CHAPTER 3
RULES OF ORIGIN

ARTICLE 3.1
Definitions

For the purposes of this Chapter:

"aquaculture" means the farming of aquatic organisms including fish, molluscs, crustaceans, other aquatic invertebrates, and aquatic plants, from seedstock such as eggs, fry, fingerlings and larvae, by intervention in the rearing or growth processes to enhance production, such as, regular stocking, feeding, protection from predators;

"carrier" means any vehicle for air, sea, and land transport. However, the carriage of product can be made through multimodal transport;

"CIF value" means the price actually paid or payable to the exporter for a product when the product is loaded out of the carrier, at the port of importation, including the cost of the product, insurance, and freight necessary to deliver the product to the named port of destination. The valuation shall be made in accordance with Article VII of the GATT 1994, including its notes and supplementary provision thereof; and the Customs Valuation Agreement;

"competent authority" refers to:

(a) for India, the Department of Commerce or the Central Board of Indirect Taxes and Customs (CBIC) or any other agency notified from time to time; and

(b) for UAE, to the Ministry of Economy or any other agency notified from time to time;

"Customs Administration" refers to:

(a) for India, the CBIC; and

(b) for UAE, the Federal Customs Authority;

"customs value" means the value of a product as determined in accordance with Article VII of the GATT 1994, including its notes and supplementary provisions thereof; and the Customs Valuation Agreement;

"Ex Works price" means the price paid for the product ex-works to the manufacture in the Party where the last working or processing is carried out, provided the price includes the value of all the materials used;

"Free-On-Board (FOB) value" means the price actually paid or payable to the exporter for a product when loaded onto the carrier at the named port of exportation, including the cost of the product, and all costs necessary to bring the product onto the carrier;
"generally accepted accounting principles (GAAP)" means the recognised consensus or substantial authoritative support in the territory of a Party, with respect to the recording of revenues, expenses, costs, assets, and liabilities, the disclosure of information and the preparation of financial statements. These standards may encompass broad guidelines of general application as well as detailed standards, practices and procedures;

"Harmonised System (HS)" means the Harmonised Commodity Description and Coding System, including its general rules and legal notes, set out in the Annex to the International Convention on the Harmonised Commodity Description and Coding System. However, based on the HS, the Parties could make any amendments which may be adopted and implemented by the Parties in their respective tariff schedules;

"indirect material" means a material used in the production, testing, or inspection of a product, or the operation of equipment associated with the production of a product but not physically incorporated into the product, including:

(a) fuel and energy;
(b) tools, dies and moulds;
(c) spare parts and materials used in maintenance of equipment;
(d) lubricants, greases, compounding materials used in production or used to operate equipment;
(e) gloves, glasses, footwear, clothing and safety equipment;
(f) equipment, devices, supplies used for testing or inspecting of products;
(g) catalysts and solvents; and
(h) any other material that is not incorporated into the product but for which the use in the production of the products can be reasonably demonstrated to be a part of that production;

"issuing authority" refers to the authority(ies) designated by each Party for issuance of certificate of origin. The list of issuing authorities for each Party are given in Annex 3C (Issuing Authorities of the Government of India) and Annex 3D (Issuing Authorities of the Government of the UAE);

"manufacture" refers to any kind of working or processing, or specific operations not including simple assembly;

"material" means any ingredient, raw input, component or part that is used in the production of a product and physically incorporated into it;

"non-originating material (NOM)" means any materials whose country of origin is a country other than the Parties (imported non-originating), any materials whose origin cannot be determined (undetermined origin) or a material that does not qualify as originating under this Chapter;
“originating material” means materials that qualify as originating under this Chapter;

“product” means that which is obtained by growing, raising, mining, harvesting, fishing, aquaculture, trapping, hunting, extracting or manufactured, even if it is intended for later use in another manufacturing operation;

“production” refers to growing, raising, mining, harvesting, fishing, aquaculture, trapping, hunting, manufacturing and processing;

“tariff classification” means the classification of a product according to the HS, including its General Interpretative Rules and Explanatory Notes thereof;

“territorial waters” means waters extending up to twelve (12) nautical miles from the baseline in accordance with applicable rules of international law;

“territory” means the territory as defined in Article 1.4 (Geographical Scope); and

“value of non-originating materials” means the customs value at the time of importation of the non-originating materials used, i.e., the CIF value or, if this is not known and cannot be ascertained, the first ascertainable price paid for the materials in the territory of a Party.

ARTICLE 3.2
Origin Criteria

1. For the purposes of this Agreement, a product shall be deemed as originating in a Party and shall be eligible for preferential treatment provided it:

   (a) is wholly obtained or produced in the territory of the Party as per Article 3.3 (Wholly Obtained or Produced Product); or

   (b) has undergone sufficient working or production as per the Product Specific Rules (PSR) in Annex 3B (Product Specific Rules).

