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PART II

Statutory Notifications (S. R. O.)

**GOVERNMENT OF PAKISTAN
MINISTRY OF COMMERCE**

NOTIFICATION

Islamabad, the 5th December, 2024

S. R. O. 1987(I)/2024.— In pursuance of the Rules of Origin as applicable to trade concession exchanged between the Islamic Republic of Pakistan hereinafter referred to as “Pakistan” and the Republic of Azerbaijan hereinafter referred to as “Azerbaijan” under Preferential Trade Agreement (PTA). Pakistan and Azerbaijan are hereinafter referred to collectively as the “Contracting Parties” and individually as a “Contracting Party”. The Federal Government is pleased to make the following rules, namely:-

1. **Short title, commencement.**—(1) These rules may be called the Azerbaijan-Pakistan Preferential Trade Agreement Rules of Origin, 2024.

(2) They shall come into force with effect from **16th December, 2024**.

2. **Application.**—These rules shall apply to the products covered by the Agreement and consigned from the territory of either of the Contracting Parties.

3449 (1—16)

Price : Rs. 20.00

[10178 (2024)/Ex. Gaz.]

3. Article 1: General Provision – Scope

Annex II shall be applied for determining the origin of goods eligible for preferential concessions under the Preferential Trade Agreement (hereinafter referred to as “the Agreement”) between the Government of the Republic of Azerbaijan and the Government of the Islamic Republic of Pakistan (hereinafter referred to as “Azerbaijan” and “Pakistan” or “the Contracting Party” individually and “the Contracting Parties” collectively, where appropriate).

4. Article 2: Definitions

For the purposes of this Annex:

- (a) “chapters” and “headings” means the chapters (two-digit codes) and the headings (four-digit codes) used in the nomenclature which makes up the Harmonized Commodity Description and Coding System (hereinafter referred to as HS);
- (b) “classification” refers to the classification of a product or material under a particular heading;
- (c) “Customs value” means the transaction value of imported goods, which is the price actually paid or payable for the goods when sold for export to the country of importation, including other leviable charges and adjustment. In cases where the Customs value cannot be determined based on transaction value, it will be determined using one of the following methods:
 - i. The transaction value of identical goods;
 - ii. The transaction value of similar goods;
 - iii. The deductive value method;
 - iv. The computed value method;
 - v. The fall-back method;
- (d) “goods” means both material and the products;
- (e) “manufacture” means any kind of sufficient working or processing including assembly or specific operations on both of industrial and agricultural products;

- (f) "material" means any ingredient, raw material, component or part, etc., used in the manufacture of the product;
- (g) "product" means the product being manufactured, even if it is intended for later use in another manufacturing operation;
- (h) "territories" means territories of Contracting Parties including territorial waters;
- (i) "value of materials" means the customs value at the time of importation of the non-originating materials used, or, if this is not known and cannot be ascertained, the first ascertainable price paid for the non-originating materials in a Contracting Party;
- (j) "value added" shall be taken to be the ex-works price minus the customs value of each of the materials incorporated which originate in the other Contracting Party or where the customs value is not known or cannot be ascertained, the first ascertainable price paid for the materials in a Contracting Party;
- (k) "ex-works price" means the price paid for the product ex-works to the manufacturer in a Contracting Party in whose undertaking the last working or processing is carried out, provided that the price includes the value of all the materials used, minus any internal taxes which are, or may be, repaid when the product obtained is exported;
- (l) "the customs authorities" means the State Customs Committee of Azerbaijan and Pakistan Customs (Federal Board of Revenue);
- (m) "consignment" means products which are either sent simultaneously from one exporter to one consignee or covered by transport documents covering their shipment from the exporter to the consignee or, in the absence of such a document, by a single invoice;
- (n) "resident" means any natural or legal persons, enterprises or organizations taxable on the basis of place of residence, permanent representative, management, registration or establishment or any other similar characteristics in accordance with the domestic legislation of the Contracting Party;
- (o) "exporter" means the resident of one Contracting Party exporting goods to the other Contracting Party who can prove and bear responsibility for the country of origin of the goods;

- (p) "importer" means the resident of one Contracting Party buying goods from the other Contracting Party;
- (q) "competent authority" means the authority competent for the issuance of "AZ-PK Certificate of Origin" in accordance with the domestic legislation of the Contracting Party and/or this agreement.

