

Origin

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Understanding Origin in International Trade

Introduction

1 Definition and Importance of Origin

In international trade, the term **origin** refers to the *economic nationality* of a product — that is, the country where it was produced or underwent its last substantial transformation. Determining a product's origin is fundamental to the application of customs duties, trade policy measures, import and export documentation, and statistical reporting.

The rules governing origin ensure that the benefits or restrictions applied to goods (such as duty preferences, quotas, or trade defence measures) are correctly attributed to the appropriate country.

Origin is therefore a cornerstone of fair and transparent trade, preventing circumvention of customs rules and ensuring the proper functioning of trade agreements.

2 Types of Origin

There are **two principal types of origin** used in international trade:

1. **Non-Preferential Origin**, and
2. **Preferential Origin**.

Although both determine a product's economic nationality, they serve different purposes and are based on distinct legal frameworks.

2.1 Non-Preferential Origin

Non-preferential origin is used for the application of *general trade policy measures* that are not linked to preferential tariff treatment.

It determines a product's "normal" origin under the World Trade Organization (WTO) framework and the Union Customs Code (UCC).

Non-preferential origin is relevant for:

- The application of **Most Favoured Nation (MFN)** customs duties;
- **Trade defence measures** such as anti-dumping or countervailing duties;
- **Quantitative restrictions**, embargoes, and **import/export licensing**;
- **Marking of origin** ("Made in ...") and **statistical purposes**.

The rules for determining non-preferential origin generally depend on:

- Whether the goods are **wholly obtained** in one country (e.g. minerals extracted, agricultural products harvested); or
- Where more than one country is involved, the country where the product underwent its **last substantial transformation**, defined by a **change in tariff classification, value added**, or **specific processing**.

2.2 Preferential Origin

Preferential origin, on the other hand, applies specifically in the context of **preferential trade agreements (PTAs)**, **free trade agreements (FTAs)**, or **unilateral preference schemes** such as the EU's Generalised Scheme of Preferences (GSP).

Its primary purpose is to determine whether a product qualifies for **reduced or zero customs duties** when traded between countries that have concluded such agreements.

To benefit from preferential treatment, goods must meet the **rules of origin** set out in the specific agreement. These rules ensure that only products genuinely produced or substantially transformed within the territories of the contracting parties receive preferential tariff benefits.

Typical preferential origin requirements include:

- Being **wholly obtained** in one of the partner countries (e.g., natural products); or
- Being **sufficiently worked or processed** according to the **Product-Specific Rules (PSR)** detailed in the agreement (e.g., change in tariff heading, maximum non-originating material content, or specific manufacturing process).

3. Key Distinction Between Preferential and Non-Preferential Origin

Aspect	Non-Preferential Origin	Preferential Origin
Purpose	Determines origin for general trade policy measures (MFN duty, anti-dumping, quotas, etc.)	Determines eligibility for reduced or zero customs duties under trade agreements
Legal Basis	Union Customs Code (Articles 59-61) and WTO rules	Preferential trade agreements (e.g. EU-UK TCA, EU-Japan EPA, GSP)
Rules	Wholly obtained or last substantial transformation	Wholly obtained or sufficient working/processing as defined by Product-Specific Rules
Proof of Origin	Certificate of Origin (e.g. Chamber of Commerce certificate)	Statement on Origin, EUR.1, or Form A (depending on the agreement)
Effect on Duty Rate	Normal (MFN) duty applies	Preferential (reduced or 0%) duty applies
Scope of Application	Global, applies to all trade	Limited to specific trade partners under agreements

4. The Role of Origin in Compliance

Understanding the distinction between preferential and non-preferential origin is essential for customs compliance and duty optimisation. Exporters and importers must apply the correct origin determination method depending on the **trade context**:

- If goods are exported under an FTA, the **preferential origin** rules must be applied;
- If goods are traded outside such an agreement, **non-preferential origin** applies.

Incorrect origin declaration can result in:

- Denial of preferential duty benefits;
- Recovery of duties with interest;
- Administrative penalties or reputational risk.

Establishing clear procedures and robust documentation controls is therefore vital to ensure the **accuracy, traceability, and defensibility** of all origin claims.

