

**Agreement between Japan and the Republic of Chile  
for a Strategic Economic Partnership**

**OPERATIONAL PROCEDURES referred to  
in Chapter 3 (Trade in Goods) and Chapter 4 (Rules of Origin)**

**SECTION 1 TRADE IN GOODS**

**1. Notes for Schedule of Japan**

**Rule 1 Notes 1, 2, 3 and 5 in Section 1 of Part 2 of Annex 1 referred to in Chapter 3**

- (a) For the purposes of the above-mentioned Notes, pursuant to the decision No. 3 of the Commission, a non-profit organization of Chile selected and designated by the General Directorate of International Economic Affairs of the Ministry of Foreign Affairs of Chile (*Dirección General de Relaciones Económicas Internacionales del Ministerio de Relaciones Exteriores de Chile*) will issue a certificate in English for each export, upon request of exporters or producers.

A certificate will include the following minimum data:

- Exporter's Name and Address;
- Certificate Number;
- Importer's Name and Address;
- Description of Good(s);
- HS Tariff Classification Number;
- Quantity (with measure unit);
- Validity (commence/expire);
- Validation by the designated non-profit organization.

The format of certificate to be issued by the designated non-profit organization is attached to these Operational Procedures as Appendix 1.

The General Directorate of International Economic Affairs of the Ministry of Foreign Affairs of Chile will provide the Embassy of Japan in Chile with the name and the contact point of the designated non-profit organization, a sample of certificate and the specimen impression of stamps which will be used by the designated non-profit organization, within 30 days from the date of the entry into force of the Agreement.

The General Directorate of International Economic Affairs of the Ministry of Foreign Affairs of Chile will notify to the Embassy of Japan in Chile any change of the format of certificate

and stamps used by the designated non-profit organization for the certificate before the effective date of such change. The notification will be done by any method that produces a confirmation of receipt.

- (b) The General Directorate of International Economic Affairs of the Ministry of Foreign Affairs of Chile will demand the designated non-profit organization issuing certificates referred to in (a) above to take the necessary measures to avoid any certificate counterfeit.
- (c) Eligible importers will apply for a certificate of tariff rate quota to the International Affairs Department of the Ministry of Agriculture, Forestry and Fisheries of Japan, providing a certificate issued by the designated non-profit organization referred to in (a) above.
- (d) For the purposes of the administration of the tariff rate quota, the Parties will exchange information on any related matter, including the issuance of the certificate of tariff rate quota by the Ministry of Agriculture, Forestry and Fisheries of Japan. The Ministry of Agriculture, Forestry and Fisheries of Japan and the designated non-profit organization will exchange information related to the aggregate amount of allocated quotas within the month following the month in which quotas were allocated.
- (e) For the purposes of resolving any matter arising with respect to the issuance of the certificates referred to above or other administrative issues, the consultation between the Parties may be made through the General Directorate of International Economic Affairs of the Ministry of Foreign Affairs of Chile and the International Affairs Department of the Ministry of Agriculture, Forestry and Fisheries of Japan.

**Rule 2 Note 8 in Section 1 of Part 2 of Annex 1 referred to in Chapter 3**

- (a) For the purposes of the above-mentioned Note, importers will apply for a certificate of tariff rate quota to the International Affairs Department of the Ministry of Agriculture, Forestry and Fisheries of Japan.
- (b) For the purposes of the administration of the tariff rate quota, the Parties will exchange information on any related matter, including the issuance of the certificate of tariff rate quota by the Ministry of Agriculture, Forestry and Fisheries of Japan. The Ministry of Agriculture, Forestry and Fisheries of Japan will provide the General Directorate of International Economic Affairs of the Ministry of Foreign Affairs of Chile with information related to the aggregate amount of allocated quotas within the month following the month in which quotas were allocated.
- (c) For the purposes of resolving any matter arising with respect to the issuance of the certificates or other administrative issues, the consultation between the Parties may be made through the General Directorate of International Economic Affairs of the Ministry of Foreign Affairs of Chile and the International Affairs Department of the Ministry of Agriculture, Forestry and Fisheries of Japan.

