the tariff classification number.

“**CTSH**” is short hand for “a change to a good of subheading XXXX.XX from any other subheading” and means that any material used in the production of the good that is classified in the same subheading must have been produced in a PACER Plus Party. In other words, you can use any components or ingredients that are classified in another subheading, regardless of their origin, in the production of your good.

Goods classified in the same subheading will have the same 6 digits at the beginning of the tariff classification number.

The tolerance rule: Rules based on a change in tariff classification (tariff shift) also have a tolerance provision. If non-originating products classified in the same tariff classification that the rule is struck at (chapter, heading or subheading level) these goods can still be used provided that their combined total value does not exceed 10% of the FOB value of the final product.

Packaging: The origin of packaging materials is not taken into account under a CTC rule if the product is normally presented in some form of packaging, e.g. canned tomatoes classified in Chapter 20, and bottled perfume classified in Chapter 33.

The process rule

Concept: A specified process has been undertaken. The process rule is generally used when an added value rule or a CTC (tariff shift) rule are not considered appropriate or to provide additional flexibility for producers to achieve origin. The focus of a process rule is on a specific process that must be undertaken on non-originating materials if you are using such materials in the production of your good.

Packaging: The origin of packaging materials is not taken into account in determining whether you have met a specified process.

The regional value content rule

Concept: A certain percentage of the value of the good has been added by the exporting Party. The assumption is that this added value is sufficient to transform the good into a different product that can then be claimed as an originating good of the exporting country. In the case of PACER Plus the added value of all PACER Plus Parties can be added together. The focus of the RVC rule is on the value you have added in the production of your product.



Calculating the value added:

PACER Plus uses the build-down method for calculating regional value content.

Build-down Method: Based on Value of Non-Originating Materials

This method simply takes the final value of the good and subtracts the combined value of all the non-originating materials. If the combined value of the non-originating materials is more than 60 percent of the value of the exported good then the good has not achieved originating status. That is, the PACER Plus Parties must have contributed at least 40% to the value of the product.

The roll-up principle for intermediate goods:

If a non-originating material has been transformed into another product (called an intermediate good) and then that intermediate good has been further processed into a final product for export, all of the value of the intermediate good - can be considered as originating value. The value of the non-originating raw material does not need to be counted as a non-originating material because it has been sufficiently transformed earlier in the production process to make it originating.

Packaging:

If the product is packaged in retail containers and those containers have been imported from a Party outside the PACER Plus Parties, then the packaging is considered a non-originating material.

Minimal operations:

There is an article defining certain minimal operations (Article 6, Chapter 3, Rules of Origin and Verification Procedures) that are insufficient to be counted towards the local value contribution when they are the only processes undertaken on a non-originating material. For example, affixing a brand name or logo to an article of clothing. While this can add significant value to the product, it does not result in a new product being made (i.e. no transformation has occurred).

02

PRODUCT SPECIFIC RULES FOR THE AGRICULTURE SECTOR



2.1 MEAT AND FOOD PREPARATIONS MADE FROM MEAT, OTHER MEAT-BASED PRODUCTS

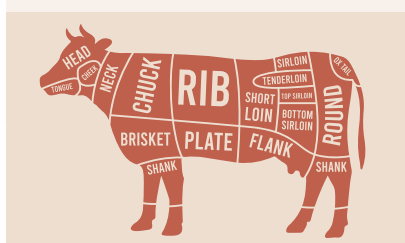
Live animals (Chapter 01)

Live animals traded between the PACER Plus Parties must have been born and raised in the Parties. While the PSR schedule offers the rule “CC”, in the context of live animals this is essentially the same meaning as “wholly obtained”.

Use WO to indicate originating status.

Basic meat cuts (Chapters 02 and 05)

Chapter 02 Meat and edible meat offal Chapter 05 Products of animal origin NES	PSR CC CC or CC or RVC (40)
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For simple cuts of meat, you can use either the “WO” or “PE” to indicate originating status, or use the rule “CC”.

If the cuts are produced from animals born and raised in a PACER Plus Party, but have been vacuum packed in plastic wrapping, use the CC rule.

Processing non-originating meat?

- In Chapter 02 the “CC” rule for cuts of meat means the animal must have been both slaughtered and made into cuts in the PACER Plus Parties. There is no alternative RVC (40) rule.
- In Chapter 05 for products such as offal, bladders etc. the “CC rule means the animal must have been both slaughtered and gutted in the PACER Plus Parties.
- Alternatively, imported offal etc. of non-PACER Plus origin may be used if the processes undertaken in the PACER Plus Parties reach an added value threshold of 40% of the FOB value of the final product.



Animal fats and oils (Chapter 15)

Fats - minimally processed

Chapter note for Chapter 15: For the purposes of this Chapter, the refining process (chemical or physical) entails removing the odour, taste, colour and acidity of a crude or partially refined fat or oil.

1501 (pig fat with some lean meat attached and poultry fat rendered or otherwise extracted)

PSR

1502 (fats of bovine, animals, sheep or goats)

CC or
Change through refining

1503 (lard and tallow)

CTH

1505 (wool grease and fatty substances derived therefrom (including lanolin))

CC or
Change through refining

1506 (other animal fats and oils)

These products will mostly be produced from PACER Plus Party meat. You can use WO or PE, but if they are presented in imported packaging, use PSR (CC).

Both the “CC” and “CTH” rules allow non-originating meat or poultry (generally carcasses) to be imported and processed to produce fats and oils.



The PSR also offers an optional process rule “change by refining” for certain products as indicated above.

For example, you could import chicken fat, regardless of origin, and further refine it for trade between the PACER Plus Parties.



Or you could import wool grease, regardless of origin, and through a refining process, produce lanolin for trade between the PACER Plus Parties. The lanolin would then be an originating material that could be made into a cosmetic product.



The “CTH” rule for lard or tallow (1503) allows you to use imported fat, regardless of origin, to produce this product for trade between the PACER Plus Parties.

However, the CTH rule does not allow you to blend tallow with non-originating tallow, unless the value of the non-originating tallow does not exceed 10% of the final FOB value of the product.

Further processed fats and oils (Chapter 15)

1516 (animal or microbial fats and their fractions, partly or wholly hydrogenated etc.)

1517 Margarine; edible mixtures or preparations of animal, vegetable or microbial fats or oils or of fractions of different fats or oils of this Chapter, other than edible fats and oils or their fractions of heading 15.16.

1518 (animal or microbial fats and oils and their fractions, boiled, oxidised, dehydrated, sulphurised, blown etc.

1520 Glycerol

1522 Degras, residues etc.

PSR

CTH



The “CTH” rule allows you to use other products, regardless of origin, also classified in Chapter 15, as ingredients for your Chapter 15 product, (provided they are not also classified in the same four-digit heading).

E.g. make glycerol (1522) from imported tallow (1503), or



E.g. make margarine (1517) from a mix of imported vegetable oil (e.g. palm oil 1511) and imported animal fat (e.g. bovine fat 1502).



Food preparations made from meat (Chapter 16)

These preparations are likely to contain added ingredients such as salt, breadcrumbs, spices etc. They may also be presented in cans, other air tight containers or wrapping which is likely made from materials that have been imported into a PACER Plus Party.

Even if the meat used is originating in the PACER Plus Parties, it would be wise to use the PSR as the origin criterion because of the likely imported ingredients and packaging.

Chapter 16 Preparations of meat

1601 (sausages etc.)
1602 (Homogenised preparations)
1603 (extracts and juices of meat)

PSR

CC or RVC
(40)



Chapter 16 products: Sausages, homogenised preparations, extracts of meat and meat juices, crumbed meat cuts and canned meats are classified here.

The “CC” rule allows non-originating meat of Chapter 02 to be imported by a PACER Plus Party and further prepared for export to other PACER Plus Parties.

The “CC” rule does not allow you to use other Chapter 16 products that are not from a PACER Plus Party unless:

1. the combined value of the non-originating materials from Chapter 16 is less than 10% of the FOB value of the final product. In which case you can use the de minimis (tolerance rule) which is provided for CTC rules (Article 7.1 (a)).
2. the value added in the PACER Plus production processes achieved the optional RVC (40) threshold

Example. Sausages with that extra flavour

A producer of sausages wants to add meat extracts or fish extract or juices sourced from outside the PACER Plus Parties, to obtain a special flavour. The CC rule does not allow this because those ingredients are also classified in Chapter 16.

Flexibility is provided through the de minimis rule and through the optional RVC (40) depending on the proportional value of those imported ingredients.





Chapter 19 preparations of flours etc

1902 Stuffed pasta

PSR

CC or RVC (40)



Chapter 19 is relevant for stuffed pasta containing meat.

The “CC” rule allows non-originating meat of Chapter 02 to be imported by a PACER Plus Party and included in a stuffed pasta product for export to other PACER Plus Parties.

Note: the pasta would have to be made in a PACER Plus Party to meet the CC rule for Chapter 19. If using imported pasta the RVC (40) option would need to be used.

Sauces, soups and broths (Chapter 21)

Chapter 21 Miscellaneous edible products

2103.90 (other sauces)
2104.10 (soups, broths and preparation therefor)
2104.20 (homogenised composite food preparations)

PSR

CTSH or RVC (40)



The “CTSH” rule allows you to use non-originating ingredients from any other subheading for sauces, soups, broths and homogenised preparations.

For example, a meat-based sauce (2103.90) may require the addition of soy sauce (2103.10) or tomato sauce (2103.20).

A tariff shift at the subheading (CTSH) is required to allow this because soy sauce and tomato sauce are classified in the same heading as the meat sauce (2103).





If you use any of the following:

- An imported ingredient which is also classified in 2103.90 for your sauce.
- An imported ingredient for your broth which is also classified in 2103.90,
- An imported ingredient for your homogenised preparation which is also classified in 2103.9,

You will need to use either the tolerance rule (allows up to 10% of the FOB value of the final good) or use the RVC (40) option.

Food preparations not elsewhere specified (2106.90)

2106.10 (proteins)
2106.90 (food preparations not elsewhere specified)

PSR

CTSH or RVC (40)

Subheading 2106.90 is a default category for **other food preparations** that do not fit the description of any other heading or subheading. Many of the products classified here are specialised ingredients and may well be used together in the making of a different product.

The RVC (40) option provides important flexibility for products classified in 2106.90 because a tariff shift rule (CTSH) cannot accommodate using ingredients within the same subheading.

Use the tolerance rule if the value of non-originating materials classified in 2106.90 do not exceed 10% of the value of the final product.

Meat residues (2301.10)

Chapter 23 Residues and waste from the food industry

2301.10 (flours meals and pellets of meat and meat offal meat).

PSR

CTSH or RVC (40)



The flours, meals and pellets of meat are made from the residues of meat processing.

The “CC” rule allows you to produce these products from imported meat, regardless of its origin.

There is also an optional RVC (40) rule. The RVC (40) option provides additional flexibility if, for example, you are blending imported and locally produced meat flours.

Animal feed (2309)

2309 (animal feed)

PSR

CTH or RVC (40)



The “CTH” rule allows the use of non-originating residues, including meat flours and meals, also classified in Chapter 23.

