



The New Rules of Origin in the Modernised Customs Code (EC Regulation No. 450/2008; Chapter 2, Section 1, Article 36)

Joint Statement

A basic aim of the Modernised Customs Code (MCC) and its implementing provisions (MCCIP) is to simplify the customs procedure and to cut costs for businesses. In that framework binding rules of non-preferential origin have to be defined, too. **However the drafted new rules will not simplify and reduce administrative costs.** As non-preferential origin plays an important role with regard to a number of different customs and statistics purposes and also for all kinds of commercial policy measures, the relevant rules must be adequate in any case and **easily applicable by the EU businesses.** Currently the system is based on the last substantial transformation (Art. 24 of the MCC).

Legally binding non-preferential rules of origin based on **list rules** will not accomplish this objective, especially if they require the application of value-based criteria. The new rules will introduce **unnecessary bureaucratic burdens without creating added-value benefits** for European businesses. Not only **SMEs will face problems** in calculating the value for all parts of their products.

In the interests of the competitiveness of the EU, business rules of non-preferential origin should be kept as simple as possible. They must reduce bureaucratic work at a minimum and as a matter of course include the opportunity to use easily IT solutions.

Therefore, **we urge the European Commission to continue with the existing method of determining origin and not to implement the list rules as long as we do not have adequate and harmonized rules on WTO level.** The principle of the “last substantial transformation” has proved to be the proper approach both in import and export customs procedures and should be maintained.

Critical consequences of the application of general list rules with value-based criteria:

- **Businesses will have to incur in greater expense providing proof of origin:** List rules for all categories of goods increase administrative expenses drastically, since proof of origin will have to be obtained for all raw materials and documentation and/or calculations will have to be kept for all finished products. This data would have to be maintained and verified constantly.
- The documentation requirements apply to all businesses, also to suppliers in the supply chain who do not export goods on their own. **This would ultimately increase the price of the products.**
- If the list rules include value-based criteria, there is no basis for determining such criteria from the point of view of trade policy. **Fluctuations in global market prices and exchange rates should not affect the determination of origin.**

- It is a **disproportional measure to implement the list rules for applying them in the antidumping policies only**. The list rules apply to all Combined Nomenclature (CN) codes and antidumping only concerns a very limited number of CN codes.

If the list rules currently displayed on the EC's website are to be incorporated into the Implementing Provisions of the MCC, they would create an added bureaucratic expense for European businesses which would hinder substantially exports and make European products more expensive. It could also trigger the **raising of new trade barriers for exports to third countries**.



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