**SECTION 2 RULES OF ORIGIN**

**1. Certificate of origin (COO)**

## **Rule 1 Document**

- (a) A certificate of origin should be on ISO A4 size paper in conformity with the format shown in Appendix 2-A. It should be completed in the English language; otherwise it should not be valid.
- (b) The tariff classification numbers of the Harmonized System (HS), as amended on 1 January 2002, should be indicated on a certificate of origin at the six-digit level, and the description of the good on a certificate of origin should be substantially identical to the description on the invoice and, if possible, to the description under the HS for the good.

## **Rule 2 Declaration**

A declaration for a certificate of origin should be completed by the exporter, in field 9. The exporter's signature may be autographed or electronically printed.

## **Rule 3 Issuance**

- (a) In principle, a certificate of origin should be issued prior to or at the time of shipment.
- (b) In exceptional cases where the certificate of origin has not been issued by the time of shipment, at the request of the exporter, the certificate of origin may be issued retroactively in accordance with the laws and regulations of the exporting Party, in which case it is necessary to indicate "ISSUED RETROACTIVELY" in field 8. In such cases, the importer of the good who claims the preferential tariff treatment for the good may, subject to the laws and regulations of the importing Party, provide the customs authority of the importing Party with the certificate of origin issued retroactively. The certificate of origin issued retroactively should indicate the date of shipment in field 3.
- (c) Signatures on a certificate of origin of the representatives of the competent authority of the exporting Party or its designees may be autographed or electronically printed.
- (d) Each certificate of origin should bear a certification number given by the competent authority of the exporting Party or its designees.
- (e) In the event of theft, loss or destruction of a certificate of origin before the expiration of its validity, the exporter may request the competent authority of the exporting Party or its designees to issue a new certificate of origin with a new certification number on the basis of the export documents in their possession, in which case the original certificate of origin should be invalidated. The date of issuance and the certification number of the original certificate of origin should be indicated in the new certificate of origin in field 8. The new certificate of origin should be valid during the original term of the validity of the original certificate of origin.

## **Rule 4 Modification**

- (a) The exporter should request the reissuance of a certificate of origin if a certificate of origin contains incorrect information, and the invalidation of the original certificate.

- (b) Notwithstanding subparagraph (a), the competent authority of the exporting Party or its designees may, in response to the request for reissuance referred to in subparagraph (a) or at their own initiative, make modification on the certificate of origin by striking out errors and making any addition required. Such modification should be certified by authorized signature and seal of the competent authority of the exporting Party or its designees.
- (c) Erasures, superimpositions and modifications other than those referred to in subparagraph (b) should not be allowed on the issued certificate of origin.

#### **Rule 5 Minor errors**

The customs authority of the importing Party should disregard minor errors, such as slight discrepancies or omissions, typing errors or protruding from the designated field, provided that these minor errors may not affect the authenticity of the certificate of origin or the accuracy of the information included in the certificate of origin.

#### **Rule 6 Two or more invoices**

For the purposes of paragraph 6 of Article 44, a certificate of origin, in which numbers and dates of two or more invoices issued for a single shipment are indicated, should be accepted by the customs authority of the importing Party.

#### **Rule 7 Invoice of a non-Party**

The customs authority of the importing Party should not refuse to accept a certificate of origin only for the reason that the invoice is issued by either a natural person or a juridical person located in a non-Party.

#### **Rule 8 A certificate of origin, containing description of goods which is not subject to preferential tariff treatment**

In cases where some goods not subject to preferential tariff treatment are described in a certificate of origin together with other goods subject to preferential tariff treatment, the certificate of origin is valid only for goods subject to preferential tariff treatment.

## **2. Administration and Enforcement**

#### **Rule 9 Focal points of administrative offices**

- (a) The focal point of the competent authority of the exporting Party is:
- in the case of Japan, the Origin Certification Policy Office of the Trade Administration Division of the Trade and Economic Cooperation Bureau of the Ministry of Economy, Trade and Industry; and
  - in the case of Chile, Certification of Origin Office of the Market Access Department, General Directorate of International Economic Affairs of the Ministry of Foreign Affairs.