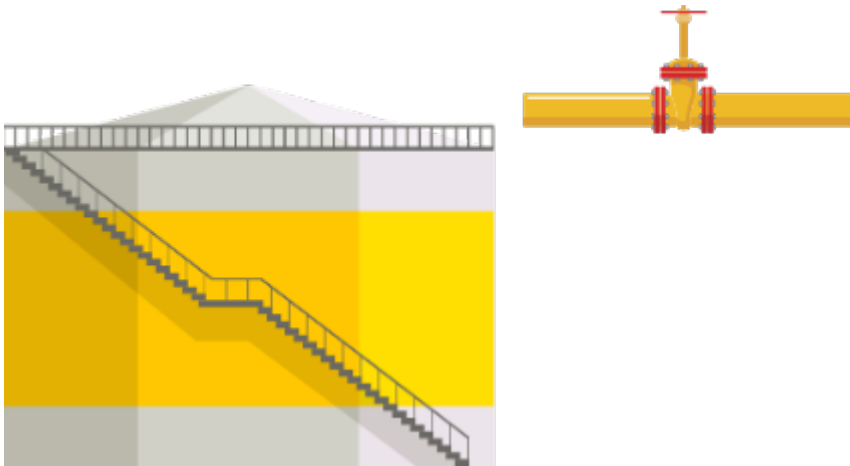
Preferential origin

Preferential origin refers to the economic nationality of a product as determined under the terms of a **preferential trade agreement (PTA)** between two or more countries. It establishes whether a product qualifies for **preferential (reduced or zero) customs duties** upon importation into a partner country.

Unlike non-preferential origin, which determines general origin for trade statistics or labelling, *preferential origin* is specifically used to access **preferential tariff treatment** under free trade agreements (FTAs), association agreements, or economic partnership agreements.

General principles

Introduction and Context



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1 Meaning

of Preferential Origin

Preferential origin refers to the economic nationality of a product as determined under the terms of a **preferential trade agreement (PTA)** between two or more countries. It establishes whether a product qualifies for **preferential (reduced or zero) customs duties** upon importation into a partner country.

Unlike non-preferential origin, which determines general origin for trade statistics or labelling, *preferential origin* is specifically used to access **preferential tariff treatment** under free trade agreements (FTAs), association agreements, or economic partnership agreements.

To obtain preferential origin, a product must either:

- Be **wholly obtained** in one of the partner countries; or
- Be **sufficiently worked or processed** according to the *Product-Specific Rules (PSR)* set out in the agreement. TEST

The rules ensure that only goods genuinely produced within the parties' economies benefit from preferential tariff treatment.

2 Purpose of Preferential Origin Procedures

The purpose of establishing and verifying preferential origin is to:

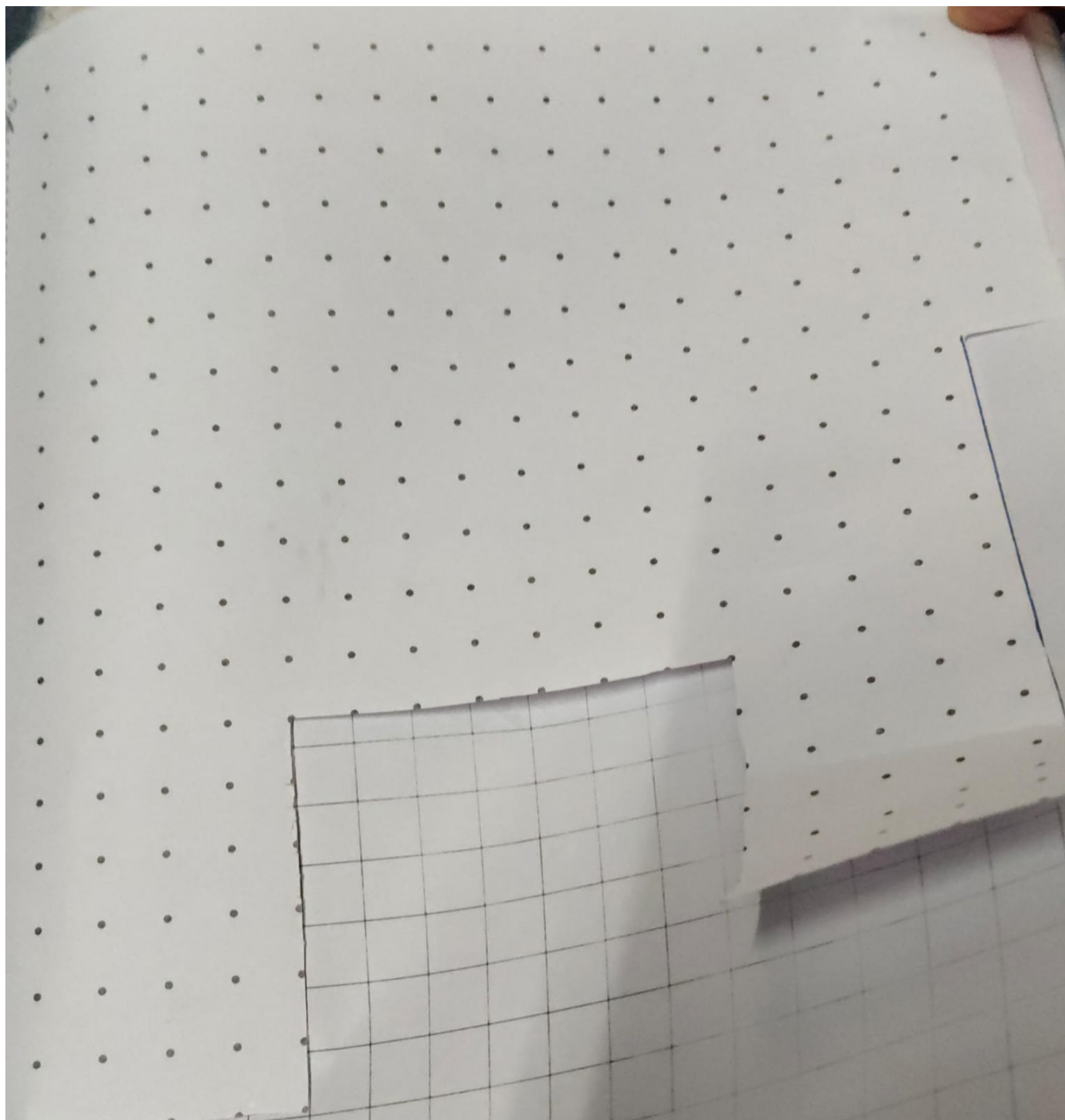
- Ensure correct application of preferential duty rates;
- Prevent abuse of trade preferences through simple transshipment or minor processing;
- Guarantee fair competition between partner countries;
- Provide customs authorities with a verifiable framework for origin determination;
- Enable exporters and importers to confidently claim tariff preferences.