The RVC (40) option provides additional flexibility.

It would only be needed if you were producing a blend of already manufactured animal feed from a non-PACER Plus Party with locally produced animal feed and the non-originating animal feed exceeded 10% of the FOB value of your final product.



Treatment of packaging

The treatment of packaging under an RVC rule and under a CTC rule is different.

A **CTC rule** focusses on the essential elements of a product.

- has the essential character been changed?
- has the meat product been sufficiently transformed? (e.g. changing a basic meat cut into corned beef)

Under a CTC rule, the producer is not penalised for using imported packaging material. The need for packaging of the product is considered incidental to the critical processes being identified that result in a new product.

An RVC rule, on the other hand, looks at all the contributions being made to the final presentation of the product. Packaging costs will be classed as originating value or non-originating value, depending on the origin of the packaging.



2.2 FISH AND FOOD PREPARATIONS BASED ON FISH, OTHER FISH-BASED PRODUCTS

Live fish (0301)

Live fish traded between the PACER Plus Parties must have been taken from within the territory of a PACER Plus Party — this includes the Exclusive Economic Zone (EEZ). If taken from the high seas, i.e. outside the EEZ of a PACER Plus Party the fish must be caught by a vessel entitled to fly the flag of a PACER Plus Party.

- If the fish has been caught within a PACER Plus Party, including its Exclusive Economic Zone, use WO or PE.
- If you are not sure of the details regarding the vessel, use the PSR rule (CC).

Processed fish

As for live fish, to use the “WO” rule for **whole fish**, the fish must be taken from within the territorial waters or from within the EEZ of a PACER Plus Party. If the fish is taken from the high seas, then there are conditions attached. The vessel must be registered or recorded with a PACER Plus Party and be entitled to fly its flag. Article 3(d) and (f), Chapter 3, Rules of Origin and Verification Procedures

Chapter 3

0302 (fresh or chilled but not filleted)
0303 (frozen but not filleted)

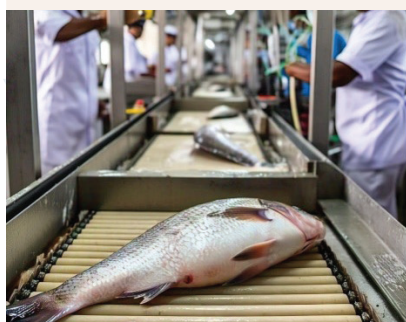
PSR

CC or Landed; gutted
or cleaned; and vacuum
packed



Whole fish are classified in two separate headings depending on whether they are fresh or chilled (0302), or frozen (0303).

The “CC” rule **does not allow simply freezing** a non-originating fish. Nor does it allow heading and gutting.



However, to accommodate common practice in the PACER Plus Parties there is an **optional process rule** that allows for non-originating fish to achieve originating status if they have been “**landed; gutted or cleaned; and vacuum packed**” in a PACER Plus Party.

- If the fish has been taken from the high seas by non-PACER Plus Party vessel and the fish has been landed, gutted or cleaned and vacuum packed in a PACER Plus Party use the optional PSR process rule to indicate origin.

Further processed fish

If the fish is taken from the territorial water or the EEZ of a PACER Plus Party the fish is already originating. Use WO or PE to indicate origin.

0304 (fillets and other fish meat including minced, fresh, chilled or frozen)
0305 fish dried, salted, in brine, smoked - whether or not cooked before smoking

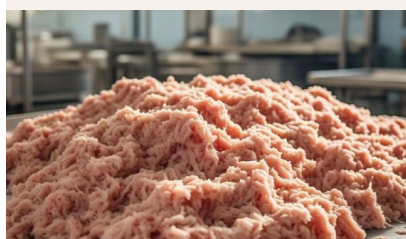
PSR

CTH



Filletted fish and other fish meat in heading 0304 can be either fresh or frozen, or minced.

In processing terms, the “CTH” rule allows for the **filleting** of non-PACER Plus Party fish. It does not allow **simple freezing**.



The “CTH” rule also allows the **mincing** of imported non-originating whole fish (fresh or frozen) classified in heading 0302 or 0303.



Fish, **dried, salted in brine, or smoked** are classified in heading 0305.

The “CTH” rule allows for **drying, salting, immersing in brine and smoking** of non-originating fish to achieve originating status.

This applies to both the whole fish and to fish fins, heads, tails, maws and other edible fish offal.

Crustaceans, molluscs and other aquatic vertebrates

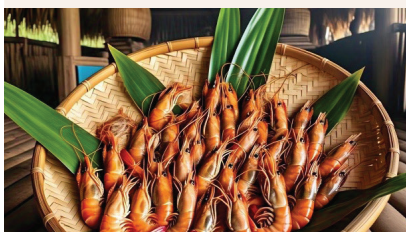
0306 crustaceans
0307 molluscs
0308 other aquatic invertebrates

PSR

CC or Smoking or drying



The “CC” rule for these headings does not allow processing of non-originating crustaceans, molluscs and other aquatic vertebrates into dried or smoked product to achieve originating status.



Instead, there is an optional process rule that specifically allows for the drying and smoking of these products to confer origin.

- Use the process rule if you are producing dried or smoked crustaceans, molluscs or other aquatic vertebrates from non-originating product.



Flours, meals and pellets

0309 flours, meals and pellets of fish, crustaceans, mollusc etc

PSR

CTH, or smoking, drying or the production of flours meals and pellets



Flours, meals and pellets of fish, or of crustaceans, molluscs and other aquatic vertebrates are now classified in a new separate heading (0309).

The “CTH” rule allows the production of flours meals and pellets from non-originating product classified in the other headings of Chapter 03.

Fish oils

Chapter 15

15.04 Fats and oils and their fractions, of fish or marine mammals, whether or not refined, but not chemically modified.

PSR

CC or
Change through refining

The “CC” rule allows for fish oils to be produced from non-originating fish or fish residues.

The PSR rule also offers an optional process rule **“change by refining”**. This is because fats or oils that are exported are often partially refined to prevent despoilation during transport.

The refining process (chemical or physical) entails removing the odour, taste, colour and acidity of a crude or partially refined fat or oil.

Use the process rule if you have imported a partially refined non-originating fish oil and undertaken further refining in a PACER Plus Party to make your product.



1516.10: Animal, vegetable or microbial fats and oils and their fractions, partly or wholly hydrogenated, inter-esterified, re-esterified or elaidinised, whether or not refined, but not further prepared.

PSR

CTH



The “CTH” rule for the wholly hydrogenated, etc. product classified in subheading 1516.10 means that non-originating less processed fish oils in heading 1504 can be used to produce these further processed products.

Make sure you have the correct classification of your product. Some fish oils that have been further processed or have additional ingredients such as vitamins added to them may be classified in 2106.90

Prepared foodstuffs made from fish

These preparations are likely to also contain added ingredients such as salt, breadcrumbs, spices etc. They may also be presented in cans, other air tight containers or wrapping which is likely made from materials that have been imported into a PACER Plus Party.

Chapter 16 Preparations of fish, of crustaceans, molluscs and other aquatic vertebrates

1603: Extracts and juices of meat, fish or crustaceans, molluscs or other aquatic invertebrates.

16.04: Prepared or preserved fish; caviar and caviar substitutes prepared from fish eggs.

16.05: Crustaceans, molluscs and other aquatic invertebrates, prepared or preserved.

PSR

CC or
Change through refining



Chapter 16 products: Fish that has been further prepared than simply being made into fillets or blocks are classified in Chapter 16. Crumbed fish fillets, extract of fish and fish juices and canned fish are classified here.

The “CC” rule allows non-originating meat of Chapter 03 to be imported by a PACER Plus Party and further prepared for export to other PACER Plus Parties.



The “CC” rule does not allow you to use other Chapter 16 products that are not from a PACER Plus Party unless.

1. the combined value of the non-originating materials from Chapter 16 is less than 10% of the FOB value of the final product. In which case you can use the de minimis (tolerance rule) which is provided for CTC rules (Article 7.1(a)), Chapter 3, Rules of Origin and Verification Procedures
2. the value added in the PACER Plus Party production processes achieved the optional RVC (40) threshold

Sauces, soups and broths (Chapter 21)

Chapter 21 Miscellaneous edible products

2103.90 (other sauces)
2104.10 (soups, broths and preparation therefor)
2104.20 (homogenised composite food preparations).

PSR

CTSH or RVC (40)



Sauces, soups, broths and homogenised preparations can include non-originating ingredients from any other subheading under the “CTSH rule”.

For example, a fish-based sauce (2103.90) may require the addition of soy sauce (2103.10) or tomato sauce (2103.20).

A tariff shift at the subheading (CTSH) is required to allow this because soy sauce and tomato sauce are classified in the same heading as the fish sauce (2103).

If you use an imported ingredient classified in the same subheading you will need to use either the tolerance rule (the value of the imported ingredient in the same subheading must not exceed 10% of the FOB value of the final product) or use the RVC (40) option.

Food preparations not elsewhere specified

2106.10 (proteins)
2106.90 (food preparations not elsewhere specified)

PSR

CTSH or RVC (40)



Subheading 2106.90 is a default category for **other food preparations** that do not fit the description of any other heading or subheading. Many of the products classified here are specialised ingredients and may well be used together in the making of a different product.

The RVC (40) option provides important flexibility for products classified in 2106.90 because a tariff shift rule (CTSH) cannot accommodate using ingredients within the same subheading.

If you do use non-originating ingredients also classified in 2106.90 you may use the de minimis or tolerance rule if the value of those ingredients combined do not exceed 10% of the FOB value of your product.

Fish waste and residues (2301.20)

Chapter 23 Residues and waste from the food industry

2301.20 (flours, meals and pellets, of fish or of crustaceans, molluscs or other aquatic invertebrates, unfit for human consumption)

PSR

CC or RVC (40)

The flours, meals and pellets of fish or of crustaceans, molluscs or other aquatic invertebrates are made from the residues of processing. They are unfit for human consumption, so not to be confused with the flours, meals and pellets etc of heading 0309.

The “CC” rule allows you to produce these products from imported fish, crustaceans, molluscs or other aquatic invertebrates, regardless of their origin.

There is also an optional RVC (40) rule. The RVC (40) option provides additional flexibility if, for example, you are blending imported and locally produced flours.

Animal feed (2309)

23.09

Preparations of a kind used in animal feeding.

PSR

CTH or RVC (40)





The “CTH” rule allows the use of non-originating residues, including fish flours and meals, also classified in chapter 23.

The RVC (40) option provides additional flexibility.

It would only be needed if you were producing a blend of already manufactured animal feed from a non-PACER Plus Party with locally produced animal feed.

Treatment of packaging

The treatment of **packaging** under an RVC rule and under a CTC rule is different.

A **CTC rule** focusses on the essential elements of a product.

- has the essential character been changed?
- has the meat product been sufficiently transformed? (e.g. changing a basic meat cut into corned beef)

Under a CTC rule, the producer is not penalised for using imported packaging material. The need for packaging of the product is considered incidental to the critical processes being identified that result in a new product.