- (b) The focal point of the customs authority of the importing Party is:
  - in the case of Japan, the Customs and Tariff Bureau of the Ministry of Finance; and
  - in the case of Chile, International Affairs Department, National Customs Service.
- (c) Both Parties should provide each other with the address, phone number, fax number and e-mail address of the focal points referred to in subparagraphs (a) and (b) upon adoption of this Operational Procedures, and should notify any modification regarding such information within 30 days after such modification.
- (d) If the competent authority of the exporting Party designates entities or bodies to carry out the issuance of the certificate of origin, or makes modification or revocation with respect to its designees, it should immediately notify the importing Party of such designation, modification or revocation.

#### **Rule 10 Procedure to exchange the sample of a certificate of origin and impressions of stamps**

The Parties should provide each other with the sample of a certificate of origin and impressions of stamps used for the issuance of a certificate of origin upon the date of adoption of this Operational Procedures, as well as 30 days before any modification of such sample or impressions thereafter.

#### **Rule 11 Communication**

- (a) For the purposes of Articles 47 through 49, any communication between the competent authority of the exporting Party and the customs authority of the importing Party should be made through the Embassy of Japan in Chile or the Embassy of Chile in Japan. Such communications should be made by any method with a confirmation of receipt.
- (b) The direct communications between the competent authority of the exporting Party and the customs authority of the importing Party may be made by facsimile or e-mail in parallel with the communications set out in subparagraph (a).
- (c) The period for providing the response pursuant to paragraph 2 of Article 47 and paragraph 4 of Article 48 should commence from the date of the confirmation of receipt of the request pursuant to subparagraph (a).
- (d) The period for providing the written determination pursuant to paragraph 4 of Article 49 should commence from the date of the confirmation of receipt of the information referred to in that paragraph pursuant to subparagraph (a).

**Appendix 1 Format of Certificate and Specimen impression of stamps used by the designated non-profit organization**

**Appendix 2-A Format of Certificate of Origin**

**Appendix 2-B Instructions for Certificate of Origin**

**Appendix 3 Examples of Rules of Origin (calculation of Q.V.C., accumulation, de minimis, etc.)**

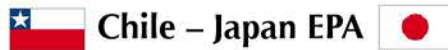
**Appendix 4 Explanations for Section XI of Product Specific Rules of Annex 2**

Valid since \_\_\_\_\_ until \_\_\_\_\_

1 Goods consigned from  
(exporter's business name, address, country)

**REFERENCE N° 001**

**CERTIFICATE OF AUTHENTICATION**



Issued in \_\_\_\_\_  
Country

2.1 Goods consigned to (importer's name, address, country)

3.1 Number of certificate of origin

2.2 Means of route (Port, Country)

3.2 Date of certificate

FROM:

TO:

4 Number and kind of packages, description of goods  
(HS tariff classification number, marks and numbers of packages,  
description of goods)

5 Gross weight or  
other quantity  
(with measure unit)

6 Number and date  
of invoices

6.1 Gross value of invoices  
(indicate US\$ or Yen)

7 Certification

We certify that the products described in this document, can  
access to the Tariff Rate Quotas under this agreement.

8 Comments

\_\_\_\_\_  
Place and date

\_\_\_\_\_  
Signature and stamp of certifying authority

1. Exporter's Name, Address and Country:	Certification No.	Number of page /	
2. Importer's Name, Address and Country:	AGREEMENT BETWEEN JAPAN AND THE REPUBLIC OF CHILE FOR A STRATEGIC ECONOMIC PARTNERSHIP  CERTIFICATE OF ORIGIN  <u>Issued in</u>		
3. Transport details (means and route)(as far as known)			
4. Item number (as necessary); Marks and numbers; Number and kind of packages; Description of good(s); HS tariff classification number	5. Preference criterion	6. Quantity or gross weight	7. Invoice number(s) and date(s)
8. Remarks:			
9. Declaration by the exporter: I, the undersigned, declare that: - the above details and statement are true and accurate. - the good(s) described above meet the condition(s) required for the issuance of this certificate: - the country of origin of the good(s) described above is _____  Place and Date: _____  Signature: _____  Name (printed): _____  Company: _____	10. Certification It is hereby certified, on the basis of control carried out, that the declaration by the exporter is correct.  Competent authority or Designee office: _____ Stamp Place and Date: _____  Signature: _____		

