World Customs Organization

Study on Accumulation/Cumulation

June 2024

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Table of Contents

1. INTRODUCTION 6
1.1 Background 6
1.2 Methodology 6
1.3 Structure 6
2. EXPLANATION OF ACCUMULATION/CUMULATION 7
2.1 Explanation of Accumulation/Cumulation 7
2.2 Types of accumulation/cumulation 7
2.2.1 Classified by “whose elements can be cumulated” 8
2.2.2 Classified by “which elements can be cumulated” 11
3. DOCUMENT REVIEW 14
3.1 Overview of categorization of cumulation in FTAs 14
3.2 Overview of legal wording on cumulation in FTAs 15
3.3 Overview of the certification requirement on cumulation in FTAs 17
4. CASE STUDIES 20
4.1 WCO South America, North America, Central America and the Caribbean Region 20
4.1.1 Brazil 20
4.1.2 Chile 22
4.1.3 Colombia 23
4.1.4 Costa Rica 27
4.1.5 Dominican Republic 29
4.2 WCO Far East, South and South East Asia, Australasia and the Pacific Islands Region 30
4.2.1 Australia 30
4.2.2 China 41
4.2.3 Hongkong, China 42
4.2.4 Japan 43
4.2.5 Korea 44
4.2.6 Malaysia 45
4.2.6 New Zealand 47
4.3 WCO Europe Region 53
4.3.1 Armenia 53
4.3.2 Azerbaijan 54

4.3.3 European Union (Belgium, Bulgaria, Denmark, Hungary, Latvia and Slovenia national practices) 54
4.3.4 Moldova 59
4.3.5 Switzerland 60
4.3.6 Türkiye 65
4.4 WCO East and Southern Africa Region 67
4.4.1 Mauritius 67
4.4.2 South Africa 68
4.5 WCO North of Africa, Near and Middle East Region 70
4.5.1 Iraq 70
4.5.2 Morocco 71
4.6 WCO West and Central Africa Region 73
4.6.1 Burkina Faso 73
ANNEX I: Categorization of Cumulation in FTAs 77
ANNEX II: Structure of the Case Studies on Accumulation/Cumulation 95
ANNEX III: List of Members that replied to the Questionnaire 96

1. INTRODUCTION

1.1 Background

Rules for accumulation/cumulation (hereafter referred to as "cumulation") are some of the most important preferential rules of origin, as the cumulation schemes affect trade patterns, although views on how they do so differ. Proponents of cumulation schemes argue that these reduce trade barriers and thus facilitate trade among economies participating in preferential regimes. Critics argue that cumulation schemes extend preferences of individual preferential arrangements to non-participating parties without any legal basis, and in this way may discriminate with regard to third parties.

In 2017, the World Customs Organization (WCO) produced a "Comparative Study on Preferential Rules of Origin", where the features of Rules of Origin (ROO) provisions of Free Trade Agreements (FTAs) were compared and analysed among major trading states, and cumulation rules of 47 FTAs were studied and analysed on a preliminary basis.

However, the 2017 version is mainly drafted on the basis of provisions of 47 FTAs and does not deal with administrative management and implementation, which are also regarded as some of the most difficult areas in the context of implementation.

The WCO Secretariat continues to develop further studies on cumulation and to provide technical tools in this area. At its 139th and140th Sessions, held in June 2022, the WCO Council endorsed Implementation Plan 2022/2023 and, among other things, the following was included in the Action Plan on Revenue Collection:

- Work on the production of a new tool on cumulation over multiple FTAs.

With the support of Member administrations, the Study on Accumulation/Cumulation was completed in December 2023, and efforts will be made to update it in the future so that the information remains as relevant as possible.

1.2 Methodology

This Study aims to present an overview of existing FTAs using cumulation, and procedural requirements relating to cumulation. In addition, it describes Members' practices on implementation of cumulation rules, such as certification requirements or verification practices. The Study will provide technical assistance to Member administrations, including provisional insights on cumulation rules and administrative management.

The Study was conducted in two steps:

1) **Step One – Document Review:** As an initial step towards this goal, the WCO Secretariat undertook a document review of the existing FTAs in force, using WCO Trade Tools (Origin Database), including a provisional review of cumulation rules and procedural requirements in the legal text of FTAs. The document review was conducted during the period October 2022 - March 2023.

2) **Step Two – Case Studies:** Based on the preliminary findings from the document review, the WCO Secretariat reached out to Member administrations to collect implementation practices. Case Studies were conducted during the period July 2023 - November 2023.

1.3 Structure

The Study contains three key elements: (1) Technical explanation of cumulation; (2) Overview of document review of existing FTAs relating to cumulation; and (3) Case studies.

The Study is divided into four sections:

Section One sets out the background and initiatives of the Study, the methodology used and the structure of the Study.

Section Two provides a technical explanation and examples of cumulation in terms of different categories.

Section Three provides an overview of existing practices on cumulation in FTAs, including cumulation rules and procedural requirements.

Section Four provides practices and cases provided by Customs Member administrations on administrative implementation relating to cumulation.

ANNEX I provides a table on the categorization of cumulation in existing FTAs included in the origin database of the WCO Trade Tools.

ANNEX II provides questions sent out to WCO Members for their contributions on the structure of the case studies on accumulation/cumulation.

ANNEX III provides a list of Members that replied to the questionnaire.

2. EXPLANATION OF ACCUMULATION/CUMULATION

2.1 Explanation of Accumulation/Cumulation

The concept of “accumulation/cumulation” or “cumulative rules of origin” allows countries which are part of a preferential trade scheme to share production and jointly comply with the relevant rules of origin provisions. In other words, it allows products of one country of a preferential trade scheme to be further processed or added to products in another party of that preferential trade scheme, as if they originate in the latter party. In this way, the production may be aggregated with other countries’ inputs, thus offering additional opportunities to source input materials. This essentially widens the definition of originating products and provides flexibility to develop economic relations between countries within a preferential trade scheme. Hence, through the concept of accumulation/cumulation in a free trade agreement, the use of input materials and manufacturing processes within that free trade area is encouraged. This promotes regional economic integration amongst members of a free trade area.

Accumulation/cumulation is a deviation from one of the core concepts of origin legislation. The basic rules of origin specify that goods are deemed to be originating when they:

• are entirely obtained or produced in the free trade area ("wholly obtained goods"); or

• are substantially transformed or satisfy the applicable requirements of product specific rules in the free trade area.

The concept of accumulation/cumulation extends this principle insofar as it offers the possibility to use products originating in a partner country or in partner countries of a preferential trade area as originating materials for the manufacture of an originating product. Some agreements also offer the possibility to cumulate production processes (instead of originating inputs) to obtain an originating product.

The higher the degree of accumulation/cumulation, i.e. the greater the number of potential trading partners whose inputs can count towards satisfying the origin rules, the more liberal the rules and the easier to satisfy them. However, while broad accumulation/cumulation rules can make countries more competitive in manufacturing processes, and thus more attractive for foreign direct investments, they may increase the possibility of unintended utilization of preferences by countries which do not participate in a preferential area.

On the other hand, narrow accumulation/cumulation possibilities may provide greater incentives to add value within the preferential trade scheme. However, they may also impose greater costs on producers, with the risk that the origin rules are not satisfied, or satisfied only at prohibitively high costs, resulting in the preferences not being utilized.

2.2 Types of accumulation/cumulation

Different types of accumulation/cumulation (such as bilateral cumulation, diagonal cumulation and full cumulation) exist, although they are not specifically mentioned as such in the legal texts.

In some cases, similar protocols may define them as different types of cumulation. For example, an agreement may consider that it is applying "bilateral cumulation", as one contracting party is a group or is regarded as a Customs Union, while another agreement might consider this to be "diagonal/regional cumulation".

In this regard, the protocol on cumulation can only be clearly and concretely understood by reading the legal texts of the agreements.

There are three main types of cumulation: bilateral, diagonal and full. The key difference between them is the number of parties involved and what types of inputs (originating or non-originating) can be used as the basis for cumulation.

In most cases, two conditions need to be fulfilled as prerequisites for any types of cumulation to be applied:

1) There needs to be a trade agreement or trade agreements between countries wishing to cumulate origin; and

2) All trade agreements within the cumulation zone should have identical rules of origin. In addition, a Mutual Administrative Assistance Agreement needs to be in place between all the countries involved to implement cumulation.

Cumulation can be classified according to **whose elements** and **which elements** (i.e. materials or production) can benefit from accumulation/cumulation.

2.2.1 Classified by "whose elements can be cumulated"

Whose elements can be cumulated decides which beneficiary countries' materials or inputs can be considered as originating content under the FTA.

There are three main types of cumulation in terms of whose elements can be cumulated.

Bilateral cumulation

Bilateral cumulation is used in bilateral trade agreements and allows each member of the agreement to use products originating in the other without the final good losing its originating status. Goods produced from originating materials in one FTA country, and further processed in the other, can then be exported back to the first country under preferential treatment. Without cumulation only the inputs originating in the exporting country could be counted towards the originating status.

Provision Examples

1. Australia-Japan FTA

Article 3.6: Accumulation

For the purposes of determining whether a good qualifies as an originating good of a Party, an originating good of the other Party which is used as a material in the production of the good in the former Party may be considered to be an originating material of the former Party.

2. EU-Chile FTA:

Article 3: Bilateral cumulation of origin

1. Materials originating in the Community shall be considered as materials originating in Chile when incorporated into a product obtained there. It shall not be necessary that such materials have undergone sufficient working or processing, provided they have undergone working or processing going beyond that referred to in Article 6.

2.Materials originating in Chile shall be considered as materials originating in the Community when incorporated into a product obtained there. It shall not be necessary that such materials have undergone sufficient working or processing, provided they have undergone working or processing going beyond that referred to in Article 6.

Remarks: Cumulation between the EU and a partner country is commonly classified as bilateral cumulation.

Diagonal/regional cumulation

Diagonal cumulation is sometimes referred to as regional cumulation, which works in the same way as bilateral cumulation but is applied in agreements with more than two members. As is the case with bilateral cumulation, diagonal cumulation can only be applied to goods originating in an FTA member country and further processed in another member country.

Provision Examples

1. ASEAN- India FTA

RULE 5 Cumulative Rule of Origin

Unless otherwise provided for, products which comply with origin requirements provided for in Rule 2 and which are used in a Party as materials for a product which is eligible for preferential treatment under the Agreement shall be considered as products originating in that Party where working or processing of the product has taken place.

2. EU-Chile FTA: Southern African Development Community (SADC)

4. Cumulative treatment

a) For the purposes of implementing this Annex, the Member States shall be considered as one territory.
b) Raw materials or semi-finished goods originating in accordance with the provisions of this Annex in any of the Member States and undergoing working or processing either in one or more States shall for the purpose of determining the origin of a finished product be deemed to have originated in the Member State where the final processing or manufacturing takes place.

3. EFTA- Indonesia FTA:

Article 6 Accumulation of Origin

1. Without prejudice to Article 2 (General Requirements), a product originating in a Party, which is used as material in the manufacture of a product in another Party, shall be considered as originating in the Party where the last operations beyond those referred to in paragraph 1 of Article 5 (Insufficient Working or Processing) have been carried out.

2. A product originating in a Party, which is exported from one Party to another and does not undergo working or processing beyond those referred to in paragraph 1 of Article 5 (Insufficient Working or Processing), shall retain its origin.

3. Where materials originating in two or more Parties are used in the manufacture of a product and these materials have not undergone any working or processing beyond the operations referred to in Article 5 (Insufficient Working or Processing), the origin of the product is determined by the material with the highest Customs value, or if this cannot be ascertained, with the highest first ascertainable price paid for that material in that Party.

However, similar protocols in some FTAs may define this as “bilateral cumulation” as the contracting parties regard themselves as a Member Group (or single Customs territory). For example, in the EFTA-Palestinian Authority FTAs, Article 3 (Rules of Origin) refers to “Bilateral cumulation of origin”. However, a similar case might be regarded as “regional/diagonal cumulation” in other FTAs.

Provision Examples

1. EFTA - Palestinian Authority FTA

Article 3 Bilateral cumulation of origin

1. Without prejudice to Article 2 (1) (b), materials originating in the West Bank and Gaza Strip within the meaning of this Protocol shall be considered as products originating in an EFTA State when incorporated into a product obtained there, provided these materials have undergone working or processing in this EFTA State going beyond that referred to in Article 7 of this Protocol. The materials need not to have undergone sufficient working or processing.

2. Without prejudice to Article 2 (2) (b), materials originating in an EFTA State within the meaning of this Protocol shall be considered as products originating in the West Bank and Gaza Strip when incorporated into a product obtained there, provided these materials have undergone working or processing there going beyond that referred to in Article 7 of this Protocol. The materials need not to have undergone sufficient working or processing.

3. For the purpose of paragraphs 1 and 2, where the working or processing carried out in an EFTA State or in the West Bank and Gaza Strip is not going beyond that referred to in Article 7, the product obtained there shall be considered as originating in the Contracting Party concerned only if the value added there exceeds that of any incorporated materials originating in another Contracting Party. If this is not so, the product obtained shall be considered as originating in the Contracting Party which accounts for the highest value of originating materials used in the manufacture in the Contracting Party concerned.

4. Products originating in another Contracting Party within the meaning of this Protocol, not having undergone any working or processing in the Contracting Party concerned, retain their origin when exported to another Contracting Party.

Cross/extended cumulation

Cross cumulation is also referred to as extended cumulation or third party cumulation, which allows for any of the previous types of cumulation (most commonly bilateral and diagonal) between countries which are not linked by a trade agreement or are linked by a trade agreement with different rules of origin. It allows the use of inputs from a third-party country which is not a member of the applicable FTA and considers them as originating, provided that they meet the rules of origin under the relevant trade agreement. Cross cumulation is the most flexible type of cumulation of originating inputs and is often limited to certain tariff headings, subheadings and codes or to certain types of products.

Provision Examples

1. UK - Korea FTA

Article 3 Cumulation of origin

1. Notwithstanding Article 2, products shall be considered as originating in a Party if such products are obtained there, incorporating materials originating in the other Party or in the EU, provided that the working or processing carried out goes beyond the operations referred to in Article 6. It shall not be necessary that such materials have undergone sufficient working or processing1.

2. Notwithstanding Article 2, working or processing carried out in the EU shall be considered as having been carried out in a Party when the products obtained undergo subsequent working or processing in the Party, provided that the working or processing carried out in the Party goes beyond the operations referred to in Article 61.

The terms “cross cumulation” or “extended cumulation” are observed in some of the FTAs. For example, in the UK-Central America FTA and UK-Chile FTA, “Extended cumulation of origin” is used as the title of the provision.

However, in some FTAs, similar protocols define this as “diagonal cumulation”, although the beneficiary parties are essentially referring to some extended Members, rather than the contracting parties of the FTA. For example, in the UK-Lebanon FTAs, Article 4 (Rules of Origin) refers to “Diagonal cumulation of origin”. However, the protocol of the UK-Lebanon FTA is similar to that of the UK-Chile FTA.

2.2.2 Classified by “which elements can be cumulated”

Full cumulation

Full cumulation allows cumulation to be applied between any number of countries to goods not originating in the FTA member country and processed in the FTA territory. Full cumulation allows cumulating origin-counting processing added across the FTA territory even when the initial input is not originating. Full cumulation is the most flexible type of cumulation.

Under full cumulation, the origin of a product is determined based on the value added or processing that occurs within any of the participating countries. This means that materials or processing from any of the countries involved in the production process are considered when determining the origin of the final product. In other words, the product can be treated as if it originated entirely from any of the participating countries.

Provision Examples

1. Korea- Australia FTA

ARTICLE 3.5: ACCUMULATION

1. Originating goods of a Party, incorporated into a good in the territory of the other Party, shall be considered to be originating in the territory of the other Party.

2. A good is originating where the good is produced in the territory of one or both of the Parties by one or more producers, provided that the good satisfies the requirements in Article 3.1 and all other applicable requirements in this Chapter.

2. Japan - Singapore FTA

Article 27 Accumulation

For the purposes of determining whether a good is an originating good, a producer of the good may accumulate his production with the production of one or more producers in the Area of one or both Parties, of materials incorporated in the good, in a manner that the production of the materials is considered to have been performed by that producer, provided that the provisions of Article 22 are satisfied.

3. USMCA

Article 4.11: Accumulation

1. Each Party shall provide that a good is originating if the good is produced in the territory of one or more of the Parties by one or more producers, provided that the good satisfies the requirements of Article 4.2 (Originating Goods) and all other applicable requirements in this Chapter.

2. Each Party shall provide that an originating good or material of one or more of the Parties is considered as originating in the territory of another Party when used as a material in the production of a good in the territory of another Party.

3. Each Party shall provide that production undertaken on a non-originating material in the territory of one or more of the Parties may contribute toward the originating status of a good, regardless of whether that production was sufficient to confer originating status to the material itself.

Partial cumulation

The term "partial cumulation" is observed in some of the agreements. For example, under the Trade in Goods Agreement (ATIGA), Annex 6 ("Implementing Guidelines for Partial Cumulation under Article 30(2) on ASEAN Cumulative Rules of Origin") adopts the term "partial cumulation" in the legal provisions. And it is also observed in Annex II to the Asia-Pacific Trade Agreement (APTA).

Under partial cumulation, an input originating in one member of the FTA will be considered as originating input in other member country(ies) of the FTA. In such a protocol, the value of the input/material is taken as originating and not the full value content of processing in the FTA partner. In other words, if the input is not originating, the value added in one country is totally disregarded as it does not meet the origin criteria.

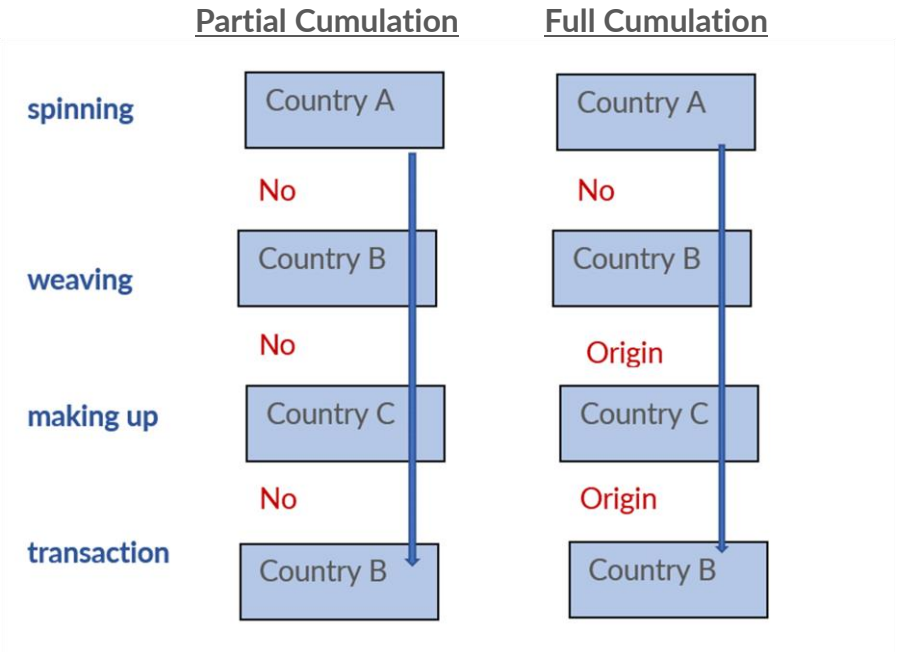
It is globally observed that under partial cumulation, only materials, rather than processing, can be considered for determining the origin of the product. In other words, in the context of specific manufacturing or processing operation criteria, a product cannot be considered as originating if not all stages of the manufacturing operation have been carried out in the final substantial transformation country.

Case Examples

Partial Cumulation/Full Cumulation

Under A-B-C FTA

Manufacture of apparel from carded wool



Origin Rule : 2-stage production (double jump)

Requires either spinning and weaving or weaving and making up

The above example shows the difference between partial and full cumulation. It assumes that the origin rule for the manufacture of pullovers requires a two-stage production process, meaning that the manufacturing process must encompass two consequent manufacturing processes to confer origin, i.e. spinning of yarn and weaving the yarn into fabrics or, when the manufacturing process starts with the yarn, the knitting of the fabric and the confection of the pullover by sewing.

In a partial cumulation setting, an individual manufacturing step does not confer origin since a two-stage production process is required to confer origin. The concept of full cumulation, on the other hand, allows the different manufacturing operations performed in the different countries to be aggregated, with the consequence that the two-stage production requirement is fulfilled in country B, and with application of the full cumulation provision the fabric obtained is considered to be originating in country B.

Provision Examples

1. ASEAN- Japan FTA

Article 29: Accumulation

Originating materials of a Party used in the production of a good in another Party shall be considered as originating materials of that Party where the working or processing of the good has taken place.

Under partial cumulation, most FTAs require the cumulated inputs to fulfil originating status. However, some agreements even allow a good to be eligible for cumulation if a certain percentage of the regional value of the good has been fulfilled where working or processing of the good has taken place. For example, the ASEAN Trade in Goods Agreement (ATIGA) requires actual domestic content, provided that it is equal to or more than twenty per cent (20%). And the India-Sri Lanka FTA requires that the value addition in the territory of the exporting contracting party not be less than 25 per cent of the f.o.b. value of the product under export.

Provision Examples

1. India- Sri Lanka FTA

8. Cumulative rules of origin

In respect of a product, which complies with the origin requirements provided in rule 5(b) and is exported by any Contracting Party and which has used material, parts or products originating in the territory of the other Contracting Party, the value addition in the territory of the exporting Contracting Party shall be not less than 25 per cent of the f.o.b. value of the product under export subject to the condition that the aggregate value addition in the territories of the Contracting Parties is not less than 35 per cent of the f.o.b. value of the product under export.

2. ASEAN Trade in Goods Agreement (ATIGA)

Article 30 Accumulation

1. Unless otherwise provided in this Agreement, goods originating in a Member State, which are used in another Member State as materials for finished goods eligible for preferential tariff treatment, shall be considered to be originating in the latter Member State where working or processing of the finished goods has taken place.

2. If the RVC of the material is less than forty percent (40%), the qualifying ASEAN Value Content to be cumulated using the RVC criterion shall be in direct proportion to the actual domestic content provided that it is equal to or more than twenty percent (20%). The Implementing Guidelines are set out in Annex 6.

ANNEX 6 IMPLEMENTING GUIDELINES FOR PARTIAL CUMULATION UNDER ARTICLE 30(2) ON ASEAN CUMULATIVE RULES OF ORIGIN

For the purposes of implementing paragraph 2 of Article 30 of this Agreement:

(a) a good shall be deemed to be eligible for partial cumulation, if at least twenty percent (20%) of the Regional Value Content (RVC) of the good is originating in the Member State where working or processing of the good has taken place;

(b) RVC of the good specified in paragraph (a) shall be calculated in accordance with the formula provided in Article 29 of this Agreement;

(c) a good exported under this arrangement shall not be eligible for tariff preference accorded by the importing Member State under this Agreement;

(d) a good exported under this arrangement shall be accompanied by a valid Certificate of Origin (Form D) duly and prominently marked “Partial Cumulation”;

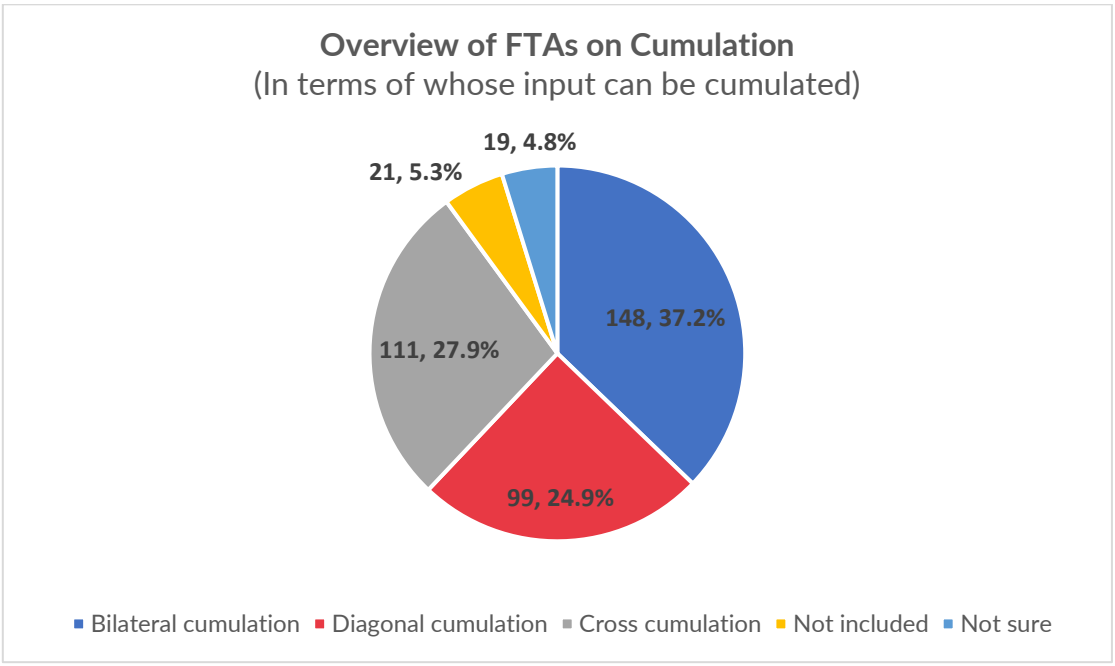
(e) the relevant sections of the Annex 8 (Operational Certification Procedures), including Rule 18 (retroactive check) and 19 (verification visit), shall be applicable to Certificate(s) of Origin (Form D) issued for partial cumulation purposes.

