

CHAPTER 3

RULES OF ORIGIN AND ORIGIN PROCEDURES

SECTION A

RULES OF ORIGIN

ARTICLE 3.1

Definitions

For the purposes of this Chapter, the following definitions apply:

- (a) "classified" refers to the classification of a product or material under a particular section, Chapter, heading or subheading of the Harmonized System;
- (b) "consignment" means products which are either sent simultaneously from one exporter to one consignee or covered by a single transport document covering their shipment from the exporter to the consignee or, in the absence of such a document, by a single invoice;

- (c) "customs authority or competent governmental authority" refers to:
- (i) in the European Union, the services of the European Commission responsible for customs matters, and the customs administrations and any other authorities of the Member States of the European Union responsible for the application and enforcement of customs legislation; and
 - (ii) in MERCOSUR, the competent authorities of the Signatory MERCOSUR States or their successors, as listed below:
 - (A) Argentina: Subsecretaría de Comercio Exterior del Ministerio de Economía;
 - (B) Brazil: Secretaria de Comércio Exterior do Ministério do Desenvolvimento, Indústria, Comércio e Serviços and Secretaria Especial da Receita Federal do Brasil of the Ministério da Fazenda;
 - (C) Paraguay: Subsecretaría de Estado de Comercio y Servicios del Ministerio de Industria y Comercio; and
 - (D) Uruguay: Asesoría de Política Comercial del Ministerio de Economía y Finanzas;
- (d) "exporter" means a person located in a Party who exports the originating product and makes out a statement on origin;

- (e) "fungible materials" means materials that are of the same kind and commercial quality, with the same technical and physical characteristics, and which cannot be distinguished from one another once they are incorporated into the product;
- (f) "goods" means both materials and products;
- (g) "importer" means a person who imports the originating product and claims preferential tariff treatment for it;
- (h) "manufacture" means any kind of working or processing, including assembly or specific operations;
- (i) "material" means any ingredient, raw material, component or part used in the manufacture of a product; and
- (j) "product" means the product being manufactured, even if it is intended for later use in another manufacturing operation.

ARTICLE 3.2

General requirements

1. For the purpose of applying the preferential tariff treatment by a Party to the originating goods of the other Party in accordance with this Agreement, the following products shall be considered as originating in the European Union, provided that they satisfy all other applicable requirements in this Chapter:
 - (a) products wholly obtained in the European Union pursuant to Article 3.4;
 - (b) products obtained in the European Union exclusively from originating materials;
or
 - (c) products obtained in the European Union incorporating non-originating materials, provided that they have fulfilled the conditions set out in Annex 3-B.

2. For the purpose of applying the preferential tariff treatment by a Party to the originating goods of the other Party in accordance with this Agreement, the following products shall be considered as originating in MERCOSUR, provided that they satisfy all other applicable requirements in this Chapter:
 - (a) products wholly obtained in MERCOSUR pursuant to Article 3.4;
 - (b) products obtained in MERCOSUR exclusively from originating materials; or

(c) products obtained in MERCOSUR incorporating non-originating materials, provided that they have fulfilled the conditions set out in Annex 3-B.

3. If a product has acquired originating status, the non-originating materials used in the manufacture of that product shall not be considered non-originating if that product is incorporated into another product as a material.

ARTICLE 3.3

Bilateral cumulation of origin

1. Products originating in the European Union shall be considered as materials originating in MERCOSUR when incorporated into a product obtained there, provided that they have undergone working or processing going beyond the operations referred to in Article 3.6.

2. Products originating in MERCOSUR shall be considered as materials originating in the European Union when incorporated into a product obtained there, provided that they have undergone working or processing going beyond the operations referred to in Article 3.6.

ARTICLE 3.4

Wholly obtained products

1. The following shall be considered as wholly obtained products in the European Union or in MERCOSUR:

- (a) mineral products and other natural substances extracted from their soil or from their seabed;
- (b) plants and vegetable products grown or harvested there;
- (c) live animals born and raised there;
- (d) products from live animals raised there;
- (e) products from slaughtered animals born and raised there;
- (f) products obtained through hunting or fishing conducted there;
- (g) products of aquaculture where the fish, crustaceans, molluscs and other aquatic invertebrates are born and raised there;
- (h) products of fishing and other products taken from the sea by their vessels¹;

¹ This point is without prejudice to the sovereign rights and obligations of the Parties under UNCLOS in particular within the exclusive economic zone and continental shelf.