2. The producer or manufacturer has the option to use either of the following two methods of computing the value addition criteria in the PSR at Annex 3B (Product Specific Rules):

   (a) \[
   \frac{(FOB \text{ value or Ex Works price}) - (Value \text{ of NOM})}{FOB \text{ value or Ex Works price}}
   \]

   The differences in value addition percentages depending on the methodology, i.e., FOB value or Ex Works price, are defined in Annex 3B (Product Specific Rules);

   or
(b)  

\[
\text{Cost of originating material} + \text{direct labour cost} + \text{direct overhead cost} \over \text{FOB value or Ex Works price}
\]

3. Notwithstanding paragraph 1 above, the final manufacture before export must have occurred in the Party of export.

ARTICLE 3.3
Wholly Obtained or Produced Product

For the purposes of this Agreement, the following products shall be considered as being wholly obtained or produced in the territory of a Party:

(a) plant and plant product grown and harvested there;
(b) live animals born and raised there;
(c) products obtained from live animals there;
(d) mineral product and natural resources extracted or taken from that Party's soil, waters, seabed or beneath the seabed;
(e) product obtained from hunting, trapping, fishing or aquaculture conducted there;
(f) product of sea fishing and other marine products taken from outside its territorial waters by a vessel and/or produced by a factory ship registered, recorded or licensed with a Party and flying its flag;
(g) product, other than products of sea fishing and other marine products, taken or extracted from the seabed or the subsoil of the continental shelf or the exclusive economic zone of any of the Parties;
(h) waste or scrap resulting from consumption or manufacturing operations conducted in the territory of that Party, fit only for disposal or recovery of raw materials; and
(i) product produced in the territory of that Party exclusively from product referred to in subparagraphs (a) through (h).

ARTICLE 3.4
De Minimis

1. Notwithstanding paragraph 1 of Article 3.2 (Origin Criteria), non-originating materials that do not meet the required change in tariff classification (CTC), if applicable in the product specific rule (PSR), shall be deemed originating if:

(a) their total value does not exceed ten percent (10%) of the FOB value or Ex Works price of the exported product; or
in the case of textiles and clothing under HS chapters 50-63, the weight of the non-originating material is less than seven percent (7%) of the total weight of the materials used in the production of the exported product or ten percent (10%) of the FOB value or Ex Works price.

2. In the case of a wholly obtained product, a de minimis value not exceeding one percent (1%) of the FOB value or Ex Works price of the exported product is allowed.

ARTICLE 3.5

Minimal or Insufficient Operations and Processes

1. Notwithstanding any provisions in this Chapter, a product shall not be considered originating in a Party by merely undergoing any of the following operations in the territory of that Party:

(a) operations to ensure the preservation of products in good condition during transport, and storage (such as drying, freezing or thawing, keeping in brine, removal of damaged parts) and other similar operations;

(b) changes of packaging and breaking up and assembly of packages;

(c) washing, cleaning, removal of dust, oxide, oil, paint or other coverings;

(d) for textiles: attaching accessory articles such as straps, bands, beads, cords, rings and eyelets; ironing or pressing of textiles;

(e) simple painting and polishing;

(f) husking, partial or total bleaching, polishing, and glazing of cereals and rice;

(g) operations to colour sugar or form sugar lumps;

(h) peeling and removal of stones and shells from fruits, nuts and vegetables;

(i) sharpening, simple grinding or simple cutting;

(j) simple operations such as removal of dust, sifting, screening, sorting, classifying, grading, matching;

(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 like distinguishing signs on products or their packaging;

(m) simple mixing of products, whether or not of different kinds;
(n) simple assembly of parts of articles to constitute a complete article or disassembly of products into parts;

(o) slaughter of animals;

(p) simple testing, calibration, inspection or certification; or

(q) any combination of two or more operations in subparagraphs (a) to (p) above.

2. For the purposes of paragraph 1 above, "simple" describes an activity which needs neither special skills nor machines, apparatus or equipment especially produced or installed to carry out the activity.

**ARTICLE 3.6**

**Non-Qualifying Operations**

Each Party shall provide that a product shall not be considered to be an originating product merely by reason of:

(a) mere dilution with water or another substance that does not materially alter the characteristics of the product; or

(b) a production or pricing practice in respect of which it may be demonstrated, on the basis of a preponderance of evidence, that the object was to circumvent the provisions of this Chapter.

**ARTICLE 3.7**

**Bilateral Cumulation**

1. Originating products from the territory of a Party that are used in the production of a product in the territory of the other Party as materials for finished products shall be considered as materials originating in the territory of the other Party where the manufacture of the finished product has taken place.

