



EUROPEAN COMMISSION

DIRECTORATE-GENERAL
TAXATION AND CUSTOMS UNION
Customs

Trade facilitation, rules of origin and international coordination: Europe and neighbouring countries
and International Organisations

Brussels, 26 September 2022
TAXUD.A.5/GD

Meeting

Philip Morris International – DG TAXUD A5 (rules of origin)

22 September 2022, 15h00-16h00, online meeting via TEAMS

Minutes

Participants: PMI, 4 participants (TR No: 51925911965-76)
DG TAXUD/A.5, 3 participants

Executive Summary

The meeting was convened at the request of PMI. PMI wanted clarification on rules of origin in the Pan-Euro-Med region.

Following the entry into force of an additional set of rules of origin applicable in certain bilateral agreements in parallel with the rules of the Regional Convention on pan-Euro-Mediterranean preferential rules of origin, DG TAXUD provided explanation and gave reference documents. DG TAXUD is ready to give written guidance for specific cases if necessary.

1. Agenda

A – Application of rules of origin for new products considering evolution of HS (case of product classified under the new position 2404 of HS 2022)

B – Application of full cumulation for products of chapter 24

C – Equivalence between rules of the PEM Convention with Transitional rules of origin (concept of permeability)

2. Application of rules of origin for new products despite evolution of HS (case of product classified under the new position 2404 of HS 2022)

PMI informed DG TAXUD about issues linked with the evolution of HS codes since the entry into force of the HS 2022. As current rules of origin refer to products classified under older HS codes, PMI was interested to know what was the correct way to determine origin for such product.

By way of example, HS 2022 introduced a new tariff code for products classified in heading 2404 while the PEM rules are built on HS 2007 where heading 2404 didn't exist.

For this issue, DG TAXUD referred to the work made at the World Customs Organisation (WCO customs guidance). The adaptation of rules of origin to the new HS has not been possible for the time being. In the absence of such adaptation and for the purposes of applying the rules of origin, DG TAXUD confirmed the need for exporters to continue classifying the products according to the HS version used by the rules of origin.

DG TAXUD informed PMI that the issue was identified, not only for the PEM region but also for other agreements and the work with the partners was initiated to adapt the rules of origin of the relevant Agreements to the 2022 HS version. In the meantime, the possibility to provide some guidance on how to apply the rules of origin in these situations was also been analysed.

3. Application of full cumulation for products of chapter 24

Referring to the Transitional rules of origin, PMI explained a case related to full cumulation.

After explaining the concept of full cumulation and the impact on the determination of rules of origin, DG TAXUD explained that more elements from PMI are necessary to determine the origin according to the Transitional rules of origin. PMI may come back in writing to DG TAXUD.

4. Equivalence between rules of the PEM Convention with Transitional rules of origin (concept of permeability)

PMI expressed its interest as regards the possibility to use wholly obtained products at once in both contexts: the PEM Convention rules of origin and the Transitional rules of origin.

DG TAXUD underlined that the issue of "permeability" was already identified and the Commission is working to find a suitable solution. Concrete evolution of the legal basis concerning supplier's declarations may happen before the end of the year 2022.

5. Conclusion

DG TAXUD announced that minutes would be published with the name of the company represented, and thanked participants for this exchange. DG TAXUD invited PMI representatives to contact DG TAXUD A5 in case of further clarification would be needed.

6. Related documents

Topic	Document	Link
PEM	TAXUD Webpage	https://taxation-customs.ec.europa.eu/customs-4/international-affairs/pan-euro-mediterranean-cumulation-and-pem-convention_en
PEM Matrix	Last version of the notice within the PEM Contracting Parties. OJ C 418 of 15.10.2021	https://eur-lex.europa.eu/legal-content/FR/TXT/?uri=uriserv%3AOJ.C_.2021.418.01.0024.01.FRA&toc=OJ%3AC%3A2021%3A418%3ATOC
PEM Transitional Matrix	Last version of the notice on the implementation of the Transitional rules of origin. OJ C 202 of 19.5.2022	https://eur-lex.europa.eu/legal-content/FR/TXT/?uri=uriserv%3AOJ.C_.2022.202.01.0001.01.FRA&toc=OJ%3AC%3A2022%3A202%3ATOC
Classification	COMMISSION IMPLEMENTING REGULATION (EU) 2021/1832 of 12 October 2021 amending Annex I to Council Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff	https://eur-lex.europa.eu/legal-content/FR/TXT/?uri=OJ:L:2021:385:TOC
WCO customs guidelines	Compendium on rules of origin – page 118	origin_compendium.pdf (wcoomd.org)

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