- (i) products made aboard their factory ships exclusively from products referred to in point (h);
- (j) mineral products and other non-living natural resources, taken or extracted from the seabed, subsoil or ocean floor of:
 - (i) the exclusive economic zone of Signatory MERCOSUR States or of Member States of the European Union, as determined by their laws and regulations and in accordance with Part V of UNCLOS;
 - (ii) the continental shelf of Signatory MERCOSUR States or of Member States of the European Union, as determined by their laws and regulations and in accordance with Part VI of UNCLOS; or
 - (iii) the Area, as defined in Article 1(1) of UNCLOS, where a Party or a person of a Party has exclusive exploitation rights, in accordance with Part XI of UNCLOS and the Agreement relating to the implementation of Part XI of UNCLOS;
- (k) used articles collected there fit only for the recovery of raw materials;
- (l) waste and scrap resulting from manufacturing operations conducted there²; or
- (m) goods produced there exclusively from the products specified in points (a) to (l).

² Points (k) and (l) are without prejudice to each Party's laws and regulations regarding the import of the goods mentioned therein.

2. The terms "their vessels" and "their factory ships" in points (h) and (i) of paragraph 1 apply only to vessels and factory ships which:
- (a) are registered in a Member State of the European Union or in a Signatory MERCOSUR State and, where appropriate, have fishing licences issued by a Signatory MERCOSUR State or the European Union in the name of fishing companies duly registered to operate in that Member State of the European Union or that Signatory MERCOSUR State;
 - (b) sail under the flag of the same registering Member State of the European Union or Signatory MERCOSUR State³; and
 - (c) meet one of the following conditions:
 - (i) they are at least 50 % (fifty per cent) owned by one or more natural persons⁴ of the Parties;
 - (ii) they are owned by juridical persons⁵:
 - (A) which have their head office and their main place of business in a Party; and

³ Products of fishing or other products taken from the sea by chartered vessels sailing under the flag of a Member State of the European Union or a Signatory MERCOSUR State are considered to originate in the Member State of the European Union or the Signatory MERCOSUR State in which the vessel is chartered and the license is issued, provided that they fulfil all criteria in this paragraph.

⁴ For the purposes of this Article, the definition of point (m) of Article 10.2 applies.

⁵ For the purposes of this Article, the definition of point (h) of Article 10.2 applies.

- (B) in which at least 50 % (fifty per cent) of the ownership belongs to natural persons or juridical persons of the Parties; or
- (iii) at least a minimum of two thirds of the crew are natural persons of the Parties.

ARTICLE 3.5

Tolerances

1. If a non-originating material used in the manufacture of a product does not satisfy the requirements set out in Annex 3-B, such product shall nonetheless be considered as originating in a Party if:
 - (a) the total value of non-originating materials does not exceed 10 % (ten per cent) of the ex-works price of the product; and
 - (b) any of the percentages for the maximum value or weight of non-originating materials set out in Annex 3-B are not exceeded through the application of this paragraph.
2. Paragraph 1 does not apply to products falling within Chapters 50 to 63 of the Harmonized System, for which the tolerances set out in Notes 6 and 7 of Annex 3-A apply.

ARTICLE 3.6

Insufficient working or processing operations

1. Notwithstanding point (c) of Article 3.2(1) and point (c) of Article 3.2(2), a product shall not be considered as originating in a Party if the manufacture of that product consists only of the following operations conducted on non-originating materials in that Party:
 - (a) preserving operations to ensure that the products remain in good condition during transport and storage;
 - (b) changes of packaging and breaking-up and assembly of packages;
 - (c) washing, cleaning or removing dust, oxide, oil, paint or other coverings;
 - (d) ironing or pressing of textiles;
 - (e) simple painting and polishing operations;
 - (f) husking, partial or total bleaching, polishing and glazing of cereals and rice;
 - (g) operations to colour or flavour sugar or form sugar lumps, and partial or total milling of crystal sugar;
 - (h) peeling, stoning and shelling of fruits, nuts and vegetables;