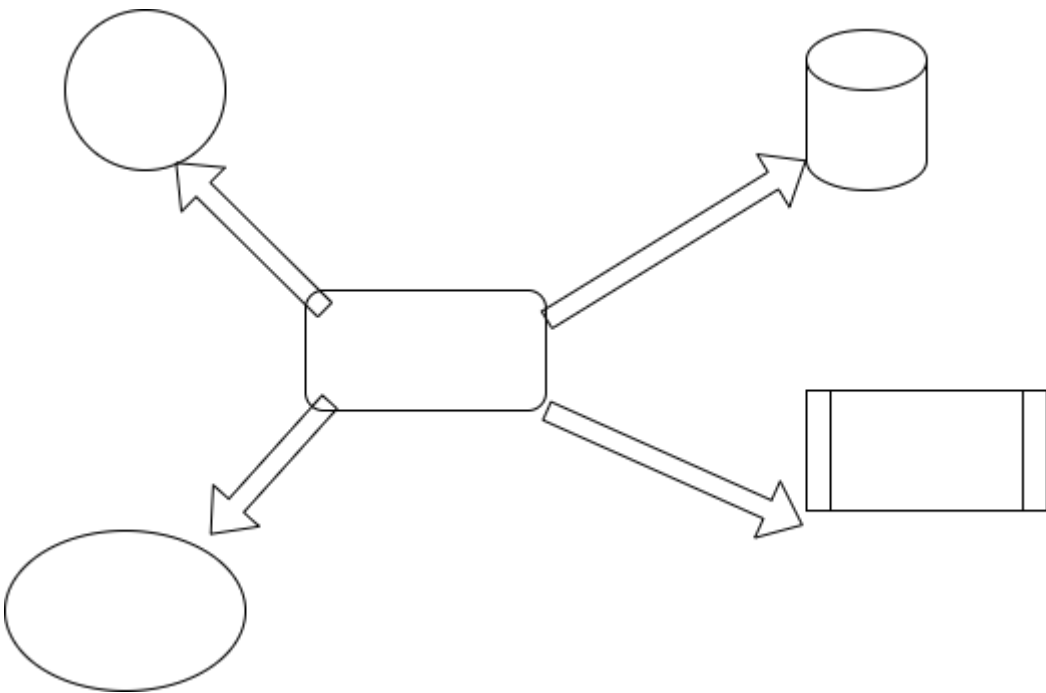
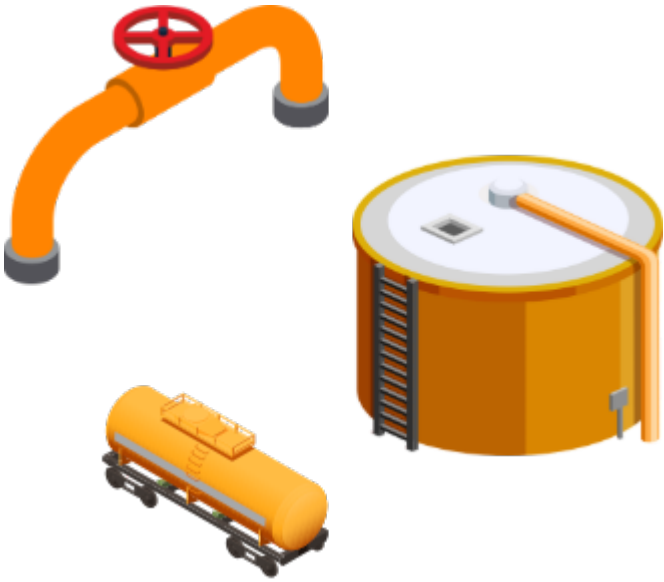
3 Legal Basis

