

**GOVERNMENT OF PAKISTAN
MINISTRY OF COMMERCE**

NOTIFICATION

Islamabad, the 22nd December, 2012

S.R.O No. 1485 (I)/2012 dated 22nd December, 2012 in pursuance of the Preferential Trade Agreement (PTA) between the Islamic Republic of Pakistan and Republic of Indonesia, the Federal Government is pleased to make the following rules, namely:-

1. **Short title, commencement.**- (1) these rules may be called the Indonesia-Pakistan Preferential Trade Agreement Rules of Origin, 2012

(2) They shall come into force with effect from 1st September, 2013.

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

3. **Rule 1: Definitions**

For the purpose of these Rules:

- (a) "materials" shall include raw materials, ingredients, parts, components, sub-components, sub-assembly and/or goods that were physically incorporated into another good or were subject to a process in the production of another good.
- (b) "originating products" mean products that qualify as originating in accordance with the provisions of Rule 2.
- (c) "production" means methods of obtaining goods including growing, mining, harvesting, raising, breeding, extracting, gathering, collecting, capturing, fishing, trapping, hunting, manufacturing, producing, processing or assembling a good.
- (d) "products" means products which are wholly obtained/produced or being manufactured, even if it is intended for later use in another manufacturing operation;
- (e) "CIF" means the value of the good imported, and includes the cost of freight and insurance up to the port or place of entry into the country of importation;
- (f) "FOB" means the free-on-board value of the good, inclusive of the cost of transport to the port or site of final shipment abroad;
- (g) "Harmonized System" means the Harmonized Commodity Description and Coding System agreed to under the WCO;
- (h) "Product Specific Rules" are rules that specify that the materials have undergone a change in tariff classification or a specific manufacturing or processing operation, or

302

satisfy an ad valorem criterion or a combination of any of these criteria or any other criteria agreed in writing and duly notified by the parties.

4. **Rule 2: Origin Criteria**

For the purposes of this Agreement, products imported by a Party shall be deemed to be originating and eligible for preferential concessions if they conform to the origin requirements under any one of the following:

- (a) products which are wholly obtained/produced as set out and defined in Rule 3 or
- (b) products not wholly obtained/produced provided that the said products are eligible under Rule 4, Rule 5 or Rule 6.

5. **Rule 3: Wholly Obtained Products**

Within the meaning of Rule 2 (a), the following shall be considered as wholly obtained/produced in a Party:

- (a) Plant and plant products harvested, picked or gathered there;
- (b) Live animals born and raised there;
- (c) Product obtained from live animals referred to in paragraph (b) above;
- (d) Products obtained from hunting, trapping, fishing, aquaculture, gathering or capturing conducted there;
- (e) Minerals and other naturally occurring substances, not included in paragraphs (a) to (d), extracted or taken from its soil, waters, seabed or beneath their seabed;
- (f) Products taken from the waters, seabed or beneath the seabed outside the territorial waters of that Party, provided that Party has the rights to exploit such waters, seabed and beneath the seabed in accordance with international law;
- (g) ~~Products of sea fishing and other marine products taken from the high seas by vessels registered with a Party or entitled to fly the flag of that Party;~~
- (h) Products processed and/or made on board factory ships registered with a Party or entitled to fly the flag of that Party, exclusively from products referred to in paragraph (g) above;
- (i) Articles collected there which can no longer perform their original purpose nor are capable of being restored or repaired and are fit only for disposal or recovery of parts of raw materials, or for recycling purposes;
- (j) Goods obtained/produced in a Party solely from products referred to in paragraphs (a) to (j) above.

6. **Rule 4: Not Wholly Produced or Obtained**

- (a) For the purposes of Rule 2(b), a product shall be deemed to be originating if:

- 327
- (i) the total value of the materials, part or produce originating from outside of the territory of a Party does not exceed 60% of the FOB value of the product so produced or obtained

provided that the final process of the manufacture is performed within the territory of the exporting Party.