2. Notwithstanding paragraph 1 above, the last production process should be beyond the minimal or insufficient operations as described in Article 3.5 (Minimal or Insufficient Operations and Processes).

**ARTICLE 3.8**

**Packages, Packing Materials and Containers**

1. The packages, packing materials and containers for retail sale in which a product is packed for retail sale, when classified together with the product according to Rule 5(b) of the General Rule for the Interpretation of the Harmonised System, shall be disregarded in determining whether all non-originating materials used in the manufacture of a product undergo a CTC applicable to the said product.

2. Wherever such a product is subject to value addition, the value of the packages, packing materials and containers for retail sale in which a product is packed for retail sale shall be taken into account as originating or non-originating, as the case may be, in calculating the value addition for the product.
3. The containers and packing materials exclusively used for the transport or shipment of a product shall not be taken into account for determining the origin of the product.

**ARTICLE 3.9**

**Accessories, Spare Parts, Tools**

Each Party shall provide that accessories, spare parts, and tools classified and delivered with a product that form part of the products standard accessories, spare parts, or tools as per standard trade practice, shall be considered as originating and part of the product in question. However, this is contingent on:

(a) the accessories, spare parts, or tools are not invoiced separately from the product;
(b) the quantities and value of the accessories, spare parts, or tools are customary for the product; and
(c) the value of the accessories, spare parts, or tools shall be taken into account as originating or non-originating materials, as the case may be, in calculating the value addition of the product as per Article 3.2 (Origin Criteria).

**ARTICLE 3.10**

**Indirect Materials**

Indirect materials, shall be considered neither originating nor non-originating when the qualifying value addition is calculated as per paragraph 2 of Article 3.2 (Origin Criteria).

**ARTICLE 3.11**

**Accounting Segregation**

1. Each Party shall provide that the determination of whether fungible products or materials are originating products shall be made ordinarily by physical segregation of each product or material; or, in case of any difficulty, an inventory management method, such as averaging, last-in, first-out, or first-in, first out, recognised in the GAAP of the Party in which the production is performed, or otherwise accepted by the Party in which the production is performed.

2. The accounting method shall continue to be used for those fungible products or materials throughout the fiscal year of the Party and shall be recorded, applied and maintained in accordance with the GAAP applicable in the Party in which the product is manufactured. The method chosen must:

(a) permit a clear distinction to be made between originating and non-originating materials including materials of undetermined origin acquired and/or kept in stock; and
(b) guarantee over the relevant accounting period of twelve (12) months that no more products receive originating status than would be the case if the materials had been physically segregated.
3. A producer using an inventory management system shall keep records of the operation of the system that are necessary for the competent authority of the Party concerned to verify compliance with the provisions of this Chapter.

4. The competent authority may require from its exporters that the application of the method for managing stocks as provided for in this Article will be subject to prior authorisation.

ARTICLE 3.12
Transport

1. Preferential treatment in accordance with this Agreement shall only be granted to originating products that are transported directly between the Parties.

2. Notwithstanding paragraph 1 above, each Party shall provide that if an originating product is transported outside the territories of the Parties, the product retains its originating status if the product:

   (a) remains under customs control in the territory of a non-Party and has not entered the trade or consumption in the non-Party; and

   (b) does not undergo an operation outside the territories of the Parties other than: unloading; reloading; separation from a bulk shipment; storing; labelling or marking, if required by the importing Party; or any other operation necessary to preserve it in good condition or to transport the product to the territory of the importing Party.

3. An importer shall upon request supply appropriate evidence to the customs authorities of the importing Party that the conditions set out in paragraph 2 have been fulfilled.

ARTICLE 3.13
Proof of Origin

1. For products originating in a Party and otherwise fulfilling the requirements of this Chapter, the proof of origin of an exported product shall be provided through any of the following means:

   (a) a paper Certificate of Origin in electronic or hard copy format issued by a competent authority referred to in Article 3.14 (Certificate of Origin and Certification Procedures);

   (b) a fully digitised Certificate of Origin (E-Certificate) issued by a competent authority and exchanged by a mutually developed electronic system as per Article 3.34 (Exchange of Electronic Data on Origin);

   (c) an origin declaration made out by an approved exporter referred to in Article 3.35 (Origin Declaration).

2. A Certificate of Origin shall be valid for twelve (12) months from the date of issue in the exporting Party.
3. The Certificate of Origin shall be submitted to the Customs Administration of the importing Party in accordance with the procedures applicable in that Party.

