

## Eurometaux’s position on Rules of Origin

### Who we are:

Eurometaux is the decisive voice of non-ferrous metals producers and recyclers in Europe. We are an umbrella association representing the interests of the combined non-ferrous metals industry towards EU policy makers. The European non-ferrous metals’ industry counts more than 900 facilities in Europe which account for 1/5 of the global production with a turnover of 120 bn EUR and 500.000 direct jobs and over 3 000 000 of indirect jobs.

Our membership includes:

	<p><b>24</b> Company members, across the full metals value chain</p>	<p>Commodity Associations:</p> <p>National Members:</p> <ul style="list-style-type: none"> <li>Agrofa - Belgium</li> <li>Association of Finnish Steel and Metal Producers</li> <li>Assomet - Italy</li> <li>AIM - France</li> <li>SAMI - Bulgaria</li> <li>IGMNR - Poland</li> <li>Johnson Matthey - UK</li> <li>Norsk Industri - Norway</li> <li>INMM - Netherlands</li> <li>WVMetalle - Germany</li> <li>WKO - Austria</li> </ul> <p>Associate Members:</p> <ul style="list-style-type: none"> <li>Arsenic consortium</li> <li>Borates consortium</li> <li>Boron consortium</li> <li>Catalysts Europe</li> <li>European Association for Advanced Rechargeable Batteries - RECHARGE</li> <li>European Automotive and Industrial Batteries Association - EURBAT</li> <li>European Carbon &amp; Graphite Association</li> <li>European High Temperature Insulation</li> <li>Wool Association</li> <li>European Powder Metallurgy Association</li> <li>Fibres consortium</li> <li>Iron consortium</li> <li>International Antimony Association</li> <li>International Molybdenum Association</li> <li>Rare Earths Consortium</li> <li>Selenium/Tellurium consortium</li> <li>Vanilac</li> </ul>	<p><b>7</b> Commodity associations</p> <p><b>11</b> National associations</p> <p><b>16</b> Associate members</p>
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### Recent developments on Rules of Origin within the PEM Convention:

On 25 November 2019, the Council adopted revised Rules of Origin applicable between the EU and its pan-Euro Mediterranean trading partners ([Annex II, revised text of the PEM Convention](#)). This legal instrument aims at modernising and simplifying the pan-European cumulation system.

### Our position on Rules of Origin: why is it crucial for the non-ferrous metals industry?

In this context, Eurometaux reaffirms its position in favour of **stricter Rules of Origin for chapters 71, 74 - 81** and against any further relaxation of the rules. Our position is line with the Rules of Origin Chapter, as reflected in the PEM Convention.

The risk of more relaxed rules is that products coming from third countries would easily gain the origin and be exported to the EU market. This could endanger European production and recycling activities. Moreover, our sector believes that the potential risks associated with China’s unfair trade practices should be taken into account.

With a view of this, we very much support the use the existing **Rules of Origin within the PEM Convention as a blueprint to the future EU FTAs with third countries**, as it will better adapt EU trade negotiations to the current business and trade needs.

Below is the revised Rules of Origin applicable between the EU and its pan-Euro Mediterranean trading partners which is in line with **Eurometaux’ position on rules of origin**:



CN		Proposed EM Template
<b>Chapter 71 Precious metals and metals clad with precious metal</b>		
71.06 71.08 71.10	Unwrought	CTH, except those of headings 7106, 7108 and 7110 or Electrolytic, thermal or chemical separation of non-originating precious metals of heading 7106, 7108 or 7110 or fusion and/or alloying of precious metals of heading 7106, 7108 or 7110 with each other or with base metals or purification
	Semi-manufactured or in powder form	CTSH (Manufacture from non-originating unwrought precious metals)
71.07 71.09 71.11	Metals clad with precious metals, semi-manufactured	CTSH (Manufacture from non-originating metals clad with precious metals, unwrought)
<b>Chapter 74 Copper and articles thereof</b>		
74.01 – 74.02		CTH
74.03	Refined copper and copper alloys, unwrought	Manufacture of any heading
74.04 – 74.07		CTH
74.09 – 74.16		CTH
<b>Chapter 75 Nickel and articles thereof</b>		
75.01 – 75.08		CTH
<b>Chapter 76 Aluminium and articles thereof</b>		
76.01	Unwrought aluminium	CTH and MaxNOM 50% (EXW) or Manufacture by thermal or electrolytic treatment from unalloyed aluminium or waste and scrap of aluminium
76.02	Aluminium waste or scrap	CTH
76.03 – 76.09		CTH and MaxNOM 50% (EXW)
76.16	Aluminium articles other than gauze, cloth, grill, netting, fencing, reinforcing fabric and similar materials (including endless bands) of aluminium wire, and expanded metal of aluminium	Manufacture: — from materials of any heading, except that of the product. However, gauze, cloth, grill, netting, fencing, reinforcing fabric and similar materials (including endless bands) of aluminium wire, or expanded metal of aluminium may be used; and — in which the value of all the materials used does not exceed 50 % of the ex-works price of the product
<b>Chapter 78 Lead and articles thereof</b>		
78.01 – 78.06		CTH
<b>Chapter 79 Zinc and articles thereof</b>		
79.01 – 79.07		CTH
<b>Chapter 80 Tin and articles thereof</b>		
80.01 – 80.07		CTH
<b>Chapter 81 Other Base metals, cermets, articles thereof</b>		
81.01 – 81.13		CTH

