



**Economic Policy Programme
Initiative of the European Union**

Confidential

EC rules of origin

Allan Waight

February 23-27, 1997

**Mission Report
March 1997**

Report

**MISSION TO THE
WEST BANK AND GAZA**

Allan Waight
HM Customs and Excise

EC rules of origin

March 1997

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The Economic Policy Programme is funded by the European Community (EC) and coordinated by the Ministry of Economy and Trade in collaboration with the London School of Economics and Political Science. The two-year project is an initiative launched as part of the European Community's programme of assistance to the Palestinian population of the West Bank and Gaza Strip. The objective is to provide the Palestinian Authority (PA) with policy support that will both assist it in clarifying and shaping trade policy and strengthen its capacity to negotiate with current and potential trading partners on economic and trade policy issues. The programme, which was launched in May 1996, works with a team of leading international experts - economists, political scientists and trade lawyers - in support of the ministry's policy agenda, and has held in collaboration with the ministry a number of roundtables on trade-related issues.

Economic Policy Programme

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Summary

This report was prepared by Allan Waight of HM Customs and Excise following his mission to the West Bank and Gaza Strip on February 23-27, 1997. The aim of the mission, undertaken at the request of the Ministry of Economy and Trade, was to provide detailed guidance on EU rules of origin direct to representatives of individual sectors of industry. Both Mr Waight's mission and the June and December 1996 workshops, which discussed issues relating to regional trade including the topic of EU rules of origin, form part of the two-year **Economic Policy Programme**, which is funded by the European Community (EC) and coordinated by the Ministry of Economy and Trade in collaboration with the London School of Economics and Political Science.

The main findings of the mission, as outlined in the report, relate to the potential for expansion of exports to the EU (paras 3.5-3.10) and the issue of EUR 1 certificates (paras 4.1-4.10):-

- 1) In some cases observed by Mr Waight, Palestinian production of garments, shoes and furniture already meets the origin rules, without the need to apply the cumulation provisions, and products would qualify for tariff preference on entry to the EC (para 3.8, 3.10);
- 2) But in other cases potential exports to Europe remain blocked for technical and political reasons; in the case of the food industry several products, which could be produced for export to the EC, are not included in the Interim Association Agreement (para 3.6); in the case of one furniture company, new investment in modern machinery, that would enable manufacture to the higher standard required in Europe, is being delayed due to political uncertainties (3.10).
- 3) The PA needs to address the question of the role of the customs authority with regard to issuing (stamping) EUR 1 certificates - at present the Chambers of Commerce in the West Bank and Gaza are the only body recognised by the EC as competent to issue (stamp) EUR 1 certificates (para 4.1), but upon ratification of the Interim Trade Agreement the customs authority will assume that responsibility (Article 16 of the Protocol) (para 4.2).

Recommended action

In view of the current status of the Customs Administration in Palestine and the fact that the Chambers of Commerce have some experience in issuing EUR 1 certificates, Allan Waight makes the following recommendations:-

- 1) The PA might like to consider the introduction in due course of a system of dual Chamber/Customs involvement in this process in order to ensure minimal disruption to the flow of exports (paras 4.4-4.7).

2) In the meantime, the PA may wish to consider the negotiation of a temporary derogation from the provision of Article 16 of Protocol No 3 to allow for certificates issued by the Chambers to be accepted by the EC (para 4.8).

3) In the near future, the PA may wish to embark on a programme of specialised training of customs officials (paras 4.9-4.10).

With the start of a new trading arrangement there is bound to be a paucity of information available to commercial operators. Mr Waight makes two suggestions with regard to alleviating the problem of dissemination of knowledge (paras 5.1-5.2).

Follow up action

At paragraph 6.2 the report identifies a need for the Palestinian Authority, when negotiating new agreements with certain neighbouring countries, to ensure that those agreements contain rules of origin that are identical to those contained in EC agreements.

Apart from its work relating to Palestine's trade relations with the European Communities, the **Economic Policy Programme** has moved on to cover other economic and trade issues. Following a successful workshop last December on *Palestine's future trade relations with Israel* the programme is preparing for a third workshop to be held in May on *Palestine's future trade relations with Jordan, Egypt and the wider Arab world*. Building on the format of previous workshops, a number of senior trade economists have been invited to the West Bank to meet Palestinian officials and private-sector representatives.

The programme would like to thank all those at the Ministry of Economy and Trade who assisted in arranging Allan Waight's mission. Special thanks go to those officials who accompanied Mr Waight to the seminars and to the Chambers of Commerce for providing seminar facilities.

*Valerie Yorke
Programme Coordinator
London School of Economics,
March 1997*

**TRADE AND COOPERATION BETWEEN
PALESTINE AND THE EUROPEAN COMMUNITIES**
Mission of Allan Waight (UK Customs) to the West Bank and Gaza Strip
February 23-27, 1997

Report and findings

1. Terms of reference

1.1 At the conclusion of the **Economic Policy Programme's** workshop held in December 1996 I recommended that the next phase of the programme on Trade and Cooperation between Palestine and the European Communities should concentrate on providing detailed guidance on rules of origin direct to individual sectors of industry. This mission set out to provide that guidance.

1.2 To prepare the ground for seminars with the various trade sectors I agreed to prepare a background paper on EC rules of origin (Annex I) and a series of papers outlining the principal features of the rules of origin as they impinge on each sector (Annex II). The sectors requiring guidance were identified by the Ministry of Economy and Trade as:-

- * Textiles and garments
- * Shoes and leather goods
- * Processed food
- * Furniture

Papers were written for each of these sectors and forwarded via the Programme Coordinator to the Ministry of Economy and Trade in time for their circulation to interested parties.

1.3 The programme of seminars (Annex III) was drawn up by the Ministry of Economy and Trade in conjunction with the Chambers of Commerce in Ramallah, Hebron, Bethlehem, Nablus and Gaza.

2. Meeting with Ministry of Economy and Trade

2.1 Prior to the first seminar I met officials of the Ministry of Economy and Trade, in particular Mr Samir Huleileh, Assistant Under Secretary, to outline the structure of the programme and to discuss any particular objectives of the Palestinian side. Mr Huleileh, who was leaving the Ministry that day for another post, expressed the view that it was important for the private sector to get to grips with rules of origin and he was anxious that I encouraged active participation from the trade representatives. It had always been my intention to do so.

3. The seminars

3.1 Each seminar was designed to provide the trade representatives with an outline of the essential features of the rules of origin as they applied to their particular industry,

with special reference to the opportunities provided by the provisions for the cumulation of origin. It was perhaps fortunate that during the week of the seminars the EC and the PLO signed an Interim Association Agreement on Trade and Cooperation. This helped to create a positive atmosphere in which the relevance of the very technical rules of origin could be appreciated.

