

**ANNEX II
RULES OF ORIGIN**

**SECTION I
GENERAL PROVISIONS**

**ARTICLE 1
Scope of Application**

This Annex applies only to the List of Products of the Republic of China (Taiwan) in Annex I of this Agreement.

**ARTICLE 2
Definitions**

For the purposes of this Annex:

- (a) “manufacture” means working or processing, including assembling;
- (b) “material” means any ingredient, raw material, component or part used in the manufacture of a product;
- (c) “value” means the customs value determined in accordance with the Agreement of the WTO Customs Valuation at the time of importation of the non-originating materials used, or, if this is not known and cannot be ascertained, the first ascertainable price paid for the materials in a Party;
- (d) “heading” means a heading (four-digit code) of the Harmonized Commodity Description and Coding System.

**SECTION II
CONCEPT OF “ORIGINATING PRODUCTS”**

**ARTICLE 3
General Requirements**

A product shall be considered as originating in a Party if:

- (a) it has been wholly obtained in a Party, in accordance with Article 5 of this Annex;
- (b) the non-originating materials used in the working or processing have undergone sufficient working or processing in a Party, in accordance with Article 6 of this Annex; or
- (c) it has been produced in a Party exclusively from materials originating in one or both Parties in accordance with Article 4 of this Annex.

**ARTICLE 4
Bilateral Accumulation of Origin**

Notwithstanding Article 3, originating materials and products from a Party, used in working or processing of a good in other Party, shall be considered as originating in the other Party, provided that they have undergone sufficient working or processing in one of the Parties, within the meaning of this Annex.

ARTICLE 5
Wholly Obtained Products

The following products shall be considered as wholly obtained in a Party:

- (a) minerals and other naturally occurring substances extracted or taken from its soil, waters, seabed or beneath the seabed there;
- (b) plant and plant products grown and harvested there;
- (c) live animals born and raised there;
- (d) products from live animals, raised there;
- (e) products from slaughtered animals born and raised there;
- (f) products obtained by hunting, trapping, fishing or aquaculture conducted there;
- (g) products obtained there by using cell cultures;²
- (h) waste and scrap resulting from manufacturing operations conducted there fit only for the recovery of raw materials and not for their original purpose;
- (i) used products collected there fit only for the recovery of raw materials and not for their original purpose; or
- (j) products obtained or produced in a Party solely from products referred to in subparagraphs a) to i) or from their derivatives.

ARTICLE 6
Sufficient Working or Processing

Products which are not wholly obtained are considered to be sufficiently worked or processed when the conditions set out below are fulfilled:

- (a) goods have undergone working or processing in a Party and the CIF value of materials (raw materials, semi-finished or finished products) originating from countries other than either one of the Parties, and goods of unknown origin used in the production does not exceed 50% of the FOB value of goods exporting from a Party; or
- (b) these goods are manufactured from materials or products of any heading, except that of the good.

ARTICLE 7
Insufficient Working or Processing Operations

The following operations do not meet the sufficient processing criteria:

- (a) preserving operations to ensure that the products remain in good condition during transport and storage;

² For the purpose of this Annex, "cell culture" means the cultivation of human, animal or plant cells under controlled conditions (such as defined temperatures, growth medium, gas mixture, pH) outside a living organism.

- (b) changes of packaging and breaking-up and assembly of packages;
- (c) washing, cleaning, the removal of dust, oxide, oil, paint or other coverings;
- (d) ironing or pressing of textiles;
- (e) simple painting and polishing operations;
- (f) husking, partial or total bleaching, polishing, and glazing of cereals and rice;
- (g) operations to colour or flavour sugar or form sugar lumps; partial or total milling of crystal sugar;
- (h) peeling, stoning and shelling, of fruits, nuts and vegetables;
- (i) sharpening, simple grinding, separating or simple cutting;
- (j) sifting, screening, sorting, classifying, grading, matching; (including the making-up of sets of articles);
- (k) simple placing in bottles, cans, flasks, bags, cases, boxes, fixing on cards or boards and all other simple packaging operations;
- (l) affixing or printing marks, labels, logos and other similar signs on products or their packaging;
- (m) simple mixing of products, whether or not of different kinds; mixing of sugar with any material;
- (n) simple assembly of non-originating parts to constitute a complete product or disassembly of products into parts;
- (o) simple addition of water or dilution or dehydration or denaturation of products;
- (p) a combination of two or more operations specified in subparagraphs (a) to (o);
- (q) slaughter of animals.