- (i) sharpening, simple grinding, separating or simple cutting;
- (j) sifting, screening, sorting, classifying, grading and matching, including the making-up of sets of articles;
- (k) simple placing in bottles, cans, flasks, bags, cases or boxes, fixing on cards or boards and all other simple packaging operations;
- (l) affixing or printing marks, labels, logos and other similar signs on products or their packaging;
- (m) simple mixing of products, whether or not of different kinds, and simple mixing of sugar with any material;
- (n) simple assembly of non-originating parts to constitute a complete product, or disassembly of products into parts;
- (o) simple addition of water, dilution, dehydration or denaturation of products;
- (p) a combination of two or more operations specified in points (a) to (o); or
- (q) slaughter of animals.

2. For the purposes of paragraph 1, operations shall be considered simple if neither special skills nor machines, apparatus or tools specially produced or installed for those operations are required for their performance.

ARTICLE 3.7

Unit of qualification

1. The unit of qualification for the application of this Chapter shall be the particular product as classified in accordance with the Harmonized System.
2. For a product composed of a group or assembly of articles which is classified under a single heading of the Harmonized System, the whole constitutes the unit of qualification.
3. For a consignment consisting of a number of identical products classified under the same heading of the Harmonized System, each product shall be taken individually when applying this Chapter.

ARTICLE 3.8

Packaging materials, packing materials and containers

1. If, under General Rule 5 for the Interpretation of the Harmonized System, packaging is included with the product for classification purposes, it shall be included for the purpose of determining origin.
2. Packing materials and containers for shipment that are used to protect products during transportation shall be disregarded in determining the origin of such products.

ARTICLE 3.9

Accessories, spare parts and tools

Accessories, spare parts and tools dispatched with a piece of equipment, machine, apparatus or vehicle which are customary for that product and included in the price thereof or which are not separately invoiced shall be regarded as one product with the piece of equipment, machine, apparatus or vehicle in question.

ARTICLE 3.10

Accounting segregation

1. If originating and non-originating fungible materials are used in the manufacture of a product, those materials shall be physically segregated, according to their origin, during storage in order for the originating materials to maintain their originating status.
2. Notwithstanding paragraph 1, physical segregation of originating and non-originating fungible materials is not needed in the manufacture of a product if the origin of such product is determined pursuant to the accounting segregation method for managing stocks.
3. The accounting segregation shall be recorded and applied in accordance with the generally accepted accounting principles applicable in the Party in which the product is manufactured.

4. The accounting segregation method may be used only if it can be ensured that, at any time, no more products receive originating status than would be the case if the materials had been physically segregated.

5. A Party may require that the application of the accounting segregation method be subject to prior authorisation by the relevant competent authorities. The competent authorities may grant authorisation subject to any conditions deemed appropriate and, in such cases, they shall monitor the use of the authorisation. Those authorities may withdraw the authorisation at any time if the beneficiary of the authorisation makes improper use of the accounting segregation method in any manner or fails to fulfil any of the other conditions laid down in this Chapter.

ARTICLE 3.11

Sets

Sets, as defined in General Rule 3 for the Interpretation of the Harmonized System, shall be regarded as originating if all their component products are originating.

Nevertheless, if a set is composed of originating and non-originating products, the set as a whole shall be regarded as originating, provided that the value of the non-originating products does not exceed 15 % (fifteen per cent) of the ex-works price of the set.

ARTICLE 3.12

Neutral elements

In order to determine whether a product is originating, it is not necessary to determine the origin of the following elements used in its manufacture:

- (a) energy and fuel;
- (b) plant and equipment;
- (c) machines and tools; or
- (d) goods which do not enter and which are not intended to enter into the final composition of the product.

ARTICLE 3.13

Principle of territoriality

1. The conditions set out in this Chapter relating to the acquisition of originating status shall be fulfilled without interruption in the European Union or MERCOSUR.