3. DOCUMENT REVIEW

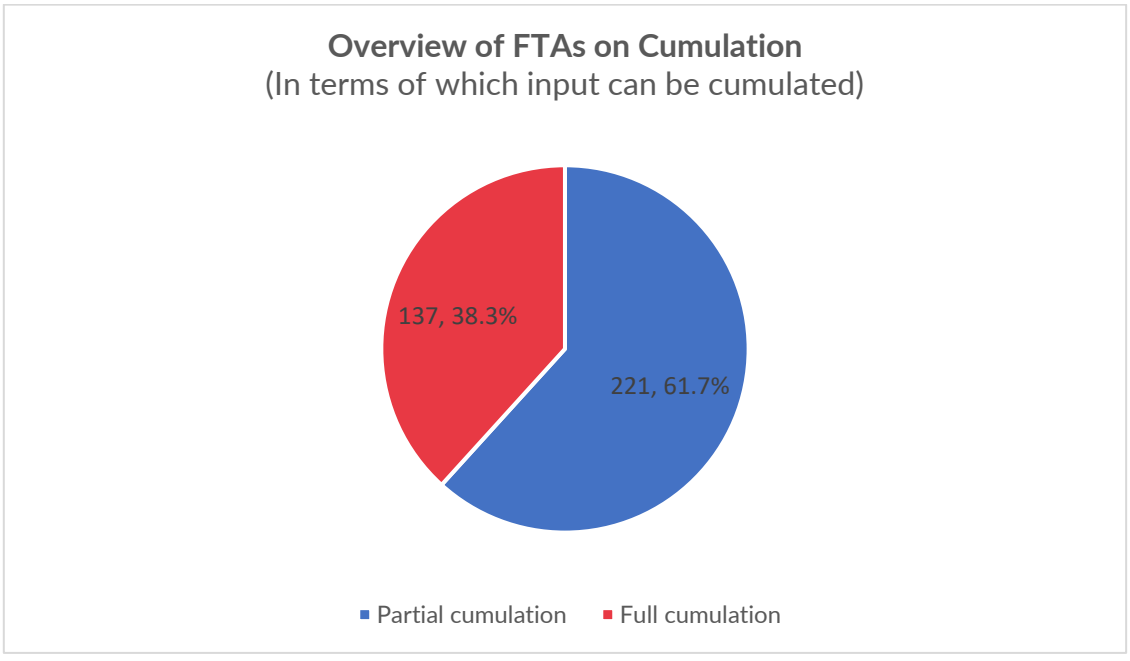
3.1 Overview of categorization of cumulation in FTAs

For the purposes of this Study and of providing an overview of the categorization of cumulation in FTAs, cumulation will be classified as follows: bilateral cumulation, regional/diagonal cumulation and cross/extended cumulation, in terms of whose input can be cumulated; and partial cumulation and full cumulation, in terms of which input can be cumulated.

Out of 398 FTAs studied, bilateral cumulation was observed in 148 FTAs (37.2%), diagonal/regional cumulation was observed in 99 FTAs (24.9%), cross/extended cumulation was observed in 111 FTAs (27.9%), 21 FTAs (5.3%) indicated that cumulation rules were not included, and another 19 FTAs (4.8%) were not clear on the cumulation rules as there was a lack of rules of origin legal text in the WCO Trade Tools.



Among 358 FTAs with cumulation rules in the FTA rules of origin, partial cumulation was observed in 221 FTAs (61.7%), while full cumulation was observed in 137 FTAs (38.3%).



The categorization table of the FTAs is annexed to the present Study. For more detailed information on the FTAs studied, please refer to ANNEX I.

3.2 Overview of legal wording on cumulation in FTAs

The legal wording of the provisions for cumulation differs widely between the various preferential trade arrangements. It is perhaps one of the most heterogeneous of the origin topics in terms of wording used, despite the fact that there are only two distinctive types of cumulation possibilities. In certain origin jurisdictions, cumulation is stipulated in a specific article (called specifically "accumulation/cumulation" or "cumulative rule of origin" or "cumulative treatment"), whereas in other cases, it is paraphrased in a general manner (sometimes found in the definitions or in the general requirements for origin determination, i.e. the "wholly obtained" requirement and the "sufficient transformation" requirement).

Out of 358 FTAs, cumulation rules stipulated as a specific article was observed in 327 FTAs (91.3%).

Provision Examples

1. ASEAN- Japan FTA

Article 29: Accumulation

Originating materials of a Party used in the production of a good in another Party shall be considered as originating materials of that Party where the working or processing of the good has taken place.

In the remaining 31 FTAs, cumulative rules were paraphrased in other ways. In some FTAs, cumulative rules were found in the general requirements for origin determination (e.g. the United States-Jordan FTA, the United States-Israel FTA, and the Treaty on a Free Trade Area between members of the Commonwealth of Independent States (CIS)).

In some FTAs, cumulative rules were found in the definition (e.g. Common Market for Eastern and Southern Africa (COMESA)).

Provision Examples

1. United States - Jordan FTA

5. For purposes of determining the 35 percent domestic content requirement under this Agreement, the cost or value of materials which are used in the production of an article in one Party, and which are products of the other Party, may be counted in an amount up to 15 percent of the appraised value of the article. Such materials must in fact be products of the importing Party under the country of origin criteria set forth in this Agreement.

2. Common Market for Eastern and Southern Africa (COMESA)

RULE 2: Rules of Origin of the Common Market for Eastern and Southern Africa

Raw materials or semi-finished goods originating in accordance with the provisions of this Protocol in any of the Member States and undergoing working or processing either in one or two or in more States shall, for the purpose of determining the origin of a finished product, be deemed to have originated in the Member State where the final processing or manufacturing takes place.

3. Ukraine - Kazakhstan FTA (Treaty on CIS FTA)

Section 2. Determination of the country of origin of goods

2.3. For the purposes of the determination of the country of goods' origin made in the State Party of the Agreement the cumulative principle which determines origin of these or those goods in case of its consecutive processing/conversion can be applied.

If in production of final goods in one of the State Parties of the Agreement the materials coming from another or other State Parties of the Agreement, confirmed with the certificate (certificates) on goods origin of the ST-1 form are used (further - the certificate of the ST-1 form or the certificate) and subjected to step-by-step subsequent processing / conversion in the friend or other State Parties of the Agreement, then the country in the territory of which it was last time subjected to processing/conversion is considered country of source of such goods.

In the absence of the certificate (certificates) of the ST-1 form of origin of materials from other State Parties of the Agreement determination of country of source of final goods is performed based on criterion of sufficient processing/conversion (subitems "a", "b", "v" of Item 2.4 of these rules).

2.4. In case of participation in production of goods of the third countries, in addition to the State Parties of the Agreement, the country of goods' origin is determined according to criterion of sufficient processing/conversion of goods.

The criterion of sufficient processing/conversion can be expressed by accomplishment of the following conditions:

a) the change of goods item according to the Commodity Nomenclature of Foreign Economic Activity at the level of at least one of the first four signs which resulted from processing/conversion;

b) accomplishment of necessary conditions, production and technological operations in case of which accomplishment the goods are considered the events from that country in the territory of which these transactions took place;

c) the rule of ad valorem share when the cost of the used materials of foreign origin reaches the fixed percentage share in the price of end products.

The main condition of criterion of sufficient processing/conversion is change of goods item according to the Commodity Nomenclature of Foreign Economic Activity at the level of at least one of the first four signs. This condition is applied to all goods, except for the goods included in the List of conditions, production and technological operations in case of which accomplishment the goods are considered the events from that country in which they took place (further - the List) (appendix 1, being integral part of these rules).

The rule of ad valorem share as independently, and in combination with accomplishment of other necessary conditions, the production and technological operations stated in the subitem "b" of this Item can be included in this List as one of conditions.

If the rule of ad valorem share is applied, cost indicators are calculated:

for materials of foreign origin - on Customs value of such materials in case of their import to the country in the territory of which production of final goods, or at documentary confirmed price of their first sale of territories of the country in which production of final goods is performed is performed;

for final goods - at the price on conditions ex-works.

2.5. For the purpose of determination of the country of goods' origin according to criterion of sufficient processing / conversion the materials coming from the State Parties of the Agreement according to these rules are not considered as materials of foreign origin and are equated to coming from the country in which the final goods are made.

3.3 Overview of the certification requirement on cumulation in FTAs

Certification on cumulation is one of the administrative requirements imposed by certain FTAs. It involves obtaining and providing documentation or proof that the inputs used in the production process meet the criteria for cumulation as specified in the respective agreement. This certification helps verify that the inputs originated from the countries involved in the cumulation arrangement and meet the necessary criteria to qualify for preferential treatment.

By implementing certification on cumulation, authorities can control and monitor the flow of goods, ensuring compliance with the rules of origin. This helps prevent abuse or misuse of the cumulation system and maintains the integrity of preferential trade arrangements.

Among 398 FTAs studied, the certification requirement was observed in 41 FTAs (10.3%), while others did not specifically mention the certification requirement in the legal text.

To ensure proper administration and control of cumulation, some FTAs require that the certificate of origin include specific information related to cumulation. This information may include details about the materials or processing stages that have been cumulated, the countries involved in the cumulation, and any other relevant information that demonstrates compliance with the cumulation provisions of the FTA.

For example, in most of the EU FTA system, the evidence of originating status within the meaning of the protocol of the materials coming from certain cumulated parties is given by a movement certificate EUR.1 or by the supplier's declaration.

Provision Examples

1. EU- Pacific FTA

Article 26 Information procedure for cumulation purposes

1. When Articles 3(1) and 4(1) are applied, the evidence of originating status within the meaning of this Protocol of the materials coming from a Pacific State, from the European Community, from another ACP State or from an OCT shall be given by a movement certificate EUR.1 or by the supplier's declaration, a specimen of which appears in Annex V A to this Protocol, given by the exporter in the State or in the European Community from which the materials came.
2. When Articles 3(4) and 4(4) are applied, the evidence of the working or processing carried out in a Pacific State, in the European Community, in another ACP State or in an OCT shall be given by the supplier's declaration a specimen of which appears in Annex V B to this Protocol, given by the exporter in the State or in the European Community from which the materials came.
3. A separate supplier's declaration shall be made out by the supplier for each consign-ment of goods on the commercial invoice related to that shipment or in an annex to that invoice, or on a delivery note or other commercial document related to that shipment which describes the materials concerned in sufficient detail to enable them to be identi-fied.
4. The supplier's declaration may be made out on a pre-printed form.
5. The suppliers' declarations shall bear the original signature of the supplier in manu-script. However, where the invoice and the supplier's declaration are established using electronic data processing methods, the supplier's declaration need not be signed in man-uscript provided the responsible official in the supplying company is identified to the sat-isfaction of the Customs authorities in the State where the suppliers' declarations are es-tablished. The said Customs authorities may lay down conditions for the implementation of this paragraph.
6. The supplier's declarations shall be submitted to the Customs authorities in the export-ing country requested to issue the movement certificate EUR.1.
7. The supplier making out a declaration must be prepared to submit at any time, at the request of the Customs authorities of the country where the declaration is made out, all appropriate documents proving that the information given on this declaration is correct.
8. Suppliers' declarations made and information certificates issued before the date of entry into force of this Protocol in accordance with Article 26 of Protocol 1 to the Cotonou Agreement shall remain valid.2.5. For the purpose of determination of the country of goods' origin according to criterion of sufficient processing / conversion the materials coming from the State Parties of the Agreement according to these rules are not considered as materials of foreign origin and are equated to coming from the country in which the final goods are made.

In some other FTAs, the certification requirements might be more detailed, referring to a series of documents (e.g. the ASEAN-Japan FTA, which refers to an exporter or producer declaration, invoice of the good, a copy of the CO for the material issued by the exporting Party of the material, including that issued retroactively, and any other relevant documents).

Provision Examples

1. ASEAN - Japan FTA

ANNEX 4 Rule 8: Documents for Accumulation

For the purposes of Article 29 of the AJCEP Agreement, if documentary evidence is needed for the issuance of a CO or the verification process to prove that material accumulated in the production of a good is an originating material of a Party, the following may be used:

(a) a declaration by the exporter or producer of the good;

(b) an invoice of the good;

(c) a copy of the CO for the material issued by the exporting Party of the material, including that issued retroactively; or

(d) any other relevant document.

2. ASEAN - Japan FTA

ANNEX 4 Rule 8: Documents for Accumulation

For the purposes of Article 29 of the AJCEP Agreement, if documentary evidence is needed for the issuance of a CO or the verification process to prove that material accumulated in the production of a good is an originating material of a Party, the following may be used:

(a) a declaration by the exporter or producer of the good;

(b) an invoice of the good;

(c) a copy of the CO for the material issued by the exporting Party of the material, including that issued retroactively; or

(d) any other relevant document.

In addition, in certain FTAs, it is required that cumulation be explicitly declared in the certificate of origin. For example, in the ASEAN-India FTA, Column 13 of the "ASEAN-India Free Trade Area Preferential Tariff Certificate of Origin" is for the cumulation declaration, and it is necessary to tick (√) "cumulation" in the certificate if appropriate. Such requirements are commonly observed in ASEAN cumulation protocols.

It is worth noting that the specific requirements for declaring cumulation in the certificate of origin can vary between different FTAs. Therefore, it is important for exporters to understand and comply with the specific provisions outlined in the FTA they are operating under.

Example

1. ASEAN - India FTA

ORIGINAL

1. Goods consigned from (Exporter's business name, address, country)	**Reference No.** **ASEAN-INDIA FREE TRADE AREA** **PREFERENTIAL TARIFF** **CERTIFICATE OF ORIGIN** **(Combined Declaration and Certificate)** **FORM AI** Issued in Singapore See Notes Overleaf
2. Goods consigned to (Consignee's name, address, country)	
3. Means of transport and route (as far as known) Departure date Vessel's name/Aircraft etc. Port of Discharge	4. For Official Use ☐ Preferential Tariff Treatment Given Under ASEAN-India Free Trade Area Preferential Tariff ☐ Preferential Tariff Treatment Not Given (Please state reason/s) Signature of Authorised Signatory of the Importing Country

5. Item number	6. Marks and numbers on Packages	7. Number and type of packages, description of goods (including quantity where appropriate and HS number of the importing country)	8. Origin criterion (see Notes overleaf)	9. Gross weight or other quantity and value (FOB)	10. Number and date of Invoices

11. Declaration by the exporter The undersigned hereby declares that the above details and statement are correct; that all the goods were produced in (Country) and that they comply with the origin requirements specified for these goods in the ASEAN-INDIA Free Trade Area Preferential Tariff for the goods exported to (Importing Country) Place and date, signature of authorised signatory	12. Certification It is hereby certified, on the basis of control carried out, that the declaration by the exporter is correct. Place and date, signature and stamp of certifying authority

13. Where appropriate please tick:

☐ Third Country Invoicing ☐ Exhibition ☐ Back-to-Back CO ☐ Cumulation

4. CASE STUDIES

4.1 WCO South America, North America, Central America and the Caribbean Region

Summary

Five Members from WCO South America, North America, Central America and the Caribbean Region provided their national practice related to cumulation. They are Brazil, Chile, Colombia, Costa Rica and Dominican Republic.

4.1.1 Brazil

1. **Brief introduction of the use accumulation/cumulation in your FTA schemes**

In the agreements in which Brazil takes part, the rules of cumulation of origin are essentially based on the production process, also considering the origin of the raw material and its added value.

"Sufficient processing" is transformations and manufacturing additions that alter the essence of the product being processed, generating a new product and adding value.

Thus, "insufficient processing" is considered to be mere preservation operations designed to ensure that products remain in good condition during transport and storage; changes to packaging, assembly and disassembly; washing, cleaning, dust and oil removal; painting and polishing operations; peeling, partial or total bleaching and polishing of cereals; colouring, flavouring or clump forming operations or partial or total milling of sugar; peeling and stoning fruit; sharpening, simple grinding, separating or cutting; sifting, sorting and classifying products; placing in bottles, cans, jars, bags, cases and boxes; affixing or printing marks, labels and logos or similar signs; mixing products of different kinds; assembling non-originating parts to constitute a final complete product; simple addition of water or dilution or dehydration; or the combination of two or more of the above operations.

Generally speaking, in the agreements signed by Brazil, cumulation of origin is allowed when a product originating in one of the signatory countries of the agreement is incorporated into or serves as a raw material for a final product produced in another signatory country, provided that it undergoes further manufacturing or processing operations that are not considered "insufficient processing". Thus, if a product originating in country A is transformed or serves as raw material to produce a new product in country B, the final product will be considered to originate in country B.

Another possibility of cumulation can be found in the treatment of raw materials originating in different signatory countries of an agreement to produce a final product that is not subjected to operations that go beyond the concept of insufficient processing. In this case, the origin of the product will be determined by the origin of the material with the highest added value.

To illustrate this, the rules of the MERCOSUR Origin Regime are as follows:

Intra-MERCOSUR cumulation

For the purposes of meeting origin requirements, materials originating in any State Party that have acquired such status in accordance with Article 4 "Origin Qualification" and that are incorporated into a given product in a State Party are considered as originating in that State Party.

For the purposes of establishing whether a product for which preferential tariff treatment is claimed is originating, its production in the territory of one or more States Parties, by one or more producers, is to be considered as if it had been carried out in the territory of the latter State Party by that exporter or producer.

Full cumulation of origin implies that all operations carried out in the territory of the States Parties to produce a product should be taken into account for the determination of origin of the final product, including the consideration of all materials and regional value added incorporated in the territory of the States Parties. For this purpose, the final producer of the final product should be required to provide the Declaration of Material Use in accordance with Appendix X "Material Supplier's Declaration".

Cumulation of origin with third countries

For the fulfilment of origin requirements, materials that receive originating treatment in accordance with Article 7 "Materials imported from third countries" and that are incorporated into a given product in a State Party are considered as originating in that State Party.

Additionally, materials originating from Bolivia, according to the Economic Complementation Agreement (ECA) Nº 36; from Peru, according to ECA Nº 58; from the Andean Community, according to ECA Nº 59 and from Colombia, according to ECA Nº 72, incorporated into a given product in the territory of one of the State Parties, are considered as originating from MERCOSUR, provided that they:

a) comply with the Origin Regime of the respective ECAs;

b) have a definitive origin requirement in the respective ECAs;

c) have reached the 100% preference level, without quantitative limits, in the four MERCOSUR States Parties in relation to each of the Andean countries; and

d) are not subject to differentiated origin requirements based on quotas established in the respective ECAs.

2. The current practice regarding certification requirements on accumulation/cumulation

2.1. What are the requirements and procedures for issuing the certificate of origin in relation to accumulation/cumulation?

The requirement for issuing certificates of origin is the existence of the accumulation of origin discipline in the international agreement that is intended to be used. In this regard, the procedures will also be those established in the regimes of origin of the aforementioned agreements. For example, in the case of Mercosur (ACE 18), the agreement mentioned above, it is required that the Sworn Declaration indicate the materials that will be subject to accumulation.

In the Agreements to which Brazil is a party, there is no element indicating accumulation in the Certificate of Origin (CO) itself, as occurs, for example, in the Pacific Alliance, in which operators fill in a specific code in the document when using accumulation.

2.2. If available, then 1 or 2 cases that are illustrative of the process involved.

In Certificates of Origin issued in Brazil, it is required that, for accumulation of origin, the commercial operator must indicate information about the materials/inputs subject to accumulation in the Sworn Declaration that supports the issuance of the CO.

It is also worth mentioning that, in any process of verification of origin by Customs, the Sworn Declaration is a fundamental document, as it supports the issuance of the CO by the entities, and it is in this document that Customs can verify whether accumulation of origin is being used in complying with the rule.

3. Practice regarding verification related to accumulation/cumulation.

3.1. How do you conduct verification related to accumulation/cumulation in practice?

In Brazil, procedures for verifying the origin of products begin upon suspicion of improper application of the international agreements' benefits. Such information is mostly obtained from data crossing and, sometimes, from complaints.

The Federal Revenue Service, in possession of the Customs clearance documents, orders the importer to present the original certificate of origin. Likewise, the entity that issued the certificate is invited to provide clarifications on the issuance of the certificate and present the supporting documents. It is important to mention that usually the international agreements that support the issuance of origin certificates provide for cooperation between authorities in the case of the verification procedure.

Thus, based on the documents presented by the importer and the data provided by the foreign certifying authority, the authenticity of the certificate is verified, as well as whether the rules for its issuance were complied with.

If a Customs authority has doubts regarding compliance with the requirements for issuing the certificate, it is even possible to carry out in-person visits to the factory to analyse the product's manufacturing process. But we have no records of this happening.

3.2. If possible, illustrative verification cases (1-2 cases) demonstrating the practice.

For now, we could not find any procedures of verification related to cumulation in practice. This is because, in most of the cases, the certificate of origin presented by the importer is not appropriate and the merchandise was not produced in the country for which the certification of origin is claimed.

4. **If available, cases or material that either illustrates the impact of cumulative rules on trade or shows how the private sector benefits from accumulation/cumulation.**

We do not have complete studies on the topic, but we are starting a piece of work with ALADI on the topic of accumulation and extended accumulation, with the aim of understanding how the regulations on the topic work in the region, as well as on the application of the mechanisms applied by the countries of the region. The idea is to advance in information and experiences on the topic in order to analyse possible expansion of productive integration in the region.

5. **Any other information, you may consider useful to share with Members or with the Secretariat (e.g. judicial cases, training material, information material, etc.).**

As stated, the legislation that regulates origin accumulation is the respective commercial agreement. However, the Foreign Trade Secretariat (SECEX) makes available a Technical Origin Sheet for each of the commercial Agreements to which Brazil is a party, where the commercial operator can identify, among other elements, the provisions in the agreement that deal with the topic of accumulation. These forms are on the Siscomex – Agreements portal, which can be accessed at:

https://www.gov.br/siscomex/pt-br/acordos-comerciais/pagina-acordos-comerciais

Additionally, we inform you that we have no record of legal disputes.from WCO South America, North America, Central America and the Caribbean Region provided their national practice

4.1.2 Chile

1. **Brief introduction of the use accumulation/cumulation in your FTA schemes.**

(e.g. whose elements could be cumulated, or which elements could be cumulated).

Chile has different methods of accumulation of origin in its Trade Agreements, such as accumulation of inputs originating in the other Party, accumulation of processes and extended accumulation.

2. **The current practice regarding certification requirements on accumulation/cumulation**

(e.g. requirement regarding supplier's declaration, or requirement to specify "cumulation" in the certificate of origin, etc.).

2.1. What are the requirements and procedures for issuing the certificate of origin in relation to accumulation/cumulation?

Chile Customs does not issue certificates of origin, so it is not known whether Chilean certifying bodies require information on accumulation of origin from exporters.

On the other hand, it should be noted that the certificates of origin of the Trade Agreements signed by Chile do not include information on accumulation of origin.

2.2. If available, then 1 or 2 cases that are illustrative of the process involved.

Not applicable.

3. **Practice regarding verification related to accumulation/cumulation.**

3.1. How do you conduct verification related to accumulation/cumulation in practice?

To date, none of the companies to which verification of origin procedures have been applied have declared that they have used accumulation of origin, therefore it has not been necessary to address this aspect.

Within the Verification-of-Origin Procedures applied by Chile Customs, a consultation on Accumulation of Origin is considered.

3.2. If possible, illustrative verification cases (1-2 cases) demonstrating the practice.

Not applicable.

4. **If available, cases or material that either illustrates the impact of cumulative rules on trade or shows how the private sector benefits from accumulation/cumulation.**

The required material does not exist.

5. **Any other information, you may consider useful to share with Members or with the Secretariat (e.g. judicial cases, training material, information material, etc.).**

There is no required material that has been generated by Chile Customs.

4.1.3 Colombia

1. **Brief introduction on the use of accumulation/cumulation in your FTA schemes**

(e.g. whose elements could be cumulated or which elements could be cumulated).

Three categories of cumulation can be found in the trade agreements signed by Colombia. Depending on the individual agreement, these can be: cumulation of materials, cumulation of production processes and, in some cases, extended cumulation or cumulation with third countries.

In general, all trade agreements allow cumulation between parties, provided that the remaining origin requirements laid down in the relevant trade agreement are met.

Some agreements allow only cumulation of materials, for example the agreements between Colombia and CARICOM and between Colombia and Venezuela. Other agreements, such as that between Colombia and MERCOSUR, provide for cumulation of materials with the possibility of direct cumulation of materials originating from Bolivia, Ecuador, Peru and Venezuela (ACE-72).

Colombia's trade agreement with Korea allows for cumulation of both materials and processes but does not provide for extended cumulation.

Trade agreements such as those between Colombia and Mexico, Colombia and Costa Rica and Colombia and the Northern Triangle countries (El Salvador, Guatemala and Honduras), on the other hand, allow cumulation of production processes and cumulation with third countries in addition to cumulation of materials. It should be noted that, in these three cases, cumulation with third countries is provided for but has not been developed or implemented by the countries, and has therefore not come about in practice.

Similarly, Colombia's trade agreements with Canada, Chile, Costa Rica, Mexico, the Northern Triangle countries and Israel provide for extended cumulation in cases where each of the parties to the agreement has signed a trade agreement with the same country that is not a party to the agreement.

The trade agreements between Colombia and the European Union and the United Kingdom provide for the three types of cumulation mentioned above and also allow for direct cumulation of materials originating from Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Venezuela or a member country of the Andean Community for the manufacture of goods within the territories of countries that are parties to the agreement, where such goods are destined for the EU or United Kingdom and provided that prior administrative cooperation agreements have been concluded between the countries. It should be noted that cooperation agreements are currently in force between Colombia and the above-mentioned third countries.

Likewise, the trade agreements with the European Union and the United Kingdom provide for the possibility of extending cumulation of materials to other countries in Central and South America and the Caribbean than those mentioned above. In such cases, a country that is party to the agreement must apply to the Sub Committee on Customs, Trade Facilitation and Rules of Origin for authorization to allow materials originating in such third countries to be considered as originating in a signatory Andean country, in the European Union or in the United Kingdom, depending on the agreement, at the time when they are incorporated into the production of the final good to be exported.

Finally, the Trade Promotion Agreement with the United States provides for an evolutionary clause for extended cumulation with countries in the region, which has yet to be implemented.

2. **The current practice regarding certification requirements on accumulation/cumulation (e.g. requirement regarding supplier's declaration or requirement to specify "cumulation" in the certificate of origin, etc.).**

2.1. What are the requirements and procedures for issuing the certificate of origin in relation to accumulation/cumulation?

