

Rules of Origin
In the CARIFORUM-EC
EPA

Introduction

Rules of origin govern the qualification of goods for benefit of the preferences available under a free trade arrangement, such as the Economic Partnership Agreement (EPA) between CARIFORUM and the EC. These arrangements can be set down in three areas:

- The production or manufacture and consignment of the goods;
- The certification of the goods as being eligible for preference; and
- The provisions for administrative co-operation including verification of origin.

This brief review of the conclusions of the negotiation of the EPA in the area of rules of origin addresses the outcome in these three areas with reference to the arrangements which obtained under the Cotonou Agreement.

Background

It is necessary to set this review against the contrasting initial positions adopted by the two Sides in the negotiations and the resolution of these differences.

CARIFORUM took the view at the outset that the provisions of Article 37 of the Cotonou Agreement, which called for a review of the rules of origin in the negotiation of the EPA, required an effort to take account of the concerns of CARIFORUM exporters, in particular in those cases where the rules of origin inhibited qualification of CARIFORUM exports for preferential access. At the same time, CARIFORUM also made it clear that the structure of the rules of origin in the Cotonou Agreement was acceptable for retention in the EPA.

The EC presented an initial proposal which called for substantial and far-reaching change in the structure and detailed requirements of the rules of origin. These changes called *inter alia* for the provision of value-added conditions across the board (in substitution for the Cotonou structure which largely utilised conditions linked to change in tariff heading of third country materials), the discontinuance of certification of origin with the substitution of registration of exporters and changes in the verification procedures.

In the end, the rules of origin in the CARIFORUM-EC EPA maintain the structure of the rules of origin in the Cotonou Agreement while providing for changes in the conditions governing production and manufacture of some goods and some adjustments in the other provisions.

One additional factor needs to be stated. The rules of origin in the EPA apply to production and trade in both directions – trade from the EC States to CARIFORUM States and vice versa. CARIFORUM adopted the position that the provision of asymmetrical rules of origin would not have any useful effect, having regard to the developed economies and the availability of materials and production facilities in the EC.

Arrangements Dealing With Production Or Manufacture And Consignment

The CARIFORUM-EC EPA provides relaxed qualifying conditions on a number of products of export interest to CARIFORUM States including biscuits and other bakery products, jams and jellies, fruit juices and other beverages, garments, knitted and non-knitted, and air conditioning units. The submissions on behalf of the producers suggest that these changes will allow for CARIFORUM production to enjoy the preferences available under the EPA.

The provisions dealing with consignment remain unchanged – goods must be consigned directly from the country of production or manufacture to the consignee in the importing State.

Certification of Goods as Eligible for Preference

The arrangements for certification of origin which were in place under the Cotonou Agreement have been maintained.

Administrative Co-Operation Including Verification of Origin

The arrangements for administrative co-operation and verification of origin remain largely unchanged.