



## THE EU-JAPAN EPA PREFERENTIAL ORIGIN OF GOODS

### General Tolerances

This presentation has been prepared with the sole purpose of simplifying the understanding of some parts of the EU-Japan EPA and bears no legal standing.



EU-Japan Centre  
for Industrial Cooperation  
日欧産業協力センター



EU-JAPAN EPA  
HELPDESK  
[www.eu-japan.eu/epa-helpdesk](http://www.eu-japan.eu/epa-helpdesk)

Under the  
supervision of

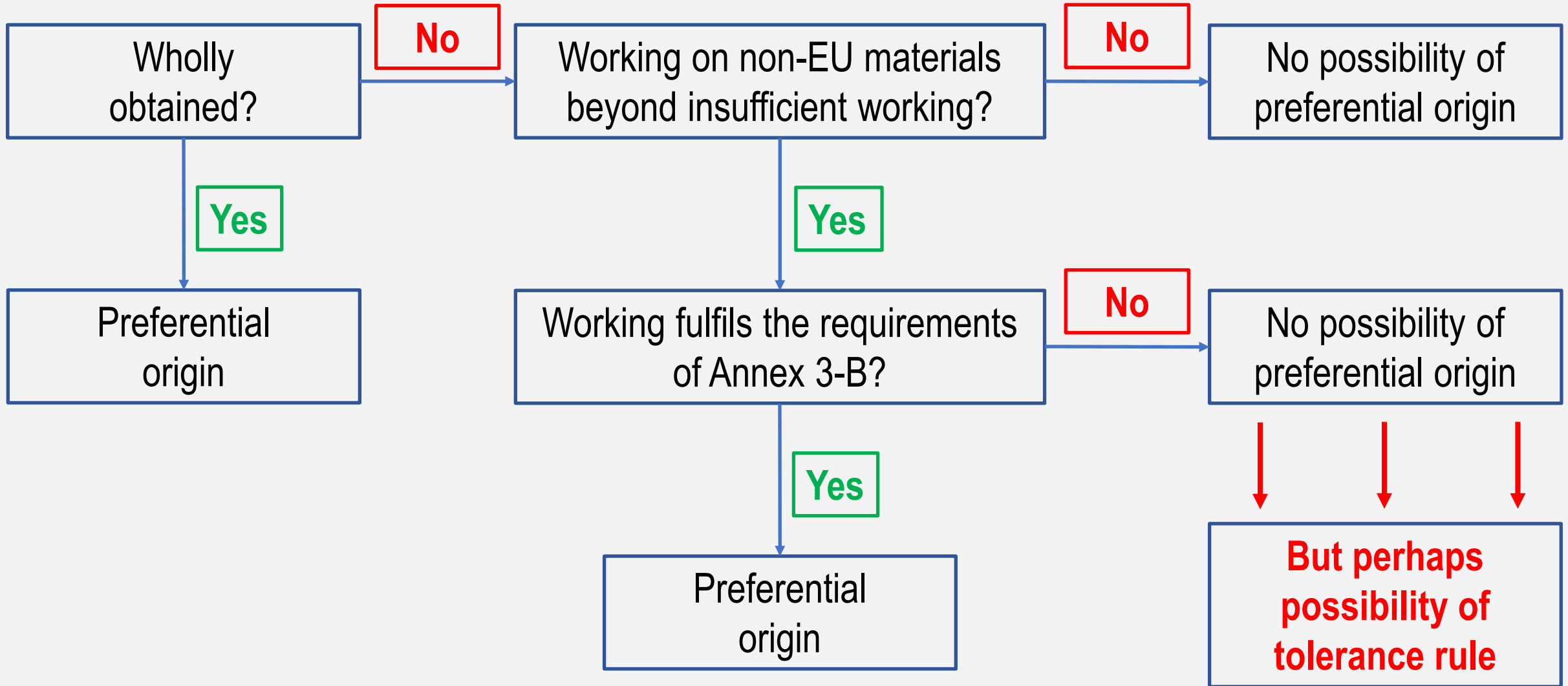




# Table of contents

1. Check of preferential origin
2. General tolerances – Legal basis
3. General tolerances – Main requirements + Examples
4. General tolerances for wholly obtained products
5. Particularity