- (b) for the purpose of Rule 4(a)(1) above, the formula for the Non Party content is calculated as follows:

Value of Non-Indonesia Pakistan materials	+	Value of materials of undetermined origin	
			$\times 100\% \leq 60\%$
FOB Price			

- (c) The value of the non-originating materials shall be:
- (i) the CIF value at the time of importation of the materials; or
- (ii) the earliest ascertained price paid for the materials of undetermined origin in the territory of the Party where the working or processing takes place.

7. 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 the territory of a Party as materials for a finished product eligible for preferential treatment under the Agreement shall be considered as products originating in the territory of the Party where working or processing of the finished product has taken place provided that the aggregate Indonesia-Pakistan PTA content on the final product is not less than 40%.

8. Rule 6: Product Specific Criteria

Products which satisfy the Product Specific Rules provided for in Attachment B shall be considered as originating and eligible for preferential treatment.

9. Rule 7: Minimal Operations and Processes

The Operations or processes, listed below, undertaken by themselves or in combination with each other shall be considered to be minimal and shall not be taken into account in determining the origin in terms of Rule 2.

- (a) preservation of products in good condition for the purposes of transport or storage;
- (b) changes of packaging, or breaking-up and assembly of packages;
- (c) simple cleaning, including removal of oxide, oil, paint or other coverings;
- (d) simple painting and polishing operations;
- (e) simple testing or calibration;
- (f) husking, partial or total bleaching, polishing and glazing of cereals and rice;

- 207
- (g) sharpening, simple grinding, slicing or simple cutting;
 - (h) simple placing in bottles, cans, flasks, bags, cases, boxes, fixing on cards or boards and all other simple packaging operations;
 - (i) affixing or printing marks, labels, logos and other like distinguishing signs on products or their packaging;
 - (j) simple mixing of products, whether or not of different kinds;
 - (k) simple assembly of parts of products to constitute a complete product.

10. Rule 8: Direct Consignment

The following shall be considered as consigned directly from the exporting Party to the importing Party:

- (a) Goods shall not be considered to be originating if they undergo subsequent production or any other operation outside the territories of the Parties other than operations necessary to preserve them in good condition or to transport them to the territory of the other Party, provided that the goods are not traded or used outside the territories of the Parties.
- (b) The products whose transport involves transit through one or more intermediate non-party with or without transshipment or temporary storage in such countries, provided that:
 - (i) the transit entry is justified for geographical reason or by consideration related exclusively to transport requirements;
 - (ii) the products have not entered into trade or consumption there; and
 - (iii) the products have not undergone any operation there other than unloading and reloading or any operation required to keep them in good condition.

11. Rule 9: Treatment of Packages and Packing Materials

- (a) ~~If the product is subject to the value-added criterion, the value of the packages and packing materials for retail sale shall be taken into account in its origin assessment, in case the packing is considered as forming a whole with products.~~
- (b) Where paragraph (a) above is not applied, the packages and packing materials shall not be taken into account in determining the origin of the products.
- (c) The containers and packing materials exclusively used for the transport of a product shall not be taken into account for determining the origin of any good.

12. Rule 10: Accessories, Spare Parts and Tools

The origin of accessories, spare parts, tools and instructional or other information materials presented with the goods therewith shall not be considered in determining the origin of the goods, provided that such accessories, spare parts, tools and information materials are classified and collected customs duties with the goods by the importing Party.

13. **Rule 11: Indirect Materials**

In order to determine whether a product originates in a Party, any indirect material used to obtain such products shall be treated as originating whether such material originates in non-parties or not, and its value shall be the cost registered in the accounting records of the producer of the export goods, such as the following:

- (a) fuel, energy, catalysts and solvents;
- (b) equipment, devices and supplies used for testing or inspection of the goods;
- (c) gloves, glasses, footwear, clothing, safety equipment and supplies;
- (d) tools, dies and moulds;
- (e) spare parts and materials used in the maintenance of equipment and buildings;
- (f) lubricants, greases, compounding materials and other materials used in production or used to operate equipment and buildings; and
- (g) any other goods which are not incorporated into the good but whose use in the production of the good can reasonably be demonstrated to be a part of that production;

14. **Rule 12: Certificate of Origin**

A claim that products shall be accepted as eligible for preferential concession shall be supported by a Certificate of Origin as set out in Form IP of Attachment A (IPPTA) issued by a government authority designated by the exporting Party and notified to the other Party to the Agreement in accordance with the Operational Certification Procedures.