**Parties which accept this form for the purpose of preferential treatment under the Agreement between Japan and the Republic of Chile for a Strategic Economic Partnership (hereinafter referred to as “the Agreement”) are Japan and Chile.**

General Conditions:

The conditions for the preferential tariff treatment under the Agreement is that the goods exported to Japan or Chile should:

- i. fall within description of goods eligible for concession in Japan or Chile;
- ii. comply with one of the requirements set out in Preference Criteria; and
- iii. comply with the provision of consignment criteria of Article 41 or exhibitions of Article 42 of the Agreement .

Preference Criteria:

- A The good is wholly obtained or produced entirely in the Party, as defined in paragraph 2 of Article 29.
- B The good is produced entirely in the Party exclusively from originating materials of the Party.
- C The good satisfies the product specific rules set out in Annex 2, as well as all other applicable requirements of Chapter 4, when the good is produced entirely in the Party using non-originating materials.
- D The good, except for a good provided for in Chapters 61 through 63 of the HS, is produced entirely in the Party, but one or more of the non-originating materials that are used in the production of the good do not undergo an applicable change in tariff classification because :
  - (i) the good is imported into the Party in an unassembled or disassembled form but is classified as an assembled good pursuant to Rule 2(a) of the General Rules for the Interpretation of the HS; or
  - (ii) the heading for the good provides for and specifically describes both the good itself and its parts and is not further subdivided into subheadings, or the subheading for the good provides for and specifically describes both the good itself and its parts,

provided that the qualifying value content of the good, determined in accordance with Article 30, is not less than 45 percent when the method referred to in subparagraph 1(a) of Article 30 is used or 30 percent when the method referred to in subparagraph 1(b) of Article 30 is used, unless otherwise provided for in Annex 2, and that the good satisfies all other applicable requirements of Chapter 4.

Instructions for Certificate of Origin:

For the purposes of claiming preferential tariff treatment, the document should be completed legibly and in full by the exporter. Any item of the form should be completed in the English language. The document should be no longer valid, if it is completed in any languages other than English or modified after the issuance.

If the space of this document is insufficient to specify the necessary particulars for identifying the goods and other related information, the exporter may provide the information using additional Appendix 2-A.

Field 1: State the full name, address and country of the exporter.

Field 2: State the full name, address and country of the importer. As defined in subparagraph (e) of Article 54, the term “importer” means a person who imports goods into the importing Party (e.g. the consignee who declares the importation)

Field 3: Provide the name of loading port, transit port and discharging port and, the name of vessel / flight number, as far as known. In case of retroactive issuance, the date of shipment (i.e. bill of lading or airway bill date)

Field 4: Provide item number (as necessary), marks and numbers, number and kind of packages, HS tariff classification number as amended on 1 January 2002 and description of each good consigned.

For each good, the HS tariff classification number should be indicated at the six-digit level.

The description of the good on a certificate of origin should be substantially identical to the description on the invoice and , if possible, to the description under the HS for the good, except that, with respect to “Sake” referred to in Schedule of Chile under subheading 2206.00, the description of the good should be “Sake”.

With respect to subheading 2008.19, 2103.90, 2208.90, and 9404.90, in an exceptional case where the good is a specific product requiring a special description (e.g. “mixtures of subheading 2008.19”, “instant curry and other curry preparations of subheading 2103.90”, “sake compound and cooking sake (Mirin) of subheading 2208.90”, “beverages with a basis of fruit juices, of an alcohol strength by volume of less than 1 percent of subheading 2208.90” and “quilts and eiderdowns of subheading 9404.90”), such description of specific products should be indicated.