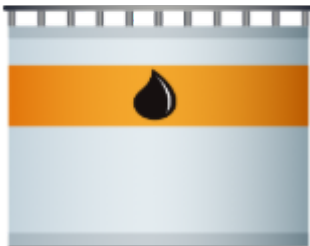
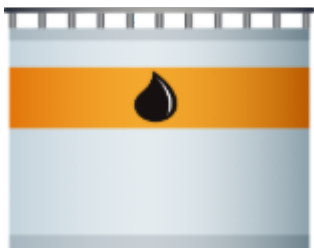
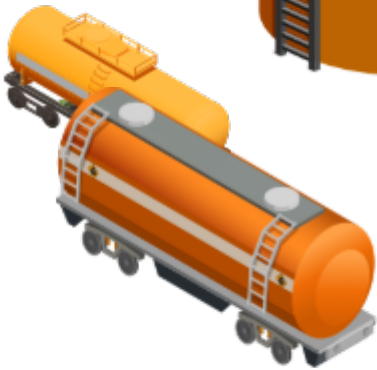
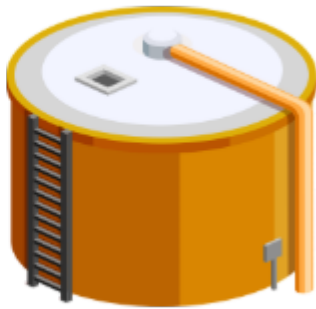
For the European Union, preferential origin is governed by:

- The individual trade agreements concluded by the EU (e.g. the EU-UK TCA);
- Articles 60–64 of the **Union Customs Code (Regulation (EU) No 952/2013)**;
- Relevant implementing and delegated acts.

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General Procedure: Determination of Preferential Origin

Step 1 - Identify Applicable Agreement

Determine whether a preferential trade agreement exists between the **exporting** and **importing** countries.

If such an agreement exists, it provides the basis for preferential tariff treatment.

Step 2 - Determine Tariff Classification

Identify the product's tariff classification at the HS 6- or 8-digit level. The tariff heading determines which **Product-Specific Rule (PSR)** applies.

Step 3 - Consult the Product-Specific Rule (PSR)

Locate the relevant PSR in the annex to the applicable agreement. Typical PSR formats include:

- **Wholly obtained** requirement;
- **Change in Tariff Heading (CTH)**;
- **Value limitation rule** (maximum % of non-originating materials);
- **Specific manufacturing process**.

Step 4 - Identify and Value Materials

- List all **originating** and **non-originating** materials used in production.
- Calculate the **ex-works price** of the final product.
- Apply the PSR to verify compliance.

Step 5 - Apply Cumulation (if permitted)

Cumulation allows originating materials or processing from another partner country to count as originating.

- **Bilateral cumulation:** between the two agreement partners.
- **Diagonal or full cumulation:** only if explicitly allowed (e.g. not in the EU-UK TCA).

Step 6 - Verify Beyond Minimal Operations

Check that the processing carried out exceeds the - minimal operations - defined in the agreement (e.g., simple packaging, mixing, or labelling do not confer origin).

Step 7 - Prepare Proof of Origin

The type of origin document depends on the agreement:

- **Statement on Origin** (self-certification); or
- **Movement Certificate (EUR.1)** where applicable.

Step 8 - Record-Keeping and Evidence

Maintain all origin-related documents for at least **3-5 years**:

- Supplier declarations;
- Cost breakdowns;
- Production records;
- Tariff classification evidence.

Step 9 - Verification by Customs

Customs authorities may request post-clearance verification. Failure to substantiate origin claims may result in retroactive duty recovery.

Template preferential origin (long term) supplier declaration

[TO BE PRINTED ON COMPANY LETTERHEAD]

SUPPLIER'S DECLARATION

I, the undersigned, declare that the goods listed on this document
.....(1), originate in(2) and satisfy the rules
of origin governing preferential trade with(3).

I declare that (4):

- ☐ Cumulation applied with(name country/countries)
- ☐ No cumulation applied

I undertake to make available to the customs authorities any further supporting documents they require.

..... (5)

..... (6)

..... (7)

Footnotes (can be removed after completion)

(1) If only some of the goods listed on the document are concerned, they shall be clearly indicated or marked and this marking entered in the declaration as follows:

“.....listed on this document and markedoriginate in

(2) The European Union, country, group of countries or territory, from which the goods originate

(3) Country, group of countries or territory concerned

(4) To be completed, where necessary, only for goods having preferential origin status in the context of preferential trade relations with one of the countries with which pan-Euro-Mediterranean cumulation of origin is applicable.