3.2 The first seminar at Ramallah, for the food industry, had to be abandoned. Industry representatives were unable to reach the venue due to the very bad weather (many roads were blocked by flood water following 48 hours of continuous heavy rain). The event was rescheduled for the final day of the mission, the Food Association offering their offices in Ramallah as a venue.

3.3 The attendance at the seminars (particularly at Nablus) was disappointing (for a list of attendees see Annex IV). However the lack of numbers was compensated, to some extent, by the attendance of people whom I perceived to be influential in their field.

3.4 Many of the attendees had little experience of exporting to the EC and therefore little knowledge of rules of origin. The discussions generated some lively debate which I felt demonstrated an appreciation of the role that rules of origin can play in developing export opportunities.

3.5 The **textile industry** is clearly one sector that is ideally placed to expand into the export market. Two people who will play a major part in that expansion are Mr Hani Murad of the Vocational Educational Centre and Mr Hasan S. Abdel-Jabbar of Palestine Garments Co Ltd. Both showed great enthusiasm for the opportunities presented by the new trade agreement with the Community and will present those opportunities in a positive way to the rest of the industry. In the case of Mr Abdel-Jabbar this has already been demonstrated by his work with the Nablus factory of Abaco, which now makes jeans for the United Kingdom company, Marks and Spencer plc (see para 3.10).

3.6 A common concern among the representatives of the **food industry** was the fact that several products, which could easily be produced for export to the EC, were not included in the agreement. Tomato puree, preserved olives and orange juice were among the products to which reference was made. A manufacturer of ice cream in Gaza expressed an interest in joint ventures with EC companies.

Visits to factories

3.7 The seminars were supplemented by visits to several factories.

3.8 At *Hebron* we were invited by Mr Sudqi Abdo, the manager of Pama Industrial Commercial Co, to visit his **shoe** factory. We saw the production of a wide range of shoes, all from raw materials, some of which are obtained from Italy. The production clearly meets the origin rules, without the need to apply the cumulation provisions, and the shoes would qualify for tariff preference on entry to the European Community.

3.9 At *Bethlehem* we visited the **textile** factory, Saleh Shweiki Fashion, which makes knitted garments - baby clothes, vests, underwear etc - for an Israeli agent. The operation is CMT (cut, make and trim) and the garments are labelled 'Made in Israel'. The manager, Mr Saleh Shweiki, seemed reluctant to develop other trade links (ie direct trade with the EC) for fear of losing the steady business with Israel.

3.10 At *Nablus* we visited the **furniture** manufacturer, the Dajani Company (Hussein Abdul Azziz & Sons) and the **textile** garment manufacturers, Abaco (Al-Akkad & Partners).

The Dajani Company manufactures a wide range of metal office furniture for the home market. Certain components are imported from the EC (eg castors from Italy and veneered table tops from Portugal). All stages of manufacture take place at the Nablus factory. The products clearly satisfy the rules of origin for export to the EC under tariff preference. Much of the machinery was old as were the methods of production. Mr Azziz said that modern machinery would enable him to manufacture to the higher standard required in Europe. Although he had the capital to invest in such machinery he was reluctant to commit it until the political situation was more stable and he could be assured that his goods could move freely.

The Abaco factory is a very modern factory with its own on site power plant. It produces a wide range of denim garments and has recently secured a contract to produce jeans for Marks and Spencer plc of the UK. The jeans are manufactured from fabric originating in the EC (Italy), a good example of bilateral cumulation in operation. The jeans carry the M&S label indicating 'Made in the West Bank & Gaza'. The production, planning and quality control methods used at Abaco were designed with the assistance of the consultancy services of Palestine Garments Co. Ltd.

4. The competent authority for the issue of EUR 1 certificates

4.1 At Gaza Mr Khaled K. Khatib, manager of the Chamber of Commerce, sought clarification of the authority approved by the European Community to issue (stamp) EUR 1 certificates. He advised me that the Ministry of Agriculture were of the opinion that they were the proper authority. Issuing EUR 1 certificates provides the Chamber of Commerce with a certain amount of income which they would be reluctant to lose. I was able to advise Mr Khatib that the only body recognised by the EC as competent to issue (stamp) EUR 1 certificates in the West Bank & Gaza was the Chamber of Commerce. On my return to the UK, I sent Mr Khatib extracts from the official stamp manual of the EC which shows the stamps of the various Chambers in the West Bank and Gaza. These are the only stamps that are recognised by EC customs officers as valid.

4.2 On return to the UK I also obtained a copy of the new Interim Association Agreement between the EC and the PLO. Examination of the origin protocol (Protocol No 3) shows that the authority responsible for issuing EUR 1 certificates is to be the customs authority (Article 16 of the protocol). This is a standard feature of all EC preferential trading agreements. The Community attaches great importance to

it being the customs authority because generally speaking only a customs authority has the power to visit a trader's premises and inspect his books and records and generally check his production to be certain that the goods he exports under an EUR 1 certificate satisfy the rules of origin. This checking is essential when requests are received from the EC for post-exportation verifications (Articles 30 and 31 of Protocol No 3).

4.3 The Agreement will enter into force once each side has notified the other that it has been approved in accordance with its own procedures (Article 75 of the Agreement). The PA will need to address the question of the role of the customs authority before it indicates to the Community that the Agreement has been ratified.

The future role of the Chambers of Commerce

4.4 It does not need to follow that because Customs take over the issuing (stamping) of the EUR 1 certificates there is no longer a role for the Chambers of Commerce. In a number of countries the Chambers of Commerce check all certificates before they are presented to Customs for stamping. For this service the Chambers charge the exporter a fee but in return the exporter should be able to feel confident that his declaration (that his goods have met the rules of origin) has been examined by experts and that their involvement in the process provides him with an assurance that he has correctly interpreted the rules of origin.

4.5 This system of dual Chamber/Customs involvement in the process of issuing the EUR 1 certificate works particularly well in the Netherlands with the result that the Dutch can guarantee with a very high degree of certainty the accuracy of EUR 1 certificates for exports from Holland. I understand that Mr Khatib of the Gaza Chamber of Commerce has visited the Netherlands and has seen the system operated by the Dutch Chambers of Commerce.

4.6 Given the current status of the Customs Administration in WB&G and the fact that the Chambers of Commerce have some experience in issuing EUR 1 certificates, I would **recommend** that the PA considers adopting the Dutch model.