5. Article 3: Determination of the Origin of Goods - General requirements

Goods covered by the Agreement imported into the territory of a Contracting Party from the other Contracting Party which are consigned directly within the meaning of Article 12 hereof, shall be eligible for preferential concessions if they conform to the origin requirement under any one of the following conditions:

- (a) goods wholly produced or obtained in the Contracting Party satisfying the requirements of Article 4; or
- (b) goods obtained in a Contracting Party incorporating materials which have not been wholly obtained there, provided that such materials have undergone sufficient working or processing in that Contracting Party within the meaning of Article 5.

6. Article 4: Wholly produced or obtained goods

1. Within the meaning of Article 3(a), the following shall be considered as wholly produced or obtained in the exporting Contracting Party:

- (a) raw or mineral products extracted from its soil, its water or from its seabed;
- (b) agricultural products harvested, picked or gathered there including forestry products;
- (c) live animals born and raised there;
- (d) products obtained from animals born and raised there;
- (e) products obtained by hunting, fishing or aquaculture activities conducted there;
- (f) products of sea fishing and other marine products taken from the sea outside the territorial waters of the Contracting Parties by their vessels;

- (g) products processed and/or made on boards its factory ships exclusively from products referred to in subparagraph (e) and (f) above;
- (h) used articles collected there, fit only for the recovery of raw materials;
- (i) waste and scrap resulting from manufacturing operations conducted there;
- (j) goods produced there exclusively from the products referred to in paragraph (a) to (i) above.

2. The terms "their vessels" and "their factory ships" in paragraph 1(f) and (g) shall apply only to vessels and factory ships:

- (a) which are registered or recorded in a Contracting Party;
- (b) which sail under the flag of a Contracting Party;
- (c) which are owned to an extent of at least 60 percent by nationals of a Contracting Party, or by a company with its head office in a Contracting Party, of which the manager or managers, Chairman of the Board of Directors or the Supervisory Board, and the majority of the members of such boards are nationals of a Contracting Party and of which, in addition, in the case of partnerships or limited companies, at least half the capital belongs to the Contracting Parties or to public bodies or nationals of the Contracting Parties.

7. **Article 5: Sufficiently worked or processed goods**

1. Within the meaning of Article 3 (b), materials of third party origin which are used in the manufacture of the products obtained in a Contracting Party shall be regarded as sufficiently worked or processed provided that the value of such materials does not exceed 45 percent of the ex-works price of the product.

2. Paragraph 1 shall apply subject to the provisions of Article 6.

8. **Article 6: Insufficient working or processing**

1. Any one or combination of two or more of the following operations or processes shall not by themselves constitute sufficient working or processing:

- (a) packaging;
- (b) simple mixing;

- (c) simple placing in bottles, cans, flasks, bags, cases, boxes, fixing on cards or boards and all other simple-packaging operations;
- (d) labeling, affixing or printing marks, labels, logos and other like distinguishing signs on products or their packaging;
- (e) splitting into lots;
- (f) sorting or grading;
- (g) marking;
- (h) putting up into sets;
- (i) simple assembly¹;
- (j) preserving operations to ensure that the products remain in good condition during transport and storage;
- (k) breaking up and assembly of packages;
- (l) washing, cleaning; removal of dust, oxide, oil, paint or other coverings;
- (m) ironing or pressing of textiles;
- (n) simple painting and polishing operations;
- (o) husking, partial or total bleaching, polishing, and glazing of cereals and rice;
- (p) operations to color sugar or form sugar lumps;
- (q) peeling, stoning and shelling of fruits, nuts and vegetables;
- (r) sharpening, simple grinding or simple cutting;
- (s) sifting, screening, sorting, classifying, grading, matching; (including the making-up of sets of articles);
- (t) slaughter of animals.

¹ Simple assembly describes activity which does not require the use of specially designed machines or apparatus or equipment and relevant training.

2. All operations carried out in Azerbaijan or in Pakistan on a given product shall be considered together when determining whether the working or processing undergone by that product is to be regarded as insufficient within the meaning of paragraph 1.

3. If specific skills, machines, apparatus or equipment are not required during the operations, such operations shall be considered simple operations and shall not meet the criterion of sufficient processing.

4. If sufficient working or processing is achieved in respect to any good by exclusively conducting the operations listed in paragraph 1, the country of origin of this good will not be considered the country where these operations are conducted.