2.3 DAIRY PRODUCE, AND OTHER EDIBLE PRODUCTS OF ANIMAL ORIGIN – FOOD PREPARATIONS BASED ON DAIRY PRODUCTS

Primary dairy products (Chapter 04)

0401 through 0406

PSR

CTSH or RVC (40)

The “CTSH” rule is a very liberal rule for these products.

Milk and cream

0401 Milk and cream, not concentrated nor containing added sugar or other sweetening matter.



The “CTSH” rule means that you can import non-originating milk or cream and make an originating milk or cream product by reducing the milk fat content from specified levels (e.g. from exceeding 10% to between 6-10%, or from between 6-10% to less than 1%).



Example

UHT milk (0401.20) could be produced from imported milk with a fat content greater than 6% (0401.40 or 0401.50) and traded between PACER Plus Parties as originating product.



Milk powders and sweetened milk products

0402 Milk and cream, concentrated or containing added sugar or other sweetening matter.



The “CTSH” rule allows you to use imported milk powders to produce other commonly used milk products.

Example: Condensed milk (0402.99) could be produced from imported non-originating whole milk powder (0402.21 or 0402.29) and traded with PACER Plus Parties as originating product.

0403 Yogurt; buttermilk, curdled milk and cream, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavoured or containing added fruit, nuts or cocoa.



Yoghurt (0403.20) can be made from imported milk powder (0402) and from any imported fruit, nuts etc. because the latter are all classified in different chapters, headings or subheadings.

Products made from dairy ingredients

Food preparations containing dairy are classified in various chapters.

Chapter 18 1806 Chocolate and other food preparations containing cocoa

1806.10 cocoa powder
1806.20 other preparations in blocks, slabs or bars, or liquid form - in bulk (exceeding 2kg)
1806.31 - other in blocks, slabs or bars -filled
1806.32 - other in blocks, slabs or bars -not filled
1806.90 - other

PSR

CTSH



The “CTSH” rule means that chocolate can be produced from imported cocoa and milk powders, regardless of their origin.



Chocolate preparations in blocks, slabs or bars in bulk form (1806.20) can be imported, and filled with local ingredients (1806.31) and traded with other PACER Plus Parties as originating product.

Chapter 19 preparations of ... milk

1901.10 infant food put up for retail sale
1901.90 infant food in bulk

PSR

CC or RVC (40)



There are no restrictions on the use of globally sourced dairy ingredients in the production of infant formula (1901).

However, the “CC” rule for heading 1901 means that you cannot simply repackage infant formula from bulk form (1901.90) to retail packaging (1901.10).



Chapter 21 Miscellaneous edible preparations

2103 sauces
2105 ice cream

PSR

CTSH or RVC (40)



There are no restrictions on the use of globally sourced dairy ingredients in the production of sauces (2103) ice cream (2105) or food preparations containing dairy not elsewhere specified (2106).

Food preparations not elsewhere specified

2106.10 (proteins)
2106.90 (food preparations not elsewhere specified)

PSR

CTSH or RVC (40)

Subheading 2106.90 is a default category for **other food preparations** that do not fit the description of any other heading or subheading. Many of the products classified here are specialised ingredients and may well be used together in the making of a different product.

The RVC (40) option provides important flexibility for products classified in 2106.90 because a tariff shift rule (CTSH) cannot accommodate using ingredients within the same subheading.

Use the tolerance rule if the value of non-originating materials classified in 2106.90 do not exceed 10% of the value of the final product.



Chapter 22 Beverages, spirits and vinegar

2202.99 dairy-based beverages
2208.70 liqueurs and cordials

PSR

CTH or RVC (40)
CTSH or RVC (40)



Milk or milk powders can be imported regardless of origin and made into a ready-to-drink flavoured milk drink (2202.99) or into liqueurs (2208) for trade between the PACER Plus Parties.

Other edible products of animal origin

0407 Birds' eggs, in shell, fresh, preserved or cooked.
0408 Birds' eggs, not in shell, and egg yolks, fresh, dried, cooked by steaming or by boiling in water, moulded, frozen or otherwise preserved, whether or not containing added sugar or other sweetening matter.

PSR

CC or RVC (40)



The "CC" rule means essentially that birds' eggs whether shelled or still in the shell, must be wholly obtained.

The RVC (40) option however allows some flexibility.

If, in the process of preserving, cooking or drying the eggs, the RVC (40) is achieved, these processed eggs will be originating.

There are no restrictions of the use of imported eggs in further processed foods.



0409 Natural honey

PSR

CC or RVC (40)



Heading 0409 is restricted to natural honey. If anything has been added to the natural honey it is classified elsewhere (Chapter 17 or 21 depending on what has been added).

The “CC “rule for honey essentially means the product must be wholly obtained.

Some flexibility is offered through the optional RVC (40). This rule could be used to produce a blend of local and imported natural honey.

0410 Insects and other edible products of animal origin, not elsewhere specified or included.

PSR

CC or RVC (40)



The “CC “rule for insects and other edible products of animal origin, not elsewhere specified or included, essentially means the product must be wholly obtained.

Some flexibility is offered through the optional RVC (40).

This rule could be used to produce a blend of local and imported products, or some processing of imported product provided the value threshold is achieved.



Products made from other edible products of animal origin

Food preparations containing other edible products of animal origin are classified in various chapters.

Chapter 16

1601 food preparations relating to insects
1602.10
1602.90

PSR

CC or RVC (40)

Chapter 17

1704.90 Sugar confectionery (including white chocolate),
not containing cocoa - other

CTH

Chapter 21

2106.90 Food preparations not elsewhere specified or
included.

CTSH or RVC (40)

There are no restrictions on the use of imported edible products of animal origin (classified in headings 0407 through 0410) when used in the products described above.

Make sure that your product is correctly classified so that you apply the applicable rule.

For example, natural honey that has been mixed with artificial honey may be classified in Chapter 17 (1704.90) as a confectionery product, or depending on any other ingredients that have been added, may be classified in Chapter 21 (2106.90).

The decision on the correct classification is up to the importing country so you should check with your customer on what the classification is likely to be.





2.4 FRUIT AND VEGETABLES – FOOD PREPARATIONS BASED ON FRUIT AND VEGETABLES

Fresh or chilled vegetables, fresh or chilled fruit and nuts



Fresh or chilled vegetables are classified in Chapter 07 (headings 0701 through 0709 according to the type of vegetable).

Fresh or chilled fruit and nuts are classified in Chapter 08 (headings 0801 through 0810, according to the fruit or nut).

In the context of **fresh or chilled** vegetables, fruits and nuts or spices the “CC” rule has the same meaning as “wholly obtained”.

- Use WO to indicate originating status.

Processed vegetables

Most vegetables traded between the PACER Plus Parties will be produced from within the PACER Plus Parties.

The following processing is required if you are using imported non-PACER Plus vegetables.

Freezing

0710 Vegetables (uncooked or cooked by steaming or boiling in water), frozen.

PSR

CC or cooked



The “CC” rule does not allow simply freezing a non-originating vegetable

However, the optional process rule “cooked” allows some additional flexibility. If non-originating vegetables are imported by a PACER Plus Party, cooked and then frozen, they can be traded as originating goods to other PACER Plus Parties.



Provisionally preserved vegetables

0711

Vegetables provisionally preserved, but unsuitable in that state for immediate consumption

PSR

CTH

The “CTH” rule for these processed vegetables allows you to import fresh or frozen vegetables (classified under headings 0701 through 0710), from outside the PACER Plus Parties and further process them through **provisional preservation techniques** and trade these new products to other PACER Parties as originating goods.

Dried vegetables

0712 Dried vegetables, whole, cut, sliced, broken or in powder, but not further prepared.

PSR

CTH or RVC (40)

0713 Dried leguminous vegetables, shelled, whether or not skinned or split.

CTH



The “CTH” rule allows you to import fresh or frozen vegetables (classified under headings 0701 through 0710), from outside the PACER Plus Parties and dry them and trade these new products to other PACER Plus Parties as originating goods.

For **dried vegetables** there is added flexibility in the optional RVC (40) rule.

This is because dried vegetables are often presented in mixtures and the added value rule allows the mixing of locally dried product with imported non-originating dried product provided the value threshold is met.



Vegetables classified in 0714

These products are classified together whether or not they are fresh, chilled, frozen or dried, sliced or in the form of pellets

		PSR
0714.10	Manioc	CC
0714.20	Sweet potatoes	
0714.30	Yams	
0714.40	Taro (Colocasia spp.)	
0714.50	Yautia	
0714.90	Other	



The “CC” rule means these products must be harvested and processed within the PACER Plus Parties

Processed fruit

Most fruits and nuts traded between the PACER Plus Parties will be produced from within the PACER Plus Parties.

The following processing is required if you are using imported non-PACER Plus fruits.

Freezing

	PSR
0811 Fruit and nuts, uncooked or cooked by steaming or boiling in water, frozen, whether or not containing added sugar or other sweetening matter.	CC or cooked



The “CC” rule does not allow simply freezing a non-originating fruit.

However, the optional process rule “cooked” allows some additional flexibility. If non-originating fruits are imported by a PACER Plus Party, cooked and then frozen, they can be traded as originating goods to other PACER Plus Parties

Provisionally prepared fruit

0812 Fruit and nuts provisionally preserved, but unsuitable in that state for immediate consumption

PSR

CTH

You can import fresh or frozen fruit (classified under headings 0801 through 0810), from outside the PACER Plus Parties and process them through provisional preservation techniques into the products classified in heading 0812 and trade these new products to other PACER Plus Parties as originating goods.

Dried fruit

0803 Bananas, including plantains, fresh or dried.
0804 Dates, figs, pineapples, avocados, guavas, mangoes and mangosteens, fresh or dried.
0805 Citrus fruit, fresh or dried.
0806 Grapes, fresh or dried.

PSR

CC



The headings for these fruits include the fruit in both the fresh and dried states.

The “CC” rule for these fruits **do not allow drying** to achieve origin and they cannot be classified in heading 0813 in their dried state.

These products must be wholly produced and processed from fruit grown and harvested within the PACER Plus Parties



Dried fruit of heading 0813

0813 Fruit, dried, other than that of headings 08.01 to 08.06; mixtures of nuts or dried fruits of this Chapter.
Heading 0813 includes the following fruit in the dried state.
0807 Melons (including watermelons) and papaws (papayas), fresh.
0808 Apples, pears and quinces, fresh.
0809 Apricots, cherries, peaches (including nectarines), plums and sloes, fresh.
0810 Other fruit, fresh.

PSR

CTH or RVC (40)



The “CTH” rule for 0813 allows these fruits to be imported and **dried** and then traded between the PACER Plus Parties as originating goods.

The RVC (40) rule allows the **mixing** of locally dried product with imported non-originating dried product provided the value threshold is met.

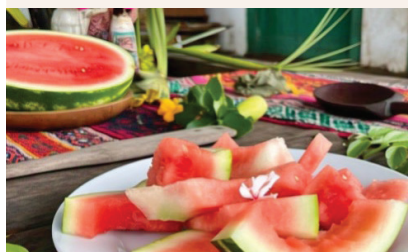
If the value of the non-originating dried fruit does not exceed 10% of the FOB value of your mixture, the tolerance rule will apply and you can use the CTH rule.

