

Regulations Governing the Determination of Country of Origin of an Import Good*

Regulations Governing the Determination of Country of Origin of an Import Good*

Proclaimed on September 30, 1994, as amended on March 29, 2004.

*Where there are discrepancies between English and Chinese version of these Regulations, the latter shall prevail.

Chapter 1 General Provisions

Article 1

These Regulations are prescribed in accordance with paragraph 2 of Article 28 of the Customs Act.

Article 2

The term "least-developed countries" means those least-developed countries whose imports are applicable to preferential tariff rates listed in the second column of the Customs Import Tariff.

Article 3

The rules for determining origins of import goods include:

- (1) non-preferential rules of origin.
- (2) rules of origin for least-developed countries.
- (3) rules of origin for free trade agreements.

Article 4

The country of origin of import goods shall be determined by Customs office at the port of importation. Where the origin cannot be confirmed, the responsible Customs office shall submit the case to the Directorate General of Customs, Ministry of Finance, and the latter shall consult with relevant government agencies and scholars or experts before making its recommendation.

Chapter 2 Non-Preferential Rules of Origin

Article 5

An import good not applicable to the preferential tariff rate listed in the second column on the Customs Import Tariff shall be regarded as originating in the country:

- (1) in which the good was wholly produced; or
- (2) in which the good has undergone the last substantial transformation, where the processing or manufacturing processes of the good involved two or more countries or regions.

Article 6

Goods wholly produced in a country or region, as referred to in sub-paragraph 1 of the preceding Article, shall include:

- (1) mineral products extracted from that country .
- (2) vegetable products harvested in that country .
- (3) live animals born and raised in that country.
- (4) products obtained from live animals in one that country.
- (5) products obtained by hunting or fishing in that country .

- (6) products of sea-fishing and other products taken from the sea by vessels registered in that country .
- (7) products taken from the seabed or beneath the seabed outside the territorial sea of that country , provided that country has the right of exploitation.
- (8) articles collected in or waste and scrap derived from manufacturing or processing operations in that country , which only fit for the recovery of raw materials.
- (9) products produced in that country or region exclusively from goods referred to in subparagraphs 1 to 8 above.

Article 7

Except otherwise specified in the rules of origin for specific goods, which are separately established and announced jointly by the Ministry of Economic Affairs and the Ministry of Finance, a good shall be regarded as having undergone substantial transformation referred to in Article 5, provided that:

- (1) the good was used in the production of another product through which the tariff subheading in the Customs Import Tariff for the product is different from that of the good; or
- (2) the good has undergone a significant production process, or has gone through a manufacturing or processing process which added value to the good by a ratio of no less than 35%, where there is no change of the tariff subheading in the Customs Import Tariff.

The ratio of added value of a good, referred to in subparagraph 2 of the preceding paragraph, shall be calculated in accordance with the following method:

$$RAV = [(TV - VNM) / TV] * 100$$

Where:

RAV is the ratio of added value,

TV is the export price of the good, adjusted to a FOB basis, and

VNM is the price of imported raw materials and parts used in a manufacturing or processing process of the good, adjusted to a CIF basis.

Goods merely underwent any of the following operations shall not be deemed satisfying the requirements of substantial transformation as prescribed in paragraph 1:

- (1) Operations necessary for the preservation of the goods during their transportation or storage.
- (2) Sorting, grading, repacking and packing of the goods for marketing or transportation.
- (3) Combination or mixing with other goods, which have not resulted in any significant difference in the characteristics of the goods.
- (4) Simple assembling operations.
- (5) Simple diluting operations, which have not changed the nature of the goods

Chapter 3 Rules of Origin for Least- Developed Countries

Article 8

Goods imported from a least-developed country shall be regarded as originating in that country, provided that:

- (1) the goods were wholly produced in that least-developed country; or
- (2) where there are two or more countries involved in the production of the goods, the production process conducted by that least-developed country has added value to the goods by a ratio of no less than 50%.

Article 9

While determining whether goods were wholly produced in a least-developed country as referred to in subparagraph 1 of the preceding Article, the provisions of Article 6 shall be applied.

Article 10

The ratio of added value of goods imported from least-developed countries shall be calculated in accordance with the following method:

$$RAV = [(TV - VNM) / TV] * 100$$

Where:

RAV is the ratio of added value,

TV is the export price of the good, adjusted to a FOB basis, and

VNM is the price of imported raw materials and parts used in a manufacturing or processing process of the good, adjusted to a CIF basis.

While calculating the ratio of added value in accordance with the preceding paragraph, the price of materials originated from the Republic of China used in the production of a good imported in a least-developed country shall be excluded from the price of imported raw materials and parts.

Article 11

A good imported from a least-developed country applying for the preferential tariff rate shall be accompanied by a Certificate of Origin, and its transportation shall satisfy one of the following requirements:

- (1) it was shipped directly from the exporting country to the Republic of China; or
- (2) it has been shipped through a third country for the purpose of transit or temporary storage, provided it did not undergo operations other than unloading or reloading in the country of transit.

The Certificate of Origin referred to in subparagraph 1 shall be issued and certified by the government of the exporting country. Format of the certificate shall be established and announced by the Ministry of Finance.

Chapter 4 Rules of Origin for Free Trade Agreements

Article 12

The origin of goods imported from a country or region with which the Republic of China has signed a Free Trade Agreement shall be determined in accordance with the rules of origin established in that agreement.

Chapter 5 Other Provisions

Article 13

These Regulations shall take effect from the date of its proclamation.