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
- General Procedure: Determination of Non-Preferential Origin
- Case law

General principles

Horizontal Container

Work in progress

Horizontal Container

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.