4.7 In addition to utilising the knowledge of the Chambers of Commerce, a system designed along Dutch lines would help Customs carry out their functions more efficiently and with minimal disruption to the flow of exports. Paragraph 7 of Article 16 to Protocol No 3 envisages that the EUR 1 is issued by Customs and made available to the exporter at exportation. It is therefore to be issued at the point of exportation. Any queries an officer might wish to raise about the EUR 1 at exportation could be difficult to resolve without delaying the exportation or delaying the transmission of the EUR 1 to the customer in the EC. But the Chambers of Commerce, being located throughout WB&G, are well placed to sort out problems before the EUR 1 is presented for issue (stamping). Customs should find fewer cases to query and fewer shipments and/or documents would have to be delayed.

4.8 It may be that the PA will soon be ready to say to the EC that it has ratified the Agreement but that its Customs authority is not yet ready to take on the duties of issuing EUR 1 certificates. In that event I would **recommend** that the PA negotiate a temporary derogation from the provisions of Article 16 of Protocol No 3 to allow for certificates issued (stamped) by the Chambers of Commerce to be accepted by the EC.

4.9 In any event the PA will wish to begin a programme leading to the establishment of customs officials at points of exportation from WB&G who are competent to issue (stamp) EUR 1 certificates. That programme should include the training of customs officials competent in rules of origin who would be able to carry out post exportation checks, including checks at the premises of the exporter/manufacturer, to verify that the exported goods satisfied the rules of origin for preferential tariff access to the Community market.

4.10 To enable customs officials to carry out the obligation to verify EUR 1 certificates when requested to do so by the customs administrations of the EC, the PA will wish to ensure that suitable legislation is in place to empower customs officials with the authority to conduct any enquiries that are necessary.

5. The need for information

5.1 The seminar at Gaza was attended by officials from the Euro Info Correspondence Center, PO Box 23, Gaza. I understand that this organisation also has offices in the West Bank. It is perhaps inevitable that at the beginning of any new trading arrangement there is a paucity of information available to commercial operators. This problem could perhaps be alleviated to a degree by using the offices of the Euro Info Correspondence Center as a conduit. The PA and the ECTAO may wish to consider what part this organisation might usefully play in the dissemination of information about the trade agreement between the EC and WB&G.

5.2 Once it is ratified by the EC and the PA, the new interim trade agreement will be published in the Official Journal of the European Communities in the languages of the EC and in Arabic. It will be important for the PA to obtain sufficient copies of the Official Journal for their needs. The ECTAO may be in a position to assist in this matter.

6. Forward look

6.1 The new Interim Association Agreement on Trade between the EC and the PLO, which provides for bilateral cumulation of origin between the two parties, is only the beginning. The EC is currently reviewing its trade arrangements with all the countries of the Mediterranean region to develop new agreements which will encourage not only more trade with the EC but improve the opportunities for an expansion of trade between the countries of the region themselves. The new agreements that will emerge from this policy review by the EC, which will include a revision of the recently signed agreement with the PLO, will provide for diagonal cumulation of origin (see Annex 1 for an explanation of this concept).

6.2 An important pre-requisite for the introduction of the EC's diagonal cumulation provisions between countries of any regional group is that the countries of the group apply, in trade between themselves, rules of origin that are identical to the rules of origin that each of them applies in its preferential trade with the EC. To enable the advantages of diagonal cumulation to be enjoyed as soon as it becomes available, the PA will wish to take this into consideration when establishing new trade agreements with the following countries - Egypt, Jordan, Israel, Syria, Lebanon, Morocco, Algeria and Tunisia.

7. Acknowledgement

7.1 I would like to express my thanks to all those who assisted me in the conduct of this mission. Particular thanks go to the officials from the Ministry of Economy and Trade who accompanied me to each of the seminars and who provided both a transport and interpretation service. I wish to thank also the Chambers of Commerce for making their facilities available for the seminars.

Allan Waight
UK Customs
March 1997

Allan Waight

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ANNEX I

Background Briefs

1. An overview of the EU rules of origin

The European Community grants preferential tariff treatment (often nil rates of duty) to goods which meet certain rules of origin. The main elements of these rules of origin are set out below:-

The origin criteria

The origin criteria contains two basic elements. The first identifies those goods which meet the rules of origin by virtue of having been **wholly obtained**. This is a simple concept of origin to understand. It covers such things as fresh produce eg fruit and vegetables grown and harvested in the country of exportation, or mineral products mined there. Note, however, that the concept of wholly obtained does not necessarily mean the total exclusion of any imported element. For example the rule says 'vegetable products harvested there'. That does not preclude the use of imported seed.

The second element deals with all products which cannot meet the rule of wholly obtained. In other words, it identifies how a product made from 'non-originating' materials or parts (often, but not necessarily always, imported materials or parts) can nevertheless become an originating product. The EC legislation describes this element in terms of non-originating materials or parts undergoing **sufficient working or processing**.

The sufficient processing requirement is divided into three basic elements. The first says that non-originating materials or parts are considered to have been sufficiently worked or processed if the end product (known in the legislation as the 'product obtained') is classified in a four figure tariff heading which is different from the heading of any of the non-originating materials or parts used. (This is often referred to as the Change of Tariff Rule.)

Unfortunately, relatively few goods are allowed to satisfy the rules of origin by application of a simple change of tariff heading. For the rest, therefore, the origin protocol contains an Annex which lists, on a product-by-product basis, specific rules that have to be met. These rules fall into two broad categories, **processing** requirements and **value** requirements.

A processing requirement says how the product should be manufactured to acquire origin. For example the rule for a shirt of heading 6205 requires the manufacture from the yarn stage. Some rules say what process does **not** confer origin. For example the

rule for footwear of Chapter 64 allows manufacture from materials of any tariff heading except for assemblies of uppers affixed to inner soles or to other sole components of heading 6406. This means that if a shoe manufacturer in the West Bank and Gaza (WBG) imported (say from Taiwan) all the materials already cut and formed into assemblies of uppers affixed to inner soles for final assembly then the finished shoe would not be regarded as an originating product for the purposes of obtaining tariff relief on entry to the Community.

A value requirement says what percentage of the value of the finished product can be made up on non-originating materials or parts. For example a motor car engine of heading 8407 will qualify if the value of the non-originating materials or parts used does not exceed 40% of the ex-works price of the finished engine. This rule introduces two new concepts - 'value' and 'ex-works price'.

'Value of materials' here means the customs value at the time of importation, or if this is not known, the first ascertainable price paid for the materials.

'Ex-works price' on the other hand is a concept unique to rules of origin. It is defined as the price paid to the manufacture. It is intended to be a factory gate price, not fob or cif. But often 'the price paid to the manufacturer' is not a factory gate price. The ex-works price is therefore very rarely the same as the commercial invoice price. The ex-works price is the bench mark against which percentage value rules are judged.