(5) Place and date of issue

(6) Name and position of the undersigned, name and address of company

(7) Signature

[TO BE PRINTED ON COMPANY LETTERHEAD]

LONG-TERM SUPPLIER'S DECLARATION

I, the undersigned, declare that the goods described below:

.....(1)

.....(2)

Which are regularly supplied to(3), originate in(4)
and satisfy the rules of origin governing preferential trade with(5).

I declare that (6):

- ☐ Cumulation applied with(name country/countries)
- ☐ No cumulation applied

This declaration is valid for all shipments of these products dispatched from to
.....(7)

I undertake to inform(3) immediately if this declaration is no longer valid.
I undertake to make available to the customs authorities any further supporting documents they require.

..... (8)

..... (9)

..... (10)

Footnotes (can be removed after completion)

Footnotes (can be removed after completion)

- (1) Description
- (2) Commercial designation as used on the invoices e.g. Model No
- (3) Name of the company to which goods are supplied
- (4) The European Union, country, group of countries or territory, from which the goods originate
- (5) Country, group of countries or territory concerned
- (6) To be completed, where necessary, only for goods having preferential origin status in the context of preferential trade relations with one of the countries with which pan-Euro-Mediterranean cumulation of origin is applicable.
- (7) Give the start and end dates. The period shall not exceed 24 months.
- (8) Place and date of issue

(9) Name and position of the undersigned, name and address of company

(10) Signature

Preferential origin - Specific TCA Procedures

Here various procedures are listed describing the rules of origin as specified in the specific Preferential trade agreements between the exporting and importing countries, providing the basis for preferential tariff treatment.

EU-UK TCA for Tariff Heading 2710 - Refinery operations

1 Product Scope

Tariff Heading **2710** covers:

Petroleum oils and oils obtained from bituminous minerals (other than crude); preparations not elsewhere specified or included, containing by weight 70% or more of petroleum oils or of oils obtained from bituminous minerals.

2 Relevant Agreement and Annex

Applicable legal reference:

- **EU-UK Trade and Cooperation Agreement (TCA)**, Title I - *Rules of Origin* (Part Two, Heading One, Chapter 2).
- **Annex ORIG-2** - *Product-Specific Rules of Origin*.

3 Product-Specific Rule (PSR) for HS 2710

From Annex ORIG-2, the rule for heading 2710 reads:

"Manufacture from materials of any heading, except that of the product, provided that the value of all non-originating materials used does not exceed 40% of the ex-works price of the product."

4 Interpretation

- Non-originating materials under the same heading (2710) **may not be used**.

- Materials classified under other headings (e.g. 2709 crude petroleum) **may be used**, provided the value of all non-originating inputs **does not exceed 40%** of the ex-works price.
- The product must undergo a **Change in Tariff Heading (CTH)** as part of the transformation.

5 Cumulation

- The EU-UK TCA allows **bilateral cumulation** only.
 - Materials originating in the UK are treated as originating in the EU and vice versa.
 - Inputs from third countries cannot be cumulated.

6 Sufficient Working or Processing

Processing that qualifies:

- Refining crude petroleum (heading 2709) into petroleum products (heading 2710);
- Chemical transformation changing the essential character of the product.

Processing that does **not** qualify (as per Article ORIG.7):

- Simple mixing of products;
- Simple dilution;
- Simple packaging or relabelling;
- Any process that does not alter the tariff classification or essential character.

7 Origin Verification Process

1. **Classify the product** under CN 2710.
2. **List all inputs** with tariff headings and origin status.
3. **Calculate the ex-works price** of the finished product.
4. **Determine total value of non-originating inputs.**
 - If $\leq 40\%$ of ex-works price = condition satisfied.
5. **Ensure that no non-originating material of heading 2710 is used.**
6. **Confirm that the transformation changes the tariff heading** (CTH achieved).

If all criteria are met, the product acquires **EU or UK originating status**.

8 Proof of Origin

The exporter must issue a **Statement on Origin** (Annex ORIG-4 wording) on the invoice or other commercial document.

Key requirements:

- The exporter must have knowledge or proof of origin status;
- Alternatively, the importer may claim preference based on **importer's knowledge**;
- Statement must contain:
 - Specific wording from Annex ORIG-4;
 - Exporter's identification details;
 - Date and place of issue;
 - Origin of goods (EU or UK).

9 Record-Keeping

All origin documentation must be retained for at least **three years**. Documents include:

- Bills of materials;
- Supplier origin statements;
- Cost/value breakdowns;
- Proof of processing (refining records, blending recipes, etc.);
- Customs export declarations.

10 Customs Verification

Upon request, customs authorities may:

- Conduct administrative cooperation with the partner customs authority;
- Request production of evidence supporting the originating status;
- Deny preference if evidence is insufficient or non-compliant.