ARTICLE 3.14
Certificate of Origin and Certification Procedures

1. The Certificate of Origin shall be as per the format in Annex 3E (Format of the Certificate of Origin under the India-UAE Trade Agreement). The format would include the HS Code, description and quantity of the products, name of consignee, name of exporter or producer or manufacturer, country of origin, and origin criteria such as value content or CTC.

2. The Certificate of Origin shall be in the English language.

3. The Certificate of Origin shall bear a unique, sequential serial number separate for each office of issuance and affixed by the issuing authority in the exporting Party.

4. The Certificate of Origin will be issued by the competent authority of each Party. It shall bear the authorised signature and official seal of the competent authority.

5. The Certificate of Origin shall be valid for only one import and shall include one or more products.

6. The number and date of the commercial invoice or any other relevant documents shall be indicated in the box reserved for this purpose in the Certificate of Origin.

7. The Certificate of Origin shall be submitted within its validity period.

8. In exceptional circumstances, the Certificate of Origin may be accepted by the Customs Administration in importing Party for the purpose of granting preferential tariff treatment even after the expiry of its validity, provided that the failure to observe the time limit results from force majeure or other valid reasons beyond the control of the exporter and the products have been imported before the expiry of the validity period of the said Certificate of Origin.

9. The Certificate of Origin shall be forwarded by the exporter to the importer. The customs authorities may require the original copy.

10. Neither erasures nor superimposition shall be allowed on the Certificate of Origin. Any alterations shall be made by striking out the erroneous material and by making any addition required. Such alterations shall be approved by a person authorised to sign the Certificate of Origin and certified by the appropriate competent authority or by issuing a new certificate of origin to replace the erroneous one. Unused spaces shall be crossed out to prevent any subsequent addition.

11. The Certificate of Origin shall be issued prior to, at or within five (5) working days of the date of exportation. However, under exceptional cases, where a Certificate of Origin has not been issued at the time of exportation or within five (5) working days from the date of shipment due to involuntary errors or omissions, or
any other valid reasons, the Certificate of Origin may be issued retrospectively, bearing the words "ISSUED RETROSPECTIVELY" in box 8 of the Certificate of Origin, with the issuing authority also recording the reasons in writing on the exceptional circumstances due to which the certificate was issued retrospectively. The Certificate of Origin can be issued retrospectively but no longer than twelve (12) months from the date of shipment.

12. In the event of theft, loss or destruction of a Certificate of Origin, the manufacturer, producer, exporter or their authorised representative may apply in writing to the issuing authority for a certified true copy of the original made on the basis of the export documents in their possession bearing the endorsement of the words "CERTIFIED TRUE COPY" (in lieu of the original certificate) and the date of issuance of the original Certificate of Origin. The certified true copy of a Certificate of Origin shall be issued within the validity period of the original Certificate of Origin. The exporter shall immediately notify the loss and undertake not to use the original Certificate of Origin for exports under this Agreement to the competent authority.

13. Minor discrepancies between the Certificate of Origin and the documents submitted to the Customs Administration at the port of importation for the purpose of carrying out the formalities for importing the products shall not ipso facto invalidate the Certificate of Origin, if such Certificate of Origin corresponds to the products under importation. Minor discrepancies include typing errors or formatting errors, subject to the condition that these minor errors do not affect the authenticity of the Certificate of Origin or the accuracy of the information included in the Certificate of Origin. Discrepancies in the specimen signatures or seals of the issuing authority shall not be regarded as minor discrepancies.

**ARTICLE 3.15**

**Third-Party Invoicing**

1. An importing Party shall not deny a claim for preferential tariff treatment for the sole reason that an invoice was not issued by the exporter or producer of a product provided that it meets the requirements in this Chapter.

2. The exporter of the products shall indicate "third-party invoicing" and such information as name, address, invoice date and number, and the country of the company issuing the invoice shall appear in a separate column in the Certificate of Origin.

**ARTICLE 3.16**

**Authorities**

1. The Certificate of Origin shall be issued by authorities designated by the Parties (issuing authority).

2. Each Party shall inform the competent authorities and the Customs Administration of the other Party of the names and addresses of the officials of the issuing authority designated to issue Certificates of Origin under this Agreement.

3. The Parties shall exchange specimen seals and signatures of the authorised signatories issuing the Certificate of Origin.
4. Each Party shall intimate the name, designation and contact details (address, phone number, fax number, e-mail) of its authorities:

(a) to whom the specimen seals and signatures of the issuing authorities of the other Party should be communicated:
   (i) India: CBIC, Department of Revenue, Government of India
   (ii) UAE: Competent authority

(b) to whom the references of verification of the Certificate of Origin issued by the Party, should be addressed:
   (i) India: Department of Commerce, Government of India
   (ii) UAE: Competent authority

(c) from whom the specimen seals and signatures of the Issuing Authorities of the other Party would be received:
   (i) India: Department of Commerce, Government of India
   (ii) UAE: Competent authority

(d) from whom references would emanate for verification of the Certificate of Origin issued by the other Party:
   (i) India: CBIC, Department of Revenue, Government of India
   (ii) UAE: Competent authority

5. Any change in names, designations, addresses, specimen signatures or officials’ seals shall be promptly informed to the other Party.