Field 5: For each good, state which preference criterion (A through D under Preference Criteria above) is applicable. The rules of origin are contained in Chapter 4 and Annex 2.

Note: In order to be entitled to preferential tariff treatment, each good of a Party must meet at least one of the criteria given.

Indicate “ACU” for accumulation, “DMI” for *De Minimis* and “FGM” for fungible goods or materials, if applicable.

Field 6: For each good, indicate the quantity or gross weight.

Field 7: Indicate the invoice number(s) and date(s) for each good. The invoice should be the one issued for the importation of the good into the importing Party.



If the invoice is issued by a person different from the exporter to whom the certificate of origin is issued and the person who issues the invoice is located in a non-Party, it should be indicated in field 8 that the goods will be invoiced in a non-Party, identifying the full legal name and address of the person that issues the invoice.

In an exceptional case where the number of invoice issued in a non-Party at the time of issuance of the certificate of origin is not known, field 7 should be left blank and it should be indicated in field 8 that the goods will be invoiced in a non-Party, identifying the full legal name and address of the person that issues the invoice. In such case, the customs authority of the importing Party may require the importer to provide a sworn declaration that justifies the fact. In this declaration the importer should indicate, at least, the number of the invoice and the certificate used for the importation.

Field 8: If the certificate of origin is issued retroactively, the issuing authority should indicate "ISSUED RETROACTIVELY". If the certificate of origin is newly issued in accordance with Rule 3(e), the issuing authority should indicate the date of issuance and the certification number of the original certificate of origin. Other remarks as necessary.

Field 9: This field should be completed, signed and dated by the exporter. The "Date" should be the date when the certificate of origin is applied for.

Note: The exporter's signature may be autographed or electronically printed.

Field 10: This field should be completed, dated, signed and stamped by the competent authority of the exporting Party or its designee.

Note: The competent authority's or its designee's signature may be autographed or electronically printed.

Notice 1. Any items entered in this form should be true and correct. False declaration or documents relating to the certificate of origin should be subject to penalty in accordance with the laws and regulations of the exporting Party.

Notice 2. The certificate of origin should be a basis of determination of origin at the customs authority of the importing Party.

## Examples of Rules of Origin

### 1. Qualifying Value Content (QVC)

#### Example of the calculation of QVC (Application of the formula provided for in paragraph 1 of Article 30)

Company Y manufactures washing machines in Japan and plans to export them to Chile under the Agreement.

The product specific rule for washing machine (HS8450.11) under the Agreement is:

*A change to subheading 8450.11 through 8450.20 from any other heading; or No required change in tariff classification to subheading 8450.11 through 8450.20, provided that there is a qualifying value content of not less than 45 percent when the Build-down method is used, or of not less than 30 percent when the Build-up method is used.*

To prove that the washing machine qualifies as an originating good of Japan, Company Y has to prove that the washing machine satisfies either the CTC rule, or the 45% value-added rule (Build-down method) or the 30% value-added rule (Build-up method).

#### (a) When Company Y uses the method based on value of non-originating materials (Build-down method)

Company Y's manufacturing costs of the washing machine

Material/Parts	Sources	Originating Status	Value US\$
Parts A	Japan	Originating good of Japan	370
Parts B	Japan	Originating good of Japan	100
<b>Parts C</b>	<b>China</b>	<b>Non-originating</b>	<b>130</b>
<b>Parts D</b>	<b>Unknown</b>	<b>Undetermined</b>	<b>150</b>
<b>Parts E</b>	<b>Unknown</b>	<b>Undetermined</b>	<b>100</b>
Other Costs	N/A <sup>1</sup>	N/A	150
Transaction Value	--	--	1,000

The formula for calculating the qualifying value content (Build-down method) is:

$$QVC = \frac{TV - VNM}{TV} \times 100$$

QVC is the qualifying value content of the good, expressed as a percentage;

<sup>1</sup>N/A: not applicable

TV is, except as provided for in paragraph 2 of Article 30, is the transaction value of the good adjusted to F.O.B. basis; and

VNM is the value of non-originating materials used in the production of the good.