As noted in the response to Question 1 above, where international trade agreements concluded between Colombia and other countries provide for cumulation of materials, cumulation of processes or extended cumulation, this is expressly stated in the certificate of origin. For example, in the agreement with Mexico, "ACU" is entered in box 9 (for "Other") of the certificate of origin to indicate that accumulation/cumulation was used to establish the origin of the product.

Certificates of origin in other trade agreements, however, contain no specific box allowing this cumulation status to be noted, which is instead noted in the "Remarks" box.

2.2. If available, then 1 or 2 cases that are illustrative of the process involved.

CASE OF EXPORT WITH EXTENDED CUMULATION

CASE 1

Product: rum.

Export country of destination: France.

Trade agreement: Trade Agreement between the European Union and its Member States, of the one part, and Colombia and Peru, of the other part.

Country with which origin is cumulated: Panama.

Cumulated input: tafia.

To produce rum, the company in Colombia purchased the input tafia, a spirit obtained from molasses and by-products of cane sugar manufacturing, from a company producing it in Panama. The Panama-Colombia Certificate of Origin specified the following information:

—Type of certificate: Movement certificate EUR1.

—Box 2: Certificate used in preferential trade between Central America and the European Union.

—Box 4: Country or group of countries or territory in which the products are considered as originating: Panama.

—Box 5: Country, group of countries or territory of destination: Colombia.

—Box 7: Remarks: Regional cumulation.

The above was submitted in accordance with Annex II, Article 3 (Cumulation of Origin), paragraph 3 of the "Trade Agreement between the European Union and its Member States, of the one part, and Colombia, Peru and Ecuador, of the other part", which provides:

"3. Notwithstanding paragraphs 1 and 2, materials originating in Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Venezuela or in a Member Country of the Andean Community which is not a Party to this Agreement shall be considered as materials originating in a signatory Andean Country when further processed or incorporated into a product obtained there."

Extended or cross-cumulation was provided for under the Administrative Cooperation Agreement between the competent authorities of the Republic of Colombia and the Republic of Panama for the issuance and verification of proofs of origin for cumulation with the European Union, concluded on 30 December 2016, in which they:

"Agreed to establish administrative cooperation mechanisms between the Parties in order to contribute to implementing the extended cumulation of origin provided for in Annex II concerning the definition of the concept of 'originating products' and methods for administrative cooperation under the trade agreements signed between Colombia and the European Union and Panama and the European Union respectively."

Once the company in Colombia had manufactured the rum product to be exported to the European Union, it completed a movement certificate EUR1 with the following information:

—Type of certificate: Movement certificate EUR1.

—Box 2: Certificate used in preferential trade between Columbia and the European Union.

—Box 4: Country or group of countries or territory in which the products are considered as originating: Colombia.

—Box 5: Country, group of countries or territory of destination: France.

—Box 7: Remarks: Cumulation with Panama, EUR1 No. xxxxxx of day xx month xxxx 2023.

CASE 2

Product: pre-cooked, frozen and vacuum-packed shredded tuna fish.

Export country of destination: Spain.

Trade agreement: Trade Agreement between the European Union and its Member States, of the one part, and Colombia and Peru, of the other part.

Country with which origin is cumulated: Ecuador, Panama and Guatemala.

Cumulated input: whole frozen tuna.

To produce pre-cooked, frozen and vacuum-packed shredded tuna fish, the company in Colombia purchased the whole frozen tuna input from companies that had fished it in the territorial waters of Ecuador, Panama and Guatemala. Once in Colombia, the tuna was thawed and cooked. The tuna was then processed by cleaning, deboning, etc. Once the tuna fillets were obtained, they were vacuum-packed in heat shrink bags, and the product to be exported was frozen, palletized and loaded for shipping.

To certify origin, each country (Ecuador, Panama and Guatemala) issued a movement certificate EUR1.

The movement certificate EUR1 issued by Panama and Guatemala contained the following cumulation-related information.

–Box 2: Certificate used in preferential trade between Central America and the European Union.

–Box 4: Country or group of countries or territory in which the products are considered as originating: Panama or Guatemala, depending on the country of origin of the input.

–Box 5: Country, group of countries or territory of destination: Colombia.

–Box 7: Remarks: Regional cumulation.

The movement certificate EUR1 issued by Ecuador contained the following cumulation-related information.

–Box 2: Certificate used in preferential trade between Ecuador and the European Union.

–Box 4: Country or group of countries or territory in which the products are considered as originating: Ecuador.

–Box 5: Country, group of countries or territory of destination: Colombia.

Once the company in Colombia had received these certificates of origin, it completed a Colombia-EU movement certificate EUR1 with the following information: Colombia; country of destination: Spain. The certificate was endorsed with the phrase “issued retrospectively” in the “Remarks” box. Likewise, under “description of goods” in box 8, it was stated that there was cumulation with Ecuador, Panama and Guatemala.

Colombia thus certified that it complied with the agreement with the European Union on extended or cross-cumulation.

3. Practice regarding verification related to accumulation/cumulation

3.1. How do you conduct verification related to accumulation/cumulation in practice?

When verifying the origin for a non-originating material (NOM) for which the trade agreement allows cumulation, a request for information is made to the importer, exporter or producer (as appropriate) in the form of written questionnaires to establish, for that NOM, the originating status of the country with which cumulation is applicable. This is done by means of the relevant proof of origin (affidavit), materials used, production

processes carried out in that country and other documents demonstrating that the material is originating under the applicable agreement/the agreement in accordance with which the NOM was presented.

In cases of extended accumulation, it must be verified that the material complies with the requirements provided for in the relevant agreement. The producer's certificate of origin or affidavit certifying the originating status of the material is requested, together with any other documents establishing the originating status of the material.

If doubt remains as to the originating status of the material, additional information is requested from the third country under the administrative cooperation agreement.

3.2. If possible, illustrative verification cases (1-2 cases) demonstrating the practice.

This office carried out a verification of origin for garments exported to an EU Member State. Verification followed the guidelines laid down in the agreement on origin. A request for information was made to the exporter for documents and information allowing the origin of the exported good to be determined. The exporter's reply revealed that the producer had used a material originating from a third country which, under the rule of origin, should be originating material. Although the input (fabric) is of Peruvian origin, the trade agreement allows for cumulation with this third country. Information therefore had to be requested from the exporter to demonstrate that the material originated in Peru under a rule of origin identical to that which would apply were the material to be exported directly to the European Union. The exporter submitted the movement certificate EUR1 issued by the competent authority in Peru, together with documentation demonstrating the Peruvian origin of the input, thus complying with the provisions of the trade agreement on cumulation and origin of the final good.

4. **If available, cases or material that either illustrates the impact of cumulative rules on trade or shows how the private sector benefits from accumulation/cumulation.**

The cumulation of materials and production processes allowed in the existing agreements facilitates the use of preferences, since it allows the supply of inputs with our trading partners when we are affected by shortages or lack the infrastructure to perform the required production processes. This fosters complementarity between countries, development of production chains and increased trade flows.

Once again, as mentioned in the response to Question 1, some trade agreements provided for cumulation with third countries, but since this requires the fulfilment of certain conditions to be agreed between the parties, the countries have not managed to implement cumulation, which has therefore not come about in practice.

However, implementation of administrative cooperation agreements in the context of relations with the European Union has meant that the private sector has been able to take advantage of the flexibility deriving from cumulation with third countries in tuna fishing operations, allowing processing in Colombia and subsequent export of the "canned tuna" final good to the European Union.

5. **Any other information you may consider useful to share with Members or with the Secretariat (e.g. judicial cases, training material, information material, etc.).**

1) Flexibilities for the textile and clothing sector provided for in some agreements allow direct cumulation of certain inputs from third countries to be incorporated into their production, facilitating compliance with the rule of origin (ACE-33, Pacific Alliance).

2) The following link can be used to consult the communications on the administrative cooperation agreement on origin between the General Secretariat of the Andean Community (SGCAN) and the Secretariat for Central American Economic Integration (SIECA), for the purposes of applying the provisions of cumulation of origin between the countries of the Andean Community and the Central American Economic Integration System:

a.https://www.dian.gov.co/aduanas/aspectecmercancias/Origen1/2_4_1_5_6_UE_Comunicacion_CAN_SIECA_sobre_Acumulacion.pdf

b. https://www.dian.gov.co/aduanas/aspectecmercancias/Origen1/2_4_1_5_5_UE_Comunicacion_Delegacion_UE_sobre_Acumulacion.pdf

3) The presentation of the Pacific Alliance seminar on regional value chains and cumulation of origin can be accessed at:

https://web.facebook.com/SE.Economia/videos/seminario-alianza-del-pac%C3%ADficosesi%C3%B3n-2-reglas-de-origen-y-procedimientos-relaci/528317765359657/?_rdc=1&_rdr

Further details on all trade agreements signed by Colombia, including their full texts and other items of interest, are available at: http://www.tlc.gov.co/.

4.1.4 Costa Rica

1. **Brief introduction of the use accumulation/cumulation in your FTA schemes**

(e.g. whose elements could be cumulated, or which elements could be cumulated).

In the free trade agreements (FTAs) in force in Costa Rica, bilateral or regional cumulation is allowed. It promotes the integration of production processes between the Parties of the respective FTA.

In addition, in the most recent FTAs, extended cumulation of origin has been included. It allows the use of inputs from a third-party country which is not a member of the applicable FTA and consider them originating provided that they meet the rules of origin under the relevant FTA and these third countries have common agreements with each of the Parties involved. Generally, this extended cumulation is not automatic, because the Parties must establish the necessary conditions for its implementation.

The FTAs in which Costa Rica has incorporated an extended cumulation of origin rule are the following:

- Agreement establishing an Association between the European Union and its Member States, on the one hand, and Central America on the other (AACUE): article 3 and 3A of Annex II.
- Agreement Establishing an Association between the United Kingdom of Great Britain and Northern Ireland and Central America (AACRU): articles 3 and 3A of Annex II.
- Free Trade Agreement between the Republic of Korea and the Republics of Central America: article 3.6.
- Free Trade Agreement between Central America and Mexico: article 4.9.
- Free Trade Agreement between Costa Rica and Colombia: article 3.6.
- Free Trade Agreement between Costa Rica and Peru: article 3.6.
- Free Trade Agreement between the Central American States and the EFTA States: article 6 of Annex I.

Currently, within the framework of the Central America agreements with the European Union and the United Kingdom, respectively, cumulation of origin is applied with the following Andean Community countries: Bolivia, Colombia, Ecuador and Peru. Additionally, in the case of the AACRU, the cumulation of materials originating in the European Union is also allowed.

Finally, in the FTA between Costa Rica and Peru, the cumulation of origin of products or materials from El Salvador, Guatemala, Honduras and Panama is allowed, subject to compliance with the requirements established in article 3.6 of this agreement.

2. **The current practice regarding certification requirements on accumulation/cumulation**

(e.g. requirement regarding supplier's declaration, or requirement to specify "cumulation" in the certificate of origin, etc.).

2.1. What are the requirements and procedures for issuing the certificate of origin in relation to accumulation/cumulation?

1. **Self-certification**: the certificate of origin is issued by the exporter or producer and does not require the endorsement of any competent authority. In the case of the FTA between the Dominican Republic, Central America and United States (CAFTA-DR), the certificate of origin can also be issued by the importer.

The requirements for the issuance of the certificate of origin in relation to cumulation in our FTAs that have self-certification are the following:

CAFTA-DR	The certificate of origin form suggested by Costa Rica establishes that in box 8 (Criteria-Others) the words "ACU" must be indicated in case there has been cumulation of origin.
FTA Costa Rica-Canada	In box 10 (Others) of the certificate of origin, the words "ACU" must be indicated.
Central America	In box 47.2 (Accessory Rules) of the DUCA, it must be indicated if there has been cumulation of origin.

FTA Central America-Chile	In box 9 (Other instances) of the certificate of origin, the words “ACU” must be indicated.
TLC Central America -Mexico	In box 10 (Other instances) of the certificate of origin, the words “ACU” must be indicated. Additionally, an origin declaration must be provided by the producer for any good, product, article or material originating from the Parties used in the production of the final good.
FTA Central America -Panama	In box 9 (Other instances) of the certificate of origin, the words “ACU” must be indicated.
FTA Central America - Dominican Republic	In box 9 (Other instances) of the certificate of origin, the words “ACU” must be indicated.
FTA Central America -Korea	In box 11 (Observations) of the certificate of origin, it must be indicated if cumulation was applied in accordance with article 3.6.

2. Certification by a competent authority: the certificate of origin must be issued by a competent authority in the exporting Party. In the case of Costa Rica, the Foreign Trade Promoter (PROCOMER) is the authority in charge of verifying and certifying the origin of the goods exported within the FTA’s framework.

The requirements for the issuance of the certificate of origin in relation to cumulation in our FTAs that have certification by a competent authority are the following:

FTA Costa Rica-Colombia	In box 10 (Observations) of the certificate of origin, it must be indicated in case there has been cumulation of origin with third countries.
FTA Costa Rica-Caribbean Community	In box 12 (Other) of the certificate of origin, the words “ACC” must be indicated.
AACUE	In the case of cumulation of origin with Bolivia, Colombia, Ecuador or Peru, in the proof of origin must be indicated the phrase "Accumulation with (name of country)".
AACRU	In the case of cumulation of origin with Bolivia, Colombia, Ecuador or Peru, in the proof of origin must be indicated the phrase "Accumulation with (name of country)".

2.2. If available, then 1 or 2 cases that are illustrative of the process involved.

In the case of exports under the AACUE, extended cumulation with countries of the Andean Community is used. For example, companies located in Costa Rica import tobacco leaves from Peru and frozen tuna from Ecuador, among other materials, to be processed in Costa Rica and produce tobacco cigars and canned tuna. The final goods can be exported to a client in another Party under preferential tariff as originating in the FTA territory.

In both cases, to verify the origin of the materials, PROCOMER requests Costa Rican exporters to provide the certificates of origin of the materials used, which are issued by the competent authorities of Peru and Ecuador, respectively, for purposes of cumulation of origin under the agreement with the European Union.

3. **Practice regarding verification related to accumulation/cumulation**

3.1. How do you conduct verification related to accumulation/cumulation in practice?

We do not have in the Department of Verification of Origin a history of allocations for cumulation/accumulation-related verifications of origin, nor have we carried out verifications in this regard that the FTAs have a history of allocations.

3.2. If possible, illustrative verification cases (1-2 cases) demonstrating the practice.

The Origin Verification Department does not have information on cases of source verification using that practice.

4. **If available, cases or material that either illustrates the impact of cumulative rules on trade, or shows how the private sector benefits from accumulation/cumulation.**

This information is not available in the Origin Verification Department.

5. **Any other information, you may consider useful to share with Members or with the Secretariat (e.g. judicial cases, training material, information material, etc.).**

Information is not available in the Origin Verification Department derived from the practice of cumulation/accumulation provided by FTAs.

4.1.5 Dominican Republic

1. **Brief introduction of the use accumulation/cumulation in your FTA schemes**

Economic Partnership Agreement between the Cariforum States, and the European Community and its Member States.

Protocol I, under Article 5, establishes all the requirements for the Cumulation.

ANNEX VIII of Protocol I: Can only accumulate with neighbouring developing countries: Colombia, Costa Rica, Cuba, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama and Venezuela.

ANNEX X of Protocol I

Products to which the provisions of Article 5 shall not apply codes: 1701, 1702, ex 1704 90 corresponding to 1704 90 99; ex 1806 10 corresponding to 1806 10 30; ex 1806 10

Corresponding to 1806 10 90; ex 1806 20 corresponding to 1806 20 95; ex 1901 90

Corresponding to 1901 90 99; ex 2101 12 corresponding to 2101 12 98; ex 2101 20 corresponding to 2101 20 98; ex 2106 90 corresponding to 2106 90 59; ex 2106 90 corresponding to 2106 90 98; ex 3302 10 corresponding to 3302 10 29.

Free Trade Agreement between the Dominican Republic - Central America and the United States (Dr-Cafta).

In the case of CAFTA-DR, the cumulation system allows materials produced in Canada or Mexico, only to goods in chapter 62 of the HS, clothing. To date, this system is not in force for the Dominican Republic, since the parties have not made written notifications to exhaust the process that allows cumulation with the aforementioned countries in accordance with Appendix 4.1-B, numeral 1 of Annex 4.1 on "Cumulation in Chapter 62 of the Harmonized System".

2. **The current practice regarding certification requirements on accumulation/cumulation**

(e.g. requirement regarding supplier's declaration, or requirement to specify "cumulation" in the certificate of origin, etc.).

2.1. What are the requirements and procedures for issuing the certificate of origin in relation to accumulation/cumulation?

2.2. If available, then 1 or 2 cases that are illustrative of the process involved.

N/A

3. **Practice regarding verification related to accumulation/cumulation**

3.1. How do you conduct verification related to accumulation/cumulation in practice?

3.2. If possible, illustrative verification cases (1-2 cases) demonstrating the practice.

N/A

4. **If available, cases or material that either illustrates the impact of cumulative rules on trade, or shows how the private sector benefits from accumulation/cumulation.**

N/A

5. **Any other information, you may consider useful to share with Members or with the Secretariat (e.g. judicial cases, training material, information material, etc.).**

N/A

4.2 WCO Far East, South and South East Asia, Australasia and the Pacific Islands Region

Summary

Seven Members from WCO Far East, South and South East Asia, Australasia and the Pacific Islands Region provided their national practice related to cumulation. They are Australia, China, Hong Kong, China, Japan, Korea, Malaysia and New Zealand.

4.2.1 Australia

1. **Brief introduction of the use accumulation/cumulation in your FTA schemes**

Australia operates a number of systems regarding accumulation/cumulation, depending on the particular FTA.

These range from originating materials cumulation under the existing Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA) to full cumulation of any work done under agreements such as the CPTPP.

Australia's preference is to include full cumulation provisions in FTAs where these can be agreed, however, Australia has also agreed to more restrictive versions of cumulation based on FTA partner preferences.

Cumulation is a feature of Australia's GSP Scheme, the Australian System of Tariff Preference (ASTP). For LDCs, this includes allowing for up to 25 per cent of Allowable Factory Cost to come from non-LDC countries listed in Schedule 1 of the Customs Tariff Regulations 2004.[1] Schedule 1 includes 179 countries and places, providing opportunities for LDC to value add in production processes.

2. **The current practice regarding certification requirements on accumulation/cumulation**

(e.g. requirement regarding supplier's declaration, or requirement to specify "cumulation" in the certificate of origin, etc.).

2.1. What are the requirements and procedures for issuing the certificate of origin in relation to accumulation/cumulation?

Only seven of Australia's FTAs require Certificates of Origin, with most allowing some form of self-certification or declaration of origin. Additionally, the ASTP allows preferential rates of Customs duty based on a manufacturer's declaration. There is no requirement for official certification on GSP Form A (Combined declaration and certificate of origin). For Australia, the main requirement is the manufacturer's declaration on the normal commercial invoice. Form A, accompanied by the normal commercial invoice, is an acceptable alternative.

Under most of Australia's FTAs, exporters or producers who make a proof of origin must retain records that demonstrate the goods are originating, commonly for a period of five years from the date the declaration is made.

There is no special treatment for goods that make use of accumulation/cumulation. However, two FTAs require that a certificate of origin provide a checkbox to show that cumulation is used.

2.2. If available, then 1 or 2 cases that are illustrative of the process involved.

For the China-Australia Free Trade Agreement[2], India-Australia Economic Cooperation and Trade Agreement[3], Indonesia-Australia Comprehensive Economic Partnership Agreement[4], Regional Comprehensive Economic

[1] https://www.abf.gov.au/importing-exporting-and-manufacturing/tariff-classification/current-tariff/schedule-1
[2] https://www.dfat.gov.au/sites/default/files/chafta-certificate-of-origin-sample-template-originals-supplied-by-authorised-bodies.pdf
[3] https://www.abf.gov.au/free-trade-agreements/files/india-ecta-coo-sample.pdf
[4] https://www.dfat.gov.au/sites/default/files/guide-to-using-ia-cepa-to-export-or-import.pdf

Partnership Agreement[5] and Thailand-Australia Free Trade Agreement[6] this is not identified separately on the Certificate of Origin.

For Australia's FTAs that include a declaration of origin, including the ASTP's manufacturer declaration, there is no separate requirement to identify separately where cumulation occurs.

For AANZFTA, a box labelled Accumulation is included in Box 13 of the Certificate of Origin.[7]

ORIGINAL

1. Goods Consigned from (Exporter's name, address and country)	**Certificate No.** **Form AANZ** **AGREEMENT ESTABLISHING THE ASEAN – AUSTRALIA–NEW ZEALAND FREE TRADE AREA (AANZFTA)** **CERTIFICATE OF ORIGIN** (Combined Declaration and Certificate) Issued in ..... (Country) (see Overleaf Notes)
2. Goods Consigned to (Importer's/ Consignee's name, address, country)	
3. Means of transport and route (if known) **Shipment Date:** **Vessel's name/Aircraft etc.:** **Port of Discharge:**	**4. For Official Use** ☐ **Preferential Treatment Given Under AANZFTA** ☐ **Preferential Treatment Not Given (Please state reason/s)** Signature of Authorised Signatory of the Importing Country

5. Item number	6. Marks and numbers on packages	7. Number and kind of packages; description of goods including HS Code (6 digits) and brand name (if applicable). Name of company issuing third party invoice (if applicable)	8. Origin Conferring Criterion (see Overleaf Notes)	9. Quantity (Gross weight or other measurement), and value (FOB) where RVC is applied (see Overleaf Notes)	10. Invoice number(s) and date of invoice(s)

11. Declaration by the exporter **The undersigned hereby declares that the above details and statements are correct; that all the goods were produced in** ..... (country) **and that they comply with the rules of origin, as provided in Chapter 3 of the Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area for the goods exported to** ..... (importing country) ..... **Place and date, name, signature and company of authorised signatory**	**12. Certification** **On the basis of control carried out, it is hereby certified that the information herein is correct and that the goods described comply with the origin requirements specified in the Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area.** ..... **Place and date, signature and stamp of Authorised Issuing Authority/ Body**

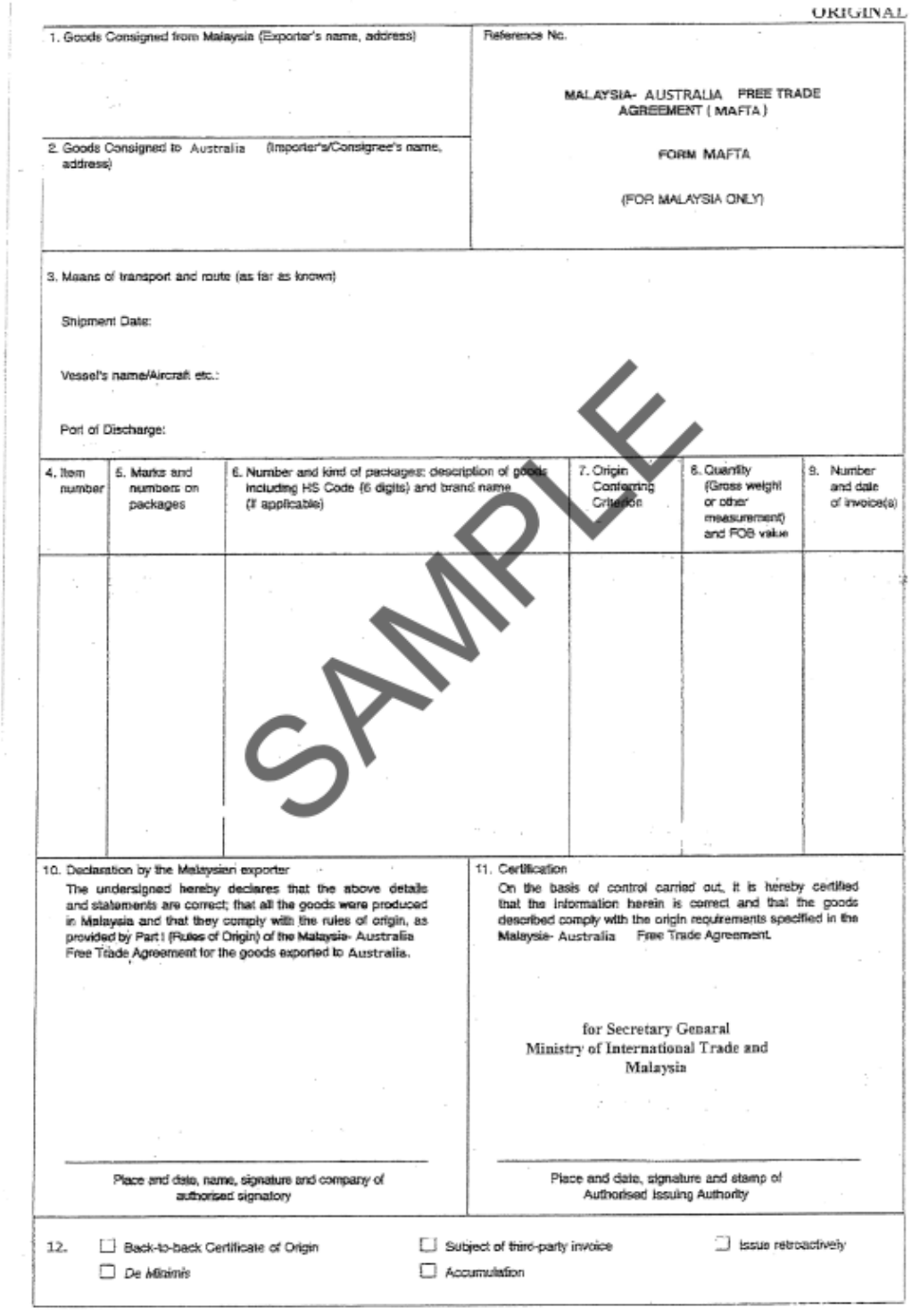
13. ☐ **Back-to-back Certificate of Origin** ☐**Subject of third-party invoice** ☐ **Issued retroactively**

☐***De Minimis*** ☐**Accumulation**

SAMPLE

[5] https://www.abf.gov.au/free-trade-agreements/files/rcep-sample-coo-1-January-2023.pdf
[6] https://www.abf.gov.au/free-trade-agreements/files/thai-cert-origin-sample.pdf
[7] https://www.abf.gov.au/free-trade-agreements/files/aanzfta-co-form.pdf

For the Malaysia-Australia Free Trade Agreement[8] a box labelled Accumulation is included in Box 12 of the Certificate of Origin.



