



## THE EU-JAPAN EPA PREFERENTIAL ORIGIN OF GOODS

### Value rules

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  
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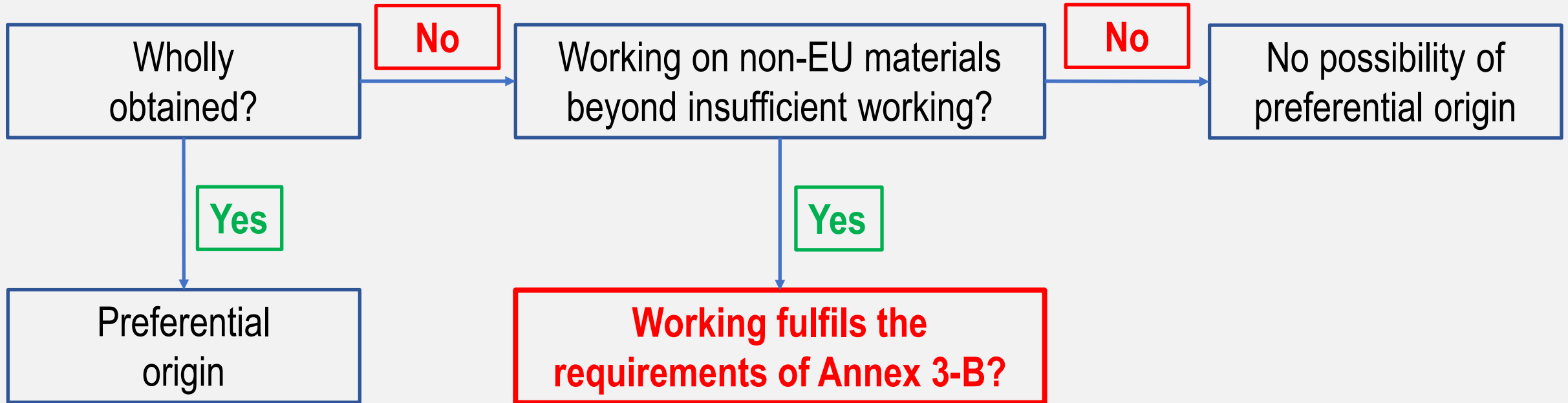




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# 1. Reminder



# 1. Reminder

The sufficient working rules are set out in column 2 of Annex 3-B

Before going to the Annex :



Check

- whether the exported goods are wholly obtained
- whether the working > an insufficient working



**List of insufficient workings  
Article 3.4**

# 1. Reminder

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

➤ **MaxNOM x% (EXW)**

➤ **RVC x% (FOB)**

← **Complex abbreviations**

## 2. Formulas

Formula to calculate the MaxNOM percentage

$$\text{MaxNOM}(\%) = \frac{\text{VNM}}{\text{EXW}} \times 100$$

Formula to calculate the RVC percentage

$$\text{RVC}(\%) = \frac{\text{FOB} - \text{VNM}}{\text{FOB}} \times 100$$

### 3. Value rules in the sufficient working rules (Annex 3-B) (1)

When value rule → Always 2 possibilities

- **MaxNOM x% (EXW)**
- **RVC x% (FOB)**

The content is **ALWAYS** a limit in value of the non-originating materials, expressed in 2 different ways:

- Either a maximal value for the NOM compared to the Ex Works price;
- Or a minimal local added value, compared to the FOB price.

## 3. Value rules in the sufficient working rules (Annex 3-B) (2)

### Different variations for the value rule :

- 3.1 - General tolerance
- 3.2 - Textile tolerance
- 3.3 - Stand-alone rule
- 3.4 - One of several possibilities
- 3.5 - Cumulation with another rule
- 3.6 - Included in a tolerance
- 3.7 – Cumulation with a specific operation



## **3.1 Value rule as the general tolerance**

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 selling 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.

## 3.2 Value rule as a textile tolerance

Products of chapters 61 through 63:

Articles of apparel and clothing, and other made-up textile articles

If, in the production of one of these articles, the non-originating materials used do not fulfil the conditions set out in column 2 of Annex 3-B, the product can nevertheless benefit from the preferential origin provided that:

1. The non-originating materials are classified in a heading different from that of the product;
2. *The value of the non-originating materials does not exceed 8% of the EXW or FOB selling price of the product.*

### 3.3 Value rule as a stand-alone rule (1)

Examples of products than can benefit from the preferential origin through a value rule (= only possibility).

6307 – Different made-up textile articles, such as dishcloths and life jackets.

63.07	MaxNOM 40 % (EXW); or RVC 65 % (FOB).
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### 3.3 Value rule as a stand-alone rule (2)

Other examples can be found in chapter 87, for vehicles and parts of vehicles (8701 to 8707), and also for bicycles (8712).

87.01 -87.07 <sup>(1)</sup>	MaxNOM 45 % (EXW); or RVC 60 % (FOB).
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87.12	MaxNOM 45 % (EXW); or RVC 60 % (FOB).
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### 3.3 Value rule as a stand-alone rule (3)

And the two last examples are two whole chapters :

- Chapter 92 (musical instruments and parts of musical instruments)
- Chapter 93 (arms and ammunition, and parts of arms)

Chapter 92	Musical instruments; parts and accessories of such articles
92.01-92.09	MaxNOM 50 % (EXW); or RVC 55 % (FOB).

Chapter 93	Arms and ammunition; parts and accessories thereof
93.01-93.07	MaxNOM 50 % (EXW); or RVC 55 % (FOB).

## 3.4 Value rule as one of several possibilities

Chapter 39	Plastics and articles thereof
39.01-39.03	CTSH; A chemical reaction is undergone; MaxNOM 50 % (EXW); <b>or</b> RVC 55 % (FOB).

**Only between the penultimate and the last rule**

Chapter 39	Plastics and articles thereof
39.01-39.03	CTSH; <b>or</b> A chemical reaction is undergone; <b>or</b> MaxNOM 50 % (EXW); <b>or</b> RVC 55 % (FOB).

## 3.5 Value rule cumulated with another rule

In 5 headings of chapter 76 (aluminium and articles of aluminium) :

The main rule is a CTH, cumulated with:

- A limited value for the non-originating materials, or
- A minimal local added value

76.02-76.06	CTH and MaxNOM 50 % (EXW); or CTH and RVC 55 % (FOB).
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## 3.6 Value rule included in a tolerance

1 main rule → CTH



Tolerance to use materials of the same heading.

Tolerance in value:

On the EXW or on the FOB selling price

70.10	
– Glass and glassware, container made of glass:	CTH; however, non-originating materials of heading 70.10 may be used, provided that their total value does not exceed 15 % of the EXW or the FOB of the product.
70.13	CTH; however, non-originating materials of heading 70.13 may be used provided that their total value does not exceed 15 % of the EXW or the FOB of the product.



## 3.7 Value rule additional to a specific operation

In heading 5810 (heading where we have different embroideries), the rule is a specific operation : embroidering, with an additional requirement.

Limited use of non originating materials of any heading, except those of 5810.

58.10

Embroidering in which the value of non-originating materials of any heading, except that of the product, used does not exceed 50 % of the EXW or 45 % of the FOB of the product.

## 4. Conclusion

To sum up all the cases with a value rule, the conclusion is that a value rule is always expressed in 2 possibilities:

- Either a maximal value for the NOM compared to the Ex Works price;
- Or a minimal local added value, compared to the FOB price.

In most cases with a different percentage.



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**Thank you for your attention!**

**Additional questions ?**

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

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