ANNEX I

DEFINITION OF THE CONCEPT OF ORIGINATING PRODUCTS AND METHODS OF ADMINISTRATIVE CO-OPERATION

ANNEX I [1]

DEFINITION OF THE CONCEPT OF ORIGINATING PRODUCTS AND METHODS OF ADMINISTRATIVE CO-OPERATION

Referred to in Article 5

TITLE I - GENERAL PROVISIONS

ARTICLE 1

Definitions

1. For the purposes of this Annex:

"*chapters*" and "*headings*" means the chapters and the headings (four-digit codes) used in the nomenclature of the Harmonized System;

"*classified*" refers to the classification of a product or material under a particular heading;

"*customs value*" means the calculated value determined in accordance with the Agreement on implementation of Article VII of the General Agreement on Tariffs and Trade 1994 (WTO Agreement on Customs Valuation);

"*ex-works price*" means the price paid for the product ex-works to the manufacturer in an EFTA State or in Mexico in whose undertaking the last working or processing is carried out, provided the price includes the value of all the materials used, minus any internal taxes returned or repaid when the product obtained is exported;[2]

"*goods*" means both materials and products;

"*Harmonized System*" means the Harmonized Commodity Description and Coding System in force, including its general rules and legal notes of section, chapter, heading and subheading, as adopted by the Parties in their respective laws;

"*manufacture*" means any kind of working or processing, including assembly or specific operations;

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[1] As amended by Joint Committee Decision No. 2 of 2002 (22 October 2002); entry into force 1 January 2003 and Joint Committee Decision No. 1 of 2008 (23 September 2008); entry into force 1 May 2009.

[2] In case the ex-works price is not known or is uncertain, the producer or an exporter of the goods may use the cost of manufacturing of the product.

"*material*" means any ingredient, raw material, component or part, etc., used in the manufacture of the product;

"*non-originating goods*" means products or materials which do not qualify as originating under this Annex;

"*product*" means the product being manufactured, even if it is intended for later use in another manufacturing operation;

"value of materials" means the customs value at the time of importation of the non-originating materials used, or, if this is not known and cannot be ascertained, the first ascertainable price paid for the materials in an EFTA State or in Mexico;

"*value of originating materials*" means the value of originating materials in accordance with the definition of *"value of materials"* applied mutatis mutandis.

2. Where reference is made to "*the customs authorities or the competent governmental authority*" it relates to the customs authorities of each EFTA State and the "Secretaría de Comercio y Fomento Industrial" of Mexico, or its successor.

TITLE II - DEFINITION OF THE CONCEPT "ORIGINATING PRODUCTS"

ARTICLE 2

Origin Criteria

1. For the purpose of this Agreement, the following products shall be considered as originating in an EFTA State[3]:

(a) products wholly obtained in an EFTA State within the meaning of Article 4;

(b) products obtained in an EFTA State incorporating materials which have not been wholly obtained there, provided that such materials have undergone sufficient working or processing in the EFTA State concerned within the meaning of Article 5; or

(c) products obtained in an EFTA State exclusively from materials that qualify as originating pursuant to this Annex.

2. For the purpose of this Agreement, the following products shall be considered as originating in Mexico:

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[3] Due to the Customs Union between Switzerland and Liechtenstein, products originating in Liechtenstein are considered as originating in Switzerland.

(a) products wholly obtained in Mexico within the meaning of Article 4;

(b) products obtained in Mexico incorporating materials which have not been wholly obtained there, provided that such materials have undergone sufficient working or processing in Mexico within the meaning of Article 5; or

(c) products obtained in Mexico exclusively from materials that qualify as originating pursuant to this Annex.

ARTICLE 3

Cumulation of origin

1. Notwithstanding Article 2, materials originating in another Party within the meaning of this Annex shall be considered as materials originating in the Party concerned and it shall not be necessary that such materials have undergone sufficient working or processing there, provided however that the working or processing goes beyond that referred to in Article 6.

2. Products originating in another Party within the meaning of this Annex, and exported from one Party to another in the same state or having undergone in the exporting Party no working or processing going beyond that referred to in Article 6, retain their origin.

3. For the purpose of implementing paragraph 2, where products originating in two or more of the Parties are used and those products have undergone working or processing in the exporting Party not going beyond that referred to in Article 6, the origin is determined by the product with the highest customs value or, if this is not known and cannot be ascertained, with the highest first ascertainable price paid for that product in that Party.