ARTICLE 8 **Treatment of Packing Materials and Containers**

Packing materials and containers exclusively used for transportation and shipment of a good shall not be taken into account in determining the origin of any good.

Packing materials and containers in which a good is packaged for retail sale, when classified together with that good, shall not be taken into account in determining whether all of the non-originating materials used in the production of the good have met the applicable change in tariff classification requirements for the good.

If a good is subject to a regional value content requirement, the value of the packing materials and containers in which the good is packaged for retail sale shall be taken into account as originating or non-originating materials, as the case may be, in calculating the regional value content of the good.

ARTICLE 9

Accessories, Spare Parts, Tools and Instructional or Information Material

Accessories, spare parts, tools and instructional or other information materials presented with the good shall be considered part of that good and shall be disregarded in determining whether all the non-originating materials used in the production of the originating good have undergone the applicable change in tariff classification, provided these are classified with and not invoiced separately from the good.

The value of the accessories, spare parts, tools and instructional or other information materials presented with the good shall be taken into account as originating or non-originating materials, as the case may be, in calculating the regional value content of the good.

This Article applies only where the accessories, spare parts, tools and instructional or other information materials are presented with the good are not invoiced separately from the originating good; and the quantities and value of the accessories, spare parts, tools and instructional or other information materials presented with the good are customary for that good.

ARTICLE 10

Direct Consignment and Direct Purchase

Preferential tariff treatment shall be granted for goods originating from the exporting Party provided that such goods are purchased directly in that country and transported directly to the common customs territory of the importing Party.

Originating goods shall be considered as purchased directly if the importer has acquired them from a person duly registered as a business entity in exporting Party.

Originating goods shall be considered as direct consignment if they are transported through the territories of other countries due to geographic, transport-related, technical or economic reasons, provided that such goods remain under customs control, including during their temporary storage in the territories of transit countries.

Direct consignment shall apply to goods purchased by the importer at exhibitions or fairs in a non-Party, provided that:

- (a) goods are transported from a Party to the non-Party where the exhibition or fair is being held and remained under customs control during the event;
- (b) goods are not used from the moment of their transportation to the exhibition or fair for any purpose other than demonstration.

ARTICLE 11

Proof of Origin

Products originating in a Party shall, on importation into the other Party, benefit from this Agreement upon submission of a Certificate of Origin issued by authorized bodies designated by each Party.

The certificate shall be valid for the granting of tariff preferences for 12 months from its date of issuance.

The certificate shall be submitted to the customs authorities in a hard copy in English language.

In case of loss of the certificate, an officially certified duplicate shall be issued.

The certificate is not required in order to confirm the origin of small consignments where the customs value does not exceed the amount of 5,000 US dollars or the equivalent amount. In this case, the exporter can declare the country of origin in commercial or other shipping documents.

In case of reasonable doubt about the authenticity of declared information the customs authority may require to provide the certificate of origin.

The Implementing Arrangement on Rules of Origin Operational Procedures, including the template and its instructions for a Certificate of Origin and declaration of origin, shall be implemented after the agreement to be reached through the Customs Authorities of both Parties.

ARTICLE 12 **Administrative Cooperation**

The Customs Authority in a Party shall receive from the other Party the names, addresses and specimen impressions of stamps of each authorised body designated to issue certificates.

Where the customs authorities or other authorised bodies of the importing Party have a reasonable doubt about the authenticity of a certificate and information contained herein or the compliance of the goods, covered by the certificate, with the origin criteria, they may send a verification request for additional or more detailed information to the authorized bodies of the exporting Party.

A certificate may be regarded as invalid if:

- (a) the customs authority receives no reply within a maximum of six (6) months after the date of a verification request from the authorized bodies of the exporting Party;
- (b) the authorized body of the exporting Party has confirmed that the certificate had not been issued (i.e. forged) or had been issued on the basis of invalid documents and/or false information;
- (c) according to the research by customs authority of the importing Party and (or) on the basis of information received by the requests made to the authorized bodies of the exporting Party, revealed that the certificate has been issued with violations of the requirements of these Rules.

Goods shall not be considered as originating in the exporting Party until duly completed certificate and other requested information are submitted.

Tariff preferences for such goods are provided only after receiving a satisfactory response of the authorized bodies of the exporting Party.