

## 4. Rules of origin

The rules of origin, including rules on “direct transport” and importation into Norway via the European Community or Switzerland, as well as provisions regarding proofs of origin, are laid down in chapter 8 of the Customs Act and chapter 8 of the Customs Regulation.

- In order to be granted preferential tariff treatment upon importation to Norway it is required that the originating status of the product can be proven upon presentation of a satisfactory proof of origin.
- The producer/exporter in the GSP-country concerned may only issue a proof of origin for a product which fulfils the rules of origin laid down in the Norwegian Customs Regulation and by this achieving status as an “originating product”.
- GSP-preferential tariff treatment may only be requested and granted for “originating products” from a GSP-country.

The following is a general listing of some of the most important elements laid down in the regulations on rules of origin:

### 4.1. Origin criteria

A product has its origin (originating status) in a GSP-country if the product is “wholly obtained” in that country or “sufficiently worked or processed” in the country concerned.

#### **“Wholly obtained” products**

The products which are considered to be “wholly obtained” in a GSP-country are defined in

§ 8-4-32 and 8-4-4 of the Customs Regulation. These products are mainly primary products from agriculture, hunting and fishing, mineral products extracted from the soil or seabed of the country concerned, products from sea fishing, etc.

### **“Sufficiently worked or processed” products**

The products considered to be “sufficiently worked or processed” in a GSP-country are defined in § 8-4-33 of the Customs Regulation.

According to this provision, a product is as a main rule considered to be sufficiently worked or processed when all the imported materials (non-originating materials) used in the production in the GSP-country concerned are classified in a HS tariff heading (4 digits) different from the tariff heading under which the product obtained (the product to be exported) is classified.

However, if the product obtained is referred to in columns 1 and 2 of the “List of working and processing operations” (product-specific rules), the specific rules laid down for the individual product in the list shall apply instead of the general rule of change in tariff classification. A product mentioned in the list of product-specific rules is considered as being sufficiently worked or processed when all the conditions laid down for the product concerned in column 3 of this list are fulfilled.

All the conditions laid down for the individual product in this list of processing operations (also referred to as “list-rules”) must therefore be fulfilled instead of the general change of heading rule. The list may for example, contain a requirement that all non-originating materials used are classified under a different HS-heading as the product obtained (change in tariff classification), and at the same time set a value limit for the non-originating materials concerned (for example 40% ad valorem), or specific production criteria (for example “manufacture from yarn”). The list of processing operations also has a set of “Introductory Notes”.

### **Tolerance rule**

From the main requirements regarding change in tariff classification or possible terms laid down for a product mentioned in the list of processing operations, exceptions are made for small quantities non-originating materials for which the value does not exceed 10% of the ex-works price of the product. This tolerance rule does not apply for textile products of HS-chapters 50-63. This tolerance rule is not applicable in such manner that a maximum limitation of the value of non-originating materials allowed, laid down for a product in the list of product-specific rules, is exceeded.

## **4.2. Insufficient working or processing**

In § 8-4-34 of the Customs Regulation, a number of simple operations considered to be insufficient working or processing are laid down. These are often referred to as “minimal operations”. A product which has been subjected to only one or more of these insufficient processes will not – nor single nor taken together - obtain originating status even if it fulfills the change of tariff classification rule or any percentage rule laid down for the product in the List of product-specific rules. However, if the product through the fulfilment of sufficient working or processing operations achieves originating status, it doesn’t matter if the product in addition is subjected to one or more of such minimal operations.

### 4.3. Cumulation

The provisions regarding cumulation of origin allows the use in a production process in a GSP-country of materials with originating status imported from another approved country – contrary to the main requirements regarding change in tariff classification or possible “list rules” laid down for the product concerned. Where such imported materials have obtained originating status in an other approved country they may be used in the production process by the GSP-country concerned, without having to fulfil the requirements in changing tariff classification, or any requirements laid down for the finished product in the List of product-specific rules.

In the Norwegian GSP-system, the three following types of cumulation are provided for:

#### 4.3.1. Regional cumulation

Already from 1 July 1978, Norway included in the GSP-scheme the possibility of cumulation of origin between developing countries forming regional economic groups. The arrangement for regional cumulation of origin, which is set out in § 8-4-35 of the Customs Regulation, makes it possible for a GSP-country to cumulate with originating materials from another country within the same regional economic group. It's a precondition for the use of regional cumulation that the trade in such materials between the countries concerned is governed by rules of origin identical to those laid down in the Norwegian GSP-system. Furthermore, it's a requirement that GSP-countries wishing to benefit from such regional cumulation have been authorised by Norwegian authorities in advance.