2. If originating goods exported from the European Union or MERCOSUR to a third country are returned, they shall be considered to be non-originating unless it can be demonstrated to the satisfaction of the customs authorities that the goods returned:

- (a) are the same as those exported; and
- (b) have not undergone any operation beyond that necessary to preserve them in good condition while in that third country or while being exported.

ARTICLE 3.14

Transport conditions

1. The products declared for importation into a Party shall be the same products as exported from the Party in which they are considered originating. They shall not have been altered, transformed in any way or subjected to operations other than those to preserve them in good condition or to add or affix marks, labels, seals or any other distinguishing signs, in order to ensure compliance with specific domestic requirements of the importing Party, prior to being declared for import.

2. Storage of products or consignments and splitting of consignments may take place if carried out under the responsibility of the exporter or of a subsequent holder of the goods, and if the products remain under customs control in the country or countries of transit.

3. In case of doubt as to whether the requirements provided for in paragraphs 1 and 2 are complied with, the customs authorities of the importing Party may request the importer to provide evidence of compliance, which may be given by any means, including contractual transport documents such as bills of lading, factual or concrete evidence based on marking or numbering of packages or any evidence related to the product itself.

ARTICLE 3.15

Exhibitions

1. Originating products sent for exhibition in a third country and sold after the exhibition for importation into the European Union or MERCOSUR shall benefit on importation from the provisions of this Agreement if it is shown to the satisfaction of the customs authorities of the importing Party that:
 - (a) an exporter has consigned the products from the European Union or MERCOSUR to the third country in which the exhibition is held and has exhibited them there;
 - (b) the products have been sold or otherwise disposed of by that exporter to a person in the European Union or MERCOSUR;
 - (c) the products have been consigned during the exhibition or immediately thereafter in the state in which they were sent for exhibition; and
 - (d) the products have not, since they were consigned for exhibition, been used for any purpose other than demonstration at the exhibition.

2. A statement on origin shall be made out pursuant to Section B and submitted to the customs authorities of the importing Party. The name and address of the exhibition shall be indicated thereon.

3. Paragraph 1 applies to any trade, industrial, agricultural or crafts exhibition, fair or similar public show or display which is organised for purposes other than private purposes in shops or business premises with a view to the sale of foreign products, and during which the products remain under customs control.

SECTION B

ORIGIN PROCEDURES

ARTICLE 3.16

General requirements

Products originating in the European Union on importation into MERCOSUR, and products originating in MERCOSUR on importation into the European Union, shall benefit from preferential tariff treatment under this Agreement upon submission of a statement on origin in accordance with Article 3.17 and each Party's laws and regulations⁶.

⁶ A certificate of origin will be valid in accordance with the transitional measures contained in Annex 3-D, for the time period specified therein.

ARTICLE 3.17

Conditions for making out a statement on origin

1. A statement on origin as referred to in Article 3.16 may be made out by:
 - (a) an exporter in accordance with the relevant laws and regulations of the Party of export; or
 - (b) any exporter for any small consignment consisting of one or more packages containing originating products whose total value does not exceed the threshold stipulated in the relevant laws and regulations of the Party of export.
2. The Parties shall exchange information on the relevant laws and regulations as referred to in paragraph 1:
 - (a) on the date of entry into force of this Agreement;
 - (b) if there are any modifications to such laws and regulations, prior to the entry into force of such modifications; and
 - (c) on request of either Party, at any time after the entry into force of this Agreement.
3. A statement on origin may be made out if the products concerned are products originating in the European Union or MERCOSUR and fulfil the other requirements of this Chapter.

4. The exporter making out a statement on origin shall be prepared to submit at any time, at the request of the customs authorities or competent governmental authorities of the Party of export, all appropriate documents proving the originating status of the products concerned and the fulfilment of the other requirements of this Chapter.

5. The exporter shall make out a statement on origin on the invoice, the delivery note, or any other commercial document that describes the originating product in sufficient detail to enable its identification using one of the language versions set out in Annex 3-C and in accordance with the laws and regulations of the Party of export.

6. A statement on origin shall bear the original, handwritten signature of the exporter unless otherwise provided in the relevant laws and regulations of the Party of export.