Peeled fruit

0814 Peel of citrus fruit or melons (including watermelons), fresh, frozen, dried or provisionally preserved in brine, in sulphur water or in other preservative solutions.

PSR

CTH



The **peel of citrus fruit or melons** (including watermelons) are classified separately in heading 0814 in both fresh, frozen, dried or provisionally preserved states.

The CTH rule allows **peeling** as a process to confer origin, but does not allow a change between the fresh, frozen, dried or provisionally prepared states.

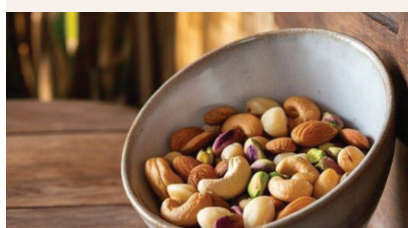


Processed nuts

0801 Coconuts, Brazil nuts and cashew nuts, fresh or dried, whether or not shelled or peeled.
0802 Other nuts, fresh or dried, whether or not shelled or peeled.

PSR

CC



Nuts in headings 0801 and 0802 include product in both the fresh, dried, shelled or unshelled, or peeled states.

The “CC” rule for these headings **do not allow drying, shelling or peeling** to achieve origin.

These products must be wholly produced and processed from nuts grown and harvested within the PACER Plus Parties

Flours and meals, starches made from vegetables and fruit

Chapter 11

1105.10 Flour, meal and powder of potatoes
1105.20 Flakes, granules and pellets

PSR

CC
CTSH

1106 Flour, meal and powder of the dried leguminous vegetables of heading 07.13, of sago or of roots or tubers of heading 07.14 or of the products of Chapter 8.
1108 Starches, inulin

CC



Flours and meals can be produced from imported vegetables or fruit, regardless of origin, and traded as originating product with PACER Plus Parties

Starches can be produced from imported vegetables, cereals or grains



The “CTSH” rule for potato flakes, granules and pellets, allows these products to be made using imported flours or meals, regardless of their origin.

Vegetable oils

Chapter 15

Chapter note for Chapter 15: For the purposes of this Chapter, the refining process (chemical or physical) entails removing the odour, taste, colour and acidity of a crude or partially refined fat or oil.

1507-1515

PSR

CC or Change through refining



Most oils will be made from locally grown vegetables, like the copra oil pictured here.

However, the “CC” rule allows for vegetable oils to be also produced from non-originating vegetables.

The PSR rule also offers an optional process rule **“change by refining”**.

This is because minimally processed vegetable oils that are exported are often partially refined to prevent despoliation during transportation and cannot be classified as a “crude” oil.

When they are further processed, they undergo a full refining process (chemical or physical) which entails removing the odour, taste, colour and acidity of a crude or partially refined oil.

Use the process rule if you have imported a partially refined non-originating vegetable oil and undertaken further refining to make your product.



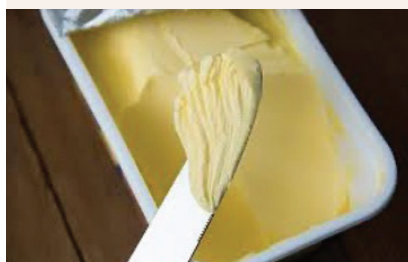
Further processed vegetable fats and oils

	PSR
1516.20 (vegetable fats and oils and their fractions, partly or wholly hydrogenated etc.)	CTH
1517 Margarine; edible mixtures or preparations of animal, vegetable or microbial fats or oils or of fractions of different fats or oils of this Chapter, other than edible fats and oils or their fractions of heading 1516.	
1518 (vegetable fats and oils and their fractions, boiled, oxidised, dehydrated, sulphurised, blown etc.	
1520 Glycerol	
1522 Degras, residues etc.	



The “CTH” rule allows you to use other products, regardless of origin, also classified in Chapter 16, as ingredients for your Chapter 16 product.

E.g. make glycerol (1522) from imported soybean or palm oils (1507 or 1513), or



E.g. make margarine (1517) from a mix of imported vegetable oils (e.g. palm oil (1511) sunflower oil (1512) rapeseed oil (1514) or corn oil (1515).



Food preparations made from vegetables, fruit and nuts (Chapter 20)

These are vegetables, fruits and nuts that have undergone processing other than those processes — drying, shelling and provisional preservation - described in Chapter 07 and 08. They are fit for immediate consumption.

These preparations are likely to contain added ingredients such as salt, breadcrumbs, spices etc. They may also be presented in cans, other air tight containers or wrapping which is likely made from materials that have been imported into a PACER Plus Party.

Chapter 20

Preparations of vegetables, fruit, nuts or other parts of plants 2001 through 2006

PSR

CC or RVC (40)

Many of these products will be presented in cans or airtight containers so even if the vegetable, fruit or nut contents are wholly produced in the PACER Plus Parties, **it is better to use the PSR rule “CC”** to accommodate the use of imported packaging materials.



The “CC” rule allows you to use imported vegetables, fruits or nuts regardless of their origin, provided they are not processed products classified also in Chapter 20.

The added value rule allows the mixing of locally prepared or preserved product with imported non-originating prepared or preserved product, provided the value threshold is met.

The RVC (40) rule provides some additional flexibility to produce **mixtures** of vegetables, fruits and nuts in these preparations.

Jams, fruit jellies, marmalades, fruit or nut purée and fruit or nut pastes (2007)

2007 Jams, fruit jellies, marmalades, fruit or nut purée and fruit or nut pastes, obtained by cooking, whether or not containing added sugar or other sweetening matter

PSR

CTH or RVC (40)



You can use non-originating vegetables or fruit to make these jams, as well as non-originating preparations also classified in chapter 20.

But if you use non-originating preparations of heading 2007 you will need to use the RVC (40) option.

Fruit and nuts otherwise prepared (2008)

2008 Fruit, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included.

PSR

CC or RVC (40)



The RVC (40) rule provides some additional flexibility to produce mixtures of vegetables, fruits and nuts in these preparations.

The added value rule allows the mixing of locally prepared or preserved product with imported non-originating prepared or preserved product, provided the value threshold is met.

The CC rule allows you to use imported vegetables, fruits or nuts regardless of their origin, provided they are not processed products classified also in Chapter 20.

Juices (2009)

2009 Fruit or nut juices (including grape must and coconut water) and vegetable juices, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter

PSR

CC or RVC (40)

Many of these products will be presented in cans or airtight containers.

Even if the vegetable, fruit or nut contents are wholly produced in the PACER Plus Parties, it is better to use the PSR rule CC to accommodate the use of imported packaging materials.



The “CC” rule allows you to use imported vegetables, fruits or nuts regardless of their origin, provided they are not processed products classified also in Chapter 20.

The RVC (40) option provides additional flexibility to produce a mixture of imported juice and locally produced juice provided the value threshold is met.

Juice concentrates are also classified in heading 2009.

If the product includes a non-originating imported concentrate, then the following would apply

1. If the combined value of the non-originating concentrate is less than 10% of the FOB value of the final product you can use “CC” (This is permitted under the tolerance rule provided for CTC rules (Article 7.1 (a)).
2. If the combined value of the non-originating concentrate exceeds 10% of the value of the final product, then you would need to use the optional RVC (40) rule and meet the 40% threshold.

Sauces, soups and broths (Chapter21)

2103 Sauces and preparations therefor; mixed condiments and mixed seasonings; mustard flour and meal and prepared mustard.

2104 Soups and broths and preparations therefor; homogenised composite food preparations.

PSR

CTSH or RVC (40)



These products can include non-originating ingredients from any other subheading under the “CTSH” rule.

For example, a vegetable or fruit-based sauce (2103.90) may require the addition of soy sauce (2103.10).

If you use an imported ingredient also classified in the same subheading, you will need to use either the tolerance rule (i.e. the non-originating ingredient does not exceed 10% of the FOB value of your product) or use the RVC (40) option.



Food preparations not elsewhere specified

2106.10 (proteins)

2106.90 (food preparations not elsewhere specified)

PSR

CC or RVC (40)

Subheading 2106.90 is a default category for **other food preparations** that do not fit the description of any other heading or subheading. Many of the products classified here are specialised ingredients and may well be used together in the making of a different product.

The RVC (40) option provides important flexibility for products classified in 2106.90 because a tariff shift rule (CTSH) cannot accommodate using ingredients within the same subheading.

Use the tolerance rule if the value of non-originating materials classified in 2106.90 do not exceed 10% of the value of the final product.

Treatment of packaging

The treatment of **packaging** under an RVC rule and under a CTC rule is different.

A CTC rule focusses on the essential elements of a product.

- has the essential character been changed?
- has the final product been sufficiently transformed?

Under a CTC rule, the producer is not penalised for using imported packaging material. The need for packaging of the product is considered incidental to the critical processes being identified that result in a new product.

An RVC rule, on the other hand, looks at all the contributions being made to the final presentation of the product. Packaging costs will be classed as originating value or non-originating value, depending on the origin of the packaging.





2.5 COFFEE, TEA, AND SPICES (CHAPTER 09)

Coffee

0901 Coffee

PSR

CTSH



The “CTSH” means that imported coffee beans that are roasted or decaffeinated in a PACER Plus Party will result in an originating good.

Processed coffee

2101.11 -Extracts, essences and concentrates, of coffee, and preparations with a basis of these extracts, essences or concentrates or with a basis of coffee
2101.12 Preparations with a basis of extracts, essences or concentrates or with a basis of coffee
2202 non-alcoholic beverages

PSR

CC or RVC (40)



Coffee powders and pastes, and ready to drink coffee flavoured beverages, including those mixed with milk and sugar, can be made from imported ingredients.



Tea

0902 Tea

0902.10 Green tea (not fermented) in immediate packings
of a content not exceeding 3 kg
0902.20 Other green tea (not fermented)

PSR

CC or RVC (40)

0902.30 Black tea (fermented) and partly fermented tea, in
immediate packings of a content not exceeding 3 kg
0902.40 Other black tea (fermented) and other partly
fermented tea

CTSH or RVC (40)



Green tea must be wholly obtained, or if processed or packaged (i.e. into tea bags) these processes must add an RVC value of 40%



The processes of making black tea and packaging them into tea bags is origin conferring.

Other processed tea

2101.20 - Extracts, essences and concentrates of tea and
preparations with a basis of these extracts, essences or
concentrates or with a basis of tea
2202 non-alcoholic beverages

PSR

CC or RVC (40)

If you use an imported ingredient also classified in the same subheading, you will need to use either the tolerance rule (i.e. the non-originating ingredient does not exceed 10% of the FOB value of your product) or use the RVC (40) option.





Spices

0904 Pepper of the genus Piper; dried or crushed or ground fruits of the genus Capsicum or of the genus Pimenta

0905 Vanilla

0906 Cinnamon and cinnamon-tree flowers

0907 Cloves (Whole fruit, cloves and stems)

0908 Nutmeg, mace and cardamoms

0909 Seeds of anise, badian, fennel, coriander, cumin or caraway; juniper berries.

0910.20 Saffron

0910.30 Turmeric (curcuma)

PSR

CC or RVC (40);
or Crushing or grinding

The “CC” rule for the spices listed above in the fresh form, has the same meaning as wholly obtained.