15. **Rule 13: Review and Modification**

These rules may be reviewed and modified as and when necessary upon request of a Party and may be open to such reviews and modifications as agreed by the Parties.

OPERATIONAL CERTIFICATION PROCEDURES FOR THE RULES OF ORIGIN UNDER
THE PREFERENTIAL TRADE AGREEMENT BETWEEN INDONESIA AND PAKISTAN

For the purpose of implementing the Rules of Origin under the Preferential Trade Agreement between Indonesia and Pakistan, the following operational procedures on the issuance and verification of the Certificate of Origin (Form IP) and the other related administrative matters shall apply:

Article 1:

The Certificate of Origin shall be issued by the Government authorities of the exporting Party.

Article 2:

- (a) The party shall inform the other party the names and addresses of their respective Government authorities issuing the Certificate of Origin and shall provide specimen signatures and specimen of official seals used by their said Government authorities
- (b) Any change in names, addresses, or official seals shall be promptly informed in the same manner as stated above.

Article 3:

For the purpose of verifying the conditions for preferential treatment, the Government authorities designated to issue the Certificate of Origin shall have the right to call for any supporting documentary evidence or to carry out any check considered appropriate. If such right cannot be obtained through the existing national laws and regulations, it shall be inserted as a clause in the application form referred to in the following rules 4 and 5.

Article 4:

The exporter and/or the manufacturer of the products qualified for preferential treatment shall apply in writing to the Government authorities requesting for the pre-exportation verification of the origin of the products. The result of the verification, subject to review periodically or whenever appropriate, shall be accepted as the supporting evidence in verifying the origin of the said products to be exported thereafter. The pre-verification may not apply to the products of which, by their nature, origin can be easily verified.

Article 5:

At the time of carrying out the formalities for exporting the products under preferential treatment, the exporter or his authorized representative shall submit a written application for the Certificate of Origin together with appropriate supporting documents proving that the products to be exported qualify for the issuance of a Certificate of Origin.

Article 6:

The Government authorities designated to issue the Certificate of Origin shall, to the best of their competence and ability, carry out proper examination upon each application for the Certificate of Origin to ensure that:

- (a) The application and the Certificate of Origin are duly completed and signed by the authorized signatory;
- (b) The origin of the product is in conformity with the Rules of Origin for the Preferential Trade Agreement between Pakistan and Indonesia;
- (c) The other statements of the Certificate of Origin correspond to supporting documentary evidence submitted;
- (d) HS Code, Value, Description and quantity conform to the products to be exported.

Article 7:

- (a) The Certificate of Origin must be on ISO A4 size paper in conformity to the specimen as shown in Form IP. It shall be made in English.
- (b) The Certificate of Origin shall comprise one original and two copies.
- (c) Each Certificate of Origin shall bear a reference number separately given by each place or office of issuance.
- (d) The original shall be forwarded by the exporter to the importer for submission to the Customs Authorities at the port of place of importation. Duplicate copy shall be retained by the issuing authority in the exporting country, and the triplicate copy shall be retained by the exporter.
- (e) the validity of the Certificate of Origin shall be 12 months from the date of its issuance.

Article 8:

To implement the provisions of Rule 12 of the Rules of Origin, the Certificate of Origin issued by the exporting Party shall indicate the relevant rules and applicable percentage in the relevant column of the Form IP.

Article 9:

Neither erasures nor superimposition shall be allowed on the Certificate of Origin. Any alterations shall be made by striking out the erroneous materials and making any additions required. Such alterations shall be approved by an authorized signatory of the applicant and certified by the appropriate Government authorities. Unused spaces shall be crossed out to prevent any subsequent addition.

Article 10:

- (a) The Certificate of Origin shall be issued by the relevant Government authorities of the exporting Party before or at the time of exportation or within 3 days thereafter whenever the products to be exported can be considered originating in that Party within the meaning of the Rules of Origin.
- (b) In exceptional cases where a Certificate of Origin has not been issued before or at the time of exportation or soon thereafter due to involuntary errors or omissions or other valid causes, the Certificate of Origin may be issued retroactively but no longer than 180 days from the date of shipment, bearing the words "ISSUED RETROSPECTIVELY" in Box 11 of Form IP.

