

**ANNEX 3-B**  
**EXEMPTION FROM THE PRINCIPLE OF TERRITORIALITY**

*Treatment of Operations and Processes Performed outside the Territories of the Parties*

1. In determining the originating status of a good included in the list contained in paragraph 9 of this Annex, operations and processes performed in the Gaeseong Industrial Complex located in North Korea, on materials exported there from Korea and subsequently re-imported to Korea, shall be considered to have been performed in the territory of Korea, provided that the total value of non-originating input<sup>7</sup> does not exceed 40 percent of the FOB price of the final good for which originating status is claimed.

*Origin Conferring*

2. Chapter 3 (Rules of Origin and Origin Procedures) shall apply, *mutatis mutandis*, to the originating status of a good included in this Annex. Accordingly, a good shall be treated as non-originating if it does not satisfy all applicable requirements set out in Articles 3.1 through 3.15 and Annex 3-A (Product Specific Rules of Origin).

*Origin Procedures*

3. An exporter or producer who claims that a good qualifies as originating on the basis of paragraphs 1 and 2 shall make such a reference in the certificate of origin.

4. Each Party shall assist the competent authority of the importing Party to conduct verification on the goods included in this Annex, in accordance with relevant provisions of Section B (Origin Procedures).

*Review*

5. When a Party requests an amendment or modification to the list of the goods included in this Annex, the other Party shall give sympathetic consideration to such a request and provide opportunities for consultations. The other Party may request information as it considers necessary for such consideration. If the Parties agree to amend or modify the list of the goods, they may take a joint decision at the Joint Commission to amend the list.

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<sup>7</sup> For purposes of Annex 3-B, **total value of non-originating input** means the value of any non-originating materials added within the territories of the Parties as well as any materials added and all other costs accumulated outside the territories of the Parties, including transport costs. Non-originating materials which have already acquired originating status in a Party shall not be considered to be non-originating input.

6. Upon request of a Party, the Parties shall review the implementation of this Annex. Either Party may request information as it considers necessary for such review. Taking into account the result of the review, the Parties may take a joint decision at the Joint Commission to amend or modify this Annex.

*Suspension of the Application of this Annex*

7. When a Party considers that an originating good included in this Annex is being imported under preferential tariff treatment into its territory in such increased quantities and under such conditions as to cause, or threaten to cause, serious injury to its domestic industry, the Party may suspend the application of this Annex to the good for a period of time as it considers necessary to prevent or remedy such injury or threat thereof to the domestic industry of the Party.

8. A Party that intends to suspend the application of this Annex in accordance with paragraph 7 shall notify the other Party two months in advance and afford the other Party an opportunity to exchange views with it in respect of the proposed suspension.

*List of Goods*

9. The following shall be the list of goods covered by this Annex.

*List of Goods*

No	HS 6	Description
1	500400	Silk yarn (other than yarn spun from silk waste) not put up for retail sale
2	550130	Acrylic or modacrylic
3	551522	Mixed mainly or solely with wool or fine animal hair
4	621600	Gloves, mittens and mitts
5	ex650500	Hats and other headgear, knitted or crocheted, or made up from lace, felt or other textile fabric, in the piece (but not in strips), whether or not lined or trimmed
6	650700	Head-bands, lining, covers, hat foundations, hat frames, peaks and chinstraps, for headgear
7	660199	Other
8	700991	Unframed
9	701590	Other
10	711311	Of silver, whether or not plated or clad with other precious metal

No	HS 6	Description
11	711719	Other
12	731815	Other screws and bolts, whether or not with their nuts or washers
13	731819	Other
14	732393	Of stainless steel
15	732599	Other
16	820551	Household tools
17	820590	Sets of articles of two or more of the foregoing subheadings
18	821300	Scissors, tailors' shears and similar shears, and blades therefor
19	830590	Other, including parts
20	842952	Machinery with a 360° revolving superstructure
21	844313	Other offset printing machinery
22	844319	Other
23	844399	Other
24	844519	Other
25	844530	Textile doubling or twisting machines
26	844790	Other
27	844839	Other
28	845190	Parts
29	845210	Sewing machines of the household type
30	845229	Other
31	ex845290	Other parts of sewing machines
32	845430	Casting machines
33	845899	Other
34	845969	Other
35	846039	Other
36	846299	Other
37	846820	Other gas-operated machinery and apparatus

No	HS 6	Description
38	846880	Other machinery and apparatus
39	847130	Portable automatic data processing machines, weighing not more than 10 kg, consisting of at least a central processing unit, a keyboard and a display
40	847141	Comprising in the same housing at least a central processing unit and an input and output unit, whether or not combined
41	847510	Machines for assembling electric or electronic lamps, tubes or valves or flashbulbs, in glass envelopes
42	847710	Injection-moulding machines
43	848079	Other
44	850110	Motors of an output not exceeding 37.5 W
45	850133	of an output exceeding 75 kW but not exceeding 375 kW
46	850300	Parts suitable for use solely or principally with the machines of heading 85.01 or 85.02
47	850440	Static converters
48	851511	Soldering irons and guns
49	851529	Other
50	851770	Parts
51	851890	Parts
52	852190	Other
53	852290	Other
54	852329	Other
55	852849	Other
56	852859	Other
57	852869	Other
58	852990	Other
59	853120	Indicator panels incorporating liquid crystal devices (LCD) or light emitting diodes(LED)
60	853190	Parts
61	853340	Other variable resistors, including rheostats and potentiometers
62	853400	Printed circuits

No	HS 6	Description
63	853670	Connectors for optical fibres, optical fibre bundles or cables
64	853890	Other
65	853931	Fluorescent, hot cathode
66	853939	Other
67	853990	Parts
68	854091	Of cathode-ray tubes
69	854390	Parts
70	854470	Optical fibre cables
71	854890	Other
72	880400	Parachutes (including dirigible parachutes and paragliders) and rotochutes; parts thereof and accessories thereto
73	900190	Other
74	900211	For cameras, projectors or photographic enlargers or reducers
75	900490	Other
76	901390	Parts and accessories
77	901819	Other
78	902000	Other breathing appliances and gas masks, excluding protective masks having neither mechanical parts nor replaceable filters
79	902221	For medical, surgical, dental or veterinary uses
80	902830	Electricity meters
81	903031	Multimeters without a recording device
82	903032	Multimeters with a recording device
83	903180	Other instruments, appliances and machines
84	910211	With mechanical display only
85	911120	Cases of base metal, whether or not gold-or silver-plated
86	911320	Of base metal, whether or not gold-or silver-plated
87	940130	Swivel seats with variable height adjustment
88	940169	Other

No	HS 6	Description
89	940210	Dentists', barbers' or similar chairs and parts thereof
90	940290	Other
91	940310	Metal furniture of a kind used in offices
92	940320	Other metal furniture
93	940490	Other
94	940510	Chandeliers and other electric ceiling or wall lighting fittings, excluding those of a kind used for lighting public open spaces or thoroughfares
95	940591	Of glass
96	940592	Of plastics
97	940599	Other
98	960820	Felt tipped and other porous-tipped pens and markers
99	960910	Pencils and crayons, with leads encased in a rigid sheath
100	960990	Other