Since the origin of Parts D and E are not determined, in applying the formula, value of those Parts should be considered as part of the value of non-originating materials(VNM).

Thus, the calculation of the QVC of the washing machine is:

$$QVC = \frac{\$1,000 - \$380 \text{ (Parts C, D and E)}}{\$1,000} \times 100 = 62\% \geq 45\%$$

This calculation shows that the washing machine qualifies as an originating good of Japan.

(b) When Company Y uses the method based on value of originating materials (Build-up method)

Company Y's manufacturing costs of the washing machine

Material/Parts	Sources	Originating Status	Value US\$
<b>Parts A</b>	<b>Japan</b>	<b>Originating good of Japan</b>	<b>370</b>
Parts B	Unknown	Undetermined	100
Parts C	Unknown	Undetermined	130
Parts D	Unknown	Undetermined	150
Parts E	Unknown	Undetermined	100
Other Costs	N/A	N/A	150
Transaction Value	--	--	1,000

The formula for calculating the qualifying value content (Build-up method) is:

$$QVC = \frac{VOM}{TV} \times 100$$

QVC is the qualifying value content of the good, expressed as a percentage;

TV is, except as provided for in paragraph 2 of Article 30, is the transaction value of the good adjusted to F.O.B. basis; and

VOM is the value of originating materials used in the production of the good.

Since it is known that Parts A is originating good of Japan, Company Y found that it would be easier to use the Build-up method because it is clear that QVC of the washing machine will be more than 30%, taking into account the value of Parts A only. In this case, Company Y does not need to check the originating status of other parts, including Parts B.

Thus, the calculation of the QVC of the washing machine is:

$$QVC = \frac{\$370(\text{Parts A})}{\$1,000} \times 100 = 37\% \geq 30\%$$

This calculation shows that the washing machine qualifies as an originating good of Japan.

## 2. Accumulation

### Example of the calculation of QVC, when applying the Accumulation provision (Article 33)

Company A manufactures colour TVs (HS8528.12) in Japan and plans to export them to Chile under the Agreement. Tuners (HS8529.90) which are used in the manufacturing process of the colour TV are imported from Chile.

The product specific rules for colour TV (HS8528.12) under the Agreement are:

*A change to heading 85.25 through 85.28 from any other heading; or  
No required change in tariff classification to heading 85.25 through 85.28, provided there is a qualifying value content of not less than 45 percent when the Build-down method is used, or of not less than 30 percent when the Build-up method is used.*

To prove that the colour TV qualifies as an originating good of Japan, Company A has to prove that the colour TV satisfies either the CTC rule or qualifying value content of not less than 45 percent when the Build-down method is used, or of not less than 30 percent when the Build-up method is used.

Company A decided to choose the method based on value of originating materials (Build-up method) in this case.

Company A's manufacturing costs of colour TV

Material/Parts	Sources	Originating Status	Value US\$
<b>Parts a</b>	<b>Japan</b>	<b>Originating good of Japan</b>	<b>100</b>
<b>Parts b</b>	<b>Japan</b>	<b>Originating good of Japan</b>	<b>200</b>
<b>Parts c (Tuner)</b>	<b>Chile</b>	<b>Originating good of Chile</b> (considered as originating material of Japan)	<b>400</b>
Parts d	India	Non-originating	200
Parts e	S. Korea	Non-originating	500
Parts f	China	Non-originating	300
Other Costs	N/A	N/A	300

Transaction Value	--	--	2,000
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If Parts c (tuner) is an originating good of Chile, the colour TV will qualify as an originating good of Japan by considering Parts c as an originating material of Japan in accordance with of Article 33.

