Assessment of Change of Tariff Heading (CTH) Rule for HS Heading 2710

1. Purpose

The purpose of the Change of Tariff Heading (CTH) rule is to ensure that non-originating materials undergo sufficient processing or transformation before a product obtains preferential origin under the EU–UK Trade and Cooperation Agreement (TCA).

The CTH rule prevents preferential origin from being granted where a product is merely assembled or blended from non-originating materials without a substantial change in tariff classification.

The relevant legal framework is:

- EU–UK Trade and Cooperation Agreement (TCA), Chapter 2 – Rules of Origin;
- Annex ORIG-1 – Definitions;
- Annex ORIG-2 – Product-Specific Rules of Origin.

2. Assessment principle

The CTH assessment is performed only on **non-originating materials**.

Originating materials are excluded from the CTH assessment because they already have preferential origin status.

The assessment logic is:

```
                 Identify all input materials
                              │
                              ▼
              Determine origin status of each input
                              │
            ┌─────────────────┴─────────────────┐
            ▼                                   ▼
   Originating materials             Non-originating materials
            │                                   │
            │                                   ▼
            │                         Apply CTH assessment
            │                                   │
            │                 ┌─────────────────┴─────────────────┐
            │                 ▼                                   ▼
            │       Different HS heading                Same HS heading
            │       than final product                  as final product
            │                 │                                   │
            ▼                 ▼                                   ▼
   Not subject to CTH      CTH fulfilled               Further assessment
                                                       under applicable
                                                       tolerance/value rule
```

3. Practical example – Blended product classified under HS heading 2710

Final product

Product	HS heading
Blended petroleum product	2710

The production process uses ten input components.

Input material assessment

Component	HS heading	Origin status	Evidence	CTH assessment
Component 1	2707	Non-originating	No preferential origin evidence	CTH fulfilled (2707 → 2710)
Component 2	2707	Non-originating	No preferential origin evidence	CTH fulfilled (2707 → 2710)
Component 3	2707	Non-originating	No preferential origin evidence	CTH fulfilled (2707 → 2710)
Component 4	2710	EU originating	Supplier declaration	Excluded from CTH test
Component 5	2710	EU originating	Supplier declaration	Excluded from CTH test
Component 6	2710	EU originating	Supplier declaration	Excluded from CTH test
Component 7	2710	EU originating	Supplier declaration	Excluded from CTH test
Component 8	2710	EU originating	Supplier declaration	Excluded from CTH test
Component 9	2710	UK originating	Statement on Origin	Treated as originating material under EU–UK bilateral cumulation
Component 10	2710	Non-originating	No preferential origin evidence	Assess under applicable tolerance/value rule

4. Key interpretation points

4.1 Non-originating materials from another HS heading

Example:

Input material:
HS 2707

Final product:
HS 2710

Result:
2707 ≠ 2710

→ CTH requirement fulfilled

The material does not prevent the final product from obtaining preferential origin.

4.2 Originating materials with the same HS heading as the final product

Example:

Input material:
HS 2710

Origin:
UK

Evidence:
Valid Statement on Origin

Result:

Material is originating under EU–UK TCA

→ CTH assessment not required

The fact that the material has the same HS heading as the final product is irrelevant because the CTH rule applies only to non-originating materials.

4.3 Non-originating materials with the same HS heading as the final product

Example:

Input material:
HS 2710

Origin:
Non-originating

Result:
Same heading as final product

→ Additional assessment required

The material must be assessed against any specific tolerance or maximum value rule included in the applicable product-specific rule.

5. Decision tree for HS heading 2710

```
START
  │
  ▼
Is the input material originating?
  │
 ┌┴┐
 │ │
YES NO
 │   │
 │   ▼
 │ Is HS heading different from final product?
 │         │
 │        ┌┴┐
 │        │ │
 │       YES NO
 │        │   │
 ▼        ▼   ▼
Use as  CTH  Apply specific
origin- fulfilled  tolerance/
ating          value rule
material
```

6. Final conclusion

For a blended product classified under HS heading 2710:

1. The CTH rule is applied only to non-originating materials.
2. Materials classified under HS heading 2707 can satisfy the CTH requirement because they undergo a change from heading 2707 to heading 2710.
3. Materials classified under HS heading 2710 do not automatically prevent preferential origin.
4. If a 2710 material has EU or UK preferential origin supported by valid documentation, it is treated as originating and is excluded from the CTH assessment.
5. Only non-originating 2710 materials require further review against the applicable tolerance/value provisions.

This approach ensures that preferential origin is granted where sufficient processing has occurred while allowing originating materials from the EU and UK to be used within the bilateral cumulation framework.

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