

RULES OF ORIGIN
FOR THE PREFERENTIAL TRADE AGREEMENT (PTA)
AMONG THE D-8 MEMBER STATES

These Rules may be called the Rules of Origin under the Preferential Trade Agreement among D-8 Member States (hereinafter referred to as “D-8 PTA”), pursuant to Article 12 of D-8 PTA. These Rules shall be annexed to the D-8 PTA and form an integral part thereof.

Rule 1
Definitions

For the purposes of these Rules:

- (a) “CIF value” means the price actually paid or payable to the exporter for the goods when the goods are unloaded from the carrier, at the port of importation. The value includes the cost of the goods, insurance and freight necessary to deliver the goods to the named port of destination;
- (b) “Consignment” means goods which are either sent simultaneously from one exporter to one consignee or covered by a single transport document covering their shipment from the exporter to the consignee or, in the absence of such a documents, by a single invoice;
- (c) “Customs Value” means the transaction value of imported goods, which is the price actually paid or payable for the goods when sold for export to the country of importation, including other leviable charges and adjustment. In cases where the Customs value cannot be determined on the basis of transaction value, it will be determined using one of the following methods:
 - i. The transaction value of identical goods;
 - ii. The transaction value of similar goods;
 - iii. The deductive value method;
 - iv. The computed value method; or
 - v. The fall-back method.
- (d) “Ex-Works Price” means the price paid or payable for the good to the manufacturer in the Contracting Member’s territory in whose undertaking the last working or processing is carried out, provided that the price includes the value of all the materials used, excluding any internal taxes which are, or may be repaid when the good obtained is exported;
- (e) “Indirect Material” means a good used in the production, testing or inspection of a good but not physically incorporated into the goods, or a good used in the maintenance of buildings or the operation of equipment associated with the production of a good, including:
 - i. fuel and energy;
 - ii. tools, dies, and moulds;
 - iii. parts and materials used in the maintenance of equipment and buildings;
 - iv. lubricants, greases, compounding materials, and other materials used in production or used to operate equipment and buildings;
 - v. gloves, glasses; footwear, clothing, safety equipment, and supplies;

- vi. equipment, devices, and supplies used for testing or inspecting the goods;
 - vii. catalysts and solvents; and
 - viii. any other goods that are not incorporated into the goods but whose use in the production of the goods can reasonably be demonstrated to be part of that production;
- (f) “Materials” means ingredients, parts, components, subassembly and/or goods that were physically incorporated into other goods or were subject to a process in the production of other goods;
 - (g) “Non-originating Material” used in production means any material whose country of origin is other than that of Contracting Members and any material whose origin cannot be determined;
 - (h) “Originating Goods” means goods that qualify as originating in accordance with the provisions of Rules of Origin of D-8 PTA;
 - (i) “Production” means methods of obtaining goods including manufacturing, producing, assembling, processing, raising, growing, breeding, mining, extracting, harvesting, fishing, trapping, gathering, collecting, hunting and capturing; and
 - (j) “Territories” means territories of Contracting Members including territorial waters.

Rule 2
Origin Criteria

Products covered by the D-8 PTA imported into a Contracting Member’s territory from another Contracting Member’s territory which are consigned directly within the meaning of Rule 7 , shall be eligible for preferential treatment if they conform to the origin requirements under any one of the following conditions:

- (a) Products which are wholly obtained or produced as set out and defined in Rule 3; or
- (b) Products not wholly obtained or produced provided that the said products are eligible under Rule 4.

Rule 3
Wholly Obtained or Produced Products.

1. Within the meaning of Rule 2 (a), the following shall be considered as wholly produced or obtained in a Contracting Member’s territory:

- (a) Plant and plant products harvested, picked or gathered there;
- (b) Live animals born and raised there;
- (c) Products obtained from live animals referred to in paragraph (b) above;
- (d) Products obtained from hunting, trapping, fishing, aquaculture, gathering or capturing conducted there;
- (e) Minerals and other naturally occurring substances, not included in paragraphs (a) to (d) above, extracted or taken from its soil, waters, seabed or beneath their seabed;

- (f) Goods taken from the waters, seabed or beneath the seabed outside the territorial waters of that Contracting Member; provided that that Contracting Member has the rights to exploit such waters, seabed and beneath the seabed in accordance with international law;
- (g) Goods of sea fishing and other marine products taken from the high seas by vessels registered with a Contracting Member or entitled to fly the flag of that Contracting Member;
- (h) Goods processed and/or made on board factory ships registered with a Contracting Member or entitled to fly the flag of that Contracting Member, exclusively from products referred to in paragraph (g) above;
- (i) Used articles which no longer can perform their original purpose and are not capable of being restored or repaired and are fit only for disposal or recovery of parts of raw materials, or for recycling purposes;
- (j) Waste and scrap resulting from manufacturing operations conducted there; and
- (k) Goods obtained or produced in a Contracting Member's territory solely from products referred to in paragraphs (a) to (j) above.