ORIGINAL

1. Goods Consigned from Malaysia (Exporter's name, address)	Reference No. MALAYSIA- AUSTRALIA FREE TRADE AGREEMENT (MAFTA) FORM MAFTA (FOR MALAYSIA ONLY)
2. Goods Consigned to Australia (Importer's/Consignee's name, address)	

3. Means of transport and route (as far as known)

Shipment Date:

Vessel's name/Aircraft etc.:

Port of Discharge:

4. Item number	5. Marks and numbers on packages	6. Number and kind of packages; description of goods including HS Code (6 digits) and brand name (if applicable)	7. Origin Conferring Criterion	8. Quantity (Gross weight or other measurement) and FOB value	9. Number and date of invoice(s)

10. Declaration by the Malaysian exporter	11. Certification
The undersigned hereby declares that the above details and statements are correct; that all the goods were produced in Malaysia and that they comply with the rules of origin, as provided by Part I (Rules of Origin) of the Malaysia- Australia Free Trade Agreement for the goods exported to Australia. Place and date, name, signature and company of authorised signatory	On the basis of control carried out, it is hereby certified that the information herein is correct and that the goods described comply with the origin requirements specified in the Malaysia- Australia Free Trade Agreement. for Secretary General Ministry of International Trade and Malaysia Place and date, signature and stamp of Authorised Issuing Authority

12. ☐ Back-to-back Certificate of Origin ☐ Subject of third-party invoice ☐ Issue retroactively
☐ De Minimis ☐ Accumulation

SAMPLE

[8] https://www.abf.gov.au/free-trade-agreements/files/mafta-coo-form-sample.pdf

3. **Practice regarding verification related to accumulation/cumulation**

3.1. How do you conduct verification related to accumulation/cumulation in practice?

Australia does not consider cumulation/accumulation any differently; we are unable to provide additional comment.

Importers, exporters and producers, as required, should be able to provide sufficient evidence to demonstrate a good is originating, regardless of how the goods meet the particular agreement's rules of origin.

3.2. If possible, illustrative verification cases (1-2 cases) demonstrating the practice.

NA.

4. **If available, cases or material that either illustrates the impact of cumulative rules on trade, or shows how the private sector benefits from accumulation/cumulation.**

RCEP RVC rule – how it works in an accumulation context – Partial cumulation[9]

Example 1: RVC rule – Calculating RVC using materials processed in other RCEP Parties.

A Malaysian company produces a vanilla and cinnamon spice mixture (HS Code 0910.91).

Dry cinnamon bark (0906.11) is sourced from Sri Lanka and processed in Vietnam into ground cinnamon (0906.20) before being exported to the Malaysian company.

Vanilla pods (0905.10) from Madagascar are processed to make a vanilla bean powder in Malaysia by the Malaysian company before they are incorporated into the final spice mix.

Vietnam manufacturer's per unit cost

	Total	VOM	VNM
Non-originating materials (0906.11)	$5.00		$5.00
Originating materials	$0.00	$0.00	
Labour	$0.50		
Other costs	$0.30		
Profit	$0.20		
VALUE	**$6.00**	**$0.00**	**$5.00**

The PSR for ground cinnamon of HS 0906.20 is CC. As such, the good does not meet the PSR since the non-originating material used in the production of the ground cinnamon is in the same Chapter.

As the goods are not RCEP originating goods when imported into Malaysia, the $1.00 of value added in Vietnam is lost. This means that the entirety of the $6.00 is treated as a non-originating material.

Malaysia manufacturer's per unit cost for producing final good

	Total	VOM	VNM
Non-originating material – Vanilla Pods (0905.10)	$5.00		$5.00
Non-originating materials – Ground Cinnamon (0906.20)	$6.00		$6.00
Originating materials	$0.00	$0.00	
Labour	$3.50	$3.50	

[9] See Page 40 and 41 of https://www.abf.gov.au/free-trade-agreements/files/RCEP-rules-of-origin.pdf

Other costs	$1.00	$1.00	
Profit	$2.50	$2.50	
VALUE	**$18.00**	**$7.00**	**$11.00**

The PSR for crushed or ground vanilla of HS 0905.20 is CC. As such, the good does not meet the PSR since the non-originating material used in the production of the vanilla bean powder is in the same Chapter. This means that the material will be treated as a non-originating material in calculating the RVC of the final good.

The PSR for vanilla and cinnamon spice mixture of HS Code 0910.91 is CC or RVC40. The goods do not meet the CTC requirement.

The RVC can be calculated in two ways as per the PSR.

Indirect/Build-down Method:

$$\frac{CV\ (\$18.00) - VNM\ (\$11.00)}{\text{CV}\ (\$18.00)} \times 100 = 38.9\ per\ cent$$

Direct/Build-up method:

$$\frac{VOM\ (\$0.00) + Labour\ (\$3.50) + Other\ Costs\ (\$1.00) + profit\ (\$2.50)}{\text{CV}\ (\$18.00)} \times 100 = 38.9\ per\ cent$$

Using either method results in an RVC of 38.9 per cent and therefore does not meet the PSR for the good.

While only $1.00 of originating value was added in Vietnam, without the ability to accumulate, this value is lost.

Example 2: RVC rule – Calculating RVC using materials processed in a single RCEP Party

If the same process was undertaken only in one RCEP Party, even with the same costs involved, the ability to use the costs of labour, other costs and profit in determining the RVC means the result would be different.

Malaysia manufacturer's per unit cost for producing final good

	Total	VOM	VNM
Non-originating material – Vanilla Pods (0905.10)	$5.00		$5.00
Non-originating Materials – Dry Vanilla Bark (0906.11)	$5.00		$5.00
Originating materials	$0.00	$0.00	
Labour	$4.00	$4.00	
Other costs	$1.30	$1.30	
Profit	$2.70	$2.70	
$5.00		$5.00	$5.00

The RVC can be calculated in two ways as per the PSR.

Indirect/Build-down Method:

$$\frac{CV\ (\$18.00) - VNM\ (\$10.00)}{\text{CV}\ (\$18.00)} \times 100 = 44.4\ per\ cent$$

Direct/Build-up method:

$$\frac{VOM\ (\$0.00) + Labour\ (\$4.00) + Other\ Costs\ (\$1.30) + profit\ (\$2.70)}{\text{CV}\ (\$18.00)} \times 100 = 44.4\ per\ cent$$

Using either method results in an RVC of 44.4 per cent and therefore does meet the PSR for the good.

ASTP - illustrating the calculation of allowable and total factory cost for a Least Developed Country[10]

The following diagrams and explanatory notes illustrate the operation and effect of Division 1A of Part VIII.

An example of possible inputs into goods last processed in Lao PDR and claimed to be the manufacture of that country.

An explanation of the calculations to determine whether the goods are properly so claimed appears in the notes to the diagram.

Goods imported into Australia after last process in the factory (i.e. Plant 7) are claimed to be the manufacture of Lao PDR under LDC. This claim will be correct if the allowable factory cost of these preference claim goods is at least 50% of their total factory cost.

To work out both of these factory costs, the allowable expenditure of the factory on the three manufactured materials that make up the preference claim goods must be worked out.

This needs to take into account three other amounts

- the total expenditure of the factory on materials
- the allowable expenditure of the factory on labour
- the allowable expenditure of the factory on overheads

Working out allowable expenditure on materials under section 153D of the Customs Act

The allowable expenditure of the factory on particular manufactured materials in the form they are received from Plant 4 is $50.

The allowable expenditure of the factory on particular manufactured materials in the form they are received from Plant 5 is $5 since only Hong Kong is in the qualifying area.

The allowable expenditure of the factory on particular manufactured materials in the form they are received from Plant 6 is $40.

Subsection 153D(2A) of the Customs Act sets out a special rule for goods claimed to be the manufacture of a LDC that contain materials that were manufactured or produced in Developing Countries that are not Least Developed Countries. Where the allowable expenditure of the factory on those materials in aggregate would exceed 25% of the total factory cost of the goods then subsection 153D(2A) sets out that the allowable expenditure on those materials is taken to be 25% of the total factory cost of the goods.

This means that the allowable expenditure of the factory on materials would have been $95 from Plants 4, 5 and 6 ($50 + $5 + $40) if not for subsection 153D(2A), and is instead taken to be $53.33.

Working out allowable factory cost under section 153B and 153F of the Customs Act

Allowable expenditure of the factory on materials $55.33

PLUS allowable expenditure of the factory on labour $60

PLUS allowable expenditure of the factory on overheads $20

TOTAL $135.33

Working out total factory cost under section 153B and 153F of the Customs Act

Total expenditure of the factory on materials $135 from Plants 4, 5 and 6 ($65 + $25 + $45)

PLUS allowable expenditure of the factory on labour $60

PLUS allowable expenditure of the factory on overheads $20

[10] See page 49 and 50 of https://www.abf.gov.au/free-trade-agreements/files/instructions-guidelines-preferential-rules-origin.pdf

TOTAL $215

CONCLUSION: Since allowable factory cost is at least 50 per cent of total factory cost, goods are the manufacture of Lao PDR for the purpose of claiming LDC preferences.

Plant 1

Korea

Materials $15

Korean Labour $10

Korean Overheads $10

Korean Profit/freight, etc. $5

↓

Plant 2

Italy

Materials $15

Italian Labour $2

Italian Overheads $2

Italian Profit/freight, etc. $1

↓

Plant 2

Singapore

Materials $5

Singaporean Labour $7

Singaporean Overheads $7

Singaporean Profit/freight $1

↓

Plant 4

Korea

Plant 1 Materials $40

Korean Labour $10

Korean Overheads $10

Korean Profit/freight, etc. $5

Plant 4 total $65

↓

Plant 5

Hong Kong

Plant 2 Materials $20

Hong Kong Labour $2

Hong Kong Overheads $2

Hong Kong Profit/freight, etc. $1

Plant 5 total $25

↓

Plant 6

Taiwan

Plant 3 Materials $20

Taiwanese Labour $10

Taiwanese Overheads $5

Taiwanese Profit/freight $10

Plant 6 total $45

↓

Plant 7

Lao PDR

This plant is the factory

Allowable factory cost $135.33

Total factory cost $215

Plant 4 materials $65 (Allowable expenditure on materials $50)

Plant 5 materials $25 (Allowable expenditure on materials $5)

Plant 6 materials $45 (Allowable expenditure on materials $40)

Lao PDR labour $60

Lao PDR overheads $20

CPTPP - RVC rule – how it works in an accumulation context – Full Cumulation[11]

Example: RVC rule – Calculating RVC using Full Accumulation

A Canadian Manufacturer imports inner and outer bearing rings (HS 8482.99) from India and further processes them into finished ring bearings (HS 8482.30). As the finished bearings contain non-originating materials, they must satisfy the PSR for CPTPP to be considered. Trans-Pacific Partnership originating goods.

The PSR for HS 8482.99 is:

A change to a good of subheading 8482.20 through 8482.80 from any other subheading, except from inner or outer rings or races of subheading 8482.99; or

No change in tariff classification required for a good of subheading 8482.20 through 8482.80, provided there is a regional value content of not less than:

(a) 30 per cent under the build-up method; or

(b) 40 per cent under the build-down method.

As the unfinished bearing rings are classified to a subheading that is excluded by the PSR, the CTC rule cannot be used.

Canadian manufacturer's per unit cost

	Total	VOM	VNM
Non-originating Materials (8482.99)	$1.35		$1.35
Originating materials	$0.15	$0.15	
Labour	$0.35		
Other costs	$0.05		
Profit	$0.15		
VALUE	**$2.05**	**$0.15**	**$1.35**

Example: RVC rule – Calculating RVC using Full Accumulation - continued

The RVC can be calculated in two ways as per the PSR.

Build-down Method:

$$\frac{CV\ (\$2.05) - VNM\ (\$1.35)}{\text{CV}\ (\$2.05)} \times 100 = 34.1\ per\ cent$$

Build-up method:

[11] See pages 43 through 45 of https://www.abf.gov.au/free-trade-agreements/files/tpp-11-importers-guide.pdf

Example: RVC rule – Calculating RVC using Full Accumulation - continued

$$\frac{VOM\ (\$0.15)}{\text{CV}\ (\$2.05)} \times 100 = 7.3\ per\ cent$$

Example: RVC rule – Calculating RVC using Full Accumulation - continued

Using the **build-down method**, the RVC is 34.1 per cent and therefore does not meet the build-down method PSR for the good. Using the **build-up method**, the RVC is 7.3 per cent and also does not meet the build-up method PSR for the good.

Accordingly, the finished bearings are not considered Trans-Pacific Partnership originating, even though they contain some regional value content by virtue of the labour, other costs and profit associated with the finishing operations in Canada.

Nevertheless, the finished bearings are exported to a Mexican manufacturer for $2.05 each, where they are included in a wheel assembly for a non-motorised (toy) scooter (8714.93) that is constructed with non-originating wheel rims and spokes of 8714.92.

The Mexican manufacturer exports the wheel assembly to an Australian toy scooter manufacturer which wants to claim the preferential rates of Customs duty under CPTPP.

The PSR for 8714.93 is:

A change to a good of subheading 8714.91 through 8714.99 from any other heading; or

No change in tariff classification required for a good of subheading 8714.91 through 8714.99, provided there is a regional value content of not less than:

(a) 35 per cent under the build-up method; or

(b) 45 per cent under the build-down method; or

(c) 55 per cent under the focused value method taking into account only the non-originating materials of heading 87.14.

The Mexican manufacturer used excluded content in creating the wheel assemblies and the CTC PSR cannot be used.

Mexican manufacturer's per unit cost

	Total	VOM	VNM	Focused Value
Non-Originating materials Company B (8714.92)	$10.76		$10.76	$10.76
Originating materials	$7.29	$7.29		
Overheads	$0.15			
Labour	$0.50			
Profit	$0.50			
Non-originating Materials from Canada (8482.30)	$1.35		$1.35	
Originating materials from Canada (8482.30)	$0.15	$0.15		
Labour, other costs and profit from Canada	$0.55			
VALUE	**$21.25**	**$7.44**	**$12.11**	**$10.76**

Example: RVC rule – Calculating RVC using Full Accumulation - continued

The RVC can be calculated in three ways as per the PSR.

Build-down method:

$$\text{RVC} = \frac{CV\ (\$21.25) - VNM\ (\$12.11)}{\text{CV}\ (\$21.25)} \times 100 = 43.0\ per\ cent$$

Build-up method:

$$\text{RVC} = \frac{VOM\ (\$7.44)}{\text{CV}\ (\$21.25)} \times 100 = 35.0\ per\ cent$$

Focused value method:

$$\text{RVC} = \frac{Value\ of\ Specified\ non\text{-}originating\ material\ (\$10.76)}{\text{CV}\ (\$21.25)} \times 100 = 50.6\ per\ cent$$

Using the **build-down method**, the RVC for the wheel assembly is 43.0 per cent deducting the value-add undertaken in CPTPP regions. Because the value of the non-originating materials and other costs are relatively high in this example, the wheel assembly does not qualify under the build-down method PSR for the good. The value of originating materials and content for the bearings manufactured in Canada is not included in the Value of Non-Originating Materials even though the bearings themselves are not Trans-Pacific Partnership originating goods.

Under the **focused value method**, the RVC is 50.6 per cent and therefore does not meet the Focused Value PSR for the good.

Under the **build-up method**, the Mexican manufacturer can add the costs of any originating materials used in another Party in the production of the final good (provided they have documentary evidence of these values). This provides an RVC of 35 per cent.

Example: RVC rule – Calculating RVC using Full Accumulation - continued

While only $0.15 of originating material was used in Canada, without the ability to accumulate, the RVC using the build-up method would only be 34.3 per cent, which is not sufficient to meet the requirements of the PSR. This would not have occurred without CPTPP's accumulation provisions as the value of originating materials used in Canada on the unfinished bearings would have been 'lost'.

The Australian Company can claim the wheel assemblies as Trans-Pacific Partnership originating goods by aggregating the originating material of both the Mexican and Canadian manufacturers.

5. **Any other information, you may consider useful to share with Members or with the Secretariat (e.g. judicial cases, training material, information material, etc.).**

Australia provides guides for each of our FTAS:

ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) - Instruction and Guideline

Australia-Chile Free Trade Agreement - Instructions and Guidelines

China-Australia Trade Agreement Rules of Origin - Instruction and Guideline

Guide to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) Rules of Origin

Guide to the Free Trade Agreement between Australia and Hong Kong, China

Australia-India Economic Cooperation and Trade Agreement (ECTA) Rules of Origin

Guide to the Indonesia-Australia Comprehensive Economic Partnership Agreement

Japan-Australia Economic Partnership Agreement - Instruction and Guideline

Korea-Australia Free Trade Agreement - Instruction and Guideline

Malaysia-Australia Free Trade Agreement Rules of Origin - Instruction and Guideline

Australia-New Zealand Closer Economic Relations Trade Agreement - Instruction and Guideline

Pacific Agreement on Closer Economic Relations (PACER) Plus Rules of Origin

Guide to the Peru-Australian Free Trade Agreement

Regional Comprehensive Economic Partnership (RCEP) Rules of Origin

Singapore-Australia Free Trade Agreement - Procedural Instruction

Thailand-Australia Free Trade Agreement - Instruction and Guideline

Guide to the Australia-United States Free Trade Agreement

Australia-United Kingdom Free Trade Agreement (A-UKFTA) Rules of Origin

Preferential Rules of Origin – includes ASTP

4.2.2 China

1. **Brief introduction of the use accumulation/cumulation in your FTA schemes**

China currently has 19 free trade agreements (FTAs) with 26 countries or regions. The rules of origin in these FTAs all include cumulation. Among them, the Regional Comprehensive Economic Partnership Agreement (RCEP) is being implemented by 15 Asia-Pacific countries, including the ten ASEAN countries, China, Japan, South Korea, Australia and New Zealand. The more parties to an FTA, the more raw materials and intermediate products can be accumulated in the region, leading to a better utilization of the cumulation rules. The following are the cases of how the RCEP cumulation rule has been applied in China.

2. **The current practice regarding certification requirements on accumulation/cumulation**

   (e.g. requirement regarding supplier's declaration, or requirement to specify "cumulation" in the certificate of origin, etc.).

According to Article 4 of Chapter 3 of the RCEP, goods and materials which comply with the origin requirements, and which are used in another Party as materials in the production of another good or material, shall be considered as originating in the Party where working or processing of the finished good or material has taken place.

The certificate of origin shall be issued in accordance with the "Minimum Information Requirements" set out in Annex 3B of the RCEP. If the goods qualify for RCEP origin using the "cumulation" clause, "ACU" should be entered in column 10 "Origin Criteria" of the certificate of origin.

3. **RCEP cumulation cases**

(a) Fish sauce made from materials originating in an RCEP member country

Company A produces and exports fish sauce under HS 210390 to an RCEP member country. The raw materials used to produce the fish sauce are fish sauce, water and sugar, with the fish sauce originating in Thailand and the rest being Chinese materials. Company A's production process of fish sauce includes: preparing ingredients → weighing → adding → heat sterilization → inspection → filtration → bottling → packing → shipping, which are minimal operations and processes defined by RCEP such as "simple mixing", "preserving operations to ensure that the good remains in good condition for the purpose of transport or storage", and "packaging for transportation or sale".

According to Article 4 on cumulation, "Unless otherwise provided in this Agreement, goods and materials which comply with the origin requirements provided in Article 3.2 (Originating Goods), and which are used in another Party as materials in the production of another good or material, shall be considered as originating in the Party where working or processing of the finished good or material has taken place." As Thailand is an RCEP Party, its fish sauce can be considered as originated in China when it is processed in China. Thus, the fish sauce produced by Company A using materials originating in the RCEP region can be determined to be RCEP originating goods.

(b) Clothing made from materials from several countries

Company B manufactures and exports men's cotton coats under HS620130 to an RCEP member country. To reduce costs, Company B purchases cotton fabrics and other clothing accessories under Chapter 62 from Vietnam, metal buttons from Japan and polyester linings from India. The substantial transformation standard for this clothing is "Change in Chapter", which requires that the non-originating materials used in its production are from chapters other than Chapter 62. Among the non-originating materials used in the coats, the metal buttons from Japan, the polyester linings from India, and the cotton fabrics from Vietnam could satisfy "Change in Chapter", but the clothing accessories from Vietnam under Chapter 62 could not. Without the cumulation rule, this product could not meet the standard of substantial transformation. However, with the cumulation rule, the clothing accessories from Vietnam can be considered

as RCEP originating materials. Coupled with the fact that other materials meet the substantial transformation standard, the product can qualify for RCEP originating status.

(c) Lubricating oil products with materials from South Korea

Company C imports base oil of HS 271019 from South Korea and additives of HS 381121 from France, which it uses to produce finished lubricating oil of HS 271012 in China for export. Previously, this finished lubricating oil could only enjoy the preferential treatment under the China-Korea FTA when exported to South Korea. After the RCEP came into force, based on the provisions of the RCEP cumulation rule, the base oil originating in South Korea can be considered as RCEP originating material when processed in China. Therefore, the finished lubricating oil meets the RCEP substantial transformation criterion of "Change in Tariff Classification or Regional Value Content of 40%", thus the product qualified as RCEP originating and is eligible for preferential treatment when exported to RCEP member countries.

4.2.3 Hongkong, China

1. **Brief introduction of the use accumulation/cumulation in your FTA schemes**

(e.g. whose elements could be cumulated, or which elements could be cumulated).

Generally speaking, the accumulation rule in FTAs of Hong Kong, China (HKC) typically provides that if originating goods/materials of one Party are used in the manufacturing of a finished good in another Party, such goods/materials of the first Party will be considered as originating in the latter Party.

2. **The current practice regarding certification requirements on accumulation/cumulation**

(e.g. requirement regarding supplier's declaration, or requirement to specify "cumulation" in the certificate of origin, etc.).

2.1. What are the requirements and procedures for issuing the certificate of origin in relation to accumulation/cumulation?

In general, the applicants of certificate of origin have to declare that the rules of origin under the specific FTA can be met. They are also required to include details about the raw materials used and manufacturing processes involved in the production of the finished goods, as well as to provide cost statements to substantiate their calculation of regional value content if applicable. The above information combined could substantiate whether and how the accumulation rule is applied.

Under the ASEAN-HKC FTA (AHKFTA), the applicant is also required to expressly indicate whether the accumulation rule is used by ticking the "Accumulation" box in Box 13 on the Certificate of Hong Kong Origin (Form AHK) (CO(Form AHK)).

2.2. If available, then 1 or 2 cases that are illustrative of the process involved.

For example, with respect to the AHKFTA and in accordance with para. 14 of the Overleaf Notes of CO(Form AHK), the "Accumulation" box in Box 13 of the CO(Form AHK) should be ticked if applicable.

<https://www.tid.gov.hk/english/aboutus/tradecircular/ne/series3/2019/files/coc052019a.pdf >

3. **Practice regarding verification related to accumulation/cumulation**

3.1. How do you conduct verification related to accumulation/cumulation in practice?

Verification related to the accumulation rule is conducted as part of our overall verification procedures, which may include on-site inspection and document check at different stages of origin certification.

Verifications may also be conducted by the Customs and Excise Department (C&ED) on a risk-assessment basis, or when requested by the importing authorities.

3.2. If possible, illustrative verification cases (1-2 cases) demonstrating the practice.

Nil

4. **If available, cases or material that either illustrates the impact of cumulative rules on trade, or shows how the private sector benefits from accumulation/cumulation.**

The cumulative rule provides flexibility to the trade to comply with the preferential rules of origin.

5. **Any other information, you may consider useful to share with Members or with the Secretariat (e.g. judicial cases, training material, information material, etc.).**

Detailed requirements in relation to certificates of origin under HKC's FTAs are accessible at the following webpages:

Certificate of Hong Kong Origin - CEPA (CO(CEPA))

<https://www.tid.gov.hk/english/import_export/cert/cert_cepa.html>

Certificate of Hong Kong Origin - New Zealand (CO(NZ))

< https://www.tid.gov.hk/english/import_export/cert/cert_nz.html>

Certificate of Hong Kong Origin - Georgia (CO(Georgia))

<https://www.tid.gov.hk/english/import_export/cert/cert_georgia.html>

Certificate of Hong Kong Origin - Form AHK (CO(Form AHK))

<https://www.tid.gov.hk/english/import_export/cert/co_form_AHK.html>

4.2.4 Japan

1. **Brief introduction of the use accumulation/cumulation in your FTA schemes**

(e.g. whose elements could be cumulated, or which elements could be cumulated).

Whose elements (i.e. originating goods of other contracting parties or production carried out in other contracting parties) could be cumulated:

a. Cumulation of elements from other contracting parties (most FTAs concluded by Japan).

b. Cumulation of elements from specified third parties. (In JP-UK FTA, materials originating in the EU or production carried out in the EU could be cumulated.)

Which elements could be cumulated:

a. Cumulation of goods or materials (most FTAs concluded by Japan).

b. Cumulation of production (JP-PE, JP-MN, JP-EU, JP-UK FTA, etc.).

2. **The current practice regarding certification requirements on accumulation/cumulation**

(e.g. requirement regarding supplier's declaration, or requirement to specify "cumulation" in the certificate of origin, etc.).

2.1. What are the requirements and procedures for issuing the certificate of origin in relation to accumulation/cumulation?

In the case where cumulation is applied for materials used in the production, applicants of a certificate of origin need to keep documents to certify that the materials used in the production are originating goods of the other FTA contracting party (such as a copy of the certificate of origin under the FTA).