A rule, which sets out to determine what constitutes sufficient working or processing, invites the question what is **insufficient working or processing?** Each origin protocol therefore contains an article which lists a number of minor processes which are regarded as insufficient to confer origin eg making-up of sets of articles, washing, painting, sorting, placing in bottles, fixing marks or labels and simple assembly.

The insufficient or minor processes enter into the origin equation when applying the cumulation rules.

Cumulation

There are three types of cumulation. All the Community's preferential rules of origin now include a provision allowing **bilateral** cumulation. This allows goods of Community origin to be processed in a partner or beneficiary country as if they were goods originating in that partner or beneficiary country, on condition that the processing goes beyond minimal (insufficient). Where the preference is reciprocal, eg the proposed Agreement between the EC and WBG, the provision operates in exactly the same way in reverse.

The cumulation provisions, therefore, encourage the use of materials and parts originating in the EC or partner country rather than materials and parts of, say, Japanese or US origin. For example, WBG does not produce poly/cotton fabric but wishes to manufacture poly/cotton shirts for export to the EC. The origin rule for such shirts requires production from non-originating materials that are at no later stage of manufacture than yarn. If WBG imports fabric from the USA its shirts will

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not satisfy that rule. That would not be the case if EC originating fabric were used. The EC fabric would be treated as originating in WBG (the making-up of a shirt from fabric being more than a minimal process) and the shirts would qualify for entry into the EC at a nil rate of customs duty (in 1997 a saving of 12%).

The second type of cumulation is known as **diagonal** cumulation. Diagonal cumulation operates within a preference group eg the group proposed by the EU comprising certain Mediterranean countries (including WBG). Here materials or parts originating in one or more countries within the group may be further processed (provided it is more than minimal) in another country within the group as if the materials or parts were of the origin of the country in which they are processed. For example, shoes assembled in Palestine from components originating in Israel and the EC. The commercial benefits of using cumulation can also be clearly demonstrated using the textile industry. Trousers made-up in Palestine from fabric imported from the Far East would be subject to 12% import duty on entry into the EU. But the same trousers made from fabric of Egyptian (Israeli etc) origin would attract a zero rate of duty.

All diagonal cumulation provisions contain a provision for determining the origin of the end product. In the case of the provisions governing the proposed Agreements between the EC and each of the Mediterranean Countries, the rule envisages that the product will take the origin of the country of final processing if the value added there exceeds the value of the materials originating in any one of the other countries of the regional group. If this is not so, then the origin is attached to whichever country supplies the originating materials or parts representing the highest value.

Full cumulation provides additionally for the working or processing carried out in one country to be carried forward to another and be counted as if it were carried out in the country of production of the final product. It applies in the most advanced agreements (eg the EEA). Taking again the example of the poly/cotton shirt where the rule requires manufacture from yarn. This time the shirt is made up in Norway from fabric supplied from the EC. Under bilateral cumulation rules that fabric would have to be EC - originating fabric (the rules require manufacture from the pre-yarn stage) if the shirt made in Norway is to qualify as an originating product. However, under full cumulation the fabric produced in the EC can be produced from non-originating yarn and the processing from yarn to fabric (not in itself a process conferring origin) can be counted as if it took place in Norway. Thus the shirt will have been manufactured from the yarn stage and qualify as an originating product.

In agreements containing full cumulation provisions, the allocation of origin - when goods are produced from materials or parts coming from two or more countries within the group - is simple. The product obtained is deemed to have originated in the country of final processing, provided that is more than minimal.

Allan Waight
January 1997

ANNEX II

Papers outlining for each trade sector the principal features of the rules of origin, circulated in advance to seminar attendees.

EXPORTING PROCESSED FOODSTUFFS TO THE EUROPEAN COMMUNITY - An introduction to the changes being proposed by the EC to its rules of origin

The paper will be discussed in more detail at a workshop to be arranged shortly. Allan Waight, an origin expert with HM Customs & Excise in the United Kingdom, will attend the workshop and be available to answer questions industry representatives have about these new developments.

Introduction

The European Community grants preferential tariff treatment to goods originating in the West Bank and Gaza (WB&G), Israel, Jordan, Egypt, Syria and Lebanon under bilateral agreements with each country. Each is a single separate agreement and food processors wishing to take advantage of the tariff preferences offered have little flexibility when it comes to choosing where to buy their ingredients.

The EC is proposing to enter into new agreements with each of these countries that will make it possible for firms wishing to export goods to the Community to purchase ingredients not only from the Community but from countries within this group.

Food processors wishing to take advantage of this new facility will need to have regard to certain rules of origin which this paper will explain. The benefits can be considerable. For example the normal customs duty charge of 11.7% payable on imports of certain sugar confectionery and biscuits is waived for products meeting the origin requirements for preferential trade. (Note: The agricultural levy remains payable)

The proposed rules on the use of materials originating in specified countries (a feature of the rules of origin known as '**cumulation**') is a form of relaxation of the normal rules of origin which apply. To understand how cumulation works it is first necessary to understand those normal rules.

The normal rules of origin for processed food products

These vary according to the product and will be discussed as necessary at the workshop. But an important rule for the food industry is the 'wholly obtained' rule. If only local produce is used (the rule refers to products 'grown and harvested there' ie in WB&G) then any product made from such ingredients will satisfy the rules of origin for preferential tariff treatment on entry to the EC. The use of imported packaging materials will not alter the originating status.

But not all products can be made from local produce. The origin rules therefore say how products may be obtained from non-originating materials (usually but not necessarily imported ingredients) and still qualify as 'originating' in WB&G. By way of illustration the rules for sugar confectionery and biscuits are set out below.

Sugar confectionery is classified in tariff heading 1704 and the rule is stated in the following terms:-

Manufacture in which:

- | | | |
|--|---|--|
| classified within a heading other than that of the | - | all the materials used are product; |
| of Chapter 17 used does not exceed price of the product. | - | the value of any materials 30% of the ex-works |

(Note: 'materials' here and in the rule for biscuits below means non-originating ingredients, raw materials or produce)

This means that you cannot import an ingredient that is already classified as sugar confectionery (ie another product of heading 1704) and if any sugar, molasses etc is imported its value must not be greater than 30% of the value of the finished confectionery.

Biscuits are classified in heading 1905. The rule is stated in the following terms:-

Manufacture from materials of any heading except those of Chapter 11

Chapter 11 covers products of the milling industry, so the rule prevents the use of imported flour.

The impact of cumulation on the normal rules of origin

Cumulation may be described as the commercially beneficial adding together of products originating in two or more partner countries.