Article 11:

In the event of theft, loss or destruction of a Certificate of Origin, the exporter may apply in writing to the Government authorities, which issued it, for the certified true copy of the origin and the triplicate to be made on the basis of the export documents in their possession bearing the endorsement of the words "CERTIFIED TRUE COPY" in Box 13. This copy shall bear the date of the original Certificate of Origin. The certified true copy of a Certificate of Origin shall be issued within the validity period of the original certificate.

Article 12:

The Original Certificate of Origin shall be submitted by the importer or its authorized representative to the concerned Customs Authorities at the time of filing the import declaration for the products concerned.

Article 13:

The following time limit for the presentation of the Certificate of Origin shall be observed:

- (a) Certificate of Origin shall be submitted to the Customs Authorities of the importing Party within its validity period
- (b) Where the Certificate of Origin is submitted to the relevant Government authorities of the importing Party after the expiration of the time limit for its submission, such Certificate is still to be accepted when failure to observe the time limit results from force majeure or other valid causes beyond the control of the exporter; and
- (c) In all cases, the relevant Government authorities in the importing Party may accept such Certificate of Origin provided that the products have been imported before the expiration of the time limit of the said Certificate of Origin.

Article 14:

In the case of consignments of products originating in the exporting Party and not exceeding US\$200.00 FOB, the production of a Certificate of Origin shall be waived and the use of simplified declaration by the exporter that the products in question have originated in the exporting Party will be accepted. Products sent through the post not exceeding US\$200.00 FOB shall also be similarly treated.

Article 15:

The discovery of minor discrepancies between the statements made in the Certificate of Origin and those made in the documents submitted to the Customs Authorities of the importing Party for the purpose of carrying out the formalities for importing the products shall not ipso-facto invalidate the Certificate of Origin, if it does in fact correspond to the products submitted.

Article 16:

- (a) The importing Party may request a retroactive check at random and/or when it has reasonable doubt as to the authenticity of the document or as to the accuracy of the information regarding the true origin of the products in question or of certain parts thereof.
- (b) The request shall be accompanied with the Certificate of Origin concerned and shall specify the reasons and any additional information suggesting that the particulars given on the said Certificate of Origin may be inaccurate, unless the retroactive check is requested on a random basis.
- (c) The Customs Authorities of the importing Party may suspend the provisions on preferential treatment while awaiting the result of verification. However, it may release the products to the importer subject to any administrative measures deemed necessary, provided that they are not held to be subject to import prohibition or restriction and there is no suspicion of fraud.
- (d) The issuing Government authorities receiving a request for retroactive check shall respond to the request promptly and reply not later than six (6) months after the receipt of the request.

Article 17:

When destination of all or parts of the products exported to a Party is changed, before or after their arrival in the Party, the following rules shall be observed:

- (a) If the products have already been submitted to the Customs Authorities in the importing Party, the Certificate of Origin shall, by a written application of the importer be endorsed to this effect for all or parts of products by the said authorities and the original returned to the importer. The triplicate shall be returned to the issuing authorities.
- (b) If the changing of destination occurs during transportation to the importing Party as specified in the Certificate of Origin, the exporter shall apply in writing, accompanied with the issued Certificate of Origin, for the new issuance for all or parts of products.

Article 18:

- (a) When it is suspected that fraudulent acts in connection with the Certificate of Origin have been committed, the Government authorities concerned shall co-

30.

S.R.O No. 1485 (I)/2012 dated 22nd December, 2012 in exercise of the power conferred by Article 1 of the Operational Certification Procedures for Indonesia – Pakistan Preferential Trade Agreement, Rules of Origin 2012, the Federal Government is pleased to authorize Trade Development authority of Pakistan to issue Certificate of Origin in respect of the goods to be exported to the Republic of Indonesia.

F.No. 6(2)/2003- AP-II


(Waqar Ahmad Shah)
Joint Secretary