ARTICLE 4

Wholly obtained products

1. The following shall be considered as wholly obtained in an EFTA State or in Mexico:

(a) mineral products extracted from their soil or from their seabed;

(b) vegetable products harvested there;
(c) live animals born and raised there;

(d) products from live animals raised there;

(e) products obtained by hunting or fishing conducted there;

(f) products of sea fishing and other products taken from the sea outside the territorial sea of an EFTA State or Mexico by their vessels;

(g) products manufactured aboard their factory ships, exclusively from products referred to in sub-paragraph (f);

(h) used articles collected there fit only for the recovery of raw materials, including used tyres fit only for retreading or for use as waste[4];

(i) waste and scrap resulting from manufacturing operations conducted there;

(j) products extracted from the seabed or beneath the seabed outside their territorial sea, provided that they have sole rights to exploit such seabed; and

(k) products manufactured there exclusively from the products specified in sub-paragraphs (a) to (j).

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

(a) which are registered or recorded in an EFTA State or in Mexico;

(b) which sail under the flag of an EFTA State or of Mexico;

(c) which are owned to an extent of at least 50 per cent by nationals of an EFTA State or of Mexico, or by a company with its head office in an EFTA State or of Mexico, of which the manager or managers, Chairman of the Board of Directors or the Supervisory Board, and the majority of the members of such boards are nationals of an EFTA State or of Mexico and of which, in addition, in the case of partnerships or limited companies, at least half the capital belongs to those states or Mexico or to public bodies, nationals or companies as referred to above of an EFTA State or of Mexico;

(d) of which the master and officers are nationals of EFTA States or of Mexico; and

(e) of which at least 75 per cent of the crew are nationals of EFTA States or of Mexico.

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[4] The importing Party may require that these products are liable to a customs regime securing the use as specified in this sub-paragraph.

ARTICLE 5

Sufficiently worked or processed products

1. For the purposes of Article 2, products which are not wholly obtained are considered to be sufficiently worked or processed when the conditions set out in Appendix 2 are fulfilled.

The conditions referred to above indicate, for all products covered by this Agreement, the working or processing which shall be carried out on non-originating materials used in manufacturing and apply only in relation to such materials. Accordingly, it follows that if a product which has acquired originating status, regardless of whether this product has been manufactured in the same factory or in another factory in Mexico or in an EFTA State, by fulfilling the conditions set out in Appendix 2 is used as material in the manufacture of another product, the conditions applicable to such other product do not apply to a product that is used as material, and therefore no account shall be taken of any non-originating materials incorporated into such a product used as a material in the manufacture of another product.

2. Notwithstanding paragraph 1, the products which are not wholly obtained and which are listed in Appendix 2(a) shall be considered to be sufficiently worked or processed, for the purposes of Article 2, when the conditions set out in that Appendix are fulfilled.

3. Notwithstanding paragraph 1, non-originating materials which, according to the conditions set out in Appendix 2, should not be used in the manufacture of a product may nevertheless be used, provided that:

(a) their total value does not exceed 10 per cent of the ex-works price of the product;

(b) any of the percentages given in Appendix 2 for the maximum value of non-originating materials are not exceeded through the application of this paragraph.

This paragraph shall not apply to products falling within Chapters 50 to 63 of the Harmonized System. Appendix 1 shall apply to these products.

4. Paragraphs 1 to 3 shall apply except as provided for in Article 6.

ARTICLE 6

Insufficient working or processing operations

1. Without prejudice to paragraph 2, the following operations shall be considered as insufficient working or processing to confer the status of originating products, whether or not the requirements of Article 5 are satisfied:

(a) operations to ensure the preservation of products in good condition during transport and storage (ventilation, spreading out, drying, freezing, chilling, placing in salt, sulphur dioxide or other aqueous solutions, removal of damaged parts, and like operations);

(b) dilution with water or another substance that does not materially alter the characteristics of the product;

(c) simple[5] operations consisting of removal of dust, sifting or screening, sorting, classifying, matching (including the making-up of sets of articles), washing, painting, husking or unshelling, removal of grains and cutting up;

(d) (i) changes of packaging and breaking up and assembly of packages;

(ii) simple[4] placing in bottles, flasks, bags, cases, boxes, fixing on cards or boards, etc., and all other simple packaging operations;

(e) affixing marks, labels and other like distinguishing signs on products or their packaging;

(f) cleaning, including the removal of oxide, oil, paint or other coverings;

(g) simple[4] assembly of parts to constitute a complete product;

(h) simple mixing[6] of products, whether or not of different kinds, where one or more components of the mixtures do not meet the conditions laid down in Appendix 2 to enable them to be considered as originating in an EFTA State or Mexico;

(i) a combination of two or more operations specified in subparagraphs (a) to (h); and

(j) slaughter of animals.