11. Responsibilities

Role	Responsibility
Customer / Customer Services	Classify goods, verify origin, and issue Statements on Origin.
Customer Services	Obtain supplier origin statements and maintain material origin database.
Customer	Provide ex-works price and input value data for origin calculations.
Customs Compliance	Maintain origin records, monitor cumulation use, and conduct internal audits.
Management	Ensure compliance with TCA requirements and training of staff.

12. Summary Table - Tariff Heading 2710 under EU-UK TCA

Element	Requirement
Tariff Heading	2710
Rule Type	Value rule + Exclusion rule
PSR Requirement	Non-originating materials ≤ 40% of ex-works price; no non-originating 2710 inputs
Cumulation	Bilateral (EU-UK)
Sufficient Processing Example	Refining crude oil (2709 -> 2710)
Minimal Operations (Excluded)	Simple mixing, blending, dilution, packaging
Proof of Origin	Statement on Origin (Annex ORIG-4)
Retention Period	Minimum 3 years
Main Reference	Annex ORIG-2 of EU-UK TCA

14. Conclusion

Preferential origin is a cornerstone of modern trade facilitation. Under the EU-UK TCA, it ensures that goods genuinely produced or sufficiently transformed within the EU or the UK benefit from duty-free access.

For petroleum oils (heading 2710), origin determination hinges on a **change in tariff heading**

and a **maximum 40% limit on non-originating inputs**.

Strict adherence to these rules, proper documentation, and accurate origin statements are essential for maintaining compliance and securing preferential treatment.

EU-UK TCA for Tariff Heading 2710 - Terminal operations

1. Purpose and Scope

This procedure outlines how to determine and maintain **preferential origin status** for petroleum products classified under **tariff heading 2710** that are **stored, handled, or blended** in the EU or the UK under the **EU-UK Trade and Cooperation Agreement (TCA)**.

Tariff Heading **2710** covers:

Petroleum oils and oils obtained from bituminous minerals (other than crude); preparations not elsewhere specified or included, containing by weight 70% or more of petroleum oils or of oils obtained from bituminous minerals.

It applies to all facilities and operators engaged in:

- Storage and distribution of petroleum products of EU or UK origin;
- Occasional blending or addition of non-originating material (e.g. additives, stock adjustments);
- Origin tracking using **accounting segregation** methods.

The aim is to ensure that stored goods maintain or correctly lose their **preferential origin status** in compliance with the TCA.

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2. Legal Framework

- **EU-UK Trade and Cooperation Agreement (TCA):** Title I, *Rules of Origin* (Part Two, Heading One, Chapter 2).
- **Annex ORIG-2:** Product-Specific Rules (PSR) for HS 2710.
- **Article ORIG.14:** *Accounting segregation*.
- **Article ORIG.12:** *Tolerances for non-originating materials*.
- **Article ORIG.7:** *Insufficient working or processing operations*.

3. Product-Specific Rule (PSR) - HS 2710

"Manufacture from materials of any heading, except that of the product, provided that the value of all non-originating materials used does not exceed 40% of the ex-works price of the product."

- Non-originating materials under the same heading (2710) **may not be used**.
- Materials classified under other headings (e.g. 2709 crude petroleum) **may be used**, provided the value of all non-originating inputs **does not exceed 40%** of the ex-works price.
- The product must undergo a **Change in Tariff Heading (CTH)** as part of the transformation.

For storage and distribution activities, this PSR is relevant primarily for verifying that **minor additions of non-originating material** do not exceed permissible thresholds and that the overall product maintains its preferential origin.

4. Cumulation

- The EU-UK TCA allows **bilateral cumulation** only.
 - Materials originating in the UK are treated as originating in the EU and vice versa.
 - Inputs from third countries cannot be cumulated.

5. Key Operational Principles

5.1 Storage Does Not Alter Origin

- Merely **storing, transferring, or handling** originating goods does **not** affect their preferential origin status, provided:
 - The goods remain **identifiable**, and
 - No operations are performed that would constitute **insufficient working or processing** under Article ORIG.7.

5.2 Insufficient Operations

Origin is **not** maintained if operations performed are limited to:

- Simple blending of oils;
- Simple mixing, dilution, or packaging;
- Any process that does not result in a change in tariff heading or essential character.

However, for companies managing mixed stocks of **originating and non-originating petroleum products, accounting segregation** (Article ORIG.14) may be applied to maintain compliance without physically separating each batch.

5.3 Sufficient Working or Processing

Processing that qualifies:

- Refining crude petroleum (heading 2709) into petroleum products (heading 2710);
- Chemical transformation changing the essential character of the product.

Processing that does **not** qualify (as per Article ORIG.7):

- Simple mixing of products;
- Simple dilution;
- Simple packaging or relabelling;
- Any process that does not alter the tariff classification or essential character.