The process rule “crushing or grinding” allows you to import non-originating source these spices from a non-PACER Plus Party and crush or grind them for trade between the PACER Plus Parties.

Ginger

The rules for ginger are different to take account of sensitivities in the region.

0910.11 - Neither crushed nor ground
0910.12 - Crushed or ground

PSR

CC



Ginger, both whole or crushed or ground, must be wholly obtained within the PACER Plus Parties.

Other spices

0910.91 - Mixtures referred to in Note 1 (b) to this Chapter
0910.99 - Other

PSR

CC or RVC (40)



The “CTSH” rule allows the mixing of seeds and spices, either whole or crushed or ground.

It is needed because some spices are classified in separate headings, such as cinnamon (0906) and cloves (0907), but other spices such as nutmeg, mace and cardamoms are grouped into one heading (0908).

When used as seasoning for other food preparations such as sauces, pastes etc there are no restrictions on the import of these spices.



2.6 WHEAT AND CEREALS – FOOD PREPARATIONS MADE FROM WHEAT, GRAINS AND CEREALS

Wheat and cereals (Chapter 10)

The wheat and cereals classified in Chapter 10 must all have grain present, whether or not in the ear or on the stalk.

0901 Coffee

PSR

CTSH



The “CC” rule is essentially the same as “WO”.

These cereals in the unprocessed state must be grown and harvested in a PACER Plus Party.



Rice (classified in heading 1006) includes both rice in the husk, husked rice and milled or broken rice, so these processes are not sufficient to confer origin if undertaken on imported rice.

Processed wheat and cereals (Chapter 11)

These are products of the milling industry classified in Chapter 11. They are products presented in the form of flours, groats, meals and pellets or may have been otherwise worked (e.g. rolled hulled, flaked or kibbled).

The primary rule for products of the milling industry is “CC” which allows you to import the unprocessed grain or cereal, regardless of origin and process it for export to other PACER Plus Parties.



- Use CC if you are importing unprocessed grain or cereals and further processing it for export to other PACER Plus Parties

Exceptions to the “CC” rule

There are some exceptions to the “CC” rule to allow for the production of flours, meals and pellets from non-originating source material.

1103.20 Cereal pellets	PSR CTSH
	The “CTSH” rule for cereal pellets (1103.20) allows the use of non-originating cereal groats or meals (1103.11 through 1103.19) to be used in the production of cereal pellets.
1104.30 Germ of cereals, whole, flaked or ground	CTH
	The germ of a cereal is the reproductive part that germinates to grow into a plant, and is a by-product of the milling process. The “CTH” rule for germ of cereals (1104.30) allows this by-product to be originating for trade between the PACER Plus Parties.
1107 Malt 1107.10 Malt not roasted 1107.20 Malt roasted	CC CTSH
	The “CTSH” rule for roasted malt (1107.20) allows the roasting of non-originating malt (1107.10) to achieve originating status.



Food preparations made from wheat, cereals and grains

Food preparations made from cereals and flours are classified in various chapters.

Chapter 19 Preparations of cereals, flour, starch; pastrycooks' products

1901 malt extract, mixes and doughs, infant food
1902 Pasta
1903 Tapioca and substitutes therefor
1904 Prepared foods obtained by the swelling or roasting of cereals e.g. breakfast cereals

PSR

CC or RVC (40)



Under the “CC” rule you can use imported wheat or cereals (classified in chapters 10 and 11), regardless of their origin, to produce any of these products.

However, the “CC” rule for heading 1901 means that you cannot simply repackage infant food from bulk form (1901.90) to retail packaging (1901.10).



You can make the pasta from imported flours (Chapter 11).

If you are producing a pasta meal (1902) from non-originating already prepared pasta you would need to use the optional RVC (40) rule and meet the RVC threshold.

The “CC” rule does not allow simply adding other ingredients to the pasta.

1905 Breads, pastries, biscuits and other bakery items.

PSR

CTH (except from 1901.20) or RVC (40)



The “CTH” rule allows you to use other ingredients also classified in chapter 19, or imported wheat or flour classified in Chapters 10 and 11.

However, you cannot import a bakers’ preparation (mix) classified also in 1901.20 and simply cook it.

The RVC (40) option provides additional flexibility if you are using imported non-originating ingredients, classified also in 1905 or 1901.20.

Miscellaneous edible preparations (Chapter 21)

	PSR
2102 yeasts	CC or RVC (40)
2103 sauces	CTSH or RVC (40)
2106 food preparations not elsewhere specified.	CTSH or RVC (40)
The main ingredients for these products are all classified in other chapters so there are no restrictions on the use of these ingredients if imported. The “CTSH” rule for sauces (2103) allows you to combine another non-originating sauce if you are wanting to achieve a particular flavour (e.g. adding some mustard flour (2103.30) to a tomato ketchup (2103.20). Blending of sauces also classified in 2103.90 would need to use the RVC (40) option or the tolerance rule if the value of the non-originating sauce also classified in subheading 2103.90 was less than 10% of the FOB value of the final product.	

	PSR
2106.10 (proteins) 2106.90 (food preparations not elsewhere specified)	CTSH or RVC (40)



Subheading 2106.90 is a default category for other food preparations that do not fit the description of any other heading or subheading. Many of the products classified here are specialised ingredients and may well be used together in the making of a different product.

The RVC (40) option provides important flexibility for products classified in 2106.90 because a tariff shift rule (CTSH) cannot accommodate using ingredients within the same subheading.

Use the tolerance rule if the value of non-originating materials classified in 2106.90 do not exceed 10% of the value of the final product.

Beverages, spirits and vinegar (Chapter 22)

2202.91 non-alcoholic beer
2203 Beer
2206 Other fermented beverages
2207 ethyl alcohol and other spirits denatured

PSR

CTH or RVC (40)

2103 sauces

CTSH or RVC (40)

2209 vinegar

CTH or RVC (40)



There are no restrictions on the use of source materials for beer or other fermented beverages.



Liqueurs and cordials (2208.70) can be made from imported spirits.

However, if you were blending a single spirit, such as whisky (2208.30) you would need to the RVC (40) option and meet the 40% threshold.



2.7 OIL SEEDS AND OLEAGINOUS FRUITS, MISCELLANEOUS GRAINS, SEEDS AND FRUITS ETC. (CHAPTERS 12 TO 14)

Whole and minimally processed seeds (1201 to 1207, and 1209)

The oil seeds and oleaginous fruits listed below and traded between the PACER Plus Parties will be produced from within the PACER Plus Parties.

The “CC” rule is essentially the same as “wholly obtained”.

1201 Soya beans, whether or not broken.	PSR CC
1202 Ground-nuts, not roasted or otherwise cooked, whether or not shelled or broken.	
1203 Copra.	
1204 Linseed, whether or not broken.	
1205 Rape or colza seeds, whether or not broken.	
1206 Sunflower seeds, whether or not broken.	
1207 Other oil seeds and oleaginous fruits, whether or not broken.	
1209 Seeds, fruit and spores, of a kind used for sowing.	



The “CC” rule does not allow for breaking or shelling to confer origin.



Flours and meals of oil seeds and oleaginous fruits (1208)

1208 Flours and meals of oil seeds or oleaginous fruits, other than those of mustard.

PSR

CTH



There are no restrictions on the use of source materials for beer or other fermented beverages.

Hop cones

1210 Hop cones, fresh or dried, whether or not ground, powdered or in the form of pellets; lupulin.

PSR

1210.10-Hop cones, neither ground nor powdered nor in the form of pellets

CC

1210.20-Hop cones, ground, powdered or in the form of pellets; lupulin

CTSH



The “CC” rule for hop cones that have not been ground or made into powder (1210.10) means that in either fresh or dried form they must have been grown in the PACER Plus Parties.

The “CTSH” rule for ground or powdered hop cones (1210.20) means that you can **grind** or **make powders** from non-originating fresh or dried hop cones



1211 Plants and parts of plants (including seeds and fruits), of a kind used primarily in perfumery, in pharmacy or for insecticidal, fungicidal or similar purposes, fresh, chilled, frozen or dried, whether or not cut, crushed or powdered.

1212 Locust beans, seaweeds and other algae, sugar beet and sugar cane, fresh, chilled, frozen or dried, whether or not ground; fruit stones and kernels and other vegetable products (including unroasted chicory roots of the variety *Cichorium intybus sativum*) of a kind used primarily for human consumption, not elsewhere specified or included.

1213 Cereal straw and husks, unprepared, whether or not chopped, ground, pressed or in the form of pellets.

1214 Swedes, mangolds, fodder roots, hay, lucerne (alfalfa), clover, sainfoin, forage kale, lupines, vetches and similar forage products, whether or not in the form of pellets.

PSR

CC

The “CC” rule means these must be wholly obtained. The rule does not allow freezing or drying, crushing, grinding or making into powders using non-originating source material.

Lac; gums, resins and other vegetable saps and extracts (Chapter 13)

PSR

CC



The “CC” rule for these products means that you can use imported non-originating plants and vegetables to produce these goods as they will be classified in another Chapter.



Vegetable plaiting materials; vegetable products not elsewhere specified or included (Chapter 14)

As above, the “CC” rule for these products means that you can use imported non-originating plants and vegetables to produce these goods as they will be likely be classified in another Chapter.

PSR

CC



However, note that this Chapter includes vegetables not elsewhere specified or included.

For example, rattan cores, drawn and split rattans.

For these products the “CC: rule means the goods must essentially be “wholly obtained”.

03

PRODUCT SPECIFIC RULES FOR THE TEXTILES SECTOR





3.1 TEXTILES, APPAREL AND OTHER TEXTILE ARTICLES

Skins and hides and articles made from these

Section VIII: Raw hides and skins, leather, furskins and articles thereof; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silkworm gut)	PSR
Chapter 41 Raw hides and skins (other than furskins) and leather	CTH or RVC (40) or A change from the wet state to the dry state
Chapter 42 Articles of leather; saddlery and harness; travel goods; handbags and similar containers; articles of animal gut (other than silk-worm gut)	CTH or RVC (40)
Chapter 43 Furskins and artificial fur and manufactures thereof	CTH or RVC (40)

Skins and hides

The classification of hides and skins is organised depending on the type of animal the hide or skin comes from and whether or not the hide or skin has undergone a tanning process.



Early preservation processes such as salting, drying, pickling or removing wool are not sufficient to confer origin.

The process rule “A change from the wet state to the dry state” is also provided because this is a recognised processing operation that significantly transforms the original product.



The “CTH” rule essentially allows the tanning process to confer origin.

The RVC (40) option is also available for these products. Those earlier preservation techniques could be undertaken and confer origin, if the 40% threshold is achieved.

Articles of leather

Chapter 42 Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silk-worm gut)

Chapter 43 Furskins and artificial fur; manufactures thereof

PSR

CTH or RVC (40)



Under the “CTH” rule for articles of leather etc. classified in Chapter 42, fully prepared hides and skins can be imported regardless of origin, and be used in the production of these articles.

