

APPENDIX 4 TO ANNEX I

EXEMPTIONS FROM THE PRINCIPLE OF TERRITORIALITY

1. In accordance with Article 13 of Annex I, the acquisition of originating status shall not be affected by working or processing carried out outside the territory of a Party on materials exported from the Party concerned and subsequently re-imported to that Party, provided that:

- (a) the total added value as set out in paragraph 5(a) does not exceed 10 per cent of the ex-works price of the final product for which originating status is claimed; and
- (b) the materials exported from the Party concerned shall be wholly obtained in that Party or having undergone working or processing going beyond the insufficient operations listed in Article 6 prior to being exported outside the territory of that Party.

2. Notwithstanding paragraph 1, for products listed in the Table set out at the end of this Appendix, the acquisition of originating status shall not be affected by working or processing carried out in an area, for instance an industrial zone, outside the territory of a Party, on materials exported from the Party concerned and subsequently re-imported to that Party, provided that:

- (a) the total value of non-originating input as set out in paragraph 5(b) does not exceed 40 per cent of the ex-works price of the final product for which originating status is claimed; and
- (b) the value of originating materials exported from the Party concerned is not less than 60 per cent of the total value of materials used in manufacturing the re-imported material or product.

3. For the purposes of paragraphs 1 and 2, it must be demonstrated to the satisfaction of the customs authorities that the re-imported goods have been obtained by the manufacturer through the working or processing of the exported materials. For the purpose of paragraph 2 the following sentence shall be indicated in the origin declaration which is submitted to the customs authority of the importing Party: "The provisions of Appendix 4 to Annex I (Exemptions from the Principle of Territoriality) have been applied".

4. For the purposes of paragraph 1, where a rule in Appendix 2 to Annex I restricts or prohibits the use of certain non-originating materials, such a restriction or prohibition shall also apply in respect of working or processing carried out outside the territory of the Party concerned. Furthermore, where a rule in Appendix 2 to Annex I, giving the maximum value of all the non-originating materials used, is applied in determining the originating

status of the final product concerned, the total value of the non-originating input as set out in paragraph 5(b) shall not exceed the percentage given.

5. For the purposes of:

- (a) paragraph 1, "total added value" shall mean the value of any materials added outside the Party concerned as well as costs accumulated outside the territory of the Party concerned, including transport costs; and
- (b) paragraphs 2 and 4, "total value of non-originating input" shall mean the value of any non-originating materials added inside as well as any materials added and all other cost accumulated outside the Party concerned, including transport costs. Non-originating materials which have already acquired originating status in a Party shall not be considered to be non-originating input.

6 The provisions of paragraphs 1 to 4 shall not apply to products which do not fulfil the conditions set out in Appendix 2 to Annex I and which can be considered sufficiently worked or processed only if the general tolerance given in paragraph 2 of Article 5 of Annex I is applied.

7. Any amendment to this Appendix, including the Table referred to paragraph 2, shall be made by a decision of the Joint Committee that is to be taken within a reasonable period of time, in accordance with the procedure set out in paragraph 7 of Article 8.1 of this Agreement.

8. In the third year after the entry into force of this Agreement, the Parties shall review the provisions and implementation of this Appendix and revise them if deemed necessary by the Parties.

Table

Chapter 39 Plastics and articles thereof

390710, 390720, 390810, 391000, 392113, 392310, 392330, 392350, 392390, 392690

Chapter 40 Rubber and articles thereof

401699

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

420211, 420212, 420221

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

610110, 610120, 610130, 610190, 610210, 610220, 610230, 610290, 610311, 610312, 610319, 610321, 610322, 610323, 610329, 610331, 610332, 610333, 610339, 610341, 610342, 610343, 610349, 610411, 610421, 610431, 610441, 610442, 610443, 610444, 610449, 610451, 610452, 610453, 610459, 610461, 610462, 610463, 610469, 610510, 610520, 610590, 610610, 610620, 610690, 610910, 610990, 611011, 611012, 611019, 611020, 611030, 611090, 611211, 611212, 611219, 611220, 611231, 611239, 611241, 611410, 611420, 611430, 611490

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

620111, 620112, 620113, 620119, 620191, 620192, 620193, 620199, 620211, 620212, 620213, 620219, 620291, 620292, 620293, 620299, 620311, 620312, 620319, 620321, 620322, 620323, 620329, 620331, 620332, 620333, 620339, 620341, 620343, 620349, 620411, 620412, 620413, 620419, 620421, 620422, 620423, 620429, 620431, 620432, 620433, 620439, 620441, 620442, 620443, 620444, 620449, 620451, 620452, 620453, 620459, 620461, 620462, 620463, 620469, 620510, 620520, 620530, 620590, 620610, 620620, 620630, 620640, 620690, 620711, 620719, 620721, 620722, 620729, 620791, 620792, 620799, 620811, 620819, 620821, 620822, 620829, 620891, 620892, 620899, 620910, 620920, 620930, 621010, 621020, 621030, 621040, 621050, 621111, 621112, 621120, 621131, 621132, 621141, 621142, 621143, 621149

Chapter 64 Footwear, gaiters and the like; parts of such articles

640299, 640399, 640411, 640610

Chapter 70 Glass and glassware

701590

Chapter 71 Natural or cultural pearls, precious or semiprecious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin

711719, 711790

Chapter 73 Articles of iron or steel

732393

Chapter 81 Other base metals; cermets; articles thereof

810990

Chapter 82 Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal

820730, 821300

Chapter 83 Miscellaneous articles of base metal

830230

Chapter 84 Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof

840991, 841330, 841510, 841582, 841583, 841590, 842123, 842131, 842139, 842410, 842420, 842490, 848590

Chapter 85 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

850431, 851220, 851790, 852990, 853400, 853630, 853650, 853669, 853690, 853929, 854091

Chapter 87 Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof

870991, 871499

Chapter 90 Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof

902690

Chapter 91 Clocks and watches and parts thereof

910111, 910112, 910119, 910121, 910129, 910191, 910199, 910211, 910212,
910219, 910229, 910291, 910299, 910310, 910390, 910400, 910511, 910519,
910521, 910529, 910591, 910599, 910610, 910620, 910690, 910700, 910811,
910812, 910819, 910820, 910890, 910911, 910919, 910990, 911011, 911012,
911019, 911090, 911110, 911120, 911180, 911190, 911220, 911290, 911310,
911320, 911390, 911410, 911420, 911430, 911440, 911490

Chapter 96 Miscellaneous manufactured articles

961610