7. A statement on origin may be made out by the exporter when the products to which it relates are exported, or after exportation provided that it is presented in the Party of import no later than 2 (two) years after the importation of the products to which it relates.

ARTICLE 3.18

Validity of a statement on origin

1. A statement on origin shall be valid for 12 (twelve) months from the date on which it was made out by the exporter, and shall be submitted within that time period to the customs authorities of the Party of import.

2. Statements on origin submitted after the time period specified in paragraph 1 may be accepted for the purpose of applying preferential treatment only if the failure to submit them within that time period was due to exceptional circumstances.

3. In other cases of belated submission, the customs authorities of the Party of import may accept the statement on origin if the products have been submitted before the final date.

ARTICLE 3.19

Importation by instalments

If, at the request of the importer and subject to the conditions set by the customs authorities of the Party of import, dismantled or non-assembled products within the meaning of General Rule 2(a) for the Interpretation of the Harmonized System that are classified within Sections XV to XXI of the Harmonized System are imported by instalments, a single statement on origin for such products shall be submitted to the customs authorities upon importation of the first instalment.

ARTICLE 3.20

Exemptions from a statement on origin

1. Products sent as small packages from private persons to private persons or forming part of travellers' personal luggage shall be admitted as originating products without requiring the submission of a statement on origin if such products are not imported by way of trade and have been declared as meeting the requirements of this Chapter, and if there is no doubt as to the veracity of the declaration. In the case of products sent by post, the declaration can be made on the customs declaration CN22/CN23 or on a sheet of paper annexed to that document.
2. Imports which are occasional and consist solely of products for the personal use of the recipients or travellers or their families shall not be considered to be imports by way of trade if it is evident from the nature and quantity of the products that no commercial purpose is intended.
3. The total value of the products referred to in paragraph 1 shall not exceed the values stipulated in the laws and regulations of the Party of import. The Parties shall exchange information on those values.

ARTICLE 3.21

Supporting documents

The documents referred to in Article 3.17(4) may include:

- (a) direct evidence of the processes carried out by the exporter or supplier to obtain the goods concerned, contained, for example, in their accounts or internal book-keeping;
- (b) documents proving the originating status of materials used, issued or made out in the European Union or MERCOSUR, if those documents are used, issued or made out in accordance with that Party's laws and regulations;
- (c) documents proving the working or processing of materials in the European Union or MERCOSUR, issued or made out in the European Union or MERCOSUR, if those documents are used, issued or made out in accordance with that Party's laws and regulations; and
- (d) a statement on origin proving the originating status of materials used made out in the European Union or MERCOSUR in accordance with this Chapter.

ARTICLE 3.22

Record-keeping requirements

The exporter making out a statement on origin shall keep, for at least 3 (three) years as of the date of making out the statement on origin, a copy of that statement on origin and of the documents referred to in Article 3.17(4). The importer shall keep that statement on origin, or a copy thereof if the original is held by the customs authority or competent governmental authority, for at least 3 (three) years as of the date of importation of the products to which that statement on origin refers.

ARTICLE 3.23

Discrepancies and formal errors

1. Slight discrepancies between the statements on origin and the documents submitted to the customs office for the purpose of carrying out the formalities for importing the products shall not render the statement on origin null and void if it is duly established that the statement on origin corresponds to the products submitted.
2. Obvious formal errors on a statement on origin shall not cause the statement on origin to be rejected if such errors do not create doubts concerning the correctness of the information contained in the statement on origin.

ARTICLE 3.24

Cooperation between customs authorities and competent governmental authorities

1. The customs authorities or competent governmental authorities of the Member States of the European Union and of the Signatory MERCOSUR State shall provide each other, by means of communication between the European Commission and the Secretariat of MERCOSUR, with the addresses of the customs authorities or competent governmental authorities responsible for verifying statements on origin.
2. In order to ensure the proper application of this Chapter, the European Union and MERCOSUR shall assist each other, through their customs authorities or competent governmental authorities, in checking the authenticity of statements on origin and the correctness of the information given in these statements.
3. To prevent, investigate and combat breaches of customs legislation, Annex 4-A provides for cooperation between customs authorities or competent governmental authorities, including the presence of duly authorised officials of one Party in the territory of the other, subject to the agreement of and the conditions set by the Party in whose territory the assistance is being given.