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

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5 "simple", generally describes activities which need neither special skills nor machines, apparatus or equipment especially produced or installed for carrying out the activity.

6 "simple mixing", generally describes activities which need neither special skills nor machines, apparatus or equipment especially produced or installed for carrying out the activity. However, simple mixing does not include chemical reaction. Chemical reaction means a process (including a biochemical process) which results in a molecule with a new structure by breaking intramolecular bonds and by forming new intramolecular bonds, or by altering the spatial arrangement of atoms in a molecule.

ARTICLE 7

Unit of qualification

1. The unit of qualification for the application of the provisions of this Annex shall be the particular product which is considered as the basic unit when determining classification using the nomenclature of the Harmonized System.

Accordingly, it follows that:

(a) when a product composed of a group or assembly of articles is classified under a single heading, the whole constitutes the unit of qualification; or

(b) when a consignment consists of a number of identical products classified under the same heading, each product shall be taken individually into account when applying the provisions of this Annex.

2. Where, under General Rule 5 of the Harmonized System, packaging is included with the product for classification purposes, it shall be included for the purposes of determining origin.

ARTICLE 8

Accounting segregation

1. Where considerable costs or material difficulties are involved in keeping separate stocks of originating and non-originating materials which are identical and interchangeable, the customs authorities or the competent governmental authority may, at the written request of those concerned, authorise the so-called "accounting segregation" method to be used for managing such stocks.

2. This method shall be able to ensure that, for a specific reference-period, the number of products obtained which could be considered as "originating" is the same as that which would have been obtained if there had been physical segregation of the stocks.

3. This method shall be recorded, applied and maintained in accordance with the Generally Accepted Accounting Principles applicable in the Party in which the product is manufactured.

4. The customs authorities or the competent governmental authority may grant such authorisation, subject to any conditions deemed appropriate.

5. The beneficiary of this facilitation may issue or apply for proofs of origin, as the case may be, for the quantity of products which may be considered as originating. At the request of the customs authorities or the competent governmental authority, the beneficiary shall provide a statement of how the quantities have been managed.

6. The customs authorities or the competent governmental authority shall monitor the use made of the authorisation and may withdraw it at any time whenever the beneficiary uses it improperly or fails to fulfil any of the other conditions laid down in this Annex.

ARTICLE 9

Accessories, spare parts and tools

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

ARTICLE 10

Sets

Sets, as defined in General Rule 3 of the Harmonized System, shall be regarded as originating when all component products are originating. However, when 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 per cent of the ex-works price of the set.

ARTICLE 11

Neutral elements

In order to determine whether a product originates, it shall not be necessary to determine the origin of the following which might be used in its manufacture:

(a) energy and fuel;

(b) plant and equipment, including goods to be used for their maintenance;

(c) machines, tools, dies and moulds; and

(d) any other goods which do not enter into and which are not intended to enter into the final composition of the product.

TITLE III - TERRITORIAL REQUIREMENTS

ARTICLE 12

Principle of territoriality

1. Except as provided for in Article 3, the conditions set out in Title II shall be fulfilled without interruption in an EFTA State or in Mexico.

2. If originating goods exported from an EFTA State or Mexico to a non-Party are returned, they shall be considered as non-originating, unless it can be demonstrated to the satisfaction of the customs authorities that:

(a) the goods returned are the same goods as those exported; and

(b) they have not undergone any operation beyond that necessary to preserve them in good condition while in that country or while being exported.

ARTICLE 13

Direct transport

1. The preferential treatment provided for under this Agreement applies only to products satisfying the requirements of this Annex, which are transported directly between an EFTA State and Mexico. However, products may be transported through other countries with, should the occasion arise, trans-shipment or temporary warehousing in such countries, provided that they remain under the surveillance of the customs authorities in the country of transit or warehousing and do not undergo operations other than unloading, reloading, splitting-up of consignments or any operation designed to preserve them in good condition.