(The following is given by way of illustrating the rule and is not intended to reflect an actual or potential trading practice)

For example, a biscuit manufacturer may wish to import flour. Under the origin rules in force at present in preferential trade between the EC and WB&G, if the flour is imported from the EC and it is EC originating flour (ie it has been produced from EC grown and harvested cereals) then the biscuits will qualify for preferential tariff access to the EC market. This is achieved by an application of the cumulation provisions. Under these provisions the biscuit manufacturer in WB&G can count the EC flour as originating in WB&G and it is not necessary to apply the normal rule.

Once the proposed agreements are established between the EC and each of the Mediterranean countries listed above, flour originating in any of those countries may be used as if it were of WB&G origin. The biscuits made from such flour will then be entitled to enter the EC at the preferential rate of duty.

The need to hold evidence that bought-in materials have originating status for the purposes of the cumulation provisions.

Simply acquiring materials from the EC or from a country within the cumulation group will not, in itself, be sufficient to justify an application of the cumulation provisions. A manufacturer acquiring flour from, say, Israel, will need to obtain from his supplier documentary evidence that the flour has been produced in conformity with the EC rules of origin. The normal form of evidence will be the certificate EUR1 which will be stamped by the customs in the exporting country. Certain exporters who export originating products on a regular basis may be approved by customs to issue their own proof of origin. They do this in the form of a declaration on their commercial invoice.

The trade relationship between Israel and Palestine

The rules of origin attached to the trade agreements being proposed by the European Community will have an impact on this relationship where the goods produced are to be exported to the EC.

It is important to understand that for the purposes of the application of the EC's cumulation of origin rules, Israel and WB&G are treated as separate entities.

At present the Community is proposing that where a product is made in two countries (eg flour in Israel and biscuits in WB&G) the finished product will be regarded as originating in the country where the final processing takes place provided the value added there exceeds the value of the materials originating in the other country. Using the biscuits example this means that unless the value added in WB&G exceeds the value of the Israeli flour then the biscuits made from that flour will have Israeli origin if exported to the Community.

This allocation of origin rule will apply only when produce (eg flour) is used which originate in Israel or one of the other Mediterranean countries referred to above. If the ingredients are of EC origin then foodstuffs made from such ingredients will have WB&G origin.

If ingredients supplied from Israel are of non-EC or non-Mediterranean country origin then any foodstuffs made from them will not acquire originating status for the purpose of gaining duty free access to the EC market.

It will be seen from the above that it is important for a manufacturer to know the origin of ingredients supplied from Israel (or any of the other Mediterranean countries

referred to above) particularly when the finished product is to be exported direct to the EC.

Entry into force of these new provisions

No date has yet been fixed. The EC is still negotiating with its Mediterranean partners. But by gaining an understanding now of the proposed rules and exploring the opportunities they present, industries will be well placed to take full advantage of the new provisions as soon as they are introduced.

*UK Customs
February 1997*

EXPORTING FURNITURE (INCLUDING BASE METAL FURNITURE) TO THE EUROPEAN COMMUNITY

- An introduction to the changes being proposed by the EC to its rules of origin

The paper will be discussed in more detail at a workshop to be arranged shortly. Allan Waight, an origin expert with HM Customs & Excise in the United Kingdom, will attend the workshop and be available to answer questions industry representatives have about these new developments.

Introduction

The European Community grants preferential tariff treatment to goods originating in the West Bank and Gaza (WB&G), Israel, Jordan, Egypt, Syria and Lebanon under bilateral agreements with each country. Each is a single separate agreement and furniture manufacturers wishing to take advantage of the tariff preferences offered have little flexibility when it comes to choosing where to buy their materials.

The EC is proposing to enter into new agreements with each of these countries that will make it possible for firms wishing to export goods to the Community to purchase materials not only from the Community but from countries within this group.

Furniture manufacturers wishing to take advantage of this new facility will need to have regard to certain rules of origin which this paper will explain. The benefits, whilst not as great as for certain other products, may nevertheless mean the difference between being able to secure a contract to sell to the EC or not. For example the normal customs duty charged on imports into the EC of cane furniture is 5.6% and for wooden furniture for bedrooms and dining rooms 2.2%. The rate of duty for furniture meeting the rules of origin is nil.

The proposed rules on the use of materials originating in specified countries (a feature of the rules of origin known as ‘**cumulation**’) is a form of relaxation of the normal rules of origin which apply. To understand how cumulation works it is first necessary to understand those normal rules.

The normal rules of origin for furniture

These can be both simple and complex according to the type of furniture being manufactured. For example the rule for wooden furniture is given as follows:-

Manufacture in which all the materials used are classified in a heading other than that of the product

NB 1 Most furniture is classified for tariff purposes in heading 9401 (seats) and 9403 (other furniture);

NB 2 'materials' means non-originating raw materials, parts etc.

This means that wood, which is classified in Chapter 44, may be imported and the finished piece of furniture will still have WB&G origin.

The normal rules get a little complicated in the case of metal furniture incorporating unstuffed cotton cloth of a weight of 300 g/m² or less. For such goods the rule is stated as follows:-

Manufacture in which all the materials (ie non-originating materials) used are classified in a heading other than that of the finished product

or

Manufacture from cotton cloth, already made up in a form ready for use, of heading 9401 or 9403, provided:

- its value does not exceed 25% of the ex-works price of product;
- all other materials used are already originating and are classified in a heading other than heading 9401 or 9403.

(NB Parts of furniture are classified in the same heading as the finished article)

To illustrate how the above rule might be applied consider the manufacture of a partially upholstered swivel chair with castors.

Metal (bars, rods, tubes, sheets etc), cotton fabric and castors are all materials which are classified in headings other than 9401, the heading for the swivel seat (castors are classified in heading 8302). If all these materials are imported the chair will qualify under the first part of the rule.

EXPORTING FOOTWEAR AND LEATHER PRODUCTS TO THE

EUROPEAN COMMUNITY

- An introduction to the changes being proposed by the EC to its rules of origin

The paper will be discussed in more detail at a workshop to be arranged shortly. Allan Waight, an origin expert with HM Customs & Excise in the United Kingdom, will attend the workshop and be available to answer questions industry representatives have about these new developments.

Introduction

The European Community grants preferential tariff treatment to goods originating in the West Bank and Gaza (WB&G), Israel, Jordan, Egypt, Syria and Lebanon under bilateral agreements with each country. Each is a single separate agreement and manufacturers wishing to take advantage of the tariff preferences offered have little flexibility when it comes to choosing where to buy their materials.