The calculation of QVC of the colour TV is:

$$QVC = \frac{\$700 \text{ (Parts a, b and c)}}{\$2,000} \times 100 = 35\% \geq 30\%$$

### 3. De Minimis

#### 3.1 Example of the application of De Minimis for goods other than textile goods (Article 32 and subparagraph (f) (ii) in Section 1 of Annex 2)

Company A manufactures baby carriages (HS8715.00) in Japan and plans to export them to Chile under the Agreement.

The product specific rules for baby carriage (HS8715.00) under the Agreement are:

*A change to heading 87.05 through 87.16 from any other heading; or  
No required change in tariff classification to heading 87.05. through 87.16,  
provided there is a qualifying value content of not less than 45 percent when the  
Build-down method is used, or of not less than 30 percent when the Build-up  
method is used.*

To prove that the baby carriage qualifies as an originating good of Japan, Company A decided to choose the CTC rule in this case.

Baby carriage is made from Indian aluminum bar (HS7604.10) and Chinese handle grip (HS8715.00). Since handle grip does not undergo “change in tariff classification from any other heading”, baby carriage does not meet the CTC rule. But if the value of handle grip (HS8715.00) is equivalent to 10% of transaction value of baby carriage or less, Company A is allowed to disregard the portion of handle grip for the purposes of the CTC rule pursuant to De Minimis provision of Article 32.

#### 3.2 Example of the application of De Minimis for textile goods (Article 32 and subparagraph (f) (iii) in Section 1 of Annex 2)

Company A produces silk yarn (HS5006.00) in Japan and plans to export them to Chile under the Agreement.

The product specific rule for silk yarn under the Agreement is:

*A change to heading 50.05 through 50.06 from any heading outside that group.*

Silk yarn (HS5006.00) is made from Indian raw silk (HS5002.00) and Chinese silk thread (HS5006.00). Since silk thread does not undergo change in tariff classification, silk yarn does not meet the CTC rule. But if the weight of silk thread is equivalent to 7% of silk yarn or less, Company A is allowed to disregard the portion of silk thread for the purposes of the CTC rule pursuant to De Minimis provision of Article 32.

Explanations for Section XI of Product Specific Rules of Annex 2  
 (Processes necessary to obtain originating status for Textiles and Textile Articles  
 (Chapter 50- 63))

**A. Yarn (Generally the tariff line changed by spinning process)**

HS Code	Necessary processes to obtain originating status in the Party	
	Carding/Combing process	Spinning process
50.04-50.06 51.06-51.10 52.04-52.07 53.06-53.08 54.01-54.06 55.08-55.11	(N/A) <sup>1</sup>	Required

**B. Woven Fabrics (Generally the tariff line changed by weaving process)**

HS Code	Necessary processes to obtain originating status in the Party	
	Spinning process	Weaving process
50.07 51.11-51.13 52.08-52.12 53.09-53.11 54.07-54.08 55.12-55.16	(N/A)	Required

<sup>1</sup> N/A: not applicable

**C. Textile Articles for Industrial Use, etc. (HS56 - 59) (Generally the tariff line changed by Knitting/Crocheting/Weaving/Making up process)**

HS Code	Necessary processes to obtain originating status in the Party	
	Spinning process	Knitting/Crocheting/Weaving/Making up process
56.01-56.09 57.01-57.05 58.01-58.11 59.01-59.11	(N/A)	Required

**D. Knitted or Crocheted Fabrics (HS60) (Generally the tariff line changed by Knitting/Crocheting process)**

HS Code	Necessary processes to obtain originating status in the Party	
	Spinning process	Knitting/Crocheting process
60.01-60.06	(N/A)	Required

**E. Apparels, Clothing Accessories, and Other Textile Articles (HS61, 62, 6301.10 – 6310.90)**

HS Code	Necessary processes to obtain originating status in the Party	
	Weaving / Knitting process	Cutting (or knitting to shape) process and Sewing / Assemble process
61.01-61.17 62.01-62.17 6301.10-6305.32	Required	Required
6305.33	(N/A)	Required
6305.39-6309.00	Required	Required
6310.10-6310.90	Wholly obtained process (Collecting/Being derived from manufacturing, processing operations or consumption/recovering process)	