



**Mr Pierre Moscovici**

Commissioner for Economic and Financial Affairs,  
Taxation and Customs  
European Commission  
Rue de la Loi 200  
BE-1049 Brussels  
BELGIUM

17 July 2015

Dear Commissioner, *Dear Mr. Moscovici,*

**BUSINESSEUROPE position on non-preferential rules of origin**

During the process of modernising the Union Customs Code (UCC) we have seen proposals from the European Commission to implement binding rules of non-preferential origin for most goods based on list rules. This would overhaul the current system of determining origin and replace it with a burdensome approach that would raise both the cost and complexity of determining origin for companies.

BUSINESSEUROPE is seriously concerned about this proposal and would like to urge you to maintain the system of last substantial transformation so long as there are no harmonized list rules at WTO level. Introducing binding rules of non-preferential origin based on list rules would mean that European companies would have to invest substantial resources in tracing their entire supply chain to determine the exact sources of origin of all component parts. It would require the cooperation of suppliers in providing the necessary information and ensuring that this information is correct. Under the current system, the place of origin is determined as the country in which the last substantial transformation took place. This system has proved to be the better approach for both import and export customs procedures for European business while meeting the objectives of customs policy.

We have raised our concerns with your services several years ago in a joint statement with Eurochambres, Eurocommerce and the Deutsche Industrie- und Handelskammer (DIHK). We still stand by this statement and I have attached it to this letter for your information.

We understand that the proposal to implement binding list rules for most goods resulted from problems that arose in two anti-dumping cases, covering less than 1% of EU imports. In a further exchange with your services, we proposed that special list rules should be created only for goods subject to anti-dumping measures for the duration in which they are in place. In the past, for example, special list rules were also created for solar panels. This would meet both the Commission's objectives while avoiding an unnecessary administrative burden on European businesses across the board.



When they are defined broadly, the creation of list rules specific products is in line with the WTO Agreement on Rules of Origin and cannot be considered as an instrument to pursue trade objectives. In addition, our proposal would not lead to different rules for the purposes enumerated in the WTO Agreement on Rules of Origin. The non-preferential origin based on special list rules would be valid for the specific product and would be the same for anti-dumping, most favoured nation treatment, and so forth.

An important objective of customs policy is to simplify procedures for companies and to reduce administrative costs. We believe the proposed rules are not practicable given their complexity and because it is not possible to use an IT system to conduct checks. It is therefore critical for European business that list rules are not implemented for most goods.

I hope you will take our comments into account and in the meantime we remain fully open to discuss these points with you and your services.

Yours sincerely,

**Markus J. Beyrer**

CC: Ms Cecilia Malmström, Commissioner for Trade, Ms Elżbieta Bieńkowska, Commissioner for Internal Market, Industry, Entrepreneurship, SMEs and Space.

Attached: Joint Statement by BUSINESSEUROPE, Eurochambres, Eurocommerce and DIHK on the new rules of origin in the Modernised Customs Code (MCC)