6. Each Party shall, within thirty (30) days of the date of entry into force of this Agreement for that Party, designate one or more contact points within its competent authority for the implementation of this Chapter and notify the other Party of the contact details of that contact point or those contact points. Each Party shall promptly notify the other Party of any change to those contact details.

7. Any changes in authorities or agencies listed under this Chapter and the Annexes attached to this Agreement shall be promptly notified to the other Party.

**ARTICLE 3.17**

**Application for Certificate of Origin**

1. For the issue of a Certificate of Origin, the final producer, manufacturer or exporter of the product shall present, or submit electronically through the approved channel, to the issuing authority of the exporting Party:
(a) an application to the competent authority together with appropriate supporting documents for proving origin;

(b) set of minimum information requirements referred to in Annex 3A (Minimum Required Information) in whichever form or format as may be required by the competent authority and in consonance with the description in the invoice;

(c) the corresponding commercial invoice or other documents necessary to establish the origin of the product; and

(d) the HS code, description, quantity and value of exported product if the same has already not been provided for.

2. Multiple items declared on the same Certificate of Origin, shall be allowed, provided that each item must qualify separately in its own right.

3. The issuing authority may apply a risk management system in order to selectively conduct pre-export verification of the minimum required information filed by an exporter/producer/manufacturer. The verification may, at the discretion of the issuing authority, include methods such as obtaining detailed cost sheets, and conducting a factory visit.

ARTICLE 3.18
Preservation of Documents

1. The issuing authorities shall keep the minimum required information and supporting documents for a period no less than five (5) years, as from the date of issue.

2. The importer shall keep records relevant to the importation in accordance with the laws and regulations of the importing Party. The application for Certificates of Origin and all documents related to such application shall be retained by the competent authority for not less than five (5) years from the date of issue.

3. The records in paragraphs 1 and 2 may include electronic records and shall be maintained in accordance with the laws and practices of each Party.

ARTICLE 3.19
Obligation of the Exporter/Producer/Manufacturer

1. The exporter/producer/manufacturer shall submit the minimum required information, as referred in paragraph 1(b) of Article 3.17 (Application for Certificate of Origin), and supporting documents for the issue of the Certificate of Origin as per the procedures followed by the issuing authority in the exporting Party only in cases where a product conforms to the Rules of Origin provided in this Agreement.

2. Any exporter/producer/manufacturer who falsely represents any material information relevant to the determination of origin of a product shall be liable to be penalised under the laws and regulations of the exporting Party.

3. The exporter/producer/manufacturer shall keep the minimum required information, as referred in paragraph 1(b) of Article 3.17 (Application for Certificate of Origin)
Origin), and supporting documents for a period no less than five (5) years, starting from the end of the year of the date of its issue.

4. For the purpose of the determination of origin, the exporter/producer/manufacturer applying for a Certificate of Origin or Origin Declaration under this agreement shall maintain appropriate commercial accounting records for the production and supply of products (as well as relevant records and documents from the suppliers) qualifying for preferential treatment and keep all commercial and customs documentation relating to the material used in the production of the product, including breakup of costs relating to material, labour, other overheads, and any other relevant elements such as profits and related components for at least five (5) years from the date of issue of the Certificate of Origin. The exporter/producer/manufacturer shall, upon request of the competent authority of the exporting Party where the Certificate of Origin has been issued, make available records for inspection to enable verification of the origin of the product.

5. The exporter/producer/manufacturer shall not deny any request for a verification visit, agreed between the competent authority of the exporting Party and the competent authority of the importing Party, under the terms of Article 3.21 (Verification of Certificates of Origin). Any failure to consent to a verification visit shall be grounds for a denial of preferential benefits claimed under this Agreement.

6. The exporter/producer/manufacturer shall undertake to notify the issuing authority, customs authorities and the importer of any change that could affect its accuracy or validity.

**ARTICLE 3.20**

**Presentations of the Certificate of Origin**

1. For the purposes of claiming preferential tariff treatment, the importer or its authorised representative shall submit to the Customs Administration of the importing Party, at the time of filing import declaration, an original copy of the Certificate of Origin including supporting documentation and other documents as required, in accordance with the laws and regulations of the importing Party.

