

General Procedure: Determination of Preferential Origin

Before making the effort to determine the Preferential origin, verify if the goods concerned attract any import duties in the country of import to begin with. The purpose of determining Preferential origin is to benefit from lower import duties, but sometimes certain goods do not attract import duties at all and the effort would be a waste of time!

Once it is confirmed, in general, the following steps are to be considered in terms of Preferential origin determination. Please note that the applicable Trade Agreement is always leading!

Step 1 - Identify Applicable Agreement

Determine whether a preferential trade agreement exists between the **exporting** and **importing** countries.

If such an agreement exists, it provides the basis for preferential tariff treatment.

Step 2 - Determine Tariff Classification

Identify the product's tariff classification at the HS 6- or 8-digit level. The tariff heading determines which **Product-Specific Rule (PSR)** applies.

Step 3 - Consult the Product-Specific Rule (PSR)

Locate the relevant PSR in the annex to the applicable agreement. Typical PSR formats include:

- **Wholly obtained** requirement;
- **Change in Tariff Heading (CTH)**;
- **Value limitation rule** (maximum % of non-originating materials);
- **Specific manufacturing process**.

Step 4 - Identify and Value Materials

- List all **originating** and **non-originating** materials used in production.
- Calculate the **ex-works price** of the final product.
- Apply the PSR to verify compliance.

Step 5 - Apply Cumulation (if permitted)

Cumulation allows originating materials or processing from another partner country to count as originating.

- **Bilateral cumulation**: between the two agreement partners.
- **Diagonal or full cumulation**: only if explicitly allowed (e.g. not in the EU-UK TCA).

Step 6 - Verify Beyond Minimal Operations

Check that the processing carried out exceeds the - minimal operations - defined in the agreement (e.g., simple packaging, mixing, or labelling do not confer origin).

Step 7 - Prepare Proof of Origin

The type of origin document depends on the agreement:

- **Statement on Origin** (self-certification); or
- **Movement Certificate (EUR.1)** where applicable.

Step 8 - Record-Keeping and Evidence

Maintain all origin-related documents for at least **3-5 years**:

- Supplier declarations;
- Cost breakdowns;
- Production records;
- Tariff classification evidence.

Step 9 - Verification by Customs

Customs authorities may request post-clearance verification. Failure to substantiate origin claims may result in retroactive duty recovery.