9. Article 7: Cumulation principle of origin

Without prejudice to the provisions of Article 3, materials originating in a Party shall be considered as materials originating in the other Party when incorporated into a product there. It shall not be necessary that such materials have undergone sufficient working or processing, provided that the working or processing carried out there goes beyond the operations referred to in Article 6.

10. Article 8: Unit of qualification

1. When determining country of origin of the product sets, each article included in the set shall be regarded as a separate object of application of the criterion of sufficient working or processing.

Accordingly:

- (a) product composed of a group of articles or assembled from a number of articles and classified in a single heading shall be regarded as a single object of application of the criterion of sufficient working or processing;
- (b) If a consignment consists of a number of products classified under the same heading of the HS, each product must be taken into account individually for the purposes of application of the criterion of sufficient working or processing.
- (c) If packaging is included with the product for classification purposes according to General Rule 5 of the HS, it shall be regarded as part of the good when determining the origin of the good.

11. Article 9: Accessories, spare parts and tools

Accessories, spare parts and tools dispatched with a piece of machine, equipment, apparatus or vehicle and used for their operation shall be deemed to have the same origin as the machine, equipment, apparatus or vehicle, provided that, they:

- (a) are considered as normal parts of the goods referred to above; and
- (b) are included in the price of the good; or
- (c) are not separately declared.

12. Article 10: Sets

1. Sets, as defined in General Rule 3 of the HS, shall be regarded as originating provided that all component products are originating.

2. When a set is composed of products originating in contracting parties and of third party origin, the set as a whole shall be regarded as originating in contracting parties, provided that the value of products of the third party origin does not exceed 15% of the ex-works price of the set.

13. Article 11: Neutral elements

For the purposes of determination of the country of origin of the good, the origin of the following products which might be used in its manufactures shall not be considered:

- (a) energy and fuel;
- (b) plant and equipment;
- (c) machines and tools;
- (d) products which are not included, and which are not intended to be included into the composition of the final product.

14. Article 12: Territorial Requirements - Direct transport

1. The preferential concessions provided for under the Agreement apply only to goods satisfying the requirements of this Annex, which are transported directly between Azerbaijan and Pakistan. However, products may be transported through other territories with, should the occasion arise, transshipment or temporary warehousing in such territories, provided that they remain under the surveillance of the customs authorities in the country of transit or

temporary warehousing and do not undergo operations other than unloading, reloading or any operation designed to preserve them in good condition.

2. Originating products may be transported by pipeline across territory other than that of Azerbaijan or Pakistan.

3. Evidence that the conditions set out in paragraph 1 have been fulfilled shall be supplied to the customs authorities of the importing country by the production of:

- (a) A single transport document covering the passage from the exporting country through the country of transit; or
- (b) Failing these, any substantiating documents.

15. **Article 13: Proof of Origin - General requirements**

Goods which comply with origin requirements provided for in this Annex shall benefit from concessions of the Agreement upon submission of "AZ-PK Certificate of Origin" to the customs authorities of the importing Contracting Party.

1. **Article 14: Procedure for the issue of "AZ-PK Certificate of Origin"**

1. "AZ-PK Certificate of Origin" shall be issued by the competent authority (authorities) in accordance with this Annex and domestic legislation of the exporting country based on written application by the exporter or by his/her authorized representative.

2. "AZ-PK Certificate of Origin" shall be completed in accordance with the provisions of the domestic legislation of the exporting country in English.

3. The exporter applying for the issue of "AZ-PK Certificate of Origin" shall submit at any time, to the designated/relevant competent authorities of the exporting country where the "AZ-PK Certificate of Origin" is issued, all appropriate documents proving the originating status of the products concerned as well as the fulfilment of the other requirements of this Annex.

4. The application form shall be determined in accordance with the domestic legislation of each Contracting Party.

5. The designated/relevant competent authorities issuing the "AZ-PK Certificate of Origin" shall take any steps necessary to verify the originating status of the products and the fulfilment of the other requirements of this Annex.

6. For this purpose, in accordance with their domestic legislation each Contracting Party may use the right to call for any evidence considered appropriate. The issuing designated/relevant competent authorities shall also ensure that the forms referred to in paragraph 2 are duly completed. In particular, they shall check whether the space reserved for the description of the products in Box.8 has been completed in such a manner as to exclude all possibility of fraudulent additions.

17. Article 15: Requirements for the submission of "AZ-PK Certificate of Origin"

"AZ-PK Certificate of Origin" shall be submitted to the customs authorities of the importing country in accordance with the procedures applicable in that country.

