GENERAL AGREEMENT ON
TARIFFS AND TRADE

NATIONALITY OF IMPORTED GOODS

Proposed Definition of Origin

and

Recommendations on Proof of Origin

The CONTRACTING PARTIES, at the Eighth Session in October 1953, examined the replies from governments to the enquiry (L/71) concerning their principles and practices in determining the nationality of imported goods. As a result of the examination of the replies (distributed in Addenda to L/71), as reported in the Hong Kong Party Report (G/61), the CONTRACTING PARTIES decided to submit to governments for study and comment a proposed definition of origin and also to make certain recommendations concerning the requirements of governments as to proof of origin, as follows.

Definition of Origin

The following text for a definition of origin is proposed to be used for customs (other than statistical) purposes - particularly in the application of import duties and quantitative restrictions. Contracting parties are asked to study this draft and to submit comments not later than 1 September 1954.

"A. The nationality of goods resulting exclusively from materials and labour of a single country shall be that of the country where the goods were harvested, extracted from the soil, manufactured or otherwise brought into being.

"B. The nationality of goods resulting from materials and labour of two or more countries shall be that of the country in which such goods have last undergone a substantial transformation.

"C. A substantial transformation shall - inter alia - be considered to have occurred when the processing results in a new individuality being conferred on the goods.

Explanatory Note: Each contracting party, on the basis of the above definition, may establish a list of processes which are regarded as conferring on the goods a new individuality, or as otherwise substantially transforming them."
Proof of Origin

The CONTRACTING PARTIES draw the attention of governments to the principles contained in Article 11 of the International Convention relating to the Simplification of Customs Formalities (Geneva, 1923), which is reproduced as an annex to G/61, and also recommend for their observance the following practices:

"(a) Certificates of origin should be required only in cases where they are strictly indispensable.

"(b) As large a number of competent bodies as possible should be authorized to issue certificates of origin, in order to minimize the time taken by traders in obtaining certificates.

"(c) Differences between the goods accompanied by a certificate of origin and the description in the certificate should not lead to a refusal to allow importation when the differences are due to minor clerical errors such as mistakes in the numbering of sacks, etc.

"(d) When, for any sufficient reason, an importer is unable to produce a certificate of origin at the time of importation, the customs authorities should grant the period of grace necessary to obtain this document, subject to such conditions as they may judge necessary to guarantee the charges which may eventually be payable. Upon the certificate being subsequently produced, the charges which may have been deposited, or the amount paid in excess, should be refunded at the earliest possible moment."