- If you are processing the skin or hide from an animal born and raised in a PACER Plus Party use “WO” or “PE”
- If you are processing an imported skin or hide use “CTH”

There are no restrictions on the use of non-originating leather in other more processed articles such as footwear (Chapter 64) or furniture (Chapter 94).

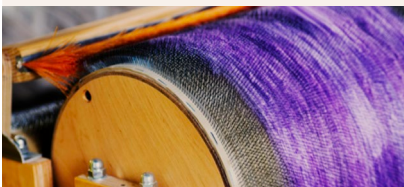


TEXTILES

Chapters 50 to 56 Fibres, yarns and woven fabrics	PSR CTH or RVC (40) or A change from fabric that is constructed but not further prepared or finished provided that it is dyed, bleached or printed and finished in the territory of one or more of the Parties
Chapter 60 knitted fabric	CC or RVC (40) or A change from fabric that is constructed but not further prepared or finished provided that it is dyed, bleached or printed and finished in the territory of one or more of the Parties

Fibres, yarns and woven fabrics (Chapters 50-56)

The “CTH” rule for products classified in Chapters 50 through 56 essentially allow the following processes to confer originating status;



carding or combing of fibres



spinning fibres into yarn



weaving yarn into fabric



The “CTH” rule **does not allow dyeing or printing** of fabric to confer origin.

However, there is an optional RVC (40) which would allow dyeing and printing a non-PACER Plus fabric provided the RVC (40) threshold is achieved.

The process rule



The process rule allows some flexibility.

Fabric that is “constructed but not further prepared or finished” is another way of describing greige fabric - the raw, unprocessed and unfinished woven fabric taken directly from a loom.

If you import non-originating fabric in this state, the processes of bleaching, dyeing and printing and otherwise finishing the fabric will achieve originating status for the final finished fabric.

Knitted fabric (Chapter 60)

The same rules apply to knitted fabrics classified in Chapter 60. The “CC” rule for Chapter 60 has the same effect as the “CTH” rule for Chapters 50 through 56.

The rule is set at the chapter level because knitted fabric is classified in a different chapter from the source yarns, while woven fabric is classified in the same chapter as the source yarns.

E.g.

Chapter 52	Cotton	PSR
5205	Cotton yarn	CTH or RVC (40)
5208	Woven fabric of cotton	CTH or RVC (40) or process rule
Chapter 60	Knitted or crocheted fabrics (including cotton fabrics)	CC or RVC (40) or process rule



Carpets (Chapter 57)

Chapter 57 Carpets and other textile floor coverings

5701-5703,
5705

PSR

CC or RVC (40)

5704 felt tiles

CC (except from 5602) or
RVC (40)



The “CC” rule allows carpets to be made from imported yarns or fabrics, which are classified in a different chapter.



Note the exception in the rule for felt tiles classified in heading 5704.

This is because felt tiles are classified in heading 5602 and you cannot simply import felt of heading 5602 and trade it further as a carpet felt tile.

Other fabrics (Chapters 58 and 59)

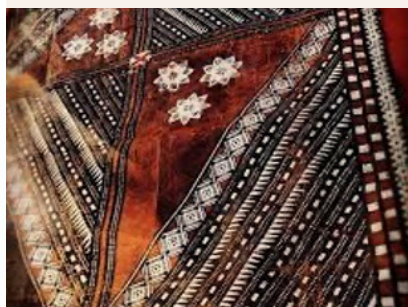
Chapter 58 Special woven fabrics; tufted textile fabrics;
lace; tapestries; trimmings; embroidery

PSR

CTH or RVC (40)

Chapter 59 Impregnated, coated, covered or laminated
textile fabrics; textile articles of a kind suitable for industrial
use

CC or RVC (40)



The source fabrics for these products are generally classified in another chapter.

You can import a woven fabric, regardless of origin, embroider it or apply a coating to it and trade it with another PACER Plus Party as an originating good.

Apparel (Chapters 61 and 62)

Chapter 61 Articles of apparel and clothing accessories,
knitted or crocheted

Chapter 62 Articles of apparel and clothing accessories, not
knitted or crocheted

PSR

CTH or RVC (40)



The “CC” rule for apparel is essentially a “cut and sew” rule.

You can import fabric, regardless of its origin, cut the fabric into shape and make it into a garment.

Fabric that has already been cut to shape or knitted to shape, however, is also classified in Chapters 61 or 62, so simply sewing parts together would not achieve originating status.

Parts of clothing are also classified in Chapters 61 and 62, so you cannot simply sew parts together.

Apparel must be cut or knitted to shape and assembled within the PACER Plus Parties to achieve PACER Plus originating status.



OTHER MADE UP TEXTILE ARTICLES (CHAPTER 63)

Bed and kitchen linen etc

6301-6306

Includes blankets and travelling rugs; bed, table, toilet and kitchen linens; curtains and drapes, other furnishing articles, sacks and bags, tarpaulins, awnings and sun blinds, tents and sails.

PSR

CC or RVC (40)



The “CC” rule would generally mean that you could use non-originating fabric or non-originating apparel to produce these items.

However, there is a **chapter note** for goods classified in Chapter 63 that states that simple **cutting or hemming processes** etc. **are not sufficient** to achieve origin.

You cannot simply import a rectangle of non-originating finished fabric, cut it and hem it to make an originating blanket, bed linen or tarpaulin.

Chapter Note for headings 6301 to 6308: The following individual processes, considered singly or in combination shall not confer origin whether or not such processes result in changes of classification:

- (i) Working or finishing one or more edges by hemming, rolling, whipping or similar means or by knotting fringe;
- (ii) Cutting fabrics, yarns or other textile materials; or separating goods produced in the finished state by cutting along dividing threads;
- (iii) Assembling or joining goods by sewing or stitching for convenience of shipment or other temporary purposes;
- (iv) Putting up goods for retail sale or in sets or ensembles.



However, some flexibility is allowed.



If further processes are undertaken, such as printing or embroidery, then the resulting blanket, bed linen etc. will be originating.

There is also an RVC (40) option and provided the 40% threshold is achieved there is no restriction on the types of processes undertaken.

Sets

6308 sets

PSR

CTH or RVC (40) + chapter note



The Chapter note also applies to sets.

You cannot simply import non-originating textile items and make them into a set.

However, under the RVC (40) option a set that contains at least 40% of PACER Plus added value, will be originating.

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04

PRODUCT SPECIFIC RULES FOR MANUFACTURED GOODS



4.1 WOOD AND ARTICLES MADE FROM WOOD, BASKET-WARE, AND FURNITURE

Section IX: Wood and articles of wood; wood charcoal; cork and articles of cork; manufactures of straw, of esparto or of other plaiting materials; basket-ware and wickerwork	PSR
Chapters 44 through 46	CTH or RVC (40)
Section X: Pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper or paperboard; paper and paperboard and articles thereof	
Chapters 47 through 49	CTH or RVC (40)

- For wood that has been grown, harvested and processed in the PACER Plus Parties use “WO or “PE”

Processed wood (Chapters 48 and 49)

The “CTH” rule confers origin on each of the substantive processes of wood manufacturing. You can use imported product, regardless of origin, for the following

- making sawn timber from logs
- making sheets of timber from sawn timber
- making plywood, veneered panels and similar laminated wood from sheets
- making fibreboard or particle board
- making articles of wood (picture frames, boxes and packing crates, casks, tool handles, window and door frames, wooden trays and bowls.



Note however, that the heading for plywood and veneered panels (4412) includes plywood and panels that may be a mixture of bamboo, tropical, coniferous and non-coniferous sheets.

If you are using non-originating sheets of heading 4412 to make a panel also classified in 4412, you will need to use the optional RVC (40) rule.



Umbrellas and walking sticks (Chapter 66)

Chapter 66

Umbrellas, sun umbrellas, walking-sticks, seat-sticks, whips, riding-crops and parts thereof

PSR

CTH or RVC (40)



The “CTH” rule allows you to use imported wood, regardless of origin.

You cannot however, simply import parts of umbrellas etc. and assemble it.

If you are importing non-originating parts you will need to use the RVC (40) option and meet the 40% threshold.

Wooden furniture (Chapter 94)

Chapter 94

Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; luminaires and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated name-plates and the like; prefabricated buildings

PSR

CTH or RVC (40)



The “CTH” rule allows you to use imported wood, regardless of origin.

You cannot however, simply import parts of umbrellas etc. and assemble it.

If you are importing non-originating parts you will need to use the RVC (40) option and meet the 40% threshold.



Basket-ware (Chapter 46)

1401 Vegetable materials of a kind used primarily for plaiting (for example, bamboos, rattans, reeds, rushes, osier, raffia, cleaned, bleached or dyed cereal straw, and lime bark).

PSR

CC

4602 Basketwork, wickerwork and other articles, made directly to shape from plaiting materials or made up from goods of heading 46.01; articles of loofah.

CTH or RVC (40)

Vegetables of a kind used for plaiting will generally be wholly obtained.



However, for basket-ware (4602) you can use imported materials, regardless of origin, and trade the basket-ware with PACER Plus Parties as originating goods.

Furniture made from bamboo or rattan (Chapter 94)

Chapter 94

Furniture etc.

PSR

CTH or RVC (40)



The “CTH” rule for this furniture (classified in Chapter 94) allows you to use imported bamboo or rattan, regardless of origin.

You cannot however, simply import parts of this furniture and assemble it.

If you are importing non-originating parts you will need to use the RVC (40) option and meet the 40% threshold.





4.2 MACHINERY, ELECTRONIC GOODS AND MEASURING EQUIPMENT

Machinery and electronic goods (Chapters 84 and 85)

Chapter 84

PSR

CTH or CTSH depending on where parts are classified or RVC (40)



Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof

Chapter 85

PSR

CTH or CTSH depending on where parts are classified or RVC (40)



Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles

These goods will rarely contain components that are not part of the global supply chain for manufactured goods. You will need to indicate PSR as your origin criterion.

While it is not stated explicitly as a process rule, the CTC rules for products classified in Chapters 84 and 85 are **designed to allow manufacture from imported parts**, regardless of the origin of those parts.



The rules are sometimes written as “CTH” and sometimes as “CTSH” depending on how the product is classified.

If the distinctive parts are classified in the same heading as the final product, the rule will be “CTSH”.

Example

8415 Air-conditioning machines	PSR
8415.10 - Of a kind designed to be fixed to a window etc.	CTSH or RVC (40)
8415.90 - Parts	CTSH or RVC (40)

If the parts are classified in a separate heading from the final product, the rule will be “CTH”.

Example

8429 Self-propelled bulldozers etc.	PSR
8431 Parts suitable for use solely or principally with the machinery of headings 8425 to 8430	CTH or RVC (40)

There is also a **chapter note** for Chapters 84 and 85 which states that “Disassembly of non-originating goods in Chapter 84 will not confer origin”.

This means that you cannot import a fully assembled piece of machinery, disassemble it and trade the separate parts as originating parts.

Some rules also have exceptions.

These are designed to prevent minimal changes to the product, or changes in the definition of its use, to confer origin.

The exceptions are required because the “CTSH” rule is needed to permit assembly from parts, but at the same time the CTH rule would allow simple conversion.