18. Article 16: "AZ-PK Certificate of Origin" issued retrospectively

1. "AZ-PK Certificate of Origin" may exceptionally be issued after exportation of the products to which it relates if:

- (a) It was not issued at the time of exportation because of errors or involuntary omissions or special circumstances; or
- (b) It is demonstrated to the satisfaction of the designated/relevant competent authorities that an "AZ-PK Certificate of Origin" was issued but was not accepted at importation for technical reasons.

2. For the implementation of paragraph 1, the exporter must indicate in his application the place and date of exportation of the products to which the "AZ-PK Certificate of Origin" relates, and state the reasons for his request.

3. The designated/relevant competent authorities may issue an "AZ-PK Certificate of Origin", retrospectively only after verifying that the information supplied in the exporter's application agrees with that in the corresponding file.

4. "AZ-PK Certificate of Origin" issued retrospectively must be endorsed with the following:

- "ISSUED RETROSPECTIVELY"

5. The endorsement referred to in paragraph 4 shall be inserted in the Box.5 (Remarks) of the "AZ-PK Certificate of Origin".

6. In exceptional cases, the "AZ-PK Certificate of Origin" may be issued retrospectively but no longer than one year from the date of shipment.

19. Article 17: Issue of a duplicate "AZ-PK Certificate of Origin"

1. In the event of theft, loss or destruction of "AZ-PK Certificate of Origin", the exporter may apply to the designated/relevant competent authorities which issued it for a duplicate made out on the basis of the export documents in their possession.

2. The duplicate issued in this way must be endorsed with one of the followings:

- "DUPLICATE"

3. The endorsement referred to in paragraph 2 shall be inserted in the Box.5 (Remarks) of the duplicate "AZ-PK Certificate of Origin".

4. The duplicate, which must bear the date of issue of the original "AZ-PK Certificate of Origin", shall take effect as from that date.

20. Article 18: Validity of "AZ-PK Certificate of Origin"

1. "AZ-PK Certificate of Origin" shall be valid for ten months from the date of issue in the exporting country, and must be submitted within the said period to the customs authorities of the importing country.

2. "AZ-PK Certificate of Origin" which are submitted to the customs authorities of the importing country after the final date for presentation specified in paragraph 1 may be accepted for the purpose of applying preferential treatment, where the failure to submit these documents by the final date set is due to exceptional circumstances.

3. In other cases of belated presentation, the customs authorities of the importing country may accept the "AZ-PK Certificate of Origin" where the products have been submitted before the said final date.

21. Article 19: Documents confirming the origin of goods

The documents referred to in paragraph 3 of Article 14 used for the purpose of proving that products covered by "AZ-PK Certificate of Origin" can be considered as products originating in one of the Contracting Parties and fulfill the other requirements of this Annex may consist *inter-alia* of the following:

- (a) direct evidence of the processes carried out by the exporter or supplier to obtain the goods concerned, contained for example in his accounts or internal book-keeping;

- (b) documents proving the originating status of materials used, issued or made out in one of the Contracting Parties where these documents are used in accordance with domestic law;
- (c) documents proving the working or processing of materials in one of the Contracting Parties, issued or made out in that Contracting Party, where these documents are used in accordance with domestic law;
- (d) "AZ-PK Certificate of Origin" proving the originating status of materials used, issued or made out in a Contracting Party in accordance with this Annex;
- (e) any other evidence and/or documents considered necessary and specified in the domestic legislation of the Contracting Parties.

22. Article 20: Preservation of "AZ-PK Certificate of Origin" and documents confirming the origin of goods

In accordance with the domestic legislation in force in Contracting Parties, the exporter and/or the customs authority of the importing country and/or the competent authority issuing "AZ-PK Certificate of Origin" shall keep copies of the documents confirming the origin of the goods submitted for the purposes of the determination of origin, the "AZ-PK Certificate of Origin" as well as the application form at least for three years.

23. Article 21: Discrepancies and formal errors

1. The discovery of slight discrepancies between the statements made in the "AZ-PK Certificate of Origin" and those made in the documents submitted to the customs authority for the purpose of carrying out the formalities for importing the products shall not ipso facto render the "AZ-PK Certificates of Origin" null and void if it is duly established by the customs authority of the importing country that this document does correspond to the products submitted.