2. The terms "their vessels" and "their factory ships" in paragraph 1(g) and (h) shall apply only to vessels and factory ships:

- (a) Which are registered or recorded in a Contracting Member's territory; or
- (b) Which sail under the flag of a Contracting Member ; or
- (c) Which are owned to an extent of at least 50 per cent by nationals of a Contracting Member or by a company with its head office in one of Contracting Members territories, of which the manager or managers, Chairman of the Board of Directors or the Supervisory Board, and the majority of the members of such boards are nationals of a Contracting Member and of which, in addition to that, in the case of partnerships or limited companies, at least half of the capital belongs to that Contracting Member or to public bodies or nationals of the said Contracting Member.

Rule 4

Not Wholly Produced or Obtained Products

- 1. For the purposes of Rule 2(b), a product shall be deemed to be originating if not less than '40' % of ex works price of its content originates from a Contracting Member.
- 2. For the purposes of calculating local value added content the following method shall apply:

$$\frac{\text{Ex Works Price} - \text{Value of non Originating Materials}}{\text{Ex Works Price}} \times 100 \geq 40 \%$$

3. The value of the non-originating materials shall be:
 - (i) the CIF value at the time of importation of the materials; or
 - (ii) the earliest ascertained price paid for the materials of undetermined origin in the territory of the Contracting Member where the working or processing takes place.

Rule 5
Cumulative Rule of Origin

Unless otherwise provided for, products which comply with origin requirements provided for in Rule 2 and which are used in the territory of a Contracting Member as materials for a finished product eligible for preferential treatment under the D-8 PTA shall be considered as products originating in the territory of a Contracting Member where working or processing of the finished product has taken place provided that the aggregate D-8 Contracting Members originating content on the final product is not less than 40%.

Rule 6
Minimal Operations and Processes

The following shall in any event be considered as insufficient working or processing to confer the status of origin, whether or not they comply with the requirements of Rules 3, 4 or 5:

- (a) operations to ensure the preservation of products in good condition during transport and storage (such as drying, freezing, keeping in brine, ventilation, spreading out, chilling, placing in salt, sulphur dioxide or other aqueous solutions, removal of damaged parts, and like operations);
- (b) simple operations consisting of removal of dust, sifting or screening, sorting, classifying, matching (including the making-up of sets of articles), washing, painting, cutting;
- (c) changes of packing and breaking up and assembly of consignments;
- (d) simple cutting and slicing;
- (e) affixing of marks, labels or other like distinguishing signs on products or their packaging;
- (f) repacking or placing in bottles, flasks, bags, boxes, fixing on cards or boards and all other packing operations;
- (g) simple mixing of products whether or not of different kinds;
- (h) simple assembly of parts of products to constitute a complete product;
- (i) disassembly;
- (j) slaughter of animals;
- (k) mere dilution with water or another substance that does not materially alter the characteristics of the goods;

- (l) ironing or pressing of textiles;
- (m) husking, partial or total bleaching, polishing, and glazing of cereals and rice;
- (n) operations to colour sugar or form sugar lumps; and
- (o) peeling, stoning and shelling, of fruits, nuts and vegetables.

Rule 7

Direct Consignment

The preferential treatment provided for under the D-8 PTA applies only to products, satisfying the requirements of these Rules which are transported directly among the Contracting Members. However, the products whose transport involves transit through one or more intermediate non-Contracting Member's territory with or without transshipment or temporary storage shall also be eligible for preferential treatment provided that:

- (a) the transit entry is justified for geographical reasons or by consideration related exclusively to transport requirements;
- (b) the products have not entered into trade or consumption there;
- (c) the products have not undergone any operation there other than unloading and reloading or any operation required keeping them in good condition; and
- (d) evidence that the conditions set out in (a), (b) and (c) above have been complied with, such as Bill of Lading or a single transport document covering the passage from the exporting country through the country of transit.

Rule 8

Treatment of Packing

- 1) Where for purposes of assessing customs duties, a Contracting Member treats products separately from their packing; it may also, in respect of its imports consigned from another Contracting Member, determine separately the origin of such packing.
- 2) Where paragraph (1) above is not applied, packing shall not be taken into account in determining the origin of the product.
- 3) Packing material and containers exclusively used for the transportation of a product shall not be taken into account in determining the origin of the product.

Rule 9

Accessories, Spare Parts and Tools

The origin of accessories, spare parts, tools and instructional or other information materials presented with the goods therewith shall not be taken into account in determining the origin of

the goods, provided that such accessories, spare parts, tools and information materials are classified and customs duties collected with the goods by the importing Contracting Member.¹

Rule 10
Treatment of Indirect Materials

Unless otherwise provided, for the purpose of determining the origin of goods, the origin of indirect materials, or the materials used in its manufacture which do not remain in the goods or form part of the goods, shall not be taken into account.