With reference to § 8-4-35 of the Customs Regulation, regional cumulation is implemented for the following group:

the Asean-group (as of 1 October 1982)		
Member countries: (status as of March 2000)	Brunei	Malaysia
	Phillipines	Singapore
	Indonesia	Thailand
	The Democratic Peoples Republic of Laos	The Socialist Republic of Vietnam

#### 4.3.2. Bilateral cumulation

§ 8-4-31 No. 2 of the Customs Regulation allows the bilateral cumulation of origin in a GSP-country with materials originating in Norway. This arrangement is also referred to as “donor country content”.

This type of cumulation makes it possible to use, without restrictions, Norwegian originating materials in the production process in a GSP-country, in the same manner as other materials from the GSP-country itself, when the finished product is exported to Norway. Thus, originating materials from Norway are transformed into originating products of the GSP-country of exportation.

This means, in practical terms, that materials used in the production in a GSP-country and having “originating status” from the GSP-country concerned or from Norway, can be used without restrictions as regards to production criteria that may apply for the finished product, cf. the Customs Regulation § 8-4-33 or any specific requirements laid down for the product in the List of product-specific rules.

When exporting Norwegian materials to a GSP-country for cumulation purposes (bilateral or diagonal cumulation) the originating status must be documented by the presentation of a Movement Certificate EUR 1 or an invoice declaration issued by the Norwegian exporter in question, cf. the following mentioned under item 6 (Documentation of originating status – Proofs of origin).

#### **4.3.3. Diagonal cumulation (with the European Community and Switzerland)**

The Customs Regulation § 8-4-31 No.2 also includes a rule that allows “diagonal cumulation” in a formalised cooperation between Norway and the European Union and Switzerland. This regulation entered into force 1 April 2001 following a decision by the Ministry of Finance. In December 2000 Norway, the European Community and Switzerland made the necessary agreements to align the conditions between the parties. All commodities classified under the customs tariff (HS nomenclature) chapters 1 – 24 are excluded from this cumulation arrangement. Thus, its not possible to cumulate with materials from chapter 1 – 24 originating in Norway, the European Community or Switzerland.

The arrangement implies that through production and cumulation in a GSP-country, products (input materials) originating in Norway, the European Community or Switzerland according to the GSP-rules, can be incorporated in goods produced in that country, as well as other materials from this country, when the final product is exported to either Norway, the European Community or Switzerland. This means, that materials used in the production in a GSP-country and having ”originating status” from the GSP-country concerned or Norway, the European Community or Switzerland, may be used without restrictions with regard to the production criteria applicable for the finished product, cf. the Customs Regulation § 8-4-33 or any specific requirements laid down for the product in the List of product-specific rules. The final product can be exported as a GSP- originating product to either Norway, the European Community or Switzerland.

#### **4.4.4. Qualifying units**

When considering the originating status of a product, each product unit must be assessed individually. The qualifying unit of a product is determined according to the existing classification rules of the HS-nomenclature. For a shipment of goods, the rules of origin requirements must be fulfilled for each individual product. It is not allowed to consider the whole shipment as a single unit, except in cases where the HS nomenclature classifies a group, set or assembly of products as one unit under a single tariff heading.

Packing materials, which are included with the product for classification purposes, shall be included (as in the case with other materials and parts) when determining the originating status of a product, cf. the Customs Regulation § 8-4-36.

Accessories, spare parts and tools, constituting standard equipment dispatched with the product and included in the price, shall form an integral part of the product concerned (main product,) cf. the Customs Regulation § 8-4-37.

Sets, as defined in the General Interpretative Rules of the HS-nomenclature, are considered to be originating in a GSP-country if all the components of the set are originating products; alternatively, a set is also considered as originating in a GSP-country if the value of all non-originating materials (components) used does not exceed 15% of the ex-works price of the set, cf. the Customs Regulation § 8-4-37.

“Neutral elements”, such as energy, fuel, machinery and tools, used during the production, or materials/ingredients which are not entering or incorporated in the final product and which are not intended to be incorporated/included in that product, shall not be taken into consideration when assessing the originating status of a product, cf. the Customs Regulation § 8-4-37.