The EC is proposing to enter into new agreements with each of these countries that will encourage manufacturers who wish to export goods to the Community to purchase materials not only from the Community but from countries within this group.

Manufacturers wishing to take advantage of this new facility will need to have regard to certain rules of origin which this paper will explain. The benefits can be considerable. For example the normal rate of duty payable on importation into the EC is 10.6% in the case of handbags and briefcases and as much as 18.2% for certain types of footwear. All these products, if they satisfy the EC's rules of origin, will be entitled to duty free access to the Community market.

The proposed rules on the use of materials originating in specified countries (a feature of the rules of origin known as '**cumulation**') is a form of relaxation of the normal rules of origin which apply. To understand how cumulation works it is first necessary to understand those normal rules.

The normal rules of origin for products of the footwear industry

Footwear is classified in tariff headings 6401 - 6405. The origin rule is the same for all types of footwear and is given in the following terms:-

Manufacture from materials of any heading (ie tariff heading) except for assemblies of uppers affixed to inner soles or to other sole components of heading 6406.

The origin rule for parts of footwear which are classified in heading 6406 is:-

Manufacture in which all the materials used are classified within a heading other than that of the finished product.

NB 'materials' means non-originating raw materials, parts etc.

This means that the basic materials for producing shoes (leather, rubber, plastic, fabric etc, all of which are classified in headings other than any of the headings in Chapter 64) may be imported from any country and the finished shoes will qualify as originating in WB&G. They can then be imported into the EC without payment of customs duty which would otherwise add as much as 18.2% to the cost of the shoes to an EC buyer.

However if the shoes are made from imported uppers already attached to inner soles or to other sole components then the finished shoes will not qualify for duty free access to the EC market under the normal rules of origin.

This does not prevent the importation of separate shoe components already formed to shape (uppers, soles, heels etc). The important point to remember is that the normal rules of origin do not allow upper and sole components to be imported already assembled.

The normal rules of origin for most leather products other than footwear

Most articles of leather, including travel goods, handbags and the like, are classified in Chapter 42. Leather, whether or not tanned, is classified in Chapter 41. The rule of origin for articles of leather simply requires manufacture from materials that are classified within a heading other than that of the finished product. For the most part therefore the making up of a leather product will be an origin conferring process. The origin of the leather used is not relevant to the determination of the origin of the finished product.

The impact of cumulation on the normal rules of origin

Cumulation may be described as the commercially beneficial adding together of products originating in two or more partner countries.

(The following is given by way of illustrating the rule and is not intended to reflect an actual or potential trading practice)

For example, a shoe factory in WB&G may wish to seek contracts to carry out finishing operations on assemblies of uppers already attached to inner soles for export to the EC. Under the normal rules of origin such an operation would not result in a product that could claim WB&G origin for the purpose of duty free access to the EC market.

Under the origin rule provisions in force at present between the EC and WB&G if the assemblies are imported from the EC and are assemblies which have been manufactured there according to the rules of origin for assemblies (see rule above for shoe parts) then the finished shoe will qualify for duty free access to the EC. This is achieved by an application of the cumulation provisions. Under these provisions the shoe manufacturer in WB&G can count the assemblies as originating in WB&G and it is not necessary to apply the normal rule.

Once the proposed agreements are established between the EC and each of the

Mediterranean countries listed above, assemblies originating in any of those countries may be used as if they were of WB&G origin. The shoes made from such assemblies will then be entitled to enter the EC at a nil rate of duty.

For leather goods other than footwear the proposed cumulation rules would appear to have little impact.

The need to hold evidence that bought-in materials have originating status for the purposes of the cumulation provisions.

Simply acquiring materials from the EC or from a country within the cumulation group will not, in itself, be sufficient to justify an application of the cumulation provisions. A manufacturer acquiring shoe assemblies from, say, Israel, will need to obtain from his supplier documentary evidence that the assemblies have been produced in conformity with the EC rules of origin. The normal form of evidence will be the certificate EUR1 which will be stamped by the customs in the exporting country. Certain exporters who export originating products on a regular basis may be approved by customs to issue their own proof of origin. They do this in the form of a declaration on their commercial invoice.

The trade relationship between Israel and Palestine

The rules of origin attached to the trade agreements being proposed by the European Community will have an impact on this relationship where the goods produced are to be exported to the EC.

It is important to understand that for the purposes of the application of the EC's cumulation of origin rules, Israel and WB&G are treated as separate entities.

At present the Community is proposing that where a product is made in two countries (eg assemblies of uppers and inner soles in Israel and finishing operations in WB&G) the finished product will be regarded as originating in the country where the final processing takes place provided the value added there exceeds the value of the materials originating in the other country. This means that unless the value added in WB&G exceeds the value of the Israeli assemblies then shoes made from Israeli assemblies will have Israeli origin if exported to the Community.

This allocation of origin rule will apply only when assemblies are used which originate in Israel or one of the other Mediterranean countries referred to above. If the assemblies are of EC origin then shoes made from those assemblies will have WB&G origin.

(Note: If footwear is made from imported raw materials or shoe parts (other than assemblies), then it will satisfy the normal rules of origin as originating in WB&G. No account need be taken of the value of the materials or parts used or their origins.)

If assemblies supplied from Israel are of non-EC or non-Mediterranean country origin

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(eg Taiwanese origin) then any shoes made from them will not acquire originating status for the purpose of gaining duty free access to the EC market.

It will be seen from the above that it is important for a manufacturer to know the origin of assemblies supplied from Israel (or any of the other Mediterranean countries referred to above) particularly when the shoes are to be exported direct to the EC.

Entry into force of these new provisions

No date has yet been fixed. The EC is still negotiating with its Mediterranean partners. But by gaining an understanding now of the proposed rules and exploring the opportunities they present, industries will be well placed to take full advantage of the new provisions as soon as they are introduced.

*UK Customs
February 1997*

EXPORTING TEXTILE PRODUCTS TO THE EUROPEAN COMMUNITY - An introduction to the changes being proposed by the EC to its rules of origin

The paper will be discussed in more detail at a workshop to be arranged shortly. Allan Waight, an origin expert with HM Customs & Excise in the United Kingdom, will attend the workshop and be available to answer questions industry representatives have about these new developments.

Introduction

The European Community grants preferential tariff treatment to goods originating in the West Bank and Gaza (WB&G), Israel, Jordan, Egypt, Syria and Lebanon under bilateral agreements with each country. Each is a single separate agreement and manufacturers wishing to take advantage of the tariff preferences offered have little flexibility when it comes to choosing where to buy their materials.

The EC is proposing to enter into new agreements with each of these countries that will encourage manufacturers who wish to export goods to the Community to purchase materials not only from the Community but from countries within this group.