2. If a claim for preferential treatment is made without producing the original copy of the Proof of Origin as referred to in Article 3.14 (Certificate of Origin and Certification Procedures), the Customs Administration of the importing Party may deny preferential treatment and request a guarantee in any of its modalities or may take any action necessary in order to preserve fiscal interests, as a pre-condition for the completion of the importation operations subject to and in accordance with the laws and procedures of the importing Party.

3. Each Party shall, in accordance with its laws, provide that where a product would have qualified as an originating product when it was imported into the territory of that Party, the importer of the product may, within a period specified by the laws of the importing Party, apply for a refund of any excess duties paid as a result of the product not having been accorded preferential treatment.
ARTICLE 3.21
Verification of Certificates of Origin

1. For the purpose of determining the authenticity and the correctness of the information given in the Certificate of Origin, the importing Party may conduct verification by means of:

(a) requests for information from the importer;
(b) requests for assistance from the competent authority of the exporting Party as provided for in paragraph 2;
(c) written questionnaires to an exporter or a producer in the territory of the other Party through the competent authority of the exporting Party;
(d) visits to the premises of an exporter or a producer in the territory of the other Party; or
(e) such other procedures as the Parties may agree.

2. For the purposes of subparagraph 1(b), the competent authority of the importing Party:

(a) may request the competent authority of the exporting Party to assist it in verifying:
   (i) the authenticity of a certificate of origin; and/or
   (ii) the accuracy of any information contained in the certificate of origin; and/or
   (iii) the authenticity and accuracy of the information and documents, including breakup of costs relating to material, labour, other overheads and any other relevant elements such as profits and related components which are relevant to the origin determination of the product under Article 3.2 (Origin Criteria);

(b) shall provide the competent authority of the other Party with:
   (i) the reasons why such assistance is sought;
   (ii) the Certificate of Origin, or a copy thereof; and
   (iii) any information and documents as may be necessary for the purpose of providing such assistance.

3. In so far as possible, the competent authority of the importing Party conducting a verification shall seek necessary information or documents relating to the origin of imported product from the importer, in accordance with its laws and regulations, before making any request to the competent authority of the exporting Party for verification.
4. In cases where the competent authority of the importing Party deems it necessary to seek a verification from the competent authority of the exporting Party, it shall specify whether the verification is on a random basis or the veracity of the information is in doubt. In case the determination of origin is in doubt, the competent authority shall provide detailed grounds for the doubt concerning the veracity of the Certificate of Origin.

5. The proceedings of verification of origin as provided in this Chapter shall also apply to the products already cleared for home consumption under preferential tariffs according to this Agreement.

**ARTICLE 3.22**

**Procedure for Verification**

1. Any request made pursuant to Article 3.21 (Verification of Certificates of Origin) shall be in accordance with the procedure set forth in this Article.

2. The Customs Administration of the importing Party shall make a request for verification by providing a copy of the Certificate of Origin and any supporting document such as an invoice, packing list, bill of lading or airway bill, etc.

3. The Customs Administration of the importing Party shall specify whether it requires a verification of the genuineness of the Certificate of Origin to rule out any forgery, seeks the minimum required information with supporting documents or seeks to verify the determination of origin.

4. In cases where the Customs Administration of the importing Party seeks to verify the determination of origin, the competent authority of the importing Party shall send a questionnaire to the competent authorities of the exporting Party, which shall be passed on to the exporter/producer/manufacturer, for such inquiry or documents, as necessary.

5. The competent authority of the exporting Party shall provide the information and documentation requested, within:

   (a) fifteen (15) days of the date of receipt of the request, if the request pertains to the authenticity of issue of the Certificate of Origin, including the seal and signatures of the issuing authority;

   (b) thirty (30) days of the date of receipt of the request, if the request seeks a copy of the relevant document with the minimum required information; or

   (c) ninety (90) days from the date of receipt of such request, if the request is on the grounds of suspicion of the accuracy of the determination of origin of the product. Such period can be extended through mutual consultation between the Customs Administration of the importing Party and issuing authority of the exporting Party for a period no more than sixty (60) days.

6. If, upon receiving the results of the verification questionnaire pursuant to paragraphs 4 and 5, the competent authority of the importing Party has reasons to
believe and therefore deems it necessary to request further investigative actions or information, the competent authority of the importing Party shall communicate the fact to the competent authority of the exporting Party. The term for the execution of such new actions, or for the presentation of additional information, shall be not more than ninety (90) days from the date of the receipt of the request for the additional information.

7. If, upon receiving the results of the verification pursuant to paragraphs 4 and 5, the competent authority of the importing Party deems it necessary, it may deliver a written request to the competent authority of the exporting Party to facilitate a visit to the premises of the exporter/producer/manufacturer, with a view to examining the records, production processes, as well as the equipment and tools utilised in the manufacture of the product under verification.