Example 1:

8411 Turbo-jets	PSR
8411.11 Of a thrust not exceeding 25kN	CTSH (except from 8411.12 to 8411.82) or RVC (40)
8411.12 Of a thrust exceeding 25kN	CTSH (except from 8411.11 or 8411.21 to 8411.82) or RVC (40)



The exceptions prevent simply making a bigger, or more powerful version of a product out of a smaller version or vice versa.

Example 2:

8512 Electrical lighting or signalling equipment (excluding articles of heading 85.39), windscreen wipers, defrosters and demisters, of a kind used for cycles or motor vehicles.	PSR
8512.10 -Lighting or visual signalling equipment of a kind used on bicycles	CTSH (except from 8512.20 to 8512.30) or RVC (40)
8512.20 -Other lighting or visual signalling equipment	CTSH (except from 8512.10 or 8512.30) or RVC (40)
8512.30 -Sound signalling equipment	CTSH (except from 8512.10 to 8512.20) or RVC (40)



The exceptions prevent simply changing where the product is used



Apart from these exceptions, the rule for products classified in Chapters 84 and 85 is essentially that **manufacture from parts**, regardless of their origin, will produce an originating good for trade between the PACER Plus Parties.

Example: Wiring harness sets

8544.30-Ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships	PSR CTH RVC (40)
8548 Electrical parts of machinery or apparatus, not specified or included elsewhere in this Chapter.	CTH RVC (40)

Heading 8544 does not have a parts subheading. The applicable parts classification will therefore be heading 8548.

The “CTH” rule allows for manufacture from non-originating parts.

Measuring equipment (Chapter 90)

Chapter 90	PSR Primarily CTSH or RVC (40)
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Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof



Measuring equipment is made up of highly complex disparate parts and the “CTSH” rule is designed to ensure that **manufacture from non-originating parts**, wherever they are classified, is allowed.

There are three exceptions to this primary rule.

	PSR
9001.10-Optical fibres, optical fibre bundles and cables	CTH or RVC (40), or Assembly from parts classified in the same heading”
9004 Spectacles, goggles and the like, corrective, protective or other.	
9021.10-Orthopaedic or fracture appliances	

The process rule was adopted to ensure that the possible use of parts classified within the same heading was not overlooked.



4.3 OTHER MANUFACTURED PRODUCTS

Chemicals, plastics and rubber (Chapters 28 through 40)

The CTC rules for these products are predominantly

- CTSH, with an occasional CTH depending on the structure of the HS Code, or
- RVC (40), or
- an applicable chemical process

Chemical processes are more familiar to the chemical industry than the HS structure and a tariff shift rule does not provide sufficient flexibility for all substantive processing to be recognised.

For this reason, there is a set of chemical process rules set out in a **Chapter Note to Chapters 28 through 40** (Annex 3-B Schedule of Product Specific Rules).

These chemical process rules permit the use of non-originating materials classified in the same heading or subheading to be used, regardless of origin, provided the final product is the result of an applicable chemical process.

Example:



An essential oil of lemon will be classified in subheading 3301.13.

Under the purification process rule you can import this oil, regardless of origin, and undertake a purification process that reduces or eliminates impurities to a degree that results in a good suitable to be used as a cosmetic application.

The resulting product will still be classified in 3301.13 but you will have achieved originating status through the purification process.

Articles made from chemicals, plastics or rubber can be produced from imported chemicals, plastics or rubber materials, regardless of their origin.

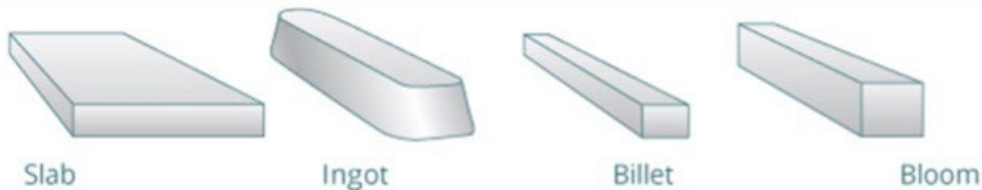


IRON AND STEEL (CHAPTERS 72 AND 73)

Primary and intermediate forms (Chapter 72)

The rules for primary and intermediate forms classified in Chapter 72 all have **an RVC (40) option** and you may need to use this if you are manufacturing primary or intermediate forms from non-originating forms also classified in Chapter 72.

The CTC rules are designed to identify certain processes that are not sufficient to confer origin, if carried out on imported non-originating materials.

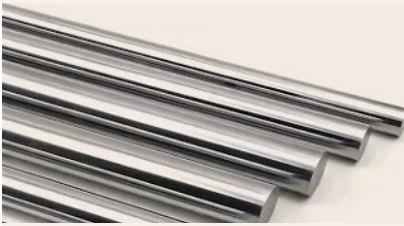
7207 Semi-finished products of iron or non-alloy steel.		PSR CTH (except from 7206) or RVC (40)	
Semi-finished products			
	The rule “CTH except from 7206” does not allow producing a semi-finished product from a non-originating ingot or primary form classified in 7206, to achieve originating status.		
7209 through 7212 Flat rolled products		PSR CTH except from ... or RVC (40)	
		Flat rolled products (classified in headings 7209 through 7212). Cold rolling, cladding or plating, or simply reducing the width are not sufficient processes, if carried out on non-originating flat rolled product, to achieve originating status.	



7214 and 7215 Bars and rods

PSR

CTH except from ... or RVC (40)



Bars or rods (classified in headings 7214 and 7215). Forging or hot or cold processes, if carried out on non-originating bars or rods, are not sufficient to confer originating status.

7216 Angles

PSR

CTH except from ... or RVC (40)



Angles (classified in heading 7216) cannot be produced from non-originating flat rolled products of headings 7208 through 7215

7216 Angles

PSR

CTH except from ... or RVC (40)



Wire (classified in heading 7217), cannot be produced from non-originating bars or rods classified in headings 7213 through 7215.

- All of the above processes can be carried out on PACER Plus originating materials.
- Use RVC (40) if processing non-originating materials into primary or intermediate forms





Articles made from iron and steel (Chapter 73)

The primary rule is CTH or RVC (40)

This rule allows articles of iron and steel, such as tubes, pipes and hollow profiles to be made from non-PACER Plus Party primary and intermediate forms classified in Chapter 72.

Non-electric domestic appliances can be manufactured from non-originating parts under the “CTSH” rule for 7321.

OTHER BASE METALS AND ARTICLES THEREOF

Copper, nickel, aluminium, lead, tin and other base metals (Chapters 74 to 81)

The primary rule is CTH or RVC (40)

This rule allows articles of the above metals such as tubes, rods, sheets, pipes and hollow profiles to be made from non-PACER Plus Party primary forms classified in the same chapter.

The same restriction is placed on the manufacture of wire. Wire cannot be produced from non-originating bars or rods. You would need to use PACER Plus Party rods or bars or meet the optional RVC (40) RVC (40) threshold.

VEHICLES, AIRCRAFT AND VESSELS (CHAPTERS 87, 88 AND 89)

Motor vehicles

The primary rule is CTH or RVC (40) which allows for the **manufacture from imported non-originating parts**.

8701-8707 8709 - 8716	PSR CTH or RVC (40)
8708 parts of motor vehicles	CTSH or RVC (40)



The “CTH” rule allows motor vehicles to be assembled from imported parts such as chassis (8705) bodies (8707), brake assemblies (8708), engines (Chapter 84) etc.

However, if you are a manufacturer of parts for motor vehicles, you may need to use the RVC (40) option because parts of assemblies are sometimes classified in the same subheading as the assembly.

Example

8708.10 Bumpers and parts thereof	PSR CTSH or RVC (40)
8708.30 Brakes and servo brakes and parts thereof	CTSH or RVC (40)
If you are making a bumper or brake assembly and importing some of its parts, you will need to source those parts from another PACER Plus Party to meet the CTSH rule. Otherwise, you will need to use the RVC (40) rule and meet the value threshold.	

Aircraft

Chapter 88 Aircraft, spacecraft, and parts thereof	PSR CTH or RVC (40)
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The “CTH” rule allows aircraft to be assembled from imported parts of heading 8807 (new heading created in HS 2022).

However, if you are a manufacturer of parachutes (8804) or launching gear (8805), you may need to use the RVC (40) option because parts of these products are also classified in the same heading.

Vessels

Chapter 89 Ships, boats and floating structures	PSR CTH or RVC (40)
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The “CTH” rule allows you to use imported fittings and construction materials for a vessel regardless of their origin.

The hull

The tariff classification of the hull of a vessel will depend on whether or not it has the essential character of a vessel of a particular kind (e.g. a fishing vessel).

If the hull has the essential character of a particular kind of vessel, it will be classified as that type of vessel. If it does not it will be classified in heading 8906.

Use the following origin criterion if manufacturing a vessel from

- a PACER Plus constructed hull - PSR (CTH).
- Imported non-PACER Plus non-specific hull under 8906 — PSR (CTH)
- Imported non-PACER Plus specialised hull - PSR (RVC (40)).

Repair and alteration

If you are repairing or altering an existing vessel you can use an alternative option to the rules of origin. Under Chapter 2, (Trade in Goods - Article 4) of the PACER Plus Agreement goods, regardless of their origin, can be temporarily imported from another PACER Plus Party for repair or alteration, free of customs duty.

Repair and alteration are defined as operations or processes that do not destroy a good’s essential characteristics or create a new or commercially different good; or simply transform an unfinished good into a finished good.

05

ORIGIN PROCEDURES





5.1 CONSIGNMENT



There is no change to the originating status of a good when it is transported directly between the PACER Plus Parties.

If the good is transported through a non-PACER Plus Party it must not undergo any further processing in that non-PACER Plus Party.

It can however be unloaded and reloaded, stored, repacked or relabelled in the non-PACER Plus Party. The goods do not have to remain under customs control during these operations but in the case of a verification of origin, documentation showing that the goods are the same as those imported would be required (e.g. storage receipts).

Operations that are necessary to preserve the goods in good condition or that are necessary to transport the goods to the final importing PACER Plus Party are also permitted.

Goods that have been shown or utilised at an exhibition in the non-PACER Plus Party will also retain their originating status.



5.2 DOCUMENTARY REQUIREMENTS

All commercial or governmental transactions are usually documented in some way so that those transactions are clear to those involved, and to maintain an accurate record of the transaction.

When claiming preference under an FTA there is generally a requirement to provide a “**proof of origin**” to support the claim. This proof of origin is basically **a summary** of the relevant information needed to identify the actual goods being imported, the parties involved, and the origin criterion that the good complies with. It must also include a signed assurance that that information is correct.

The **purpose** of this document is to facilitate the quick clearance of the goods at the border so that businesses can get on with what they do, and to facilitate Customs verification processes to ensure that only those entitled to the preferential tariff rates are receiving them.

Under PACER Plus the proof of origin chosen for the agreement is the **Declaration of Origin**. The major difference between a Declaration of Origin and other forms of origin certification is that an **exporter or producer makes the statement and signs it themselves** rather than having the information certified by an independent third party, such as an authorised certification body.