Manufacturers wishing to take advantage of this new facility will need to have regard to certain rules of origin which this paper will explain. The benefits can be considerable. A product which meets the rules of origin will be entitled to enter the European Community at a nil rate of customs duty whereas most non-originating textile products, for example garments made from fabric purchased from the USA or South Korea, will be subject to 12% duty.

The proposed rules on the use of materials originating in specified countries (a feature of the rules of origin known as '**cumulation**') is a form of relaxation of the normal rules of origin which apply. To understand how cumulation works it is first necessary to understand those normal rules.

The normal rules of origin for textile products

These vary according to the product and are set out in detail in lists attached to the origin protocol which will be annexed to the agreements between the EC and each of the Mediterranean countries referred to above. For the majority of made-up textile goods the normal rules will be satisfied if the finished product has been obtained by two distinct processes. For example, the normal rule for a shirt or blouse made from a woven fabric requires the finished product to have been manufactured from the yarn stage in WB&G - yarn to fabric and fabric to shirt/blouse being the two distinct processes. The normal rule for a woven cotton fabric requires manufacture from cotton fibres - fibre to yarn and yarn to fabric representing the two stages of manufacture.

For printed fabrics there is a relaxation from the normal rule of manufacture from the pre-yarn stage. The process may start from the grey cloth stage where printing is accompanied by at least two preparatory or finishing operations and where the value of the unfinished fabric used does not exceed 47.5% of the ex-works price of the finished product.

For articles of apparel and clothing accessories which are knitted or crocheted the 'two stage process' rule is expressed in different ways according to the product being manufactured. For a simple product such as a knitted sock which is obtained directly to shape the two stages are fibres to yarn and yarn to sock. A more complex garment such as a T-shirt or track suit made from a fine knitted fabric which must be cut to shape and then sewn together (ie manufactured in the same way as a garment manufactured from a woven fabric) has a rule which is the same as for woven goods ie manufactured from the yarn stage. A similar rule (manufactured from the yarn stage) applies to the manufacture of sweaters.

Because embroidery is in itself a substantial process, there are different rules for certain embroidered goods, for example women's, girls' and babies' clothing and accessories, handkerchiefs, shawls, scarves and the like. Here the embroidery is counted as one of the distinct stages of manufacture and the rule allows manufacture from the fabric stage if the unembroidered woven fabric used has a value of less than 40% of the value of the finished product.

A similar 40% rule applies to fire resistant clothing and accessories made from fabric covered with foil of aluminised polyester. Here the process may start from uncoated fabric provided its value does not exceed 40% of the value of the finished product.

The impact of cumulation on the normal rules of origin

Cumulation may be described as the commercially beneficial adding together of products originating in two or more partner countries.

(The following is given by way of illustrating the rule and is not intended to reflect an actual or potential trading practice)

For example, WB&G does not have the facilities presently to manufacture the fabric required for producing the quality garments required by the EC market. If this fabric is imported from the USA or Taiwan the garments made from it will attract 12% customs duty on entry to the EC.

However, if this fabric is imported from the EC *and* it is fabric which has been manufactured there according to the rules of origin for fabric (essentially this means manufactured from the pre-yarn stage) then the garments made from it will qualify for entry into the EC at a nil rate of customs duty. This is achieved by an application of the cumulation provisions. Under these provisions the garment manufacturer can count the fabric as originating in WB&G and it is not necessary to apply the normal rule of manufacture from yarn.

Socks would qualify under the normal rules if made from yarn produced in WB&G. Alternatively imported yarn may be used if acquired from the EC provided that yarn had been manufactured there to 'originating' status. For a cotton yarn this would be achieved if produced from natural fibres not carded or combed or otherwise prepared for spinning.

Once the proposed agreements are established between the EC and each of the Mediterranean countries listed above, fabrics and yarns originating in any of those countries may be used as if they were of WB&G origin. The garments made from such fabrics and yarns will then be entitled to enter the EC at a nil rate of duty.

The need to hold evidence that bought-in materials have originating status for the purposes of the cumulation provisions.

Simply acquiring materials from a country within the cumulation group will not, in itself, be sufficient to justify an application of the cumulation provisions. A manufacturer acquiring fabric from, say Egypt, will need to obtain from his supplier documentary evidence that the fabric has been produced in conformity with the EC rules of origin. The normal form of evidence will be the certificate EUR1 which will be stamped by the customs in the exporting country. Certain exporters who export originating products on a regular basis may be approved by customs to issue their own proof of origin. They do this in the form of a declaration on their commercial invoice.

Evidence of the origin of materials obtained from local suppliers in WB&G is also necessary.

A garment manufacturer acquiring materials from a local supplier must also be aware of

the origin of those materials. A number of possibilities exist. The materials may have been imported into WB&G, in which case the garment manufacturer will want to know from which country and whether they satisfied EC rules as 'originating' in that country. If the materials were produced in WB&G the manufacturer will want to know whether they were produced there in accordance with the rules of origin.

The manufacturer will therefore require a statement from the supplier either that the materials were imported and have satisfied the EC's rules of origin (and giving the country of origin) or stating what process was carried out in WB&G to produce the materials.

For example, a manufacturer of a knitted cotton fabric may produce that fabric from imported cotton fibre. Such a fabric will satisfy the normal rules of origin and a manufacturer in WB&G making garments from such fabric will be producing garments which clearly satisfy the rules of origin.

If the fabric manufacturer imports yarn from the USA to make his fabric, that fabric will not meet the rules of origin in its own right, but a manufacturer making garments from it may count the processing from the yarn to fabric towards the final assessment of the origin of his garments. As the garments must be manufactured in WB&G from the yarn stage the garments will satisfy the normal rules of origin.

The relationship between Israel and Palestine

The textile and garment industry in WB&G is currently heavily dependent on Israel for the supply of raw materials. Much of the garment manufacture is on a CMT basis for Israeli companies.

The rules of origin attached to the trade agreements being proposed by the European Community will have a major impact on both these features of Israeli/WB&G trade relations.

It is important to understand that for the purposes of the application of the EC's cumulation of origin rules, Israel and WB&G are treated as separate entities.

At present the Community is proposing that where a product is made in two countries (eg fabric in Israel and CMT in WB&G) the finished product will be regarded as originating in the country where the final processing takes place provided the value added there exceeds the value of the materials originating in the other country. This means that unless the value added in WB&G exceeds the value of the Israeli fabric (which is unlikely) then garments made from Israeli fabric will have Israeli origin if exported to the Community.

This allocation of origin rule will apply only when materials are used which originate in one of the Mediterranean countries referred to above. If the fabric supplied by Israel is of EC origin then a garment made from that fabric will have WB&G origin.