8. The request for a verification visit shall be made no later than thirty (30) days of the receipt of the verification report referred to in paragraphs 4 and 5. The requested Party shall promptly inform the dates of the visit, but no later than forty-five (45) days of the receipt of request and give a notice of at least twenty-one (21) days to the requesting Party and exporter/producer/manufacturer so as to enable arrangements for the visit.

9. The competent authorities of the exporting Party shall accompany the authorities of the importing Party in their above-mentioned visit, which may include the participation of specialists who shall act as observers. Each Party can designate specialists, who shall be neutral and have no interest whatsoever in the verification. Each Party may deny the participation of such specialists whenever the latter represent the interests of the companies involved in the verification.

10. Once the visit is concluded, the participants shall subscribe to a “Record of Visit”. The said record shall contain the following information: date and place of the carrying out of the visit; identification of the Certificate of Origin which led to the verification; identification of the products under verification; identification of the participants, including indications of the organs and institutions to which they belong; and a record of proceedings.

ARTICLE 3.23
Release of Products

Upon reasonable suspicion regarding the origin of the products, the importing Party may request a guarantee in any of its modalities or may take any action necessary in order to preserve fiscal interests as a pre-condition for the completion of the importation operations, subject to and in accordance with its laws and regulations.

ARTICLE 3.24
Confidentiality

1. The information obtained by the competent authority of the importing Party can be utilised for arriving at a decision regarding the determination of origin in respect of the product under verification and can be used in the legal proceedings concerning issues under this Chapter and under its laws and regulations.
2. Both Parties shall protect the information from any unauthorised disclosure in accordance with their respective laws and regulations.

**ARTICLE 3.25**

**Denial of Preferential Treatment**

1. The Customs Administration of the importing Party may deny the claim for preferential tariff treatment or recover unpaid duties in accordance with its laws and regulations, when:

- (a) the Customs Administration of the importing Party determines that the product does not meet the requirements of the Rules of Origin under this Agreement;

- (b) it is established that the exporter/producer/manufacturer of the product is failing to maintain records or documentation necessary for determining the origin of the product or is denying access to the records, documentation or visit for verification;

- (c) the exporter/producer/manufacturer of the product fails to provide sufficient information and documents, including breakup of costs relating to material, labour, other overheads, and any other relevant elements such as profits and related components that the importing Party requested to determine that the product is an originating product;

- (d) the exporter/producer/manufacturer denies access to the relevant records or production facilities during a verification visit;

- (e) the competent authority of the exporting Party fails to provide sufficient information, including breakup of costs relating to material, labour, other overheads and any other relevant elements such as profits and related components in pursuance to a written request for verification or fails or refuses to respond to a request for verification within stipulated time lines stated in Article 3.21 (Verification of Certificates of Origin);

- (f) the information provided by the competent authority of the exporting Party or exporter/producer/manufacturer is not sufficient to prove that the product qualifies as an originating product as defined under this Agreement.

2. In cases where the Certificate of Origin is rejected by the Customs Administration of the importing Party, after following the due process provided under its domestic laws, a copy of the decision, containing the grounds of rejection, shall be provided to the importer and the competent authority of the exporting Party. The Customs Administration of the importing Party shall, along with the communication of the decision, return the original Certificate of Origin to the competent authority of the exporting Party.

3. Upon being communicated the grounds for denial of preferential tariff treatment, the exporter/producer/manufacturer in the exporting Party may, within the period provided for in the custom laws of the importing Party, file an appeal against
such decision with the appropriate appellate authority under the customs laws and regulations of the importing Party.

ARTICLE 3.26
Products Complying with Rules of Origin

If a verification conducted under Article 3.21 (Verification of Certificates of Origin), determines that the product complies with the Rules of Origin under this Agreement, the importer shall be promptly refunded the duties paid in excess of the preferential duty or release guarantees obtained in accordance with their laws and regulations.

ARTICLE 3.27
Prospective Restoration of Preferential Benefits

1. Where preferential treatment for a product has been denied by the Customs Administration of the importing Party prospectively or retrospectively, the exporter/producer/manufacturer may take recourse to the procedure in paragraph 2 in respect of future exports to the importing Party.

2. Such exporter/producer/manufacturer shall clearly demonstrate to the satisfaction of the competent authority of the exporting Party that the manufacturing conditions were modified so as to fulfil the origin requirements of the Rules of Origin under this Agreement.

3. The competent authority of the exporting Party shall send the information to the competent authority of the importing Party explaining the changes carried out by exporter/producer/manufacturer in the manufacturing conditions as a consequence of which the products fulfil the origin criterion.

