

General principles

Introduction and Context

1 Meaning of Preferential Origin

Preferential origin refers to the economic nationality of a product as determined under the terms of a **preferential trade agreement (PTA)** between two or more countries. It establishes whether a product qualifies for **preferential (reduced or zero) customs duties** upon importation into a partner country.

Unlike non-preferential origin, which determines general origin for trade statistics or labelling, *preferential origin* is specifically used to access **preferential tariff treatment** under free trade agreements (FTAs), association agreements, or economic partnership agreements.

To obtain preferential origin, a product must either:

- Be **wholly obtained** in one of the partner countries; or
- Be **sufficiently worked or processed** according to the *Product-Specific Rules (PSR)* set out in the agreement.

The rules ensure that only goods genuinely produced within the parties' economies benefit from preferential tariff treatment.

2 Purpose of Preferential Origin Procedures

The purpose of establishing and verifying preferential origin is to:

- Ensure correct application of preferential duty rates;
- Prevent abuse of trade preferences through simple transshipment or minor processing;
- Guarantee fair competition between partner countries;
- Provide customs authorities with a verifiable framework for origin determination;
- Enable exporters and importers to confidently claim tariff preferences.

3 Legal Basis

For the European Union, preferential origin is governed by:

- The individual trade agreements concluded by the EU (e.g. the EU-UK TCA);
- Articles 60–64 of the **Union Customs Code (Regulation (EU) No 952/2013)**;
- Relevant implementing and delegated acts.

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