



## **Economic Policy Programme**

Initiative of the European Union

### **Principal features of EU rules of origin**

**Processed foodstuffs**

**Textiles and garments**

**Footwear and leather products**

**Furniture**

Allan Waight

HM Customs and Excise

**Background Brief 3**

**February 1997**

## **Background Brief**

### **PRINCIPLE FEATURES OF EU RULES OF ORIGIN**

**Processed foodstuffs**  
**Textile and garments**  
**Footwear and leather products**  
**Furniture**

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February 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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**Allan Waight**

Mr Allan Waight, a British national, joined Her Majesty's Customs and Excise in 1959. Since 1989 he has been responsible for implementing E legislation in the UK in relation to customs aspects of all the Community's preferential trading arrangements. Having both policy and operational duties he has gained experience in handling appeals which challenge the official interpretation of the law governing the granting of preferential status. Since 1990 he has attended, as the UK Customs delegate, meetings in Brussels of the E Customs Code Committee - Origin Sector, the legislative committee responsible for drafting Community legislation covering origin aspects of preferential trade.

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**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:

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

(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**

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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 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

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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*

**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 (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.

**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/m<sup>2</sup> 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 the 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.

However if the furniture manufacturer has no facilities for manufacturing the upholstered seat or back support he may wish to obtain these already made-up. Such items would be classified as parts in heading 9401. If these are non-originating items (eg imported) the first part of the rule cannot be met. He must now consider whether his product meets the alternative rule. Here the value of the bought-in seats and back supports is critical. It must represent no more than 25% of the value of the finished