2.2. If available, then 1 or 2 cases that are illustrative of the process involved.

3. **Practice regarding verification related to accumulation/cumulation**

3.1. How do you conduct verification related to accumulation/cumulation in practice?

We conduct verification of goods related to accumulation/cumulation in the same manner as for other goods. There are no specific procedures which are applicable only to goods related to accumulation/cumulation.

3.2. If possible, illustrative verification cases (1-2 cases) demonstrating the practice.

4. **If available, cases or material that either illustrates the impact of cumulative rules on trade, or shows how the private sector benefits from accumulation/cumulation.**

5. **Any other information, you may consider useful to share with Members or with the Secretariat (e.g. judicial cases, training material, information material, etc.).**

Japan Customs website provides information materials on cumulation in FTAs.

https://www.customs.go.jp/roo/english/origin/epa_roo.pdf (p.38)

https://www.customs.go.jp/english/epa/rcep/rcep2_1.html

4.2.5 Korea

1. **Brief introduction of the use accumulation/cumulation in your FTA schemes**

(e.g. whose materials could be cumulated, or which materials could be cumulated).

As of October 2023, Korea has signed a total of 21 international trade Agreements with 59 countries. Cumulation for materials - products or materials originating in a Party are combined with the products in the other Party - is applicable under every trade Agreement that Korea has signed. Cumulation for working or processing is only applicable under the trade Agreements concluded with Chile, Singapore, Peru, the United States, Australia, Canada, New Zealand, Colombia, and the U.K.

* Korea-U.K. FTA is under review regarding the cumulation article by the end of 2023 to consider raw materials originating in the EU or working/processing undergone in the EU as UK origin.

2. **The current practice regarding certification requirements on cumulation**

(e.g. requirement regarding supplier's declaration, or requirement to specify **"cumulation" in the certificate of origin, etc.).**

2.1 What are the requirements and procedures for issuing the certificate of origin in relation to accumulation/cumulation?

[Applicant] Person who is intended to claim for the issuance of C/O shall file an application along with origin supporting documents to the C/O issuing authorities before the shipment of goods to be exported. One of the C/O supporting documents is the Origin Verification Questionnaire. If an applicant applied accumulation for deciding the origin of goods, the applicant ticks the box 'accumulation' and submits it.

[Issuing Authority] In order to examine whether accumulation was applied or not, the issuing authority checks the country of origin of each material indicated in the Origin Verification Questionnaire using the Certificate of Originating Status.

* Certificate of Originating Status is a document or e-document completed by the producer or supplier of originating materials used in the production of goods to be exported or the final goods, upon request of the producer or exporter, by identifying the origin of material or final good.

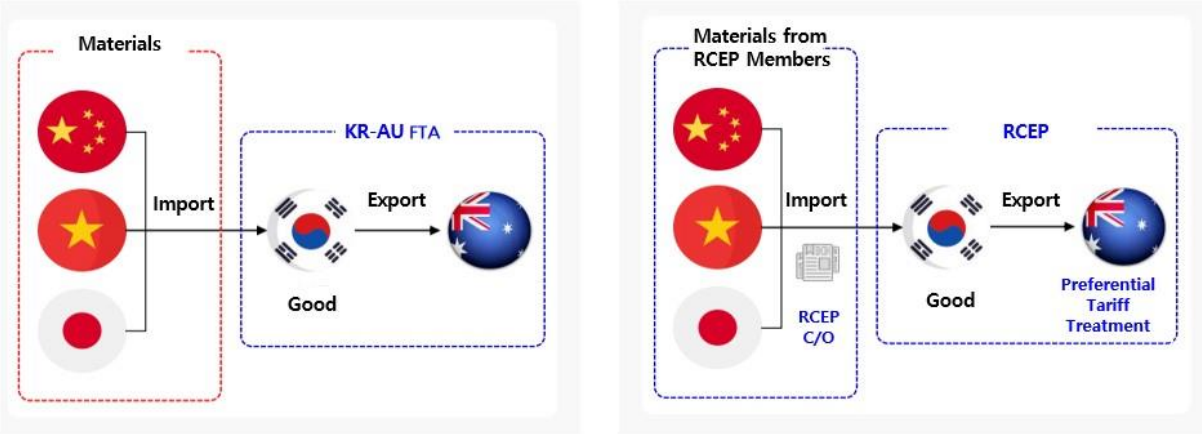
2.2 If available, then 1 or 2 cases that are illustrative of the process involved.

Not applicable.

3. **Practice regarding verification related to accumulation/cumulation**

Not applicable.

4. **If available, cases or material that either illustrates the impact of cumulative rules on trade, or shows how the private sector benefits from accumulation/cumulation.**



The above figure illustrates the expected effects of utilizing FTA for Korean exporters when using the accumulation rules under the RCEP. Under a bilateral FTA, if raw materials used in the production of final goods are imported from non-Parties, the raw materials are considered non-originating and the final goods fail to satisfy the origin requirement and cannot enjoy the preferences of that FTA. Since RCEP has entered into force, however, originating materials imported from the RCEP member countries are considered raw material of the Parties and the final goods.

Such application of accumulation between numerous Parties enables imported raw materials to be recognized as originating raw materials and the goods obtain the originating status. This will facilitate inward processing and enable regional trade and investment.

5. **Any other information, you may consider useful to share with Members or with the Secretariat (e.g. judicial cases, training material, information material, etc.).**

As the method of origin verification and required supporting documents for accumulated materials (or goods) have not been agreed between the RCEP member countries yet, Korean traders are advised that a person who is intending to utilize the accumulation rules under RCEP with their goods needs to secure the Certificate of Origin of RCEP for the record keeping requirement in preparation for origin verification.

4.2.6 Malaysia

1. **Brief introduction of the use accumulation/cumulation in your FTA schemes**

(e.g. whose elements could be cumulated, or which elements could be cumulated).

Malaysia allows cumulation of materials only from a member party of the same FTA. For example, under the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA), originating materials from any AANZFTA member parties used in the production of goods in another AANZFTA member party are treated as originating materials in determining the origin of the final goods.

For example, a producer in Malaysia is able to treat imported materials from Viet Nam and Australia as originating materials in calculating the eligibility of his final product to meet the ROO requirements, provided that they can prove that these materials are AANZFTA-origin.

2. **The current practice regarding certification requirements on accumulation/cumulation**

(e.g. requirement regarding supplier's declaration, or requirement to specify "cumulation" in the certificate of origin, etc.).

2.1. What are the requirements and procedures for issuing the certificate of origin in relation to accumulation/cumulation?

In Malaysia, before a Certificate of Origin can be issued, exporters need to submit their final goods' costing information and supporting documents to MITI for evaluation of the goods' compliance with the respective FTA's ROO. For cumulation purposes, exporters need to also provide the respective Proof of Origin together with invoices of those materials to prove that these materials are that respective FTA-origin. For example, if they are applying for ATIGA, they will need to provide Form D/e-Form D/ Origin Declaration as supporting document. Similarly, if they are applying for AANZFTA, they will need to provide Form AANZ.

2.2. If available, then 1 or 2 cases that are illustrative of the process involved.

3. **Practice regarding verification related to accumulation/cumulation**

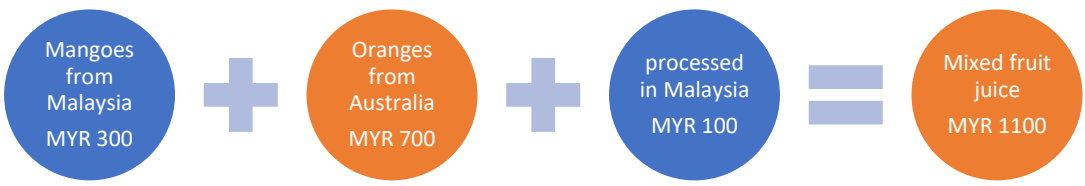
3.1. How do you conduct verification related to accumulation/cumulation in practice?

Should there be any doubt, or falsification of documents for accumulation is suspected, Malaysia will formally request for checks from the respective member party in line with the Operational Certification Procedures.

3.2. If possible, illustrative verification cases (1-2 cases) demonstrating the practice.

4. **If available, cases or material that either illustrates the impact of cumulative rules on trade, or shows how the private sector benefits from accumulation/cumulation.**

Case 1:



Without accumulation, oranges from Australia are treated as non-originating material. Thus, this product does not comply with the RVC 40 requirement.

RVC = FOB – non-originating material

FOB

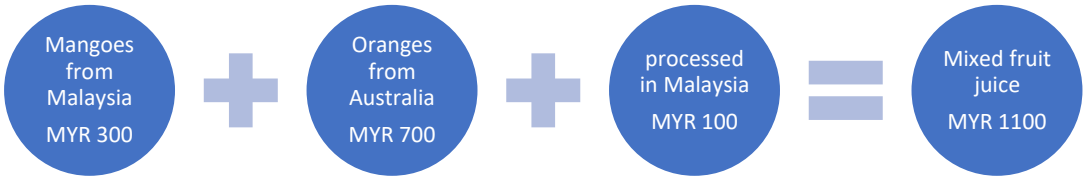
RVC = MYR 1100 – MYR 700

---------- x 100

MYR 1100

= 36.36%

Case 2:



With accumulation, oranges from Australia are treated as originating material. Thus, this product complies with the Produced Entirely requirement.

5. **Any other information, you may consider useful to share with Members or with the Secretariat (e.g. judicial cases, training material, information material, etc.).**

N/A

4.2.6 New Zealand

1. **Brief introduction of the use accumulation/cumulation in your FTA schemes**

(e.g. whose elements could be cumulated, or which elements could be cumulated).

New Zealand Free Trade Agreements – cumulative rules of origin provisions

There is a mixture of partial and full cumulation provisions across New Zealand's FTAs.

PARTIAL CUMULATION – for the purposes of this report partial cumulation is understood to be the cumulation of originating materials only. All goods are covered by this provision, and the provision is extended to all Parties to the Agreement.

Agreements with partial cumulation:

- Australia – NZ (ANZCERTA)
- Current AANZFTA (ASEAN, Australia, New Zealand)
- Hong Kong – NZ CEP
- Malaysia – NZ FTA

- Thailand – NZ CEP
- Trans-Pacific Strategic Partnership (P4 - Chile , Brunei, Singapore, New Zealand)
- China – NZ FTA
- Korea – NZ FTA
- Taiwan – NZ (ANZTEC)

FULL CUMULATION – for the purpose of this report full cumulation is understood to be cumulation of originating materials as well as the inclusion of all processing undertaken on non-originating materials, regardless of whether that processing was sufficient to confer originating status on those materials, in the calculation of a Party's contribution to the origin threshold for product. All goods are covered by this provision, and the provision is extended to all Parties to the Agreement.

Agreements with full cumulation:

- Comprehensive and Progressive Trans-Pacific Partnership Agreement (CPTPP)
- Singapore – NZ CEP
- UK – NZ FTA
- Pacific Agreement on Closer Economic Cooperation (PACER Plus)
- Upgraded AANZFTA (not yet in force)

Unilateral offerings

South Pacific Regional Trade and Economic Co-operation Agreement (SPARTECA) provides for full cumulation between Forum Island Countries and New Zealand, for all goods. For articles of apparel there is further provision for cumulation with Australia provided the Forum Island Countries contribute not less than 25% of the factory and works cost of the goods in their finished state.

New Zealand's GSP Scheme (General System of Preferences) provides for full cumulation between specified "less developed countries" and New Zealand where a preferential rate is offered. Provides for full cumulation between specified "least developed countries" and New Zealand for all goods. (NZ is currently reviewing these rules of origin.)

2. The current practice regarding certification requirements on accumulation/cumulation

(e.g. requirement regarding supplier's declaration, or requirement to specify "cumulation" in the certificate of origin, etc.).

2.1. What are the requirements and procedures for issuing the certificate of origin in relation to accumulation/cumulation?

2.2. If available, then 1 or 2 cases that are illustrative of the process involved.

New Zealand Customs Service (NZCS) does not issue certificates of origin. Where an FTA requires an independently issued certificate of origin for NZ goods (and this applies only to the NZ-China FTA, AANZFTA and RCEP Agreements) the certification is undertaken by an organisation that has been designated as a certifying body for a specific FTA by NZCS.

Information and contact details for the certifying bodies can be found at https://www.customs.govt.nz/business/export/certificate-of-new-zealand-origin (see exports to China, and exports to ASEAN). It is suggested you contact these bodies directly for information about their procedures and experience of the cumulation provisions.

New Zealand's preference for certification requirements is for self-declaration. This means that the producer, exporter or importer of a good can make an origin declaration in a non-prescribed format.

3. Practice regarding verification related to accumulation/cumulation

3.1. How do you conduct verification related to accumulation/cumulation in practice?

3.2. If possible, illustrative verification cases (1-2 cases) demonstrating the practice.

All of New Zealand's FTAs allow for verification post clearance of the goods. NZCS does not require the presentation of either a certificate or declaration of origin at the point of importation but maintains the right to seek these documents or other supporting information, if a post clearance audit is deemed appropriate. Post audit clearance would be undertaken if on face value the importation appeared suspicious, risk assessment analysis signalled a closer inspection was warranted, or the goods were nominated for inspection under a random selection assurance process.

NZCS standard practice would be to approach the importer in the first instance for supporting information. Where NZCS approaches an importer for more information, this would likely consist of:

Supply chain participants

- Certifier (name, address (including country)), contact details.
- Exporter (name, address (including country)), contact details.
- Producer (name, address (including country)), contact details – if they are the certifier.
- Importer (name, address, contact details).

The goods

- Description (and HS Tariff Classification) of the Good
- Single or multiple shipment
- Invoice number (optional)
- Origin criterion (optional)

Assurance

- Statement attesting to origin
- Signature and Date

Sometimes the declaration can be a statement that is either very simple or slightly more detailed:

Simple statement

"The exporter of the products covered by this document (NZ Client Code) declares that, except where otherwise clearly indicated, the products are of New Zealand preferential origin."

Slightly more detailed

"I declare that the good(s) described in this document qualify as originating in [New Zealand] in accordance with the provisions of Chapter X (Rules of Origin) of the [Agreement] and the information contained in this document is true and accurate. I assume responsibility for proving such representations and agree to maintain for a period of five years and present upon request or to make available during a verification visit, documentation necessary to support this declaration."

Verification relies on good record keeping. Commercial transactions for the materials used in production (sourced domestically or imported) and the production processes undertaken on all materials should be

recorded by producers and suppliers. These records will enable determination of origin throughout the supply chain for both suppliers and exporters, as well as Customs administrations.

4. **If available, cases or material that either illustrates the impact of cumulative rules on trade, or shows how the private sector benefits from accumulation/cumulation.**

Please find attached some examples that New Zealand has prepared for other material discussing cumulation provisions in appendix 1.

5. **Any other information, you may consider useful to share with Members or with the Secretariat (e.g. judicial cases, training material, information material, etc.).**

Observations from New Zealand:

- Cumulation possibilities can provide important flexibility. However, cumulation possibilities should not be a substitute for simple and liberal rules of origin, since cumulation is often associated with a series of administrative procedures and conditions creating additional compliance costs and uncertainty.
- The product specific rules of origin need to be considered together with cumulation for a full appraisal of any benefits cumulation provides. For example, a CTC rule that allows for a single transformational shift may render cumulation obsolete – the producer is already free to source the input material required from any global supplier.
- Cumulation provisions take on significance primarily in the following situations:
    - where the rules of origin require two or three transformational shifts (often seen in textiles and apparel rules) or there are exceptions written into the rules;
    - where there are historically and economically embedded supply chains that cannot simply be altered to accommodate a fresh bilateral agreement; and
    - facilitating the transition from bulk supply through to country specific customization and branding when all participants in the supply chain are partners to the agreement.

<u>Applying the yarn forward rule in CPTPP</u>

Context: This rule essentially requires a three step transformation within the CPTPP to confer origin on a made-up article of apparel. The accumulation rule in CPTPP allows for all processing undertaken in the CPTPP to contribute towards the originating status of the final good. (Refer to Article 3.10 paragraphs 1 and 3 in particular.)

Product Specific Rule for garments of 61.01 – 61.09

61.01 - 61.09	A change to a good of heading 61.01 through 61.09 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12 or 54.01 through 54.02, subheading 5403.33 through 5403.39 or 5403.42 through 5403.49, or heading 54.04 through 54.08, 55.08 through 55.16, 56.06 or 60.01 through 60.06, provided the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

A. Break down the rule into its separate parts

Basic rule = A change to a good of heading 61.01 through 61.09 from any other chapter,

Exclusions = except from heading 51.06 through 51.13, 52.04 through 52.12 or 54.01 through 54.02, subheading 5403.33 through 5403.39 or 5403.42 through 5403.49, or heading 54.04 through 54.08, 55.08 through 55.16, 56.06 or 60.01 through 60.06,

Conditions = provided the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.

B. Apply the rule

Scenario 1

Non-originating fibre has been imported into Party A. All further processing has been carried out on this fibre by one company or several companies within Party A.

Basic rule = CC

Question: What are the non-originating materials that have been imported into Party A?

Answer: fibre classified in (50.01-50.03; 51.01 -51.05; 52.01- 52.03; 53.01 – 53.03; 55.01-55.07) depending on the textile.

Question: Does this material (fibre) meet the required change in classification?

Answer: yes - it is classified in a different chapter (50 - 53 and 55) from the finished garment (61)

Conclusion: All non-originating materials imported into Party A meet the specified change in tariff classification.

Exclusions: The exclusions apply to various yarns and fabrics.

Question: Has Party A imported any non-originating yarns or fabrics in the production of the garment classified in 61.10-61.09?

Answer: No

Conclusion: there are no excluded materials in the production of this product.

Condition: was the garment assembled in Party A?

Answer: yes

Conclusion: The good meets all the relevant requirements of the PSR for 61.01 – 61.09. The garment is originating.

Scenario 2

Non-originating fibre (cotton) has been imported into Party B and spun into yarn in Party B. The yarn has then been exported to Party A where it has been knitted and assembled into a final garment of 61.01 - 61.09. All processing has been carried out on this fibre either in Party B or Party A.

Basic rule = CC

Question: What are the non-originating materials that have been imported into Party A?

Answer: the yarn from Party B is made from non-originating cotton fibre and therefore does not meet the CPTPP rule for cotton yarn

Cotton Yarn	52.04 - 52.07	A change to a good of heading 52.04 through 52.07 from any other chapter, except from heading 54.01 through 54.02, subheading 5403.33 through 5403.39 or 5403.42 through 5405.00, or heading 55.01 through 55.07.

Exclusions:

Question: are any excluded products imported into Party A?

Answer: yes - the cotton yarn is excluded.

Question: Are there any further provisions that apply?

Answer: yes: Article 3.10.3 (accumulation) states that 'Each Party shall provide that production undertaken on a non-originating material in the territory of one or more of the Parties by one or more producers may contribute toward the originating content of a good for the purpose of determining its origin, regardless of whether that production was sufficient to confer originating status to the material itself'.

Question: How does the processing in Party B contribute towards meeting the PSR for the final good?

Answer: The processing in Party B means that the final good (knitted garment) has been produced entirely within the CPTPP from non-originating fibre (i.e. same result as under scenario 1 but with two CPTPP parties contributing to the outcome).

Conclusion: Through application of the accumulation provisions, all non-originating materials imported into one or more CPTPP parties meet the specified change in tariff classification. The good meets all the relevant requirements of the PSR for 61.01 – 61.09. The garment is originating.

NOTE: the CPTPP allows for full accumulation and does not impose any specific requirements for process certification when an exporter relies on the accumulation provisions to meet the origin criteria. The exporter must however keep all necessary records and there should be commercial documents that provide evidence of activities undertaken. If these cannot be provided then preference can be denied.

Scenario 3

Non-originating fibre (cotton) has been imported into Party A. In Party A the fibre is spun and knitted into trouser fabric. Party A has exported this fabric to Party C to be made into men's trousers. Party C will export the final good to Party D under CPTPP. All processing on the non-originating fibre has been carried out within the CPTPP.

Basic rule = CC

Question: What are the non-originating materials that have been imported into Party C (as the final exporter of the good)?

Answer: the fabric from Party A is made from non-originating cotton fibre and therefore does not meet the CPTPP rule for knitted cotton fabric

Knitted Fabric	60.02 - 60.06	A change to a good of heading 60.02 through 60.06 from any other chapter, except from heading 51.06 through 51.13, chapter 52, heading 54.01 through 54.02, subheading 5403.33 through 5403.39 or 5403.42 through 5403.49, or heading 54.04 through 54.08, chapter 55 or heading 56.06.

Exclusions:

Question: are any excluded products imported into Party C?

Answer: yes: the cotton fabric is excluded.

Question: Are there any further provisions that apply?

Answer: yes: Article 3.10.3 (accumulation) states that 'Each Party shall provide that production undertaken on a non-originating material in the territory of one or more of the Parties by one or more producers may contribute toward the originating content of a good for the purpose of determining its origin, regardless of whether that production was sufficient to confer originating status to the material itself'.

Question: How does the processing in Party A contribute towards meeting the PSR for the final good?

Answer: The processing in Party A means that the final good (trousers made from knitted cotton) has been produced entirely within the CPTPP from non-originating fibre (i.e. same result as under scenarios 1 and 2 but with two CPTPP parties contributing to the outcome at different stages of production).

Conclusion: Through application of the accumulation provisions, all non-originating materials imported into one or more CPTPP parties meet the specified change in tariff classification. The good meets all the relevant requirements of the PSR for 61.01 – 61.09. The garment is originating.

NOTE: Under the Annex 3- A provision Party A would be able to verify the processing done in Party A so that Party C could use this input in its exports to Party D.

4.3 WCO Europe Region

Summary

Twelve Members (Member States) from the WCO Europe Region provided their national practice related to cumulation. They are Armenia, Azerbaijan, European Union (Belgium, Bulgaria, Denmark, Hungary, Latvia, Slovenia), Moldova, Switzerland and Türkiye.

4.3.1 Armenia

1. **Brief introduction of the use accumulation/cumulation in your FTA schemes**

The rules of origin of goods, stipulated in free trade agreements signed by the RA with the third countries or within EAEU, define that the goods shall be deemed to originate in that Party if they are produced entirely in a Party or in more Parties exclusively from the originating materials from one or more Parties.

It is stipulated in the free trade agreement that the goods or materials originating in a Party that are used in the production of goods in the territory of the other Party are considered as originating in the territory of a Party where the last operations have been carried out.

2. **The current practice regarding certification requirements on accumulation/cumulation**

The free trade agreement stipulates that it is required to make a note on the criteria of origin for each product in the appropriate field in the certificates of origin, including on accumulation/cumulation, if the criteria of accumulation/cumulation were applied at the time of origin of the goods.

2.1. What are the requirements and procedures for issuing the certificate of origin in relation to accumulation/cumulation?

2.2. If available, then 1 or 2 cases that are illustrative of the process involved.

3. **Practice regarding verification related to accumulation/cumulation**

3.1. How do you conduct verification related to accumulation/cumulation in practice?

3.2. If possible, illustrative verification cases (1-2 cases) demonstrating the practice.

N/A

4. **If available, cases or material that either illustrates the impact of cumulative rules on trade, or shows how the private sector benefits from accumulation/cumulation.**

N/A

5. **Any other information, you may consider useful to share with Members or with the Secretariat (e.g. judicial cases, training material, information material, etc.).**

N/A

4.3.2 Azerbaijan

Successful implementation of socio-economic reforms in Azerbaijan ensured the sustainable development of the country's economy and created conditions for the growth of the transit and export potential of the country. From the point of view of creating a mutually favourable trade environment and strengthening economic and trade cooperation, Free Trade Agreements signed with a number of countries are also of great importance.

Reference is made to Free Trade Agreements during the application of cumulative rules in determining the country of origin of goods. In the case that the country of origin and trading country is the same, goods imported directly from the Customs territory of another country shall not be subject to import Customs duty upon presentation of the preferential certificate of origin CT-1, when goods are manufactured on a cumulative basis, the letter "K" should be marked in column 9 of the certificate.

4.3.3 European Union (Belgium, Bulgaria, Denmark, Hungary, Latvia and Slovenia national practices)

1. **Brief introduction of the use accumulation/cumulation in your FTA schemes**

(e.g. whose elements could be cumulated, or which elements could be cumulated).

All EU trade agreements allow for bilateral cumulation on originating materials. This provision allows originating products from one party of the FTA (a country or region) to be treated as if they are originating in the other party.

In certain trade agreements, the EU has full bilateral cumulation allowing a party of the FTA to count the processes carried out on non-originating materials in the other FTA partner country as fulfilling the rules of origin (e.g. EU-UK TCA, EU-Japan EPA).

Diagonal cumulation operates between more than two countries provided they have FTAs (Free Trade Agreements) between them. Diagonal cumulation on originating products is a key feature in the "pan-Euro-Mediterranean cumulation zone" (EU near neighbouring countries). Full diagonal cumulation is allowed in the modernized rules applicable in this area. This type of cumulation is also included in the GSP. The conditions attached to apply this cumulation are defined in the FTAs.

Cumulation provisions included in EU FTAs mostly require that the working or processing undertaken in the country with which cumulation is applied go beyond a set of minimum operations, e.g. packaging, cleaning, etc.

In the following Economic Partnership Agreements (EPA) with ACP countries, cumulation is allowed with materials entering the EU duty-free quota-free through the application of the MFN rate (except those subject to anti-dumping or countervailing measures):

-EU-SADC EPA

-EU-Cote d'Ivoire stepping-stone EPA

-EU-Ghana stepping-stone EPA

A full list of the EU trade agreements and relevant provisions on cumulation can be found on page 69 of the Guidance Document at the following link:

https://taxation-customs.ec.europa.eu/system/files/2022-08/Guidance%20Preferential%20Origin%20%28Helsinki%29%20July%202022%20.pdf

An overview of EPAs with African-Caribbean-Pacific States (ACPs) and information on cumulation can be found on the following website:

https://taxation-customs.ec.europa.eu/customs-4/international-affairs/origin-goods/general-aspects-preferential-origin/countries-africa-caribbean-and-pacific-acp_en

For the Pan-Euro-Med zone (EU neighbouring countries) information on cumulation can be found on the Commission website:

https://taxation-customs.ec.europa.eu/customs-4/international-affairs/pan-euro-mediterranean-cumulation-and-pem-convention_en

2. **The current practice regarding certification requirements on cumulation/cumulation**

(e.g. requirement regarding supplier's declaration, or requirement to specify "cumulation" in the certificate of origin, etc.).