2. Obvious formal errors such as typing errors on the "AZ-PK Certificates of Origin" should not cause this document to be rejected if these errors are not such as to create doubts concerning the correctness of the statements made in this document.

3. Erosions, obliterations, unauthorized corrections etc. are not allowed in the "AZ-PK Certificates of Origin" except for the cases where corrections are made in accordance with the written application submitted by the applicant and approved by the stamp and signature of the competent person. The certificates can be canceled if there are reasonable grounds.

24. Article 22: Arrangements for Administrative Cooperation - Mutual assistance

1. The customs authorities of the Contracting Parties shall provide each other with specimen impressions of stamps used in their designated/relevant competent authorities for the issue of "AZ-PK Certificate of Origin" and with the addresses of the customs authorities or relevant competent bodies responsible for verifying those certificates.

2. In order to ensure the proper application of this Annex, the Contracting Parties shall assist each other, through the competent customs authorities and relevant competent bodies, in checking the authenticity of the proofs of origin and the correctness of the information given in these documents.

25. Article 23: Verification of proofs of origin

1. Subsequent verifications of "AZ-PK Certificate of Origin" shall be carried out at random or whenever the customs authorities of the importing country have reasonable doubts as to the authenticity of such documents, the originating status of the products concerned or the fulfillment of the other requirements of this Annex.

2. For the purposes of implementing the provisions of paragraph 1, the customs authorities of the importing country shall return the "AZ-PK Certificate of Origin" and the invoice or a copy of these documents, to the customs or designated/relevant competent authorities of the exporting country giving, where appropriate, the reasons for the enquiry. Any documents and information obtained suggesting that the information given on "AZ-PK Certificate of Origin" is incorrect shall be forwarded in support of the request for verification.

3. The verification shall be carried out by the designated/relevant competent authorities of the exporting country. For this purpose, they shall have the right to call for any evidence considered appropriate.

4. If the customs authorities of the importing country decide to suspend the granting of preferential treatment to the products concerned while awaiting the results of the verification, release of the products shall be offered to the importer subject to any precautionary measures judged necessary.

5. The customs authorities requesting the verification shall be informed of the results of this verification as soon as possible. These results must indicate clearly whether the documents are authentic and whether the products concerned can be considered as products originating in one of the Contracting Parties and fulfill the other requirements of this Annex. In case of non-receipt of verification results within a period of five months from date of the initial

verification request, the customs authorities requesting the verification will send a reminder to the competent authorities of the exporting country.

6. Where the cumulation provisions in accordance with Article 7 of this Annex were applied, the reply shall include a copy (copies) of the certificate(s) relied upon.

7. If in cases of reasonable doubt there is no reply within ten months of the date of the verification request or if the reply does not contain sufficient information to determine the authenticity of the document in question or the real origin of the products, the requesting customs authorities shall, except in exceptional circumstances, refuse entitlement to the preferences.

25. Article 24: Dispute settlement

Where disputes arise in relation to the verification procedures of Article 23, which cannot be settled, between the customs authorities requesting verification and the designated/relevant competent authorities responsible for carrying out this verification or where they raise a question as to the interpretation of this Annex, they shall be submitted to the Joint Committee. In all cases the settlement of disputes between the importer and the customs authorities of the importing country shall be under the legislation of the said country.

27. Article 25: Penalties

In accordance with national law/legislation of importing country penalties shall be imposed on any person who draws up, or causes to be drawn up, a document which contains incorrect information for the purpose of obtaining a preferential treatment for products.

28. Article 26: Final Provisions - Sub-Committee on customs and origin matters

A Sub-Committee on customs and origin matters shall be set up under the Joint Committee to assist it in carrying out its duties and to ensure a continuous information and consultations process between experts. The said sub-committee shall be composed of experts from the Contracting Parties responsible for customs and origin matters.

29. Article 27: Appendix

Appendix to this Annex shall form an integral part thereof.

* Please indicate one of the following origin criteria:

- P: "P" should be placed in Box 9 if the good is wholly produced or obtained in a Party within the context of Article 3(a) and Article 4.

- C: "C" should be placed in Box 9 if the good is produced in a Party from originating materials from a Party within the context of Article 7.

- W: "W" should be placed in Box 9 if the good satisfies the requirement in Article 5.1 of a value content of third party originating materials not exceeding 45 percent of the ex-works price of the product.

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UMAR MINHAS,
Section Officer (ECO&CARs).