## Definitions and abbreviations:

For the purposes of product specific rules of origin, the following definitions and abbreviations apply:

- **'Chapter'** means the first two-digits in the tariff classification number under the Harmonized System;
- **'heading'** means the first four-digits in the tariff classification number under the Harmonized System;
- **'Section'** means a section of the Harmonized System; and
- **'subheading'** means the first six-digits in the tariff classification number under the Harmonized System.
- **'tariff provision'** means a chapter, heading, or subheading of the Harmonized System.
- **'CC'** means production from non-originating materials of any Chapter, except that of the product, or a change to the Chapter, heading or subheading from any other Chapter; this means that all non-originating materials used in the production of the product must undergo a change in tariff classification at the 2-digit level (i.e. a change in Chapter) of the Harmonized System.
- **'CTH'** means production from non-originating materials of any heading, except that of the product, or a change to the Chapter, heading or subheading from any other heading; this means that all non-originating materials used in the production of the product must undergo a change in tariff classification at the 4-digit level (i.e. a change in heading) of the Harmonized System.
- **'CTSH'** means production from non-originating materials of any subheading, except that of the product, or a change to the Chapter, heading or subheading from any other subheading; this means that all non-originating materials used in the production of the product must undergo a change in tariff classification at the 6-digit level (i.e. a change in sub-heading) of the Harmonized System.

## Calculation of a maximum value of non-originating materials and of a minimum regional value content. Definitions:

- **'customs value'** means the value as determined in accordance with the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994;
- **'EXW'** means: (i) the ex-works price of the product paid or payable to the manufacturer in whose undertaking the last working or processing is carried out, provided that the price includes the value of all the materials used and all other costs incurred in the production of a product minus any internal taxes which are, or may be, repaid when the product obtained is exported; or (ii) if there is no price paid or payable or if the actual price paid does not reflect all costs related to the production of the product which are actually incurred in the production of a product, the value of all the materials used and all other costs incurred in the production of the product in the exporting Party which: (A) include selling, general and administrative expenses, as well as profit, that can be reasonably allocated to the product; and (B) exclude the costs of freight, insurance, all other costs incurred in transporting the product and any internal taxes of the exporting Party which are, or may be, repaid when the product obtained is exported;
- **'FOB'** means: (i) the free on board price of the product paid or payable to the seller regardless of the mode of shipment, provided that the price includes the value of all the materials used and all other costs incurred in the production of a product and its transportation to the exportation port in the Party, minus any internal taxes which are, or may be, repaid when the product obtained is exported; or (ii) if

there is no price paid or payable or if the actual price paid does not reflect all costs related to the production of the product which are actually incurred in the production of a product, the value of all the materials used and all other costs incurred in the production of the product in the exporting Party, and its transportation to the exportation port in the Party which: (A) include selling, general and administrative expenses, as well as profit, that can be reasonably allocated to the product, the costs of freight and insurance; and (B) exclude any internal taxes of the exporting Party which are, or may be, repaid when the product obtained is exported;

- **'MaxNOM'** means the maximum value of non-originating materials expressed as a percentage;
- **'RVC'** means the minimum regional value content of a product, expressed as a percentage; and
- **'VNM'** means the value of non-originating materials used in the production of the product which is its customs value at the time of importation including freight, insurance where appropriate, packing and all the other costs incurred in transporting the materials to the importation port in the Party where the producer of the product is located. Where it is not known and cannot be ascertained, the first ascertainable price paid for the non-originating materials in either Party is used.

**For the calculation of MaxNOM and RVC, the following formulas apply:**

$$\text{MaxNOM}(\%) = \frac{\text{VNM}}{\text{EXW}} \times 100$$

$$\text{RVC}(\%) = \frac{\text{FOB} - \text{VNM}}{\text{FOB}} \times 100$$

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