In EU agreements with full cumulation a supplier's declaration on the non-originating materials sent from an exporter in one trading partner to the importer in the other trading partner is required. This should indicate relevant information such as the processes undertaken or the amount of originating materials contained within the non-originating product.

In Economic Partnership Agreements (EPA) with ACP countries, the documents accepted for cumulation are described in a provision entitled 'information procedure for cumulation purposes', which allows for movement certificates EUR.1, origin or invoice declarations or the supplier's declaration (for the non-originating materials or for the processing) from third country suppliers/exporters to be used when applying cumulation.

In certain EU trade agreements on the document on origin (self-certification or government certificate) it is required to state that cumulation is applied with a specific country or region. This is required for the following EU trade agreements.

-EU-Colombia-Peru-Ecuador Trade Agreement

-EU-Central America Association Agreement

-EU-Vietnam FTA

-EU-Singapore FTA

-EU-Japan EPA

- EU and its neighbouring countries, where the Regional Convention on pan-Euro-Mediterranean (PEM) preferential rules of origin is applicable (Movement certificate EUR-MED).

In certain EPAs with ACP countries, on the document on origin (self-certification or government certificate) it is required to state that cumulation is applied with materials entering the EU duty-free quota-free through the application of the most-favoured nation treatment materials or with certain countries:

- EU-SADC EPA

- EU-Cote d'Ivoire stepping-stone EPA
- EU-Ghana stepping-stone EPA

2.1. What are the requirements and procedures for issuing the certificate of origin in relation to accumulation/cumulation?

– Below country cases can be considered representative for all European Union's 27 Member States.

Denmark

We comply with the applicable legal acts of the European Union and issue certificates of origin accordingly.

We very rarely receive requests for issue of certificates of origin related to cumulation. In the case that we do receive such a request, we will assess the specific documentation and whether the requirements for the application of cumulation in the relevant trade agreement are complied with. On this basis a certificate on origin may be issued.

Hungary

There are formal requirements which were indicated above ("it is required to state that cumulation is applied with a specific country or region"), but no further specific requirement or procedure is applied for issuing certificates in relation to cumulation. In general, the exporter shall be able to prove the preferential origin of the goods by providing supporting documents. This obligation includes supporting documents in relation to cumulation.

Latvia

When the origin of goods is obtained by applying cumulation, a proof of origin of the materials must be submitted.

Slovenia

Certificate of origin (a movement certificate EUR.1 or EUR-MED) shall be issued if the products concerned can be considered as products originating in the EU, in the importing EU's preferential trade partner or in one of the EU preferential trade partners with which cumulation is applicable and products concerned fulfil the requirements of the rules of origin. The exporter applying for the issue of a movement certificate EUR.1 or EUR-MED shall be prepared to submit at any time, at the request of the Customs authorities, all appropriate documents proving the originating status of the products for which the movement certificate EUR.1 or EUR-MED was issued, as well as the fulfilment of the other requirements (including cumulation of origin) relating to rules of origin of the products concerned.

2.2. If available, then 1 or 2 cases that are illustrative of the process involved.

– Below country cases can be considered representative for all European Union's 27 Member States.

Belgium

No cases available.

Bulgaria

A pullover classified under HS chapter 61 is manufactured in the EU by sewing together knitted fabrics originating in Bosnia and Herzegovina. According to Appendix I of the PEM Convention between them, the specific rule of origin for pullovers requires manufacturing from yarn in order that origin is conferred to the pullover. If there was no cumulation in the agreement, the manufacturing process of sewing together knitted fabrics in the EU would not confer origin and the pullover would have to be considered

as non-originating when exported to Bosnia and Herzegovina. Nonetheless, the pullover is considered to be originating in the EU since it was manufactured from fabrics originating in Bosnia and Herzegovina according to the bilateral cumulation provision in Article 3 of Appendix I of the PEM Convention.

For this purpose, it is very important to prove the origin of the materials from Bosnia and Herzegovina, included in the production of the pullover, by providing proofs of preferential origin.

Denmark

We have no examples to illustrate the process.

Hungary

N/A

Latvia

If the canned fish is produced in Latvia (the origin criterion requires all fish to be wholly obtained) and there is diagonal cumulation, it is possible to use fish originating in a partner country. When issuing a movement certificate for the export of canned fish, the proof of origin must be presented and the phrase "cumulation applied" must be inserted in the movement certificate EUR.MED for export.

Slovenia

N/A

3. **Practice regarding verification related to accumulation/cumulation**

3.1. How do you conduct verification related to accumulation/cumulation in practice?

– *Below country cases can be considered representative for all European Union's 27 Member States*.

Bulgaria

The cumulation requires a system to trace back the manufacturing processes made by the various producers in the different countries. This can be done, for example, by submitting the Customs declaration. The Customs declaration shows whether or not the inputs were imported under preferences and the respective proof of origin submitted for Customs clearance is indicated in the import declaration.

Denmark

We rarely see cumulation applied and it is even rarer that we are requested to conduct a verification related to cumulation.

In the case that we receive a verification request related to cumulation, we conduct a thorough assessment of the manufacturing process and of the documentation provided and whether it complies with the requirements pursuant to the relevant trade agreement. We are aware of the possibility to verify suppliers' declarations/preference documentation in other parties covered by the agreement on cumulation. In practice this means that we may need to request an extension of the deadline from the requesting Customs authority as such verification of documents on preference may take up to 10 months.

Hungary

Verification related to cumulation is focusing on the supporting documents provided by the exporter which are intended to justify the application of cumulation. In the case of doubt regarding these supporting documents (mainly proofs of origin or suppliers' declaration) further investigation could be envisaged, for example, initiation of a subsequent verification procedure.

Latvia

Verification in practice is conducted by sending to the exporting country a request for verification of the proof of origin of the materials used in the production, followed by the standard verification procedure.

Slovenia

In the case of subsequent verifications of proofs of origin, the exporter is invited to submit to the Customs authority any evidence necessary to verify the originating status of products and the fulfilment of the other requirements of the rules of origin. The Customs authorities also have the right to carry out any inspection of the exporter's account or any other check considered appropriate.

3.2. If possible, illustrative verification cases (1-2 cases) demonstrating the practice.

– Below country cases can be considered representative for all European Union's 27 Member States.

Belgium

No cases available.

Bulgaria

An importer wants to be issued a movement certificate, declaring an EU preferential origin acquired on the basis of cumulation with materials originating in Republic of Serbia. The Customs authorities that issue the certificate must consider whether cumulation with materials originating in that country can be applied, after that they should request the importer to prove the Serbian preferential origin of the materials used in the manufactured product by presenting a proof of origin, as well as to check whether this document (the proof of origin) exists in the Customs declaration for the import of these materials.

Denmark

We have no examples of verification requests related to cumulation. The main reason for this is that Danish companies very rarely make use of the possibility to apply cumulation.

Hungary

N/A

Latvia

There are no other practical cases, please see the answer to the previous question.

Slovenia

N/A

4. **If available, cases or material that either illustrates the impact of cumulative rules on trade, or shows how the private sector benefits from accumulation/cumulation.**

EU FTA cumulation provisions are not identical for all partners as they take into account the specificities of the partner region/country and the level of integration of the EU economy with that partner.

It is difficult to estimate with all correctness the actual impact of cumulation on trade. The EU does not maintain any statistical database recording the use of cumulation in imports. The potential benefit of the cumulation provisions depends also on the level of stringency of the product specific rules included in the FTAs. Moreover, business is generally concerned about the complexity of applying the cumulation provisions and, rather, pleads for coherent and trade facilitative rules per product across the different FTAs.

It is however thought to be positive as cumulation is meant to facilitate trade and to offer the possibility for firms to use imported parts/components from partner countries in addition to the intermediary materials already allowed in the product specific rules. Some specific cases are well known.

For many trade partners, such as PEM, ASEAN countries or Latin American countries, the provision on cumulation is of great interest to the textile and clothing sector, as well as the fish sector.

In the FTA with the UK, the applicable bilateral cumulation and "full" bilateral cumulation are of great interest to any industry due to the very high degree of integration of the UK economy with the EU economy, including the car sector.

5. **Any other information, you may consider useful to share with Members or with the Secretariat (e.g. judicial cases, training material, information material, etc.).**

Guidance on cumulation can be found on the website of the Commission, that provides information in general on preferential rules of origin at:

https://taxation-customs.ec.europa.eu/customs-4/international-affairs/origin-goods/general-aspects-preferential-origin_en

4.3.4 Moldova

1. **Brief introduction of the use accumulation/cumulation in your FTA schemes**

(e.g. whose elements could be cumulated, or which elements could be cumulated).

N/A

2. **Practice on certification requirements related to accumulation/cumulation**

2.1. What are the requirements and procedures to issue the certificate of origin related to accumulation/cumulation?

Procedure for the issuing of a movement certificate EUR. 1/ Convention PEM

In the case of bilateral and diagonal cumulation in the PEM area, the provisions of article 3 of the PEM Convention apply.

For this purpose, the exporter or his authorized representative shall fill in both the movement certificate EUR.1 and the application form, specimens of which appear in the Annexes III a and b (Article 16 and Article 21).

The exporter applying for the issue of a movement certificate EUR.1 shall be prepared to submit at any time, at the request of the Customs authorities of the exporting Contracting Party where the movement certificate EUR.1 is issued, all appropriate documents proving the originating status of the products concerned as well as the fulfilment of the other requirements of this Convention.

For example, in the case of cumulation of origin, the original raw material used to obtain the finished product must be covered by a preferential proof of origin.

Procedure for the issuing of a movement certificate EUR. 1 (Appendix A Transitional Rules)

In the case of cumulation based on the transitional rules, the provisions of Article 7 of Appendix A (ALTERNATIVE APPLICABLE RULES OF ORIGIN).

Article 17 - Products originating in one of the Parties shall, on importation into the other Party, benefit from the provisions of the Agreement upon submission of one of the following proofs of origin:

(a) a movement certificate EUR.1, a specimen of which appears in Annex IV to this Appendix;

(b) in the cases specified in Article 18(1), a declaration, subsequently referred to as the 'origin declaration' given by the exporter on an invoice, a delivery note or any other commercial document which describes the products concerned in sufficient detail to enable them to be identified; the text of the origin declaration appears in Annex III to this Appendix.

Article 20 - The movement certificate EUR.1 shall include the statement in English 'TRANSITIONAL RULES' in box 7.

4.3.5 Switzerland

1. Types of Accumulation/Cumulation in Switzerland's Free Trade Agreements

Switzerland currently maintains a network of 35 Free Trade Agreements (FTAs) with 43 partners. Most of Switzerland's FTAs are concluded through its membership in the European Free Trade Association (EFTA).

All of these agreements allow for bilateral accumulation or cumulation, wherein materials originating from one Party to the FTA are treated as originating from another Party if the final product is produced using these materials.

Within the context of the PAN-EURO-MED (PEM) FTAs, diagonal accumulation or cumulation is also applied. This concept allows materials originating from a third country within the PEM zone (which is not a Party to the FTA) but has preferential trade links with the final importing country, to be considered as originating in a Party to the FTA if the final product is produced using these materials.

The FTAs EFTA-Tunisia and EFTA-Canada offer the option of full cumulation. Full cumulation involves the accumulation of production or value-added processes. If provided for in the FTA, full cumulation is applied when neither the first production step in Party A nor the second production step in Party B, taken separately, qualifies as origin-conferring but if considered together, fulfil the prescribed rules of origin in the corresponding FTA. Full cumulation is particularly suitable for list rules that encompass specific production steps. It is worth noting that the rules of origin of the PEM FTAs are in the process of being amended, and that since 1 September 2021, full cumulation is possible for a growing number of partners.

In Switzerland's ongoing FTA negotiations, and when updating existing ones, it seeks to include the possibility of extended accumulation (see text in Annex I). In principle, extended accumulation operates similarly to diagonal cumulation. However, a notable difference is that the rules of origin within the relevant FTAs do not need to be harmonized or identical. This allows independent FTAs to be interconnected, thus increasing the sourcing possibilities of originating materials for exporters. Ultimately, this liberalizes the list rules that must be met to some extent since input materials from another FTA partner do not have to be treated as third-country materials.

In the Swiss context, extended accumulation is considered exclusively for industrial goods. Agricultural policies among individual EFTA states vary, leading to differing import duties and concessions for this product category. Consequently, input materials from the agricultural sector are excluded from extended accumulation to prevent potential circumvention.

Switzerland is of the view that the possibility of extended accumulation can offer significant advantages primarily due to its lower level of regulatory burden. In this respect a study has been mandated by the Swiss State Secretariat of Economic Affairs (SECO) which supports this conclusion[12].

2. Certification Requirements for Cumulation/Accumulation

[12] Study on the Effects of Regionalisation of Rules of Origin in Free Trade Agreements (German only)
Support document to the external study "Effects of Regionalization of Rules of Origin in Free Trade Agreements"

Swiss/EFTA FTAs primarily use the exporter-based model. This means the exporter is responsible for providing the proof of origin and ensuring the accuracy of the information provided. To this end, the exporter provides an origin declaration on the invoice or any other commercial document that describes the products concerned in sufficient detail to enable them to be identified (e.g. a delivery note or packing list). Alternatively, a certificate of origin, usually a movement certificate EUR 1, (which can slightly vary depending on the FTA it applies to) may be issued by the Customs authority. If the exporter is not the producer of the goods, he may base his claim on the originating status of the goods on a supplier's declaration provided by the producer.

The aforementioned procedure applies to bilateral cumulation. If an FTA provides for other types of cumulation, additional information may be required. In the case of diagonal cumulation it might be necessary to state with which Party cumulation was applied or if no cumulation was applied in the origin declaration or the certificate of origin (see examples in Annex II). If the applicable FTA allows full cumulation, a supplier's declaration is used in case the working undergone by itself is not origin-conferring. In this case, the exporter issues a supplier's declaration. The importer, after having further worked the goods, can use the supplier's declaration as proof when issuing a certificate of origin.

Case Study diagonal cumulation:

A fabric is manufactured in the EU. Since it complies with the origin rules of the EU-Morocco FTA, the manufacturer certifies its preferential EU origin with a proof of origin. In Morocco, the fabric is used to produce men's shirts. The production process itself does not establish origin on its own. However, due to the possibility of cumulation, the processing facility can cumulate the EU origin of the fabric. The processing gives the EU fabric a Moroccan origin because it goes beyond a minimal operation. Accordingly, the Moroccan exporter, upon export to Switzerland, issues a proof of origin once again so that the finished men's shirts can be preferentially Customs cleared upon import into Switzerland. Diagonal cumulation is applicable exclusively within the context of the FTAs of Switzerland/EFTA in the PAN-Euro-Med Cumulation Zone.

Case Study full cumulation:

In Switzerland, a producer uses third-country yarn (HS 52.05) to manufacture a fabric (HS 52.08). Since the weaving of third-country yarns does not qualify as origin-justifying, no proof of origin can be issued upon export. Therefore, the producer issues a supplier's declaration. In this declaration, among other things, the producer confirms the work steps undertaken or the level of value addition in their operation.

The customer in Tunisia then processes the fabric into women's trousers. The processing itself is not origin-conferring when considered in isolation. However, the EFTA-Tunisia FTA stipulates a two-step production process for women's trousers (from yarn to fabric to women's trousers). While this list rule was not fulfilled in Switzerland or Tunisia individually, it was indeed satisfied within the entire scope of the FTA.

Thanks to full cumulation, the list rule can be considered fulfilled after processing in Tunisia. Therefore, this pair of women's trousers qualifies for Tunisian origin within the context of the EFTA-Tunisia FTA. Consequently, the Tunisian exporter can issue a proof of origin when exporting to Switzerland.

Case Study Extended Accumulation:

A Japanese producer of electric vehicles imports battery packs from the EU under the Japan-EU FTA. After completion, the electric vehicles are exported to Switzerland. Under the current provisions of the Switzerland-Japan FTA, the electric vehicles would not be considered originating in Japan because of the high value content of the EU battery packs. If extended cumulation were to be included in the Switzerland-Japan FTA according to the provisions set out in Annex I, the Japanese exporter would be able to issue a proof of origin when exporting to Switzerland as both Switzerland and Japan maintain FTAs with the EU.

3. Verification related to Accumulation/Cumulation

As Swiss/EFTA FTAs primarily use the exporter-based model, the verification of origin is carried out by the Customs authorities of the exporting Party at the request of the importing Party. An importing Party may request a verification of a proof of origin randomly or in case of any doubt regarding the authenticity or accuracy of the information provided in it. If an importing Party requests a verification by the exporting Party, it should provide the proof of origin in question, along with any other document related to the goods deemed necessary and specify the reason for the request.

The verification is carried out by the Customs authorities of the country where the proof of origin was issued. For this purpose, the Customs authorities are authorized to request the submission of evidence and to carry out any type of audit of the exporter's accounting or any other control deemed appropriate by them. The results of the verification should be communicated to the Customs authorities requesting the examination as soon as possible.

This verification procedure applies to any type of cumulation or origin verification in general. In the case where cumulation was applied, the verification may involve the verification of a proof of origin or, in the case of full cumulation, the verification of a supplier's declaration, following the same process as outlined earlier.

4. **Resources**

- EFTA Secretariat. Free Trade Agreements and Trade Relations by Partners. https://www.efta.int/free-trade/free-trade-agreementsion (efta.int). Accessed 13 October 2023.
- Federal Office for Customs and Border Security (FOCBS). Guide to the Pan-Euro-Mediterranean cumulation of origin, September 2021. https://www.bazg.admin.ch/dam/bazg/en/dokumente/archiv/a5/ursprung/wegleitung_zur_pan-euro-mediterrane-nursprungskumulation.pdf.download.pdf/guide_to_the_pan-euro-mediterraneanoriginprotocols.pdf. Accessed 13 October 2023.
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- Ecoplan & University of St. Gallen. Study on the effects of regionalisation of rules of origin in free trade agreements (available only in German), 7 December 2022. https://www.seco.admin.ch/dam/seco/en/dokumente/Aussenwirtschaft/Wirtschaftsbeziehungen/Warenverkehr/Ursprungsregeln/studie_regionalisierung_fha.pdf.download.pdf/Study_on_the_effects_of_regionalisation_of_rules_of_origin_in_free_trade_agreements.pdf. Accessed 13 October 2023.
- State Secretariat for Economic Affairs (SECO). Support document to the external study 'Effects of Regionalisation of Rules of Origin in Free Trade Agreements', 25 January 2023. https://www.seco.admin.ch/dam/seco/en/dokumente/Aussenwirtschaft/Wirtschaftsbeziehungen/Warenverkehr/Ursprungsregeln/begleitdokument_regionalisierung_fha.pdf.download.pdf/Support_document_to_the_external_study_Effects_of_Regionalisation_of_Rules_of_Origin_in_Free_Trade_Agreements'.pdf. Accessed 13 October 2023.

5. **Annex I: Treaty text, extended cumulation**

Accumulation of Origin

1.A product originating in a Party, which is used as material in the manufacture of a product in another Party, shall be considered as originating in the Party where the last operations beyond those referred to in paragraph 1 of Article [Insufficient Working or Processing] have been carried out.

2.A product originating in a Party, which is exported from one Party to another and does not undergo working or processing beyond those referred to in paragraph 1 of Article [Insufficient Working or Processing], shall retain its origin.

3.Where materials originating in two or more Parties are used in the manufacture of a product and these materials have not undergone any working or processing beyond the operations referred to in Article [Insufficient Working or Processing], the origin of the product is determined by the material with the highest Customs value, or if this cannot be ascertained, with the highest first ascertainable price paid for that material in that Party.

4.Notwithstanding paragraph 1, non-agricultural products imported from a non-Party, which are used as materials in the manufacture of a product in an EFTA State or Ecuador, shall be considered as originating in the Party where the last operation has been carried out, provided that:

(a)preferential trade agreements in accordance with Article XXIV of GATT 1994 between the EFTA State concerned, Ecuador and that non-Party, which foresee certification of origin and administrative cooperation procedures, including procedures for verification of the originating status, are in force;

(b)these materials qualify as originating materials under the Free Trade Agreement between that non-Party and the Party where the last operation has been carried out; and

(c)the working or processing carried out in the EFTA State concerned or Ecuador goes beyond those referred to in paragraph 1 of Article [INSUFFICIENT WORKING OR PROCESSING]. Such materials do not have to undergo sufficient working or processing.

6. Annex II: Certificate of Origin Movement Certificate EUR-MED

WARENVERKEHRSBESCHEINIGUNG
CERTIFICAT DE CIRCULATION DES MARCHANDISES
CERTIFICATO DI CIRCOLAZIONE DELLE MERCI

EUR-MED Nr. / N° / n. **Q** 0104506

1 **Ausführer/Exporteur** (Name, vollständige Anschrift, Staat)
Exportateur (nom, adresse complète, pays)
Esportatore (nome, indirizzo completo, paese)

Vor dem Ausfüllen Anmerkungen auf der Rückseite beachten
Consulter les notes au verso avant de remplir le formulaire
Prima di compilare il formulario consultare le note al retro

2 **Bescheinigung für den Präferenzverkehr zwischen der**
Certificat utilisé dans les échanges préférentiels entre la
Certificato utilizzato negli scambi preferenziali tra la

SCHWEIZ / SUISSE / SVIZZERA

und / et / e

dem in der Rubrik 5 hiernach genannten Staat bzw. Staatengruppe oder Gebiet
le pays, groupe de pays ou territoire mentionné dans la rubrique 5 ci-après
il paese, risp. gruppo di paesi o territorio citato qui appresso, nella rubrica 5

3 **Empfänger** (Name, vollständige Anschrift, Staat) (Ausfüllung freigestellt)
Destinataire (nom, adresse complète, pays) (mention facultative)
Destinatario (nome, indirizzo completo, paese) (indicazione facoltativa)

4 Ursprungsstaat[3]/Pays d'origine[3]
Paese d'origine[3]

5 Bestimmungsstaat oder -gebiet
Pays ou territoire de destination
Paese o territorio di destinazione

6 **Angaben über die Beförderung** (Ausfüllung freigestellt)
Informations relatives au transport (mention facultative)
Informazioni riguardanti il trasporto (indicazione facoltativa)

7 **Bemerkungen / Observations / Osservazioni**

☐ Cumulation applied with _____
(Name des Landes/der Länder / nom du pays/des pays / nome del paese/dei paesi)

☐ No cumulation applied.

Zutreffendes Feld ankreuzen / Marquer d'un x la mention applicable / Segnare con una x la menzione applicabile

8 Laufende Nummer; Zeichen, Nummern, Anzahl und Art der Packstücke[1]); Warenbezeichnung
N° d'ordre; marques, numéros, nombre et nature des colis[1]); désignation des marchandises
N. d'ordine; marche, numeri/numero e natura dei colli[1]); designazione delle merci

9 Rohmasse
Masse brute
Massa lorda
(kg) oder/ou/o
(, m³, etc./ecc.

10 Rechnungen
Factures/Fatture
(Ausfüllung freigest.)
(mention facult.)
(indicazione facolt.)

11 **SICHTVERMERK DER ZOLLBEHÖRDE**
VISA DE LA DOUANE / VISTO DELLA DOGANA

Die Richtigkeit der Erklärung wird bescheinigt
Déclaration certifiée conforme/Dichiarazione certificata conforme

Ausfuhrpapier[4]) / Document d'exportation[4]) / Documento d'esportazione[4]):

Art/Modèle/Modello _____ N° _____ Stempel / Cachet / Timbro

vom/du/del _____

Zollbehörde/Bureau de douane/Ufficio doganale: _____

Ausstellender Staat: **SCHWEIZ**
Pays de délivrance: **SUISSE**
Paese in cui è stato rilasciato: **SVIZZERA**

_____
(Ort und Datum/Lieu et date/Luogo e data)

_____
(Unterschrift/Signature/Firma)

12 **ERKLÄRUNG DES AUSFÜHRERS/EXPORTEURS**
DÉCLARATION DE L'EXPORTATEUR
DICHIARAZIONE DELL'ESPORTATORE

Der Unterzeichner erklärt, dass die vorgenannten Waren die Voraussetzungen erfüllen, um diese Bescheinigung zu erlangen.

Je soussigné déclare que les marchandises désignées ci-dessus remplissent les conditions requises pour l'obtention du présent certificat.

Io sottoscritto dichiaro che le merci di cui sopra soddisfano alle condizioni richieste per ottenere il presente certificato.

_____
(Ort und Datum/Lieu et date/Luogo e data)

_____
(Unterschrift/Signature/Firma)

[1]) Bei unverpackten Waren ist die Anzahl der Gegenstände oder «lose geschüttet» anzugeben.

[1]) Pour les marchandises non emballées, indiquer le nombre d'objets ou mentionner «en vrac».

[1]) Per le merci non imballate, indicare il numero degli oggetti o indicare «alla rinfusa».

[2]) Nur ausfüllen, wenn nach den internen Rechtsvorschriften des Ausfuhrstaates oder -gebietes erforderlich.

[2]) A remplir seulement lorsque les règles nationales du pays ou territoire d'exportation l'exigent.

[2]) Da riempire solo quando le norme nazionali del paese o territorio d'esportazione lo richiedono.

[3]) Als Ursprungsstaat gilt der Staat, die Staatengruppe oder das Gebiet, als dessen bzw. deren Ursprungswaren die Waren gelten.

[3]) Par pays d'origine on entend le pays, le groupe de pays ou le territoire dont les produits sont considérés comme originaires.

[3]) Per paese di origine s'intende il paese, il gruppo di paesi o il territorio di cui i prodotti sono considerati originari.

OZD 03.2005 50000 J3042-05/8601131403

Text of the Origin Declaration, EUR-MED

The text of the invoice declaration EUR-MED, displayed below, must correspond to the requirements given in the footnotes. The footnotes themselves, however, must not be reproduced. Indications regarding cumulation ("cumulation applied with..." and "no cumulation applied") must always appear in English.

