

ANNEX 4-C - PRODUCT SPECIFIC RULES

HEADNOTE

General Notes

1. For the purpose of interpreting the Product Specific Rules set forth in this Annex:

CC means that all non-originating materials used in the production of the good have undergone a change in tariff classification at the 2-digit level;

chapter means the first two digits of the tariff classification number under the HS Code;

CTH means that all non-originating materials used in the production of the good have undergone a change in tariff classification at the 4-digit level;

CTSH means that all non-originating materials used in the production of the good have undergone a change in tariff classification at the 6-digit level;

heading means the first four digits of the tariff classification number under the HS Code;

QVC(XX) means that the good must have a regional value content of not less than XX per cent as calculated in accordance with Article 4.5 (Calculation of Qualifying Value Content) of Chapter 4 (Rules of Origin); and

sub-heading means the first six digits of the tariff classification number under the HS Code.

2. The Product Specific Rule or specific set of rules that shall apply to a particular sub-heading is set out immediately adjacent to the sub-heading.

3. Where a tariff sub-heading is subject to alternative Product Specific Rules, it shall be sufficient to comply with one of the Product Specific Rules.

4. A requirement of a change in tariff classification shall apply only to non-originating materials.

5. Where the change in tariff classification rule expressly excludes a change from other tariff classifications, the exclusion shall apply only to non-originating materials.

6. This Annex is based on the HS Code as updated on January 1, 2017.

7. “(1)” denotes that, to be considered as “built from a completely knocked down electric vehicle kit”, each of the following processes or stages must occur in-country;

(a) welding, riveting etc. of all panels to form body in white;

(b) painting; and

(c) trim, chassis, and final assembly stages (including fitting of engine, transmission, electric battery, wheels) to final rollout,

Note: for the purposes of this paragraph:

Body in white refers to the stage in automobile manufacturing in which a car body's components have been joined together, using one or a combination of different techniques: welding, riveting, clinching, bonding, laser brazing etc. Body in White is termed before painting and before the engine, chassis sub-assemblies, or trim (glass, door locks/handles, seats, upholstery, electronics, etc.) have been assembled in the frame structure;

Painting means that the painting of complete body is done, and the painted body is sent for final assembly;

Trim assembly refers to the inclusion of all of the components used in trim assembly, including as glass, fabric and plastic panels;

Chassis assembly is where the components that operate the vehicle are installed, including the axles and engine; and

Final assembly is the final assembly area where the vehicle has the wheels, fuel, alignment and testing completed prior to shipping.

8. For greater certainty, the quantities and value of any accessories, spare parts or tools presented and classified with a good and delivered with the good at the time of importation shall be customary for the good in accordance with Article 4.10 (Accessories, Spare Parts, Tools and Instructional or Other Information Materials) of Chapter 4 (Rules of Origin).

Chapter Specific Origin Rules

9 For the purposes of Chapter 15 of the HS Code, if a claim for origin is based on refining, the refining process (chemical or physical) entails removing the odour, taste, colour and acidity of a crude or partially refined fat or oil.

10. Notwithstanding the applicable product specific rules of origin, any good of Chapters 27 to 40 of the HS Code that is the product of a chemical reaction shall be considered to be an originating good if the chemical reaction occurred in the territory of a Party.

11. For the purposes of Chapters 27 to 40 of the HS Code the term “chemical reaction” means a process, including a biochemical process, which results in a molecule with a new structure by breaking intramolecular bonds and by forming new intramolecular bonds, or by altering the spatial arrangement of atoms in a molecule, but does not include:

- (a) dissolving in water or other solvents;
- (b) the elimination of solvents including solvent water; or
- (c) the addition or elimination of water of crystallisation.

Purification Origin Rule

12. Notwithstanding the applicable product specific rules of origin, for the purposes of Chapters 28 to 35 and 38 of the HS Code, purification is considered to be origin conferring if it occurred in the territory of a Party, provided that one of the following criteria is satisfied:

- (a) purification of a good results in the elimination of not less than 80 per cent of the content of existing impurities; or
- (b) the reduction or elimination of impurities results in a good suitable for one or more of the following applications:
 - (i) pharmaceutical, medicinal, cosmetic, veterinary, or food grade substances;
 - (ii) chemical products and reagents for analytical, diagnostic or laboratory uses;

- (iii) elements and components for use in micro-elements;
- (iv) specialised optical uses;
- (v) non-toxic uses for health and safety;
- (vi) biotechnical use;
- (vii) carriers used in a separation process; or
- (viii) nuclear grade uses.

Mixtures and Blends Origin Rule

13. Notwithstanding the applicable product specific rules of origin, for the purposes of Chapters 30 and 31 of the HS Code, and Headings 3302, 3506, 3507, 3707 and Sub Heading 3502.20, the deliberate and proportionally controlled mixing or blending (including dispersing) of materials to conform to predetermined specifications, which results in the production of a good having physical or chemical characteristics which are relevant to the purposes or uses of the good and are different from the input materials, is considered to be origin conferring if it occurred in the territory of a Party.

Change in Particle Size Origin Rule

14. Notwithstanding the applicable product specific rules of origin, for the purposes of Chapters 30, 31, 33 and 39 of the HS Code, the deliberate and controlled modification in particle size of a good, other than by crushing or pressing, resulting in a good having a defined particle size, defined particle size distribution or defined surface area which is relevant to the purposes of the resulting good and having different physical or chemical characteristics from the input materials, is considered to be origin conferring if it occurred in the territory of a Party.

Standards Materials Origin Rule

15. Notwithstanding the applicable product specific rules of origin, for the purposes of Chapters 28 to 32, 35 and 38 of the HS Code, the production of standards materials is considered to be origin conferring if it occurred in the territory of a Party. For the purposes of this rule, "standards materials" (including standard solutions) are preparations suitable for analytical, calibrating or referencing uses

having precise degrees of purity or proportions which are certified by the manufacturer.

Isomer Separation Origin Rule

16. Notwithstanding the applicable product specific rules of origin, for the purposes of Chapters 28 to 32 and 35 of the HS Code, the isolation or separation of isomers from mixtures of isomers is considered to be origin conferring if it occurred in the territory of a Party.

Distillation Rule

17. Notwithstanding the applicable product specific rules of origin, for the purposes of heading 2710 of the HS Code, the following processes confer origin if the process occurred in the territory of a Party:

(a) Atmospheric distillation - a separation process in which petroleum oils are converted, in a distillation tower, into fractions according to boiling point and the vapour then condensed into different liquefied fractions. Goods produced from petroleum distillation may include liquefied petroleum gas, naphtha, gasoline, kerosene, diesel/heating oil, light gas oils, and lubricating oil; or

(b) Vacuum distillation - distillation at a pressure below atmospheric but not so low that it would be classed as molecular distillation. Vacuum distillation is useful for distilling high-boiling and heat-sensitive materials such as heavy distillates in petroleum oils to produce light to heavy vacuum gas oils and residuum. In some refineries, gas oils may be further processed into lubricating oils.