4. If deemed necessary, the competent authority of the importing Party, shall within forty-five (45) days from the date of the receipt of the said information, request for a verification visit to the producer's premises, for satisfying itself of the veracity the claims of the exporter/producer/manufacturer referred in paragraph 2.

5. The prospective restoration of preferential benefits would be granted by the competent authority of the importing Party, if the veracity of the claims of the exporter/producer/manufacturer are established.

6. If the competent authority of the importing and exporting Parties fail to agree on the fulfilment of the Rules of Origin subsequent to the modification of the manufacturing conditions, they may refer the matter to the Subcommittee established under Article 3.31(Cooperation) for a decision

ARTICLE 3.28
Temporary Suspension of Preferential Treatment

1. The importing Party may suspend the tariff preference in respect of a product originating in the exporting Party when the suspension is justified due to persistent failure to comply with the provisions of these rules by an exporter/producer/manufacturer in the exporting Party or a persistent failure on the part of the competent authority to respond to a request for verification.
2. The exporting Party shall, within fifteen (15) days of the suspension of preferential tariff benefits for a product, be notified in writing of the reasons for such suspension.

3. Upon receipt of the notification of the suspension, the competent authority of exporting Party may request consultations.

4. The consultations may occur by means of electronic communications, video conference and/or meetings, or as mutually agreed, and may also involve joint verification.

5. Pursuant to the consultations between both Parties, and such measures as the Parties may mutually agree, both Parties shall resolve to:

   (a) restore preferential benefits to the product with retrospective effect;

   (b) restore preferential benefits to the product with prospective effect, subject to implementation of any mutually agreed measures by one or both Parties; or

   (c) continue with the suspension of preferential benefits to the product, subject to remedies available under Article 3.29 (Non-Compliance of Products with the Rules of Origin and Penalties).

ARTICLE 3.29
Non-Compliance of Products with Rules of Origin and Penalties

1. If the verification under Article 3.21 (Verification of Certificates of Origin) establishes the non-compliance of products with the Rules of Origin, duties shall be levied in accordance with the laws and regulations of the importing Party.

2. Each Party shall also adopt or maintain measures that provide for the imposition of civil, administrative, and, where appropriate, criminal sanctions for violations of its customs laws and regulations, including those governing Rules of Origin and the entitlement to preferential tariff treatment under this Agreement.

3. Nothing contained in this Agreement shall preclude the application of the laws and regulations of the Parties relating to breach of customs laws or any other law for the time being in force on the importer or exporter/producer/manufacturer in the territories of both Parties.

ARTICLE 3.30
Relevant Dates

The time periods set out in this Chapter shall be calculated on a consecutive day basis as from the day following the fact or event to which they refer.

ARTICLE 3.31
Cooperation

1. The Parties agree to establish a Subcommittee on Rules of Origin to oversee the implementation of this Chapter, under the CTG.
2. The Subcommittee on Rules of Origin shall comprise of officials of the competent authorities, customs administration and issuing authorities.

3. The Subcommittee on Rules of Origin shall meet at least once per year for the furtherance of the objectives of this Chapter, including to enhance mutual capacity building for smooth implementation of the procedures envisaged in this Chapter and to explore ways and means for utilising information technology-enabled services for the issue and verification of the Certificate of Origin.

4. The Subcommittee on Rules of Origin will also evaluate and decide on whether to continue with the issue of the Certificate of Origin by the competent authority of each Party, or to switch to self-certification procedures. If either Party is not ready to switch to self-certification during the first regular review session, the issue shall be deferred to subsequent reviews until such time where both Parties can agree to adopt the self-certification procedures.

5. The Subcommittee on Rules of Origin may refer any matter to the Joint Committee.

ARTICLE 3.32
Consultation and Modifications

The Parties shall consult and cooperate through the Subcommittee on Rules of Origin as appropriate to:

(a) ensure that this Chapter is applied in an effective and uniform manner; and

(b) discuss necessary amendments to this Chapter, taking into account developments in technology, production processes, and other related matters.

ARTICLE 3.33
Application and Interpretation

For the purposes of this Chapter:

(a) the basis for tariff classification is the HS; and

(b) any cost and value referred to in this Chapter shall be recorded and maintained in accordance with the GAAP applicable in the territory of the Party in which the product is produced.

ARTICLE 3.34
Exchange of Electronic Data on Origin

The Parties shall, within two (2) years of the date of entry into force of this Agreement, develop an electronic system for origin information exchange to ensure the effective and efficient implementation of this Chapter particularly on transmission of electronic Certificate of Origin.
ARTICLE 3.35
Origin Declaration

For the purposes of subparagraph 1(c) of Article 3.13 (Proof of Origin), the Parties endeavour to negotiate, agree on, and implement provisions allowing each competent authority to recognise an origin declaration made by an approved exporter.