English Version

The exporter of the products covered by this document (Customs authorization No ...[13]) declares that, except where otherwise clearly indicated, these products are of ...[14] preferential origin.

➢ *cumulation applied with ……..*

➢ *no cumulation applied*[15]

4.3.6 Türkiye

1. **Brief introduction of the use accumulation/cumulation in your FTA schemes**

(e.g. whose elements could be cumulated, or which elements could be cumulated).

Türkiye has 23 Free Trade Agreements. Different types of cumulation mechanisms are used in these Agreements, whose details are given below.

Bilateral cumulation is where Türkiye and the other Party to the Agreement can benefit from the possibility to use materials originating in one Party in further manufacture of goods on the condition that the materials have undergone more than insufficient working and processing operations as stipulated in origin protocols to relevant preferential arrangements.

In all of the Agreements that are in force, bilateral cumulation is available because this mechanism is the fundamental principle of the preferential agreements. While the other preferential Agreements given below stipulate other kinds of cumulation mechanisms, the Agreements with Singapore, United Arab Emirates, Malaysia, South Korea, Chile, Venezuela and Mauritius involve only bilateral cumulation.

Diagonal cumulation allows more than two Parties under a preferential agreement to benefit from the possibility to use materials originating in one or more Parties in further manufacture of goods as originating in one country under similar conditions.

Türkiye is Party to the Pan-Euro-Mediterranean Convention (PEM), which allows for application of diagonal cumulation between Türkiye and the other Parties to the PEM which have an Agreement with Türkiye, such as the EU, EFTA, Israel, Tunisia, Morocco, Egypt, Georgia, Serbia, Macedonia, Bosnia-Herzegovina, Kosovo, Palestine, Montenegro, Albania, Moldova and Faroe Islands.

[13] If the invoice declaration is established by an approved exporter, the authorization number of the approved exporter should be given here. If the invoice declaration is not established by an approved exporter, the words in brackets can be omitted or the space can be left empty.
[14] State the country of origin of the goods.
[15] Delete or complete as necessary.

Full cumulation is a system which takes the possibilities of diagonal cumulation further. It has possibilities such as the allowance of value and working or processing conducted in the territory of one Party to be included during the calculation of preferential originating status of goods in the territory of the other Party. Türkiye can benefit from full cumulation solely in trade under the FTA with the UK.

2. The current practice regarding certification requirements on accumulation/cumulation

(e.g. requirement regarding supplier's declaration, or requirement to specify "cumulation" in the certificate of origin, etc.).

Each Agreement Türkiye has in place has its own requirement for certification for the cumulation purposes. The exporters can issue the documents given below in order to prove the originating status of the goods or the value for the full cumulation purposes.

Name of the document	Party to the Agreement
EUR.1 Movement Certificate	EU (FTAs), EFTA, Chile, Kosovo, Georgia, Mauritius, Bosnia-Herzegovina, Serbia, Macedonia, Montenegro, Albania, Israel, Tunisia, Egypt, Morocco, Moldova, Faroe Islands, Palestine
EUR.1 Invoice Declaration	EU, EFTA, Chile, Kosovo, Georgia, Mauritius, Bosnia-Herzegovina, Serbia, Macedonia, Montenegro, Albania, Israel, Tunisia, Egypt, Morocco, Moldova, Faroe Islands, Palestine
EUR.MED Movement Certificate	EU (FTAs), EFTA, Israel, Tunisia, Egypt, Morocco, Palestine
EUR.MED Invoice Declaration	EU (FTAs), EFTA, Israel, Tunisia, Egypt, Morocco, Palestine
Supplier's Declaration	EU, EFTA, Kosovo, Georgia, Bosnia-Herzegovina, Serbia, Macedonia, Montenegro, Albania, Israel, Tunisia, Jordan, Egypt, Morocco, Moldova, Faroe Islands, Palestine, UK
Malaysia Certificate of Origin or Invoice Declaration	Malaysia
Origin Declaration	South Korea, Singapore, UK, UAE
TR-UAE Proof of Origin	United Arab Emirates

2.1. What are the requirements and procedures for issuing the certificate of origin in relation to accumulation/cumulation?

In order for an exporter to be able to issue a proof of origin relating to bilateral or diagonal cumulation, the products concerned in the document must meet the originating criteria as mentioned in relevant FTAs.

On the other hand, the supplier's declaration is thus one of the documents which can help the producer in the second Party to identify the non-originating materials used in the production of the goods supplied from the first Party and to take into account that production in the determination of the originating status of the final product to be re-exported to the first Party. The requirements are given in the FTA with the UK.

2.2. If available, then 1 or 2 cases that are illustrative of the process involved.

An operator in Switzerland produces a machine using materials of EU origin and exports the final product to Türkiye. The final product will have Swiss origin as all necessary preconditions for diagonal cumulation have been met (agreements containing identical rules of origin between Türkiye, Switzerland and the EU) and the materials used to produce the machine are already originating in the PEM zone and have undergone more than insufficient working or processing.

3. **Practice regarding verification related to accumulation/cumulation**

3.1. How do you conduct verification related to accumulation/cumulation in practice?

There are provisions that allow reciprocal co-operation between Customs administrations of the Parties under FTAs. In line with these provisions, the importing party may apply for a request of subsequent verification regarding authenticity of documents issued for proving originating status of goods or regarding originating status of the products indicated in these documents. Following the application of the importing party, the Customs administration of the exporting party may conduct detailed retrospective research regarding the document, materials used in the final good and whether the cumulation applied and everything indicated is correct. Finally, the exporting party is obliged to inform the importing party within the time limit set in the FTA.

3.2. If possible, illustrative verification cases (1-2 cases) demonstrating the practice.

Egypt resorts to subsequent verification for a product imported from Türkiye. Türkiye is given a certain amount of time to finalize the verification process and inform Egypt authorities accordingly. Türkiye implements its internal procedure to conduct the verification method and gets in contact with the exporter of the product in Türkiye to prove that any material used in the manufacture of the final good is originating in the scope of relevant cumulation provisions and if not, that these imported materials have undergone sufficient working or processing in order to obtain originating status. In the final phase, Türkiye informs Egypt authorities according to information obtained.

4. **If available, cases or material that either illustrates the impact of cumulative rules on trade, or shows how the private sector benefits from accumulation/cumulation.**

Not applicable.

5. **Any other information, you may consider useful to share with Members or with the Secretariat (e.g. judicial cases, training material, information material, etc.).**

Not applicable.

4.4 WCO East and Southern Africa Region

Summary

Two Members from the WCO East and Southern Africa Region provided their national practice related to cumulation. They are Mauritius and South Africa.

4.4.1 Mauritius

1. **Brief introduction of the use accumulation/cumulation in your FTA schemes**

(e.g. whose elements could be cumulated, or which elements could be cumulated).

The application of accumulation/cumulation is made on the basis of provisions of the relevant trade agreements (e.g. interim Economic Partnership Agreement (iEPA) signed between the EU and ESA states and the SADC Protocol on Trade). Cumulation is applied to materials which are originating and being

incorporated in the process of manufacture of the finished good in Mauritius. The materials range from agricultural to industrial products.

2. **The current practice regarding certification requirements on accumulation/cumulation**

(e.g. requirement regarding supplier's declaration, or requirement to specify "cumulation" the certificate of origin, etc.).

2.1. What are the requirements and procedures for issuing the certificate of origin in relation to accumulation/cumulation?

Procedures for issuance of certificates of origin, including documentary requirements:

- ✓ E Registration of Exporters/Manufacturers with the MRA Customs Department- Origin Unit;
- ✓ An electronic application, together with scanned copies of supporting Documents, is to be made by the Exporter or his representative via Trade Net for relay to the Customs Management System;
- ✓ The documentary evidence shall include, inter alia, export invoice, import Customs declarations of materials used, proofs of origin or supplier's declarations at import to support cumulation;
- ✓ Upon approval a Certificate of Origin is issued electronically and in hard copy.

2.2. If available, then 1 or 2 cases that are illustrative of the process involved.

Manufacture of garments from fabrics originating in SADC states. The materials used for cumulation are supported by submission of SADC Certificate of origin at import.

Export of packed vanilla pods from Mauritius following imports of wholly obtained pods from ESA State. The materials used for cumulation are supported by submission of supplier declaration at import as per iEPA.

3. **Practice regarding verification related to accumulation/cumulation**

3.1. How do you conduct verification related to accumulation/cumulation in practice?

Pre and post verification of stocks, process of manufacture, documentary evidence, are done at time of registration, trader profile updates and based on risk targeting/random checks.

3.2. If possible, illustrative verification cases (1-2 cases) demonstrating the practice.

4. **If available, cases or material that either illustrates the impact of cumulative rules on trade, or shows how the private sector benefits from accumulation/cumulation.**

N/A

5. **Any other information, you may consider useful to share with Members or with the Secretariat (e.g. judicial cases, training material, information material, etc.).**

Origin information available at https://www.mra.mu/index.php/customs1/export/origin

4.4.2 South Africa

1. **Brief introduction of the use accumulation/cumulation in your FTA schemes**

Cumulation is a provision which allows consideration of goods obtained in or processing taking place in one Free Trade Area (FTA) member country as originating in another. Cumulation is an integral part of trade agreements and enables production sharing within the FTA territory.

Cumulation makes it possible for goods from a free trade partner to be treated the same as those originating in the country of exportation. This therefore provides an incentive for a producer or exporter to use input materials originating from a free trade partner country.

South Africa is a member of the Southern African Development Community-European Union Economic Partnership Agreement (the SADC-EU EPA). The SADC-EU EPA has two types of cumulation, namely, Bilateral and Diagonal.

Bilateral cumulation[16] - materials originating in the EU shall be considered as materials originating in a SADC EPA State when incorporated into a product obtained in that SADC EPA State, provided that the working or processing carried out there goes beyond the operations of insufficiently working or processing, similarly materials originating in a SADC EPA State within the meaning of this Protocol shall be considered as materials originating in the EU when incorporated into a product obtained in the EU, provided that the working or processing carried out there goes beyond the operations of insufficiently working or processing[17].

The working and processing carried out in the EU shall be considered as having been carried out in a SADC EPA State; and working and processing carried out in a SADC EPA State shall be considered as having been carried out in the EU, when the materials undergo there subsequent working or processing going beyond the required operations.

Diagonal Cumulation[18] - Provision under agreements between more than two countries, that allows members to use products originating in the others without the final good losing its originating status.

South Africa, together with the SADC EPA States, has implemented the provisions of Diagonal cumulation on 23 June 2023. There is not sufficient experience in the implementation, interpretation, and application of diagonal cumulation, however, the practice of diagonal cumulation is the same as bilateral cumulation in the sense that proofs of origin should be traced from the countries doing cumulation. The experiences and practices derived from bilateral cumulation are used in diagonal cumulation.

2. **The current practice regarding certification requirements on accumulation/cumulation**

When certifying the goods that have undergone cumulation, the trader is required to declare materials that have preferential origin status and goods that have no preferential origin status using the Supplier's Declaration. The purpose of utilizing the Supplier's Declaration for both preferential and non-preferential is to enable Customs to make the correct determination for the product specific rule (PSR) of origin in the final calculations.

Due to the complexity and the possible risk associated with cumulation, South Africa subjects traders to a Binding Origin Determination (BOD). This approach affords both Customs and the trader to share information and make a determination before the actual imports or exports of cumulated goods.

Traders that do not have BOD are subjected to a pre-verification process during the process of application of certificates of origin. The pre-verification process is done by completing the attached form appended as **Annexure 1.** This form assists Customs to verify both the information supplied and if required,

[16] Article 3 to Protocol I of the SADC-EU EPA
[17] Article 9 to Protocol I of the SADC-EU EPA
[18] Article 4 to Protocol I of the SADC-EU EPA

a physical verification exercise is undertaken to ascertain the correctness of statements contained in the application form.

3. **Practice regarding verification related to accumulation/cumulation.**

South Africa has a rigorous process of conducting verifications relating to cumulation. The verification process starts by completing a Verification Questionnaire that forms part of the Desk Audit. The information is analysed based on the information that is already in possession by Customs on our core business system. Based on the outcome of the analysis of the information supplied through the Verification Questionnaire, a physical verification will be undertaken to correlate and to make a final determination. The Verification Questionnaire is appended as **Annexure 2.**

4. **Cases or material that either illustrates the impact of cumulative rules on trade, or shows how the private sector benefits from accumulation/cumulation.**

Cumulation is a game-changer in terms of stimulating local industry, promoting export goods and creating jobs through value chains. Vehicles manufacturing remains the major industry benefiting through cumulation and the bedrock of South Africa's exports. The most exports are motor vehicles of tariff Heading 8701 to 8705. There are over 4000 parts that go into the final cumulated motor vehicles. Small, medium and large businesses benefit through value chains in the manufacture of motor parts accessories, ranging from suspension system, brakes, discs, bumpers and others. The export and import value of the goods in the motor vehicle industry through cumulation runs to billions of Rands.

Just to cite a typical example, BMW is benefiting from cumulation in the manufacture of the BMW X3 model and exports the manufactured vehicle to the rest of the world. Through cumulation the company has created thousands of jobs and continues to contribute to the development of the country through payment of taxes. It has invested approximately R5 billion in the last three years primarily in expanding the existing manufacturing plant.[19]

5. **Any other useful information to share with Members or with the Secretariat (e.g. judicial cases, training material, information material, etc.).**

South Africa has published legislation for cumulation in the Customs and Excise Act No. 91 of 1964 as amended. The published legislation is appended as **Annexure 3.**

4.5 WCO North of Africa, Near and Middle East Region

Summary

Two Members from the WCO North of Africa, Near and Middle East Region provided their national practice related to cumulation. They are Iraq and Morocco.

4.5.1 Iraq

Iraq has not yet signed the free trade agreement in question. We do not have a data base on the cumulative rules of the certificate of origin which depends on the origin of the raw materials and the rates of production of goods between countries.

[19] Exact figures have not been provided here due to confidentiality obligations that SARS has with traders in terms of applicable national legislation.

4.5.2 Morocco

1. **Brief introduction on the use of cumulation in your free trade agreement schemes** (e.g. which and whose components might be subject to cumulation)

The provisions laid down in the free trade agreements concluded between Morocco and the countries of the Pan-Euro-Mediterranean (PEM) zone, the United States and the Arab League respectively provide for the use of the cumulation mechanism as follows:

PEM zone (with the EU, EFTA, Turkey and the countries signatories to the Agadir Agreement):

- **Cumulation of materials:** The Rules of Origin Protocols provide for bilateral cumulation between two contracting parties and diagonal cumulation among more than two parties.

- **Cumulation of working/processing:** Under this cumulation principle, working and processing operations undertaken in the countries of the contracting parties are treated as having been carried out in Morocco, provided that the products obtained have undergone subsequent working or processing in Morocco that goes beyond the operations deemed "insufficient".

Provision is made for such cumulation in respect of working or processing operations conducted between Morocco, the EU, Algeria and Tunisia under the EU-Morocco Association Agreement, or between Morocco, Turkey, Algeria and Tunisia under the Morocco-Turkey Free Trade Agreement.

United States: The Morocco-United States Free Trade Agreement provides for full cumulation between the two parties, covering cumulation in respect of working and materials alike.

Arab League: The provisions of the Agreement with the Arab League establish a bilateral and diagonal cumulation of materials as between the Contracting Parties.

2. **Current practice on certification requirements in respect of cumulation** (e.g. requirement regarding supplier's declaration, or requirement to specify "cumulation" in the certificate of origin, etc.)

2.1. What are the requirements and procedures for issuing the certificate of origin with regard to cumulation?

PEM Zone:

There are two possible scenarios:

1. Products having acquired origin by application of the diagonal cumulation of materials must be covered on export by:

- a EUR-MED certificate including, in box 7, the words "CUMULATION APPLIED WITH …… (name of country/countries)"; or

- a declaration by EUR-MED invoice including the words "CUMULATION APPLIED WITH …… (name of country/countries)".

The originating materials used must be covered, similarly, on import by a EUR-MED certificate or by a "declaration by EUR-MED invoice".

The non-originating materials used are not eligible for any refund of or exemption from Customs duties in the country of export ("no-drawback rule").

2. Products having acquired origin by application of the **bilateral cumulation of materials** and materials used must be covered by a EUR.1 certificate or a "declaration by invoice".

3. Products having acquired origin by application of the **cumulation of working/processing** must be covered on export by a EUR.1 certificate or a "declaration by invoice".

The materials used must be covered on import by a supplier's declaration.

United States

Under the Morocco-United States Free Trade Agreement, no proof of origin is required for the materials or products obtained.

Arab League

Under the Agreement with the Arab League and in the event of cumulation, products must be covered on export by a certificate of Arab origin, indicating application of the cumulation mechanism in box 5 and the country with which that cumulation has been applied.

2.2. If available, please provide one or two examples to illustrate the process involved.

Articles of clothing made from fabrics originating in Turkey and accessory items coming under Chapter 96 originating in Asian countries are manufactured in Morocco.

These articles of clothing benefit from Moroccan preferential origin status where they are to be exported to the EU by application of the diagonal cumulation rule.

These products are to be covered by a EUR-MED certificate on the condition that the fabrics of Turkish origin are accompanied on import by a EUR-MED certificate or a declaration by EUR-MED invoice and the accessories of Asian origin are subject to Customs duties under the no-drawback rule.

3. **Procedure for verifying cumulation**

3.1. How do you conduct verification procedures with regard to cumulation?

– **On export:** When the certificates of origin are issued for the products having acquired origin by application of cumulation, the origin of the inputs used and nature of the processing carried out in Morocco is verified on the basis of the components declared by the exporter.

Where the partner country requests a post-clearance check, the verification process is more detailed and comprises an examination of the proof of origin documents presented by the exporter and the documentary evidence that the processing operation was carried out in Morocco.

– **On import:** Verification of proof of origin documents presented on import, in particular, verification that indications on those documents have been duly completed; in the event of uncertainty, these documents are to be forwarded to the issuing authorities in the exporting country for post-clearance verification of origin.

3.2. If possible, please provide one or two examples of verification to illustrate the process involved.

In the case of Morocco, in principle, products having acquired origin by application of the cumulation rule have been manufactured from inputs imported under a suspensive Customs regime.

Accordingly, origin is verified by reference to the commercial documents presented on export and to the proof of origin documents for the materials used.

In the event of diagonal cumulation in the PEM zone, compliance with the no-drawback rule is also verified.

4. **If available, please provide examples or documentation illustrating the impact of the cumulation rules on trade or how the private sector benefits from cumulation.**

The cumulation rule is a relaxation of the rule governing sufficient or substantial processing operations and has had a positive impact on the private sector in Morocco, in particular in the automotive and textiles sectors.

Under this rule, these sectors have been able to acquire preferential origin status in the light of their use of materials or components originating in the EU (in the case of the automotive industry) and originating in the EU or Turkey (in the case of the textiles industry) in the manufacture of their finished products.

Recourse to cumulation has also facilitated increased economic integration between Morocco and the partner countries, optimized the complementarity of value chains and enhanced Morocco's economic attractiveness to foreign investors.

5. **Any other information you may consider useful to share with Members or the Secretariat (e.g. court cases, training material, information material, etc.)**

N/A

4.6 WCO West and Central Africa Region

Summary

One Member of the WCO's West and Central Africa Region, namely Burkina Faso, has provided details of its country's cumulation practices.

4.6.1 Burkina Faso

1. **Brief introduction on the use of cumulation in your free trade agreement schemes** (e.g. which and whose components might be subject to cumulation)

The free trade agreements in which Burkina Faso plays an active role and which integrate the cumulation mechanism are:

- the WAEMU Community Preferential Tax Scheme;
- the ECOWAS Trade Liberalization Scheme (ETLS).

Although these agreements do not explicitly provide for cumulation, they imply it in their provisions on the determination of origin: "Originating products consisting of materials wholly produced or sufficiently transformed in one or several Member States shall be considered as products originating from the Member State in which the last processing or transformation took place, inasmuch as the processing or transformation carried out there exceeds [the operations considered to be insufficient]".

2. **Current practice on certification requirements in respect of cumulation** (e.g. requirement regarding supplier's declaration, or requirement to specify "cumulation" in the certificate of origin, etc.)

Cumulation is not specified in ECOWAS or WAEMU certificates of origin.

However, cumulation must be specified on the origin certificate of the African Continental Free Trade Area (AfCFTA). Thus far, trading within the AfCFTA is not operational in Burkina Faso.

The supplier's declaration is provided for under the ECOWAS Trade Liberalization Scheme: The supplier's declaration is documentary evidence of origin, which supports the issuance of proof of origin, in the form of either the certificate of origin issued by the competent authority or the declaration of origin by invoice. The exporter must be in possession of the supplier's declaration evidencing that originating products are supplied. The supplier's declarations are not necessarily provided pre-clearance. However, the exporter must hold such declarations in support of each shipping operation for presentation in case of inspection.

2.1. What are the requirements and procedures for issuing the certificate of origin with regard to cumulation?

With regard to cumulation, the certificate of origin is issued by the country in which the last processing took place.

2.2. If available, please provide one or two examples to illustrate the process involved.

3. **Procedure for verifying cumulation**

3.1. How do you conduct verification procedures with regard to cumulation?

There is no specific verification procedure with regard to cumulation. This comes under the ordinary verification procedure applying to the origin of goods.

3.2. If possible, please provide one or two examples of verification to illustrate the process involved.

4. **If available, please provide examples or documentation illustrating the impact of the cumulation rules on trade or how the private sector benefits from cumulation.**

NONE

5. **Any other information you may consider useful to share with Members or the Secretariat (e.g. court cases, training material, information material, etc.)**

NONE

ANNEX I: Categorization of Cumulation in FTAs

N°	Name	Cumulative Rules	Classified by "Whose input"	Classified by "Which input"	Document requirement
1	Afghanistan - India	Yes	Bilateral	Partial	Yes
2	African Continental Free Trade Area	Yes	Diagonal	Full	Yes
3	Andean Community (CAN)	Not sure			
4	Argentina - Brazil	Not sure			
5	Argentina - Chile	Not sure			
6	Argentina - Mexico	Yes	Bilateral	Partial	
7	Argentina - Uruguay	Not sure			
8	Armenia - Kazakhstan	Yes	Bilateral	Partial	Yes
9	Armenia - Moldova	Not sure			
10	Armenia - Russian Federation	Not sure			
11	Armenia - Turkmenistan	Not sure			
12	Armenia - Ukraine	Yes	Bilateral	Partial	Yes
13	ASEAN - Australia - New Zealand	Yes	Diagonal	Partial	
14	ASEAN - China	Yes	Diagonal	Partial	Yes
15	ASEAN - Hong Kong, China	Yes	Diagonal	Partial	
16	ASEAN - India	Yes	Diagonal	Partial	Yes
17	ASEAN - Japan	Yes	Diagonal	Partial	Yes
18	ASEAN - Korea	Yes	Diagonal	Partial	
19	ASEAN Trade in Goods Agreement (ATIGA)	Yes	Diagonal	Partial	Yes
20	Asia-Pacific Trade Agreement (APTA)	Yes	Diagonal	Partial	
21	Australia - Chile	Yes	Bilateral	Partial	
22	Australia - Indonesia	Yes	Bilateral	Partial	

N°	Name	Cumulative Rules	Classified by "Whose input"	Classified by "Which input"	Document requirement
23	Australia - Japan	Yes	Bilateral	Partial	
24	Australia - New Zealand (CER)	Yes	Bilateral	Partial	
25	Australia - Papua New Guinea (PATCRA)	Not included			
26	Azerbaijan - Turkey	Yes	Bilateral	Partial	
27	Azerbaijan - Ukraine	Yes	Bilateral	Partial	
28	Bhutan - Bangladesh	Not included			
29	Brazil - Chile	Not mentioned			
30	Brazil - Guyana	Yes	Bilateral	Full	
31	Brazil - Mexico	Yes	Bilateral	Partial	
32	Brunei - Japan	Yes	Bilateral	Partial	
33	CACM - Mexico	Yes	Cross	Full	
34	Cambodia - China	Yes	Bilateral	Partial	
35	Canada - Chile	Yes	Bilateral	Full	
36	Canada - Colombia	Yes	Cross	Full	
37	Canada - Costa Rica	Yes	Bilateral	Full	
38	Canada - Honduras	Yes	Bilateral	Full	
39	Canada - Israel	Yes	Cross	Full	
40	Canada - Jordan	Yes	Bilateral	Full	
41	Canada - Korea	Yes	Bilateral	Full	
42	Canada - Panama	Yes	Bilateral	Full	
43	Canada - Peru	Yes	Cross	Full	Yes
44	Canada - Ukraine	Yes	Bilateral	Full	
45	Caribbean Community and Common Market (CARICOM)	Not included			
46	CARICOM - Costa Rica	Yes	Diagonal	Full	

N°	Name	Cumulative Rules	Classified by "Whose input"	Classified by "Which input"	Document requirement
47	CARICOM - Dominican Republic	Yes	Diagonal	Partial	
48	CARICOM - Venezuela	Yes	Diagonal	Partial	
49	CARIFORUM - UK	Yes	Cross	Full	
50	Central American Common Market (CACM)	Yes	Diagonal	Full	
51	Central European Free Trade Agreement (CEFTA) 2006	Yes	Cross	Partial	Yes
52	Chile - China	Yes	Bilateral	Partial	
53	Chile - Colombia	Yes	Bilateral	Partial	
54	Chile - Costa Rica (Central America)	Yes	Diagonal	Full	
55	Chile - Cuba	Yes	Bilateral	Partial	
56	Chile - Ecuador	Yes	Cross	Partial	
57	Chile - El Salvador (Central America)	Yes	Diagonal	Full	
58	Chile - Guatemala (Central America)	Yes	Diagonal	Full	
59	Chile - Honduras (Central America)	Yes	Diagonal	Full	
60	Chile - India	Yes	Bilateral	Partial	
61	Chile - Indonesia	Yes	Bilateral	Partial	Yes
62	Chile - Japan	Yes	Bilateral	Partial	
63	Chile - Malaysia	Yes	Bilateral	Partial	Yes
64	Chile - Mexico	Yes	Bilateral	Full	
65	Chile - New Zealand - Singapore - Brunei Darussalam	Yes	Diagonal	Partial	
66	Chile - Nicaragua (Central America)	Yes	Diagonal	Full	
67	Chile - Panama	Yes	Bilateral	Partial	
68	Chile - Peru	Yes	Bilateral	Partial	