ARTICLE 3.25

Verification of statements on origin

1. Verifications of statements on origin shall be carried out at random or whenever the customs authorities or competent governmental authorities of the Party of import have reasonable doubts as to the authenticity of such statements, the originating status of the products concerned or the fulfilment of the other requirements of this Chapter.

2. For the purpose of implementing paragraph 1, the customs authorities or competent governmental authorities of the Party of import shall return the statement on origin, or a copy thereof, to the customs authorities or competent governmental authorities of the Party of export, providing the reasons for the request for verification. Any documents or information obtained suggesting that the information provided on the statement on origin is incorrect shall be included in support of the request for verification.

3. The request for verification and the subsequent reply shall be submitted in an official language of the customs authority or competent governmental authority of the Party of import requesting the verification, in a language acceptable to that Party or in accordance with Article 5(3) of Annex 4-A.

4. The verification shall be carried out by the customs authorities or competent governmental authorities of the Party of export. For this purpose, they have the authority to call for any evidence and to carry out any inspections of the exporter's accounts or any other check that they consider appropriate.

5. If the customs authorities or competent governmental authorities of the Party of import decide to suspend the granting of preferential treatment to the products concerned while awaiting the results of the verification, they shall offer to release the products to the importer subject to any precautionary measures that the customs authorities or competent governmental authorities deem necessary. Any suspension of preferential treatment shall be terminated as soon as possible after the Party of import has determined the origin of the products.

6. The customs authorities or competent governmental authorities of the Party of export shall inform the authorities of the Party of import requesting the verification of the results thereof as soon as possible. The Party of export shall provide to the customs authorities or competent governmental authorities of the Party of import the following information:

- (a) the results of the verification;
- (b) a description of the product subject to verification and the tariff classification relevant for the application of the rules of origin;
- (c) a description and explanation of the manufacture sufficient to support the rationale concerning the originating status of the product;
- (d) information on the manner in which the verification was conducted; and
- (e) if appropriate, supporting documentation.

7. If there is no reply within 10 (ten) months of the date of the verification request or if the reply does not contain sufficient information to determine the authenticity of the statement in question or the origin of the products, the requesting customs authorities or competent governmental authorities shall, except in exceptional circumstances, refuse preferential tariff treatment to the products covered by the statement on origin. The period of 10 (ten) months may be extended by mutual agreement between the Parties, taking into account the number of verification requests and the complexity of the verifications.

8. The customs authorities or competent governmental authorities of the Party of import requesting the verification shall, at the request of the customs authorities or competent governmental authorities of the Party of export, notify those authorities of their decision on the verification process.

ARTICLE 3.26

Consultations

1. If, in relation to the verification procedures set out in Article 3.25, the customs authorities or competent governmental authorities of the Party of import intend to make a determination of origin that is not consistent with the reply provided by the customs authorities or competent governmental authorities of the Party of export in accordance with Article 3.25(6), the Party of import shall notify this intention to the Party of export within 60 (sixty) days of receiving the reply in accordance with Article 3.25(6).

2. At the request of either Party, the Parties shall hold consultations within 90 (ninety) days of the date of the notification referred to in paragraph 1 or within an agreed period of time, with a view to resolving differences in relation to the verification procedures. The period for consultation may be extended on a case-by-case basis by mutual written agreement between the Parties.

3. If there are differences in relation to the verification procedures which cannot be settled between the customs authorities or competent governmental authorities of the Party of import requesting a verification and the customs authorities or competent governmental authorities of the Party of export responsible for carrying out this verification, or if such differences raise questions as to the interpretation of this Chapter, such differences or questions shall be submitted to the Subcommittee on customs, trade facilitation and rules of origin, referred to in Article 3.32.

4. The customs authorities or competent governmental authorities of the Party of import requesting a verification may make the determination of origin after consultations in the Subcommittee on customs, trade facilitation and rules of origin and only on the basis of sufficient justification, after having granted the importer the right to be heard. The determination shall be notified to the Party of export.