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

(a) transport documents covering the passage from the exporting Party through the country of transit; or

(b) failing these, any other substantiating documents.

ARTICLE 14

Exhibitions

1. Originating products sent for exhibition outside the Parties and sold after the exhibition for importation into an EFTA State or into Mexico shall, on importation benefit from the preferential treatment under this Agreement provided it is shown to the satisfaction of the customs authorities that:

(a) an exporter has consigned these products from an EFTA State or Mexico to the 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 an EFTA State or in Mexico;

(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. Paragraph 1 shall apply to any trade, industrial, agricultural or crafts exhibition, fair or similar public show or display which is not organised for 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. The customs authorities of the importing Party may require evidence that the products have remained under customs control in the country of exhibition, as well as additional documentary evidence of the conditions under which they have been exhibited.

3. A proof of origin shall be issued or made out in accordance with the provisions of Title V and submitted to the customs authorities of the importing Party in the normal manner. The name and address of the exhibition must be indicated thereon. In the case of a movement certificate EUR.1, this indication should be inserted in the “Remarks” Box.

TITLE IV - DRAWBACK OR EXEMPTION

ARTICLE 15

Prohibition of drawback of, or exemption from, import duties

1. Non-originating materials, used in the manufacture of products originating in an EFTA State or in Mexico within the meaning of this Annex for which a proof of origin is issued or made out in accordance with the provisions of Title V shall not be subject in an EFTA State or in Mexico to drawback of, or exemption from, import duties.

2. For the purpose of this Article, the term "import duties" includes customs duties on imports, as defined in Article 6 (4) of this Agreement. However, they shall include anti-dumping and countervailing duties.

3. The prohibition in paragraph 1 shall apply to any arrangement for refund, remission or non-payment, partial or complete, of import duties applicable in an EFTA State or Mexico to materials used in the manufacture, where such refund, remission or non-payment applies, expressly or in effect, when products obtained from such materials are exported and not when they are retained for home use there[7].

4. The exporter of products covered by a proof of origin shall be prepared to submit at any time, upon request from the customs authorities, all appropriate documents proving that no drawback has been obtained in respect of the non-originating materials used in the manufacture of the products concerned and that all import duties applicable to such materials have actually been paid.

5. The provisions of paragraphs 1 to 4 shall also apply in respect of packaging within the meaning of Article 7 (2), accessories, spare parts and tools within the meaning of Article 9 and products in a set within the meaning of Article 10, when such items are non-originating.

6. This Article shall apply as from 1 January 2003.

TITLE V - PROOF OF ORIGIN

ARTICLE 16

General Requirements

1. Products originating in an EFTA State or in Mexico shall, on importation into another Party benefit from the preferential treatment under this Agreement upon submission of either:

(a) a movement certificate EUR.1, a specimen of which appears in Appendix 3; or

(b) in the cases specified in Article 21 (1), a declaration, the text of which appears in Appendix 4, given by the exporter on an invoice, a delivery note or any other commercial document which describes the products concerned in sufficient detail to enable them to be identified (hereinafter referred to as the "invoice declaration").

2. In accordance with Article 24 and the law of the importing Party, the importer shall request preferential treatment at the time of importation of an originating product, whether or not he has a proof of origin.

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[7] The Parties agree that payment of import duties can be deferred until after the final product is exported so that the final destination of the product can be known by authorities.

In the case that the importer at the time of importation does not have in his possession a proof of origin, the importer of the product may, in accordance with the law of the importing Party, present the original proof of origin and if required such other documentation relating to the importation of the product at a later stage, within a time limit being for Mexico one year after the time of importation and for the EFTA States at least one year after the time of customs clearance.

3. Notwithstanding paragraph 1, originating products within the meaning of this Annex shall, in the cases specified in Article 26, on importation benefit from the preferential treatment under this Agreement without it being necessary to submit any of the documents referred in paragraph 1.

ARTICLE 17

Procedure for the issue of a movement certificate EUR.1

1. A movement certificate EUR.1 shall be issued by the customs authorities or the competent governmental authority of the exporting Party[8] on application having been made in writing by the exporter or, under the exporter's responsibility, by his authorised representative.

2. For this purpose, the exporter or his