If the fabric supplied from Israel is of non-EC or Mediterranean country origin (eg USA

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or Taiwanese origin) then any garments made from it will not acquire originating status for the purpose of export at preferential tariff rates to the EC.

It will be seen from the above that it is important for manufacturers to know the origin of fabric supplied from Israel particularly when the finished garments are to be exported direct to the EC.

Entry into force of these new provisions

No date has yet been fixed. The EC is still negotiating with its Mediterranean partners. But by gaining an understanding now of the proposed rules and exploring the opportunities they present, the textile industry in WB&G will be well placed to take full advantage of the new provisions as soon as they are introduced.

*UK Customs
February 1997*

ANNEX III

**Mission of Allan Waight (UK Customs) to the West Bank and Gaza Strip
February 23-27, 1997**

Programme of seminars

<u>Date</u>	<u>Time</u>	<u>Location</u> (Chamber of Commerce)	<u>Topic</u>
Sunday 23	1200 (workshop abandoned as bad weather prevented majority of attendees reaching Ramallah)	Ramallah	Processed food
Monday 24	0900	Hebron	Shoes and leather
	1400	Bethlehem	Garments and textiles
Tuesday 25	1000	Nablus	Metal furniture
Wednesday 26	1200	Gaza	Garments and textiles
Thursday 27	1100	Gaza	Processed food
	1600	Ramallah (at the offices of the Food Association)	Processed food

*re-arranged from Sunday February 23, 1997

ANNEX 1V

List of Participants in Seminars

Textiles and Garments

	Hassan Abu Dan Company Al-Akkad & Partners (Abaco)
	(Visited in Nablus) Vocational Educational Centre Rizik Textile Company Reem Factory for Ready
Hani Murad George Rizik Abed Al Rahman Garments Nasri Mousa Ghawaly Saleh Shweiki	Samir Textile Factory Saleh Shweiki Fashion (Factory visited in Bethlehem) Textiles Textiles Textiles Tricco Dohman Company Mahmoud Ayes Sons Domestic Textiles Company Ashour Company for Trade and Industry
Midhat Youssef Marzouk Youssif Ibrahim Oudah Abed Al-Kareem Nasar Adnan Dohman Mohamed Ayes Nafez Haboub Kamal Ashour	

Processed Food

Mazens Sinokrot Ossama Al-Hirbawi Ashref Kuri Iyad Anabtawi Hamed Aweida Antone Habash	Sinokrot Food Company Khalil Al Rahman Company Golden Sweet Company Near East Company Aweida Food Products Annasr Industrial and Trading Company Abu Ibedeh Pickles Factory Silvana Chocolates and Desserts Industries Plant Oil Company Plant Oil Company Al-Ariss Icecream Company El-Bader Food Packaging
Omar Youssef Al Hassan Sivan Sardirosian	
Hasan Zahlan Kammal Al Saleh Youssef Hassan Almaqadmah Mohamed Mahmoud Ibrahim Hamada Company Gazi Medhat Mushtaha Mohamed Elyan Wael Mohamed Al-Wadiyah	Al-Aroussa Icecream Company Alouda Company for Biscuits Al-Amir Icecream Company

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Leather and Footwear

Gebreel Moussa Al-Natshah
Abed Al-Moutti eid Al-Natshah
Ibrahim & Nazmi Sinokrot
Salam Bader
Mansour Abu Omar
Sudqi Abdo
 Hebron)
Saed Al-Zaghal
Nabil Al-Natshah
Atta Said Al-Zaatri
Aymen Al-Sagheer
Mohamed Al-Zaghal

Reem Sport Shoe Company
Shoe Company
Al-Shadi Shoe Company
Barmi Shoe Company
Tosti Shoe Company
Shoes (Visited factory in

G.R.S. Shoe Company
Napoli Shoe Company
Domestic Leather Company
Alsarej Company
Super Sita Company

Furniture

Hashem Al-Shakhsheer
Hussein Abdul Azziz & Sons

Al-Shakhsheer, Nablus
Dajani Company (factory visited
in Nablus)

Ziyad Al-Ghousen
Hanan Tah

European Information Centre
Resource Development Centre

ANNEX V

**Mission of Allan Waight (UK Customs) to the West Bank and Gaza Strip
February 23-27, 1997**

ITINERARY OF MISSION

**Sunday
February 23**

- 0300 Arrive American Colony Hotel Jerusalem
- 1000 Meeting with Samir Huleileh, Assistant Under Secretary, Min of Economy & Trade to discuss mission programme
- 1200 Chamber of Commerce, Ramallah. By 1330 it became clear that bad weather (flooded roads) was preventing traders getting to the workshop. Workshop re-organised for Thursday at 1600 hrs. Returned to Ministry of Economy & Trade.
- 1630 Returned to American Colony

**Monday
February 24**

- 0745 Leave for Hebron
- 0900 Arrive Hebron Chamber of Commerce.
- 1015 Workshop on shoes and leather goods
- 1230 Visit Paca Shoe Factory, Hebron
- 1415 Arrive Bethlehem Chamber of Commerce.
Workshop on textiles and garments
- 1545 Visit Saleh Shweiki Fashion factory, Bethlehem
- 1730 Arrive back at American Colony

**Tuesday
February 25**

- 0830 Leave American Colony for Ram
- 0915 Leave Ministry of Economy & Trade for Nablus

- 1030 Arrive Nablus Chamber of Commerce - poor turnout of traders, conducted brief workshop.
- 1200 Visit office furniture showroom in centre of Nablus then the Dajani Company factory of Hussein Abdul Azziz & Sons
- 1330 Visit to Abaco textile factory, Al-Akkad & Partners, Nablus (makers of jeans for Marks & Spencer)
- 1430 Lunch (host Hasan S. Abdel-Jabbar Production Planning Engineer of Palestine Garments).
- 1730 Arrive back at American Colony

**Wednesday
February 26**

- 0830 Leave American Colony
- 1015 Arrive Erez check point - transit but fail to meet contact on Gaza side. Take taxi to Gaza.
- 1130 Arrive Chamber of Commerce
- 1200 Workshop on textile industry
- 1500 Lunch with Ministry of Economy & Trade officials
- 1630 Tour of Gaza Strip, incl refugee camp, courtesy of Ministry of Economy and Trade.

**Thursday
February 27**

- 1100 Workshop at Chamber of Commerce (Processed food industry).
- 1315 Depart Gaza
- 1600 Arrive Offices of Ramallah Food Association for workshop on processed foodstuffs
- 1830 Social evening with Ministry of Economy officials
- 2330 Depart American Colony for Ben Gurion.