5. Nothing in this Article shall affect the procedures or the rights of the Parties under Chapter 21.

6. In all cases, disputes between the importer and the customs authorities or competent governmental authorities of the Party of import shall be settled under the law of that Party.

ARTICLE 3.27

Confidentiality

1. Each Party shall maintain, in conformity with its law, the confidentiality of the information collected pursuant to this Chapter and shall protect that information from disclosure.
2. Information obtained by the authorities of the importing Party may only be used by those authorities for the purposes of this Chapter. Each Party shall ensure that the confidential information collected pursuant to this Chapter is not used for purposes other than the administration and enforcement of determination of origin and of customs matters, except with the permission of the person or Party that provided such confidential information.
3. Notwithstanding paragraph 2, the importing Party may allow information collected pursuant to this Chapter to be used or disclosed in any administrative, judicial or jurisdictional proceedings instituted for failure to comply with customs related laws implementing this Chapter. In such a case the importing Party shall notify the exporting Party of the use or disclosure of the information.

ARTICLE 3.28

Administrative measures and sanctions

A Party shall impose, in accordance with its laws and regulations, administrative measures and sanctions 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.

SECTION C

FINAL PROVISIONS

ARTICLE 3.29

Ceuta and Melilla

1. For the purposes of this Chapter, in the case of the European Union, the term "Party" does not include Ceuta and Melilla.
2. Products originating in MERCOSUR, when imported into Ceuta and Melilla, shall in all respects be subject to the same customs treatment under this Agreement as that which is applied to products originating in the customs territory of the European Union under Protocol 2 of the Act of Accession of the Kingdom of Spain and the Portuguese Republic to the European Union. MERCOSUR shall grant to imports of products covered by this Agreement and originating in Ceuta and Melilla the same customs treatment as that which is granted to products imported from and originating in the European Union.
3. The rules of origin and origin procedures referred to in this Chapter shall apply, *mutatis mutandis*, to products exported from MERCOSUR to Ceuta and Melilla and to products exported from Ceuta and Melilla to MERCOSUR.
4. Ceuta and Melilla shall be considered to be a single territory.
5. The exporter shall indicate "MERCOSUR" or "Ceuta and Melilla" in field 2 of the text of the statement on origin, depending on the origin of the product.

6. The customs authorities of the Kingdom of Spain shall be responsible for the application and implementation of this Chapter in Ceuta and Melilla.

ARTICLE 3.30

Tariff rate quotas

Products exported under tariff rate quotas granted by the European Union shall be accompanied by an official document issued by the Signatory MERCOSUR States, the model of which should be communicated to the European Union by MERCOSUR no later than the date of entry into force of this Agreement⁷.

ARTICLE 3.31

Goods in transit or storage

This Agreement may be applied to goods which comply with this Chapter and which, on the date of entry into force of this Agreement, are either in transit or in temporary storage in bonded warehouses or in free zones in the European Union or in MERCOSUR, subject to the submission to the customs authorities of the importing Party, within 6 (six) months of said date, of a statement on origin and, if appropriate, the documents showing that the goods comply with Article 3.14.

⁷ This provision applies without prejudice to the other provisions in this Chapter.

ARTICLE 3.32

Subcommittee on customs, trade facilitation and rules of origin

1. The Subcommittee on customs, trade facilitation and rules of origin established pursuant to Article 22.3(4) shall have the following functions, in addition to those listed in Articles 4.6(10), 4.21 and 22.3:

- (a) conduct the preparatory internal work necessary for the Trade Committee on:
 - (i) the implementation and operation of this Chapter; and
 - (ii) any amendments to this Chapter proposed by a Party;
- (b) adopt explanatory notes to facilitate the implementation of this Chapter; and
- (c) conduct, where necessary, the consultations provided for in Article 3.26.

ARTICLE 3.33

Explanatory notes

The Subcommittee on customs, trade facilitation and rules of origin shall adopt, as appropriate, explanatory notes regarding the interpretation, application and administration of this Chapter.

ARTICLE 3.34

Amendments to this Chapter

The Trade Council may amend this Chapter pursuant to point (f) of Article 22.1(6).