# 1. Preferential origin ?????



## 2. General tolerances – Legal basis

Agreement

between the European Union and Japan for an Economic Partnership

OJ – L330 – 27.12.2018

CHAPTER 3

RULES OF ORIGIN AND ORIGIN PROCEDURES

ARTICLE 3.6

**Tolerances**

**Requirements  
to be fulfilled**

## 2. General tolerances – Legal basis

### ARTICLE 3.6

1. If a non-originating material used in the production of a product does not satisfy the requirements set out in Annex 3-B, the product shall be considered as originating in a Party, provided that:
  - (a) for a product classified under Chapters 1 to 49 or Chapters 64 to 97 of the Harmonized System <sup>(1)</sup>, the value of all those non-originating materials does not exceed 10 per cent of the ex-works or free on board price of the product;
  - (b) for a product classified under Chapters 50 to 63 of the Harmonized System, tolerances apply as stipulated in Notes 6 to 8 of Annex 3-A.
2. Paragraph 1 does not apply if the value of non-originating materials used in the production of a product exceeds any of the percentages for the maximum value of non-originating materials as specified in the requirements set out in Annex 3-B.
3. Paragraph 1 does not apply to products wholly obtained in a Party within the meaning of Article 3.3. If Annex 3-B requires that the materials used in the production of a product are wholly obtained, paragraphs 1 and 2 apply.

## 3. General tolerances – Main requirements

3.1 The General Tolerances apply only to chapters 1 to 49 and 64 to 97 of the Harmonised System.

Textiles are excluded (chapters 50 to 63).

Specific tolerances for textiles in Notes 6 to 8 of Annex 3-A.

### 3. General tolerances – Main requirements

- 3.2 If non-originating materials used do not satisfy the requirements set out in Annex 3-B, these materials are nevertheless allowed to be used and the finished product shall be considered as originating in a Party, provided that:
- a. the value of all those non-originating materials does not exceed 10% of the ex-works or FOB price of the product;
  - b. the value of the non-originating materials used does not exceed any of the percentages for the maximum value of non-originating materials already specified in the rules set out in Annex 3-B.

### 3. General tolerances – Main requirements

#### Example 1 (3.2.a)

Manufacture of vacuum cleaners - 8508

Product specific rules of origin - 8503 → 8518

- Change in tariff heading; or
- Maximum NOM → 50% of EXW price; or
- Minimal RVC → 55% of FOB price

**My Choice → CTH**

85.03-85.18	CTH; MaxNOM 50 % (EXW); or RVC 55 % (FOB).
-------------	--



### 3. General tolerances – Main requirements

#### Example 1 (3.2.a)

Spare parts		Finished product
EU	Non-EU	
	Spare parts # from 8508 Value: 49,00 €  <b>Spare parts → 8508</b> <b>Value: 9,00 €</b>	Vacuum cleaners 8508  Ex works price: 100,00 € FOB price: 105,00 €

### 3. General tolerances – Main requirements

#### Example 1 (3.2.a)

**Value of spare parts of heading 8508**

**≤**

**10% of the ex-works or FOB price of the product**

Thanks to the general tolerance rule,  
the vacuum cleaner can benefit from the preferential origin.

### 3. General tolerances – Main requirements

#### Example 2 (3.2.b)

It is not allowed to add the 10% general tolerance rule to a percentage already specified in the sufficient working rules !

3206.11-3206.19

CTH; however, non-originating materials of heading 32.06 may be used, provided that their total value does not exceed 20 % of the EXW or 15 % of the FOB of the product;

MaxNOM 40 % (EXW); or

RVC 65 % (FOB).

**No tolerance possible, neither with CTH rule, nor with MaxNOM rule, nor with RVC rule !**

# 3. General tolerances – Main requirements

## Conclusion

The 10% general tolerance rule can only be applied with simple:

- CC rule (Change in Chapter);
- CTH rule (Change in tariff heading);
- CTSH rule (Change in subheading).

## 4. General tolerances – Wholly obtained products

- 4.1 The general tolerance for wholly obtained products :
- a. Not allowed within the meaning of article 3.3
  - b. Allowed if requirement in sufficient working rule set out in Annex 3-B

## 4. General tolerances – Wholly obtained products

### Example 1 (4.1.a)

Export from the EU of plants or plant products, grown, cultivated, harvested, picked or gathered in the EU territory



- No tolerance is allowed
- The whole shipment has to be wholly obtained

## 4. General tolerances – Wholly obtained products

### Example 2 (4.1.b)

Production of Olive oil (1509) in the EU

15.09-15.10	Production in which all the vegetable materials used are wholly obtained.
-------------	---



**Tolerance to use vegetable materials that are not wholly obtained, provided that their value does not exceed 10% of the ex-works or FOB price of the product.**

## 5. Particularity

The general tolerance of 10 % by value may apply even when the list rule limits the use of non-originating materials by weight.

### Consequence:



The limits expressed by weight in the list rule may be exceeded by application of the general tolerance rule of 10% by value.

17.04

CTH, provided that the total weight of the non-originating materials of headings 17.01 and 17.02 used does not exceed 40 % of the weight of the product.





EU-Japan EPA  
**HELPDESK**

**Thank you for your attention!**

**Additional questions ?**

**Mail them to the EU-Japan helpdesk**

This presentation has been prepared with the sole purpose of simplifying the understanding of some parts of the EU-Japan EPA and bears no legal standing.