5.3.1 Origin Verification Process Manufacturing

1. **Classify the product** under CN 2710.
2. **List all inputs** with tariff headings and origin status.
3. **Calculate the ex-works price** of the finished product.
4. **Determine total value of non-originating inputs.**
 - If $\leq 40\%$ of ex-works price = condition satisfied.
5. **Ensure that no non-originating material of heading 2710 is used.**
6. **Confirm that the transformation changes the tariff heading** (CTH achieved).

If all criteria are met, the product acquires **EU or UK originating status**.

6. Accounting Segregation (Article ORIG.14 TCA)

6.1 Principle

Accounting segregation allows an operator to manage originating and non-originating materials or products **in a single inventory** where physical segregation is impractical.

This method may be used **only if the records and control systems** ensure that:

- The quantities of originating and non-originating goods are accurately accounted for;
- No more originating goods are deemed to be exported than those that would result from physical segregation.

6.2 Implementation Steps

1. **Approval**
 - Accounting segregation may be applied only if the operator has an **approved origin accounting system** validated by internal customs or compliance management.
2. **Inventory System Requirements**
 - The system must record:
 - Opening stock balance by origin category (EU, UK, non-originating);
 - Receipts (by origin and quantity);
 - Dispatches (with declared origin and supporting documentation).
 - The system must allow **traceability** from incoming to outgoing quantities.

3. Calculation Basis

- The ratio of originating to non-originating goods in storage determines the share of outgoing goods that may be considered originating.
- Example:
 - Stock: 90% originating + 10% non-originating.
 - A dispatch of 1,000 tonnes may be declared as **originating** up to 900 tonnes.

4. Documentation

- Each origin batch movement must be supported by supplier declarations, statements on origin, or other valid proof.
- Periodic stock reconciliation must confirm that cumulative declarations do not exceed available originating stock.

5. Retention

- Records must be kept for a minimum of **three years** and made available upon customs request.

7. Incorporation of Non-Originating Material - 10% Value Tolerance

7.1 Legal Basis

Article ORIG.12 of the EU-UK TCA permits a **tolerance** of up to **10% of the ex-works price** for non-originating materials used, even where the PSR would otherwise prohibit such use. This tolerance cannot be used to exceed the maximum non-originating material limit (40%) specified in the PSR.

7.2 Application to HS 2710 (Storage Context)

In storage operations where **non-originating material (e.g. additive or stabiliser)** is added to otherwise originating petroleum products:

- The **value of the non-originating addition** must not exceed **10% of the ex-works price** of the final blended product.
- The blended product may still be regarded as **originating**, provided:
 - The total non-originating material (including the addition) does not exceed **40% of the ex-works price**; and
 - The blending does not fall within **insufficient operations** (i.e., must have a legitimate commercial purpose and not merely be a simple mix).

7.3 Calculation Example

- Ex-works price of blended product: USD 1,000 per tonne
- Non-originating additive: USD 80 per tonne (8%)
- Total non-originating materials: 8% (<10%)
= Product retains **preferential origin** under the 10% tolerance rule.

If the addition exceeds 10%, or if total non-originating input surpasses 40%, the final product **loses preferential origin**.

8. Operational Procedure

Step	Action	Responsible
1. Receipt of Goods	Record all incoming products by Commodity code and origin (EU, UK, or non-originating) based on supplier documentation.	Customer Services
2. Storage	Maintain stock records using accounting segregation. No co-mingling of origin categories without system control.	Warehouse / IT Systems
3. Addition of Material	If non-originating additives or materials are added, record the value and percentage relative to ex-works price. Verify that 10% tolerance is not exceeded.	Customer / Customer Services
4. Stock Management	Use accounting segregation ratios to allocate origin status to outgoing quantities.	Warehouse / IT Systems
5. Proof of Origin for Dispatches	Issue a Statement on Origin (Annex ORIG-4 wording) only for quantities qualifying as originating under segregation and tolerance limits.	Customs representative
6. Record-Keeping	Keep all supporting evidence (origin documents, blending records, valuation sheets) for 3 years minimum.	Customs Compliance
7. Audit and Verification	Perform internal checks quarterly to confirm compliance with origin and tolerance provisions.	Compliance Manager

9. Verification and Customs Control

- Customs authorities may verify origin claims by reviewing:
 - Stock and accounting segregation records;
 - Value calculations for non-originating additions;
 - Supplier origin documentation and statements;

- Outgoing origin declarations.
- Non-compliance may result in loss of preferential treatment and retroactive duty recovery.