Rule 11
Classification of Goods

For the purposes of these Rules, goods, materials and products shall be classified in accordance with the General Rules of Interpretation of Harmonized System.

Rule 12
Re-importation of Exported Goods

If originating goods exported from a Contracting Member are re-imported, they must be considered as non-originating, unless it can be demonstrated to the satisfaction of the customs authorities that:

- (a) the returning goods are the same as those exported; and
- (b) they have not undergone any operation beyond that necessary to preserve them in good condition while in that country or while being exported.

Rule 13
Exhibitions

1. Originating products, sent for exhibition outside a Contracting Member's territory and sold after the exhibition for importation into a Contracting Member's territory shall enjoy the preferential treatment under the D-8 PTA provided it is shown to the satisfaction of the Customs authorities that:

- (a) an exporter has consigned these products from a Contracting Member's territory to the country in which the exhibition is held and has exhibited them there;
- (b) the products have been sold or otherwise disposed of by that exporter to a person in a Contracting Member's territory;
- (c) the products have been consigned during the exhibition or immediately thereafter in the country in which they were sent for exhibition; and
- (d) the products have not, since they were consigned for exhibition, been used for any purpose other than for demonstration at the exhibition.

¹ Accessories, spare parts and tools dispatched with a piece of equipment, machine, apparatus or vehicle, which are part of the normal equipment and included in the price thereof or which are not separately invoiced, shall be regarded as one with the piece of equipment, machine, apparatus or vehicle in question.

2. A D-8 Certificate of Origin must be issued or made out in accordance with the provisions of D-8 PTA and submitted to the Customs authorities of the importing country in the normal manner. The name and address of the exhibition must be indicated thereon. Where necessary, additional documentary evidence of the conditions under which they have been exhibited may be required.

3. Paragraph 1 shall apply to any trade, industrial, agricultural or crafts exhibition, fair or similar public show or display which is not organised for private purposes in shops or business premises with a view to the sale of foreign products, and during which the products remain under customs control.

Rule 14
Prohibition

Any Contracting Member may, subject to notification to the D-8 Secretariat, prohibit importation of products containing any inputs originating from any non-Contracting Member's territory with which it does not want to have economic and commercial relations.

Rule 15
D-8 Certificate of Origin and Operational Certification Procedures

1. A claim that products shall be accepted as eligible for preferential treatment shall be supported by a D-8 Certificate of Origin issued by the Customs or the relevant competent authorities designated by the respective Governments of the exporting Contracting Members and notified to the other Contracting Members in accordance with the Operational Certification Procedures, as set out in the Attachment.

2. The Attachment and its Appendix shall form an integral part of the D-8 Rules of Origin.

Rule 16
Dispute Settlement

1. Any dispute that may arise among the Contracting Members regarding the implementation or interpretation of the provisions of the D-8 Rules of Origin, shall be dealt in accordance with Article 26 of the D-8 PTA.

2. In all cases, the settlement of disputes between the importer and the customs authorities of the importing country shall be under the legislation of the said country.

Rule 17
Penalties

In accordance with national legislation, penalties shall be imposed on any person who draws up, or causes to be drawn up, a document which contains incorrect information for the purpose of obtaining a preferential treatment for products.

Rule 18
Free Zones

1. Contracting Members shall take all necessary steps to ensure that products traded under cover of a D-8 Certificate of Origin, which in the course of transport, use a free zone situated in their territory, are not substituted by other goods and do not undergo handling other than normal operations designed to prevent their deterioration.
2. By means of an exemption to the provisions contained in paragraph 1, when products originating in a Contracting Member's territory are imported into a free zone under cover of a D-8 Certificate of Origin and undergo treatment or processing, the authorities concerned shall issue a new D-8 Certificate of Origin at the exporter's request, if the treatment or processing undergone is in conformity with the provisions of this Attachment and the D-8 Rules of Origin.

Rule 19
Goods in Transit and Storage

Goods which conform to the provisions of D-8 Rules of Origin and which on the date of entry into force of the D-8 PTA are either being transported or are being held in a Contracting Member's territory in temporary storage, in bonded warehouses or in free zones, may be accepted as originating products subject to the submission, within four months from the date of entry into force of the D-8 PTA, to the customs authorities of the importing country of D-8 Certificate of Origin, drawn up retrospectively, and of any documents that provide supporting evidence of the conditions of transport.

Rule 20
Review and Modification

1. The D-8 Rules of Origin may be reviewed and modified as and when necessary upon request of a Contracting Member as per procedure under Article 30 of the D-8 PTA.
2. Notwithstanding paragraph 1 of this Rule, the Attachment and its Appendix shall be modified and reviewed in accordance with the provision of Article 14 of the Attachment.