Under PACER Plus businesses can also seek assistance from, for example, a customs broker, trade consultant or chamber, to complete the declaration. The final document or statement however must be signed by the exporter or producer, or signed on their behalf by an authorised representative.





THE DECLARATION OF ORIGIN

What information must be provided?

You must provide the following **minimum** information:

- Name of producer and contact details
- Name of exporter and importer (if known) and their contact details

NOTE: if the declaration is signed by an authorised representative, their name and contact details

- HS Code (Tariff classification of the good) and description of the good
- Origin Criterion: WO, PE or PSR
- Period of Validity: Only for multiple shipments of identical goods — specify the period of validity (this cannot exceed two years from the date of signature).
- Authorised Signature and Date: The declaration must be signed and dated by the exporter or producer or an authorised representative of the exporter or producer accompanied by the following statement:

“I declare that the good(s) described in this document qualify as originating in [NAME OF PACER PLUS PARTY(IES)] in accordance with the provisions of Chapter 3 (Rules of Origin and Verification Procedures) of the Pacific Agreement on Closer Economic Relations Plus (PACER Plus) and the information contained in this document is true and accurate. I assume responsibility for proving such representations and agree to maintain for a period of five years and present upon request or to make available during a verification visit, documentation necessary to support this declaration.”

HOW TO PROVIDE THE INFORMATION

There is no prescribed format for the Declaration.

Much of the minimum information required is already on the various documents that accompany the shipment and there is no need to repeat this information in a separate form.

Option 1: An invoice

A declaration can be made on the invoice.

The invoice will usually include a detailed description of the goods, the name and addresses of the customer (importer) and consignee (exporter). The tariff classification (or HS Code), origin criterion and signed statement can be added into the additional information box.



ADDITIONAL INFORMATION

HS CODE XXXX.XX
Origin criterion PSR

Covers multiple shipments
Validity period
(1 April 2025 — 31 March
2026)

ORIGIN STATEMENT

"I declare that the good(s) described in this document qualify as originating in [NAME OF PACER PLUS PARTY(IES)] in accordance with the provisions of Chapter 3 (Rules of Origin and Verification Procedures) of the Pacific Agreement on Closer Economic Relations Plus (PACER Plus) and the information contained in this document is true and accurate. I assume responsibility for proving such representations and agree to maintain for a period of five years and present upon request or to make available during a verification visit, documentation necessary to support this declaration".

Signature

Date

Option 2: Company document

Another option is to provide a separate document on company letterhead.

This document would need to supply the contact details of the producer and other participants in the transaction (exporter/importer), if known.

As described above, the letter would need to state the HS Code (or tariff classification of the good) and provide a detailed description of the goods. Under this option it would be as well to provide the invoice number for the actual shipment so that it is clear the origin statement relates to a specific shipment. The letter could however, cover multiple shipments of identical goods. In this case the letter would need to state a validity period — no longer than two years after the date of signature.

The origin criterion (WO, PE or PSR) would need to be stated and the letter would need to include the origin declaration, signed and dated.

Option 3: Guidance template

A third option is to use a guidance template prepared by the PPIU or if available, a guidance template offered by the relevant customs administration. See next page.

Option 4: A third-party template.

The Chambers or other bodies engaged in issuing certificates of origin, often have a certificate that can be adapted to fit different FTA requirements.

If using this option note that the signature must be that of the exporter or producer or their authorised representative. The independent certifier is endorsing the declaration, not issuing it.





Guidance template

DECLARATION OF ORIGIN

Pacific Agreement on Closer Economic Relations (PACER Plus)

☐ **Exporter**

Name, address including country, telephone no, email:

(Not required if producer is completing the declaration and the exporter is not known)

☐ **Producer**

Name, address including country, telephone no, email:

Not required if same as exporter. If there are multiple producers provide a list)

☐ **Authorised representative** (if relevant)

Name, address including country, telephone no, email:

☐ **Importer** (if known)

Name, address including country, telephone no, email:

HS Code
(6 digit level)

Description of the good

Origin criterion
WO, PE, PSR

☐ **WO**

(wholly obtained means goods grown or produced entirely within PACER Plus Parties: Article 3, Chapter 3, Rules of Origin and Verification Procedures

☐ **PE**

(means goods produced exclusively from PACER Plus originating materials: Articles 2(b), Chapter 3, Rules of Origin and Verification Procedures

☐ **PSR**

(means goods that incorporate non-originating materials in their final stage of production and meet the Product Specific Rule: It should be: Articles 2(c) and Annex 3-B, Chapter 3, Rules of Origin and Verification Procedures

☐ **Single shipment**

Invoice number (if known)

☐ **Multiple shipments**

Period covered by declaration (within 2 years of date declaration made)

ORIGIN STATEMENT

"I declare that the good(s) described in this document qualify as originating in [NAME OF PACER PLUS PARTY(IES)] in accordance with the provisions of Chapter 3 (Rules of Origin and Verification Procedures) of the Pacific Agreement on Closer Economic Relations Plus (PACER Plus) and the information contained in this document is true and accurate. I assume responsibility for proving such representations and agree to maintain for a period of five years and present upon request or to make available during a verification visit, documentation necessary to support this declaration".

Signature

Date



When is the declaration required?

The Agreement allows each PACER Plus Party to determine whether the declaration must be presented at the time of importation.

However, an importer must be able to produce the declaration if requested post clearance, by the importing Party's customs administration.

If you are importing you need to check with your customs administration on whether a declaration for goods claiming preference under PACER Plus needs to be presented at the time of importation.

If you are an exporter or producer, you should seek advice from your customer as to when the declaration may be required. In any event you will need to be able to provide the declaration in the case of a post clearance request.

Other requirements

The customs administration may request the original copy of the Declaration. However, copies can be made for subsequent transactions, as in the case of a declaration covering multiple shipments.

The Declaration must be in written format, including electronic format.

The Declaration must be completed in English.





5.3 RECORD KEEPING

Just as you are required to keep records for taxation purposes, so are you required to keep records of the relevant documentation supporting a claim for preferential tariff treatment.

The documentation, needed for verifying a claim for preferential treatment, is essentially the same as that requested for taxation purposes, with the addition of the declaration of origin and the tariff classification of the goods.

The types of documents that hold the relevant information include:

For product description and tariff related information

- Import or export entries
- Declaration of origin
- import charges, customs charges, wharf charges, and other fees and charges
- Invoices (for both imports and exports)
- Shipping documents —e.g. consignment note, shipping manifest
- Insurance documents -e.g. bank note
- Storage or warehousing documentation

For value related information:

- Banking and accounting information
- Transaction records
- Production records
- Documents that relate to manufacturing costs
- Stock details
- import charges, customs charges, wharf charges, and other fees and charges
- Purchase agreement orders
- invoices



For verification purposes

If you use an RVC rule as the basis of your origin claim you will need to retain records that demonstrate the value you have added in your production processes.

If you use a CTC rule (CC, CTH or CTSB) you do not have to provide the classification details for all of the materials incorporated into your product. You need only demonstrate that the product you made does not contain any of the non-originating materials that are not permitted under the tariff shift rule for that product.

For example: Coconut paste

Your coconut paste may contain imported salt and other imported ingredients such as stabilisers.

Coconut paste is classified under heading 2007 and the rule for this heading is CTH or RVC (40).

The only imported non-originating ingredients that you are **not permitted** to use are **ingredients also classified in 2007**.

The focus of a verification of a CTC rule will be on the use of any imported materials also classified in 2007, not on materials classified elsewhere.

You must keep the records for a minimum period of five years.



06

CHECKLIST FOR PRODUCERS/ EXPORTERS

Hazardous Materials
Safety Checklist for Material Classes

CLASS 1-Explosives

CLASS 2-Gases

CLASS 3-Flammable liquids

CLASS 4-Flammable solids

CLASS 5-Oxidizers

CLASS 6-Toxic materials

CLASS 7-Radioactive materials

CLASS 8-Corrosive materials

CLASS 9-Miscellaneous dangerous goods

CLASS 9-Miscellaneous dangerous goods
DANGEROUS- Indicates a mixed load of
hazardous materials





CHECKLIST FOR PRODUCERS/EXPORTERS

What is the tariff classification of your product?

This information is required for making an export entry and for identifying the rule of origin for your product.

Go to your customs broker or customs administration if you need help with this. Alternatively, your importing customer should be able to provide the classification.

Selecting the origin criterion

A Using WO or PE

If your product contains only materials that have been produced from PACER Plus Party materials or components, you should select WO for primary products or PE if you have used originating materials from another PACER Plus Party.

B Using PSR

If your product contains materials that come from outside the PACER Plus Parties, use the tariff classification of your product (first six digits XXXX.XX) to look up the rule of origin in Annex 3-B Schedule of Product Specific Rules.

- What imported materials did you use in the final stages of production?
- Where did they come from?
- What was their tariff classification? (Your supplier should have this information, if you were not the importer)

If the tariff shift rule is

“CC”

Compare the first two digits of your product classification with that of the imported material. If they are different (1502 cf. 0204) you meet the CC rule.

Select PSR.

“CTH”

Compare the first four digits of your product classification with that of the imported material. If they are different (1502 cf. 1517) you meet the CTH rule.





Select PSR.

“CTSH” —

Compare the first six digits of your product classification with that of the imported material. If they are different (1806.10 cf. 1806.20) you meet the CTSH rule.

Select PSR.

Not different? Check if there are optional rules

● **Use the de minimis (tolerance rule)**

If the non-originating material that does not meet the tariff shift is less than 10% of the FOB price of your product you will still meet the rule —

Select PSR if this is the case.

● **Is there a process rule?** E.g. “refining”.

Do you meet it?

If so, select PSR

● **Is there an RVC (40) optional rule?**

You will need to subtract the value of your non-originating materials from the FOB price of your product. If, as a percentage, those non-originating materials are less than 60% of the FOB price, then you have met the RVC threshold.

NOTE 1: Imported packaging will count as non-originating material.

NOTE 2: Imported materials that have been further processed in a PACER Plus Party before being incorporated into your product will generally be originating and count towards the PACER Plus Party value of the final product.

Making your declaration

You can choose a company letterhead letter, a third party (e.g. Chambers’) certificate of origin, the guidance template, or your invoice document.

Make sure that the name and contact details of the producer, (and exporter/ importer if known) are provided.

Provide a description of the goods, their tariff classification and the rule of origin under which they qualify (WO, PE or PSR).



For a single shipment it is better to provide the invoice number because this provides a connection to the actual shipment.

If your declaration covers multiple shipments of identical goods provide the period the declaration covers. This cannot exceed two years from the date the declaration was signed.

Include the following statement:

“I declare that the good(s) described in this document qualify as originating in [NAME OF PACER PLUS PARTY(IES)] in accordance with the provisions of Chapter 3 (Rules of Origin and Verification Procedures) of the Pacific Agreement on Closer Economic Relations Plus (PACER Plus) and the information contained in this document is true and accurate. I assume responsibility for proving such representations and agree to maintain for a period of five years and present upon request or to make available during a verification visit, documentation necessary to support this declaration”.

Sign and date the declaration.





PACER Plus