10. Summary Table - Storage Context (HS 2710)

Element	Requirement
Tariff Heading	2710
PSR Limit	Max 40% non-originating materials (ex-works price)
Tolerance Rule	Additional 10% of ex-works price for incidental non-originating additions
Cumulation	Bilateral (EU-UK)
Processing Restriction	No simple mixing, packaging, or dilution (Article ORIG.7)
Stock Control Method	Accounting segregation (Article ORIG.14)
Proof of Origin	Statement on Origin (Annex ORIG-4)
Retention Period	3 years minimum
Key Controls	Stock reconciliation, value calculation, segregation ratio monitoring

11. Conclusion

In storage operations under the EU-UK TCA, the preferential origin of petroleum products (heading 2710) can be maintained provided that:

- Goods are handled under **accounting segregation** systems ensuring traceable origin management;
- Any addition of non-originating materials does not exceed **10% of the ex-works value**, and total non-originating input remains within the **40% PSR limit**;
- No operations constitute **insufficient working or processing** under Article ORIG.7.

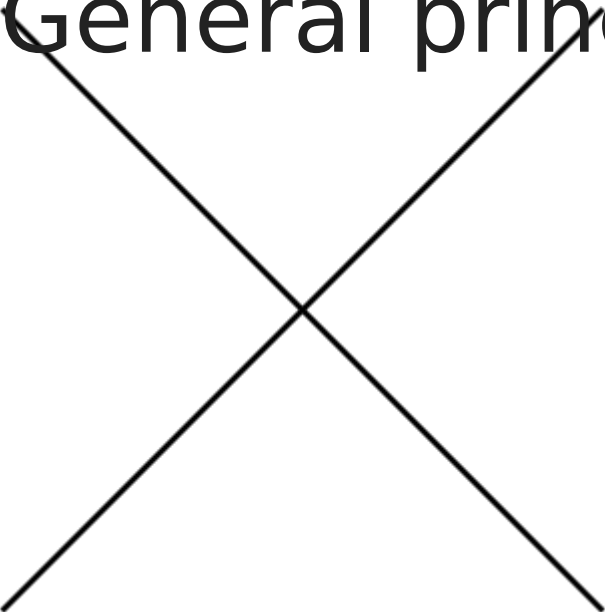
By applying these controls, operators can confidently issue **Statements on Origin** while maintaining full compliance with the TCA's preferential origin framework.

Non-Preferential origin

Non-preferential origin is used for the application of *general trade policy measures* that are not linked to preferential tariff treatment.

It determines a product's "normal" origin under the World Trade Organization (WTO) framework and the Union Customs Code (UCC).

General principles



Horizontal Container	
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Work in progress

Horizontal Container	
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Non-Preferential origin

General Procedure: Determination of Non- Preferential Origin

Work in progress

Case law

No substantial transformation

Judgment - 02/10/2025 - CS STEEL

Case C-86/24

In **C-86/24 CS STEEL**, the CJEU ruled that cold finishing of hot-finished steel tubes does **not** constitute a “substantial transformation” under Annex 22-01 of Delegated Regulation 2015/2446, so the origin of the goods is determined by the initial hot-finishing. This confirms that EU non-preferential origin rules in primary regulations take precedence over later processing steps.

Facts

- The referring court was the Krajský soud v Ostravě – pobočka v Olomouci (Czech Republic).
- The dispute involved the company CS STEEL a.s. versus the Czech customs authority, Generální ředitelství cel.
- The goods in question were seamless steel tubes/pipes under subheading 7304 41 of the HS (Harmonised System) — “Tubes, pipes and hollow profiles, seamless, of iron (other than cast iron) or steel”.
- These tubes were hot-finished in one country (China, according to commentary) and then underwent cold reduction (cold finishing) in another country (India, in the commentary) before import into the EU. (The commentary describes the operations: hot-finished tubes originating in China, cold-reduced in India)
- The legal question referred to the CJEU: Is the *primary rule* (set out in Annex 22-01 to Commission Delegated Regulation (EU) 2015/2446) valid to the extent that it rules out that cold processing (e.g., cold reduction) of hot-finished pipes under subheading 7304 11 is sufficient to confer a change of origin to subheading 7304 41?
- In other words: the question was whether the later cold finishing could count as the “last substantial transformation” for the purposes of determining origin — or whether the earlier hot finishing already fixed the origin. The national court asked whether the rule excluding the cold finishing from constituting origin change is valid under EU law.

Decision / Holding

- The Court held that the primary rule in question (for subheading 7304 41) is valid and does **not** breach EU law by excluding cold reduction/finishing from being sufficient to confer a new origin.
- In effect: the fact that an explicit rule in Annex 22-01 says that only certain types of processing (for that tariff heading) can constitute the last substantial transformation means that cold finishing alone is not enough. The earlier hot-finishing thus determined the origin, and the later cold finishing in India did not change that origin under the rule. (Commentary)
- The Court found no manifest error of assessment and that the rule is compatible with the requirements of Union law (Article 60(2) UCC) regarding validity of origin rules.

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