N°	Name	Cumulative Rules	Classified by "Whose input"	Classified by "Which input"	Document requirement
69	Chile - Thailand	Yes	Bilateral	Partial	
70	Chile - Turkey	Yes	Bilateral	Partial	
71	Chile - Uruguay	Not sure			
72	Chile - Venezuela	Yes	Bilateral	Partial	
73	Chile - Viet Nam	Yes	Bilateral	Partial	Yes
74	China - Australia Free Trade Agreement (ChAFTA)	Yes	Bilateral	Partial	
75	China - Costa Rica	Yes	Bilateral	Full	
76	China - Georgia	Yes	Bilateral	Partial	
77	China - Hong Kong, China	Yes	Bilateral	Partial	
78	China - Iceland	Yes	Bilateral	Partial	
79	China - Macao, China	Yes	Bilateral	Partial	
80	China - Mauritius	Yes	Bilateral	Partial	
81	China - New Zealand	Yes	Bilateral	Partial	
82	China - Singapore	Yes	Bilateral	Partial	
83	China - Switzerland	Yes	Bilateral	Partial	
84	Chinese Taipei - Eswatini	Yes	Bilateral	Partial	
85	Colombia - Costa Rica	Yes	Bilateral	Full	
86	Colombia - Israel	Yes	Bilateral	Partial	
87	Colombia - Northern Triangle	Yes	Diagonal	Full	
88	Common Economic Zone (CEZ)	Not sure			
89	Common Market for Eastern and Southern Africa (COMESA)	Yes	Diagonal	Partial	
90	Commonwealth of Independent States (CIS) (2012)	Yes	Diagonal	Partial	
91	Comprehensive and Progressive Agreement for	Yes	Diagonal	Full	

N°	Name	Cumulative Rules	Classified by "Whose input"	Classified by "Which input"	Document requirement
	Trans-Pacific Partnership (CPTPP)				
92	Costa Rica - Mexico	Yes	Bilateral	Full	
93	Costa Rica - Peru	Yes	Cross	Full	
94	Costa Rica - Singapore	Yes	Bilateral	Full	
95	Dominican Republic - Central America - United States (DR - CAFTA)	Yes	Diagonal	Full	
96	Dominican Republic - Costa Rica (Central America)	Yes	Diagonal	Partial	
97	Dominican Republic - El Salvador (Central America)	Yes	Diagonal	Partial	
98	Dominican Republic - Guatemala (Central America)	Yes	Diagonal	Partial	
99	Dominican Republic - Honduras (Central America)	Yes	Diagonal	Partial	
100	Dominican Republic - Nicaragua (Central America)	Yes	Diagonal	Partial	
101	EAEU - Vietnam	Yes	Diagonal	Partial	Yes
102	East African Community Customs Union (EAC)	Yes	Cross	Partial	
103	Economic and Monetary Community of Central Africa (CEMAC)	Yes	Diagonal	Partial	
104	Economic Community of West African States (ECOWAS)	Yes	Diagonal	Partial	
105	Mexico-Cuba	Yes	Bilateral	Partial	
106	Economic Cooperation Organization (ECO)	Yes	Diagonal	Partial	
107	Ecuador - El Salvador	Yes	Bilateral	Full	
108	Ecuador - Nicaragua	Yes	Bilateral	Partial	
109	EFTA	Yes	Cross	Partial	Yes

N°	Name	Cumulative Rules	Classified by "Whose input"	Classified by "Which input"	Document requirement
110	EFTA - Albania	Yes	Cross	Partial	Yes
111	EFTA - Bosnia and Herzegovina	Yes	Cross	Partial	Yes
112	EFTA - Canada	Yes	Diagonal	Full	
113	EFTA - Central America	Yes	Diagonal	Partial	
114	EFTA - Chile	Yes	Diagonal	Partial	
115	EFTA - Colombia	Yes	Diagonal	Partial	
116	EFTA - Ecuador	Yes	Cross	Partial	
117	EFTA - Egypt	Yes	Cross	Partial	Yes
118	EFTA - Former Yugoslav Republic of Macedonia	Yes	Cross	Partial	Yes
119	EFTA - GCC	Yes	Diagonal	Partial	
120	EFTA - Georgia	Yes	Cross	Partial	Yes
121	EFTA - Hong Kong, China	Yes	Diagonal	Partial	
122	EFTA - Indonesia	Yes	Diagonal	Partial	
123	EFTA - Israel	Yes	Cross	Partial	Yes
124	EFTA - Jordan	Yes	Cross	Partial	Yes
125	EFTA - Korea	Yes	Diagonal	Partial	
126	EFTA - Lebanon	Yes	Cross	Partial	Yes
127	EFTA - Mexico	Yes	Diagonal	Partial	
128	EFTA - Montenegro	Yes	Cross	Full	
129	EFTA - Morocco	Yes	Cross	Partial	Yes
130	EFTA - Palestinian Authority	Yes	Diagonal	Partial	
131	EFTA - Panama, Costa Rica	Yes	Cross	Partial	
132	EFTA - Peru	Yes	Diagonal	Partial	
133	EFTA - Philippines	Yes	Diagonal	Partial	
134	EFTA - SACU	Yes	Diagonal	Partial	

N°	Name	Cumulative Rules	Classified by "Whose input"	Classified by "Which input"	Document requirement
135	EFTA - Serbia	Yes	Cross	Partial	Yes
136	EFTA - Singapore	Yes	Diagonal	Partial	
137	EFTA - Tunisia	Yes	Cross	Full	Yes
138	EFTA - Turkey	Yes	Cross	Partial	
139	EFTA - Ukraine	Yes	Cross	Partial	Yes
140	Egypt - Turkey	Yes	Cross	Partial	Yes
141	El Salvador - Cuba	Yes	Bilateral	Full	
142	El Salvador - Honduras - Chinese Taipei	Yes	Diagonal	Full	
143	EU - Albania	Yes	Cross	Partial	Yes
144	EU - Algeria	Yes	Cross	Partial	
145	EU - Andorra	Yes	Bilateral	Partial	
146	EU - Armenia	Not included			
147	EU - Bosnia and Herzegovina	Yes	Cross	Partial	
148	EU - Cameroon	Yes	Cross	Partial	Yes
149	EU - Canada Comprehensive Economic and Trade Agreements (CETA)	Yes	Bilateral	Full	
150	EU - CARIFORUM	Yes	Cross	Full	
151	EU - Central America	Yes	Diagonal	Partial	Yes
152	EU - Chile	Yes	Bilateral	Partial	
153	EU - Colombia - Peru - Ecuador	Yes	Cross	Partial	Yes
154	EU - Egypt	Yes	Cross	Partial	Yes
155	EU - Faroe Islands	Yes	Cross	Partial	Yes
156	EU - Georgia	Yes	Cross	Partial	
157	EU - Ghana	Not sure			
158	EU - Iceland	Yes	Cross	Partial	

N°	Name	Cumulative Rules	Classified by "Whose input"	Classified by "Which input"	Document requirement
159	EU - Indonesia	Yes	Bilateral	Partial	
160	EU - Israel	Yes	Bilateral	Partial	Yes
161	EU - Japan	Yes	Diagonal	Full	
162	EU - Jordan	Yes	Bilateral	Partial	
163	EU - Lebanon	Yes	Cross	Partial	
164	EU - Mexico	Yes	Bilateral	Partial	
165	EU - Montenegro	Yes	Cross	Partial	
166	EU - Morocco	Yes	Cross	Full	Yes
167	EU - Norway	Yes	Cross	Full	Yes
168	EU - OCTs (Overseas Countries and Territories)	Yes	Cross	Full	Yes
169	EU - Pacific	Yes	Cross	Full	Yes
170	EU - Palestinian Authority	Yes	Cross	Full	Yes
171	EU - Papua New Guinea / Fiji	Yes	Cross	Full	Yes
172	EU - Republic of Korea	Yes	Bilateral	Partial	
173	EU - Republic of Moldova	Yes	Cross	Partial	Yes
174	EU - SADC	Yes	Cross	Full	
175	EU - San Marino	Not included			
176	EU - Serbia	Yes	Cross	Partial	Yes
177	EU - Singapore	Yes	Diagonal	Partial	
178	EU - Switzerland	Yes	Cross	Partial	Yes
179	EU - Tunisia	Yes	Cross	Full	
180	EU - Turkey	Yes	Cross	Partial	Yes
181	EU - Ukraine	Yes	Cross	Partial	Yes
182	Eurasian Economic Union	Not sure			
183	Eurasian Economic Union - Iran	Yes	Bilateral	Partial	

N°	Name	Cumulative Rules	Classified by "Whose input"	Classified by "Which input"	Document requirement
184	Eurasian Economic Union - Serbia	Yes	Bilateral	Partial	
185	Eurasian Economic Union - Viet Nam	Yes	Bilateral	Partial	Yes
186	Faroe Islands - Turkey	Yes	Cross	Partial	Yes
187	GCC-Singapore	Yes	Diagonal	Partial	
188	Georgia - Armenia	Yes	Cross	Partial	Yes
189	Georgia - Azerbaijan	Not included			
190	Georgia - Kazakhstan	Not included			
191	Georgia - Russian Federation	Not included			
192	Georgia - Turkmenistan	Not sure			
193	Georgia - Ukraine	Not sure			
194	Guatemala - Belize	Yes	Bilateral	Partial	
195	Guatemala - Chinese Taipei	Yes	Bilateral	Full	
196	Guatemala - Mexico	Yes	Bilateral	Partial	
197	Gulf Cooperation Council (GCC)	Not included			
198	Hong Kong - Macao	Not included			
199	Hong Kong, China - Australia	Yes	Bilateral	Full	
200	Hong Kong, China - Chile	Yes	Bilateral	Partial	
201	Hong Kong, China - Georgia	Yes	Bilateral	Partial	
202	Hong Kong, China - New Zealand	Yes	Bilateral	Partial	
203	Iceland - Faroe Islands	Yes	Cross	Partial	
204	India - Afghanistan	Yes	Bilateral	Partial	
205	India - Bhutan	Not sure			
206	India - Malaysia	Yes	Bilateral	Partial	

N°	Name	Cumulative Rules	Classified by "Whose input"	Classified by "Which input"	Document requirement
207	India - Mauritius	Yes	Bilateral	Partial	
208	India - Nepal	Not included			
209	India - Singapore	Yes	Bilateral	Partial	
210	India - Sri Lanka	Yes	Bilateral	Partial	
211	India - UAE	Yes	Bilateral	Partial	
212	Indonesia - Pakistan PTA	Yes	Bilateral	Partial	
213	Indonesia - Palestine	Not included			
214	Israel - Argentina (MER-COSUR)	Yes	Diagonal	Partial	
215	Israel - Brazil (MER-COSUR)	Yes	Diagonal	Partial	
216	Israel - MERCOSUR	Yes	Diagonal	Partial	
217	Israel - Mexico	Yes	Bilateral	Partial	
218	Israel - Paraguay (MER-COSUR)	Yes	Diagonal	Partial	
219	Israel - Uruguay (MER-COSUR)	Yes	Diagonal	Partial	
220	Japan - India	Yes	Bilateral	Partial	
221	Japan - Indonesia	Yes	Bilateral	Partial	
222	Japan - Malaysia	Yes	Bilateral	Partial	
223	Japan - Mexico	Yes	Bilateral	Full	
224	Japan - Mongolia	Yes	Bilateral	Full	
225	Japan - Peru	Yes	Bilateral	Full	
226	Japan - Philippines	Yes	Bilateral	Partial	
227	Japan - Singapore	Yes	Bilateral	Full	
228	Japan - Switzerland	Yes	Bilateral	Partial	
229	Japan - Thailand	Yes	Bilateral	Partial	
230	Japan - Viet Nam	Yes	Bilateral	Partial	
231	Jordan - Turkey	Yes	Cross	Partial	Yes

N°	Name	Cumulative Rules	Classified by "Whose input"	Classified by "Which input"	Document requirement
232	Korea - Australia	Yes	Bilateral	Full	
233	Korea - Central America	Yes	Diagonal	Partial	
234	Korea - Chile	Yes	Bilateral	Full	
235	Korea - China	Yes	Bilateral	Partial	
236	Korea - Colombia	Yes	Bilateral	Full	
237	Korea - India	Yes	Bilateral	Partial	
238	Korea - New Zealand	Yes	Bilateral	Full	
239	Korea - Singapore	Yes	Bilateral	Full	
240	Korea - Turkey	Yes	Bilateral	Partial	
241	Korea - United States	Yes	Bilateral	Full	
242	Korea - Viet Nam	Yes	Bilateral	Partial	
243	Kyrgyzstan - Armenia (CIS)	Yes	Diagonal	Partial	
244	Kyrgyzstan - Kazakhstan (CIS)	Yes	Diagonal	Partial	
245	Kyrgyzstan - Moldova (CIS)	Yes	Diagonal	Partial	
246	Kyrgyzstan - Russian Federation (CIS)	Yes	Diagonal	Partial	
247	Kyrgyzstan - Ukraine (CIS)	Yes	Diagonal	Partial	
248	Kyrgyzstan - Uzbekistan (CIS)	Yes	Diagonal	Partial	
249	Lao People's Democratic Republic - Thailand	Not included			
250	Latin American Integration Association (LAIA)	Not sure			
251	Latin American Integration Association (LAIA), FTA Protocol for Argentina and Brazil	Not sure			

N°	Name	Cumulative Rules	Classified by "Whose input"	Classified by "Which input"	Document requirement
252	Latin American Integration Association (LAIA), FTA Protocol for Argentina and Paraguay	Not sure			
253	Malaysia - Australia	Yes	Bilateral	Full	
254	Mauritius - Pakistan	Yes	Bilateral	Partial	
255	Melanesian Spearhead Group Countries (MSG)	Not included			
256	MERCOSUR	Yes	Diagonal	Full	Yes
257	MERCOSUR - Andean Community	Yes	Diagonal	Partial	
258	MERCOSUR - Bolivia	Yes	Cross	Partial	
259	MERCOSUR - Chile	Yes	Diagonal	Partial	
260	MERCOSUR - Colombia	Yes	Cross	Partial	
261	MERCOSUR - Egypt	Yes	Diagonal	Partial	
262	MERCOSUR - India	Yes	Diagonal	Partial	
263	MERCOSUR - Mexico	Yes	Diagonal	Partial	
264	MERCOSUR - Peru	Yes	Cross	Partial	
265	Mexico - Bolivia	Yes	Bilateral	Full	
266	Mexico - Central America	Yes	Cross	Full	
267	Mexico - Colombia - Ven-ezuela	Yes	Diagonal	Full	
268	Mexico - Nicaragua	Yes	Bilateral	Partial	
269	Mexico - Panama	Yes	Bilateral	Full	
270	Mexico - Uruguay	Yes	Bilateral	Full	
271	Morocco - United Arab Emirates	Yes	Bilateral	Partial	
272	New Zealand - Malaysia	Yes	Bilateral	Partial	Yes
273	New Zealand - Taipei, China	Yes	Bilateral	Partial	
274	Nicaragua - Taipei, China	Yes	Bilateral	Full	

N°	Name	Cumulative Rules	Classified by "Whose input"	Classified by "Which input"	Document requirement
275	Norway - Greenland	Yes	Diagonal	Full	
276	PACER plus	Yes	Diagonal	Full	
277	Pacific Alliance	Yes	Diagonal	Full	
278	Pacific Islands Countries Trade Agreement (PICTA)	Not included			
279	Pakistan - China	Yes	Bilateral	Partial	
280	Pakistan - Malaysia	Yes	Bilateral	Partial	
281	Panama - Costa Rica (Central America)	Yes	Diagonal	Full	
282	Panama - El Salvador (Central America)	Yes	Diagonal	Full	
283	Panama - Guatemala (Central America)	Yes	Diagonal	Full	
284	Panama - Honduras (Central America)	Yes	Diagonal	Full	
285	Panama - Nicaragua (Central America)	Yes	Diagonal	Full	
286	Panama - Singapore	Yes	Bilateral	Full	
287	Panama - Taipei, China	Yes	Bilateral	Full	
288	Paraguay - Taipei, China	Yes	Bilateral	Partial	
289	Peru - Australia	Yes	Bilateral	Full	
290	Peru - China	Yes	Bilateral	Partial	
291	Peru - Honduras	Yes	Cross	Full	
292	Peru - Korea	Yes	Bilateral	Full	
293	Peru - Mexico	Yes	Bilateral	Full	
294	Peru - Panama	Yes	Cross	Full	
295	Peru - Singapore	Yes	Bilateral	Full	
296	Peru - Thailand	Yes	Bilateral	Full	
297	(RCEP) Regional Comprehensive Economic Partnership	Yes	Diagonal	Partial	

N°	Name	Cumulative Rules	Classified by "Whose input"	Classified by "Which input"	Document requirement
298	Russian Federation - Azerbaijan (CIS)	Yes	Diagonal	Partial	
299	Russian Federation - Belarus (CIS)	Yes	Diagonal	Partial	
300	Russian Federation - Belarus-Kazakhstan	Not included			
301	Russian Federation - Kazakhstan (CIS)	Yes	Diagonal	Partial	
302	Russian Federation - Republic of Moldova (CIS)	Yes	Diagonal	Partial	
303	Russian Federation - Serbia	Yes	Cross	Partial	
304	Russian Federation - Tajikistan (CIS)	Yes	Diagonal	Partial	
305	Russian Federation - Turkmenistan (CIS)	Yes	Diagonal	Partial	
306	Russian Federation - Uzbekistan (CIS)	Yes	Diagonal	Partial	
307	Serbia - Belarus	Yes	Cross	Partial	
308	Serbia - Kazakhstan	Yes	Cross	Partial	
309	Singapore - Australia	Yes	Bilateral	Full	
310	Singapore - Jordan	Yes	Bilateral	Full	
311	Singapore - Taipei	Yes	Bilateral	Full	
312	Singapore - Turkey	Yes	Cross	Partial	Yes
313	South Asian Free Trade Area (SAFTA)	Yes	Diagonal	Partial	
314	South Asian Preferential Trade Arrangement (SAPTA)	Yes	Diagonal	Partial	
315	Southern African Customs Union (SACU)	Not included			
316	SACUM - UK (Southern African Customs Union and Mozambique)	Yes	Cross	Full	

N°	Name	Cumulative Rules	Classified by "Whose input"	Classified by "Which input"	Document requirement
317	Southern African Development Community (SADC)	Yes	Diagonal	Partial	
318	Sri Lanka - Singapore	Yes	Bilateral	Partial	
319	Taipei, China - Paraguay	Yes	Bilateral	Partial	
320	Thailand - Australia	Yes	Bilateral	Partial	
321	Thailand - India	Yes	Bilateral	Partial	
322	Thailand - New Zealand	Yes	Bilateral	Partial	
323	Trans-Pacific Strategic Economic Partnership Agreement (Trans-Pacific SEP)	Yes	Diagonal	Partial	
324	Turkey - Albania	Yes	Bilateral	Partial	
325	Turkey - Bosnia and Herzegovina	Yes	Bilateral	Partial	Yes
326	Turkey - Georgia	Yes	Bilateral	Partial	
327	Turkey - Iran	Yes	Bilateral	Partial	Yes
328	Turkey - Israel	Yes	Cross	Partial	Yes
329	Turkey - Kosovo	Yes	Cross	Partial	
330	Turkey - Macedonia	Yes	Cross	Partial	
331	Turkey - Malaysia	Yes	Cross	Partial	
332	Turkey - Mauritius	Yes	Cross	Full	
333	Turkey - Moldova	Yes	Cross	Partial	
334	Turkey - Montenegro	Yes	Cross	Partial	
335	Turkey - Palestinian Authority	Yes	Bilateral	Partial	
336	Turkey - Serbia	Yes	Cross	Partial	
337	Turkey - Syria	Yes	Cross	Full	Yes
338	Turkey - Tunisia	Yes	Cross	Full	Yes
339	UK - Albania	Yes	Cross	Full	Yes

N°	Name	Cumulative Rules	Classified by "Whose input"	Classified by "Which input"	Document requirement
340	UK - Andean Countries	Yes	Cross	Full	Yes
341	UK - Cameroon	Yes	Cross	Full	Yes
342	UK - Canada	Not sure			
343	UK - Central America	Yes	Cross	Full	
344	UK - Chile	Yes	Cross	Full	
345	UK - Côte d'Ivoire	Yes	Cross	Full	Yes
346	UK - Egypt	Yes	Cross	Full	Yes
347	UK - European Union	Yes	Diagonal	Full	Yes
348	UK - Faroe Islands	Yes	Cross	Full	Yes
349	UK - Georgia	Yes	Cross	Full	Yes
350	UK - Ghana	Yes	Cross	Full	Yes
351	UK - Iceland - Norway	Yes	Cross	Full	Yes
352	UK - Israel	Yes	Cross	Full	Yes
353	UK - Japan	Yes	Cross	Full	
354	UK - Jordan	Yes	Cross	Full	Yes
355	UK - Kenya	Yes	Cross	Full	Yes
356	UK - Korea	Yes	Cross	Full	
357	UK - Kosovo	Yes	Cross	Full	Yes
358	UK - Lebanon	Yes	Cross	Full	Yes
359	UK - Mexico	Yes	Cross	Partial	Yes
360	UK - Moldova	Yes	Cross	Full	Yes
361	UK - Morocco	Yes	Cross	Full	Yes
362	UK - North Macedonia	Yes	Cross	Full	Yes
363	UK - OCTs	Yes	Cross	Full	Yes
364	UK - Pacific States	Yes	Cross	Full	Yes
365	UK - Palestinian Authority	Yes	Cross	Full	Yes

N°	Name	Cumulative Rules	Classified by "Whose input"	Classified by "Which input"	Document requirement
366	UK - Serbia	Yes	Cross	Full	Yes
367	UK - Singapore	Yes	Cross	Full	Yes
368	UK - Southern African Customs Union - Mozam-bique	Yes	Cross	Full	Yes
369	UK - Switzerland	Yes	Cross	Full	Yes
370	UK - Tunisia	Yes	Cross	Full	Yes
371	UK - Turkey	Yes	Bilateral	Full	Yes
372	UK - Ukraine	Yes	Cross	Full	Yes
373	UK - Vietnam	Yes	Cross	Full	Yes
374	Ukraine - Azerbaijan	Yes	Diagonal	Partial	
375	Ukraine - Belarus (CIS)	Yes	Diagonal	Partial	
376	Ukraine - Kazakhstan (CIS)	Yes	Diagonal	Partial	
377	Ukraine - Macedonia	Yes	Bilateral	Partial	
378	Ukraine - Montenegro	Yes	Bilateral	Partial	
379	Ukraine - Tajikistan (CIS)	Yes	Diagonal	Partial	Yes
380	Ukraine - Turkmenistan	Not included			
381	Ukraine - Uzbekistan	Yes	Diagonal	Partial	Yes
382	United Mexican States and the Republic of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua	Yes	Cross	Full	
383	United States - Australia	Yes	Bilateral	Full	
384	United States - Bahrain	Yes	Bilateral	Full	
385	United States - Chile	Yes	Bilateral	Full	
386	United States - Colombia	Yes	Bilateral	Full	
387	United States - Israel	Yes	Cross	Full	
388	United States - Japan	Not included			
389	United States - Jordan	Yes	Bilateral	Partial	

N°	Name	Cumulative Rules	Classified by "Whose input"	Classified by "Which input"	Document requirement
390	United States - Mexico - Canada	Yes	Diagonal	Full	
391	United States - Morocco	Yes	Bilateral	Full	
392	United States - Oman	Yes	Bilateral	Full	
393	United States - Panama	Yes	Bilateral	Full	
394	United States - Peru	Yes	Bilateral	Full	
395	United States - Singapore	Yes	Bilateral	Full	
396	Vietnam - Laos	Not included			
397	USMCA	Yes	Diagonal	Full	
398	West African Economic and Monetary Union (WAEMU)	Not included			

ANNEX II: Structure of the Case Studies on Accumulation/Cumulation

1. **Brief introduction of the use accumulation/cumulation in your FTA schemes**

(e.g. whose elements could be cumulated, or which elements could be cumulated).

2. **The current practice regarding certification requirements on accumulation/cumulation**

(e.g. requirement regarding supplier's declaration, or requirement to specify "cumulation" in the certificate of origin, etc.).

2.1 What are the requirements and procedures for issuing the certificate of origin in relation to accumulation/cumulation?

2.2 If available, then 1 or 2 cases that are illustrative of the process involved.

3. **Practice regarding verification related to accumulation/cumulation**

3.1. How do you conduct verification related to accumulation/cumulation in practice?

3.2. If possible, illustrative verification cases (1-2 cases) demonstrating the practice.

4. **If available, cases or material that either illustrates the impact of cumulative rules on trade, or shows how the private sector benefits from accumulation/cumulation.**

5. **Any other information, you may consider useful to share with Members or with the Secretariat (e.g. judicial cases, training material, information material, etc.)**

ANNEX III: List of Members that replied to the Questionnaire

Armenia	Costa Rica	Malaysia
Australia	Dominican Republic	Mauritius
Azerbaijan	Denmark	Moldova
Belgium	European Union	Morocco
Brazil	Hong Kong, China	New Zealand
Bulgaria	Hungary	Slovenia
Burkina Faso	Iraq	South Africa
Chile	Japan	Switzerland
China	Korea	Türkiye
Colombia	Latvia	

Contact us:

ori@wcoomd.org

Visit our website:

www.wcoomd.org

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World Customs Organization

Rue du Marché 30, B-1210
Brussels, Belgium
ori@wcoomd.org

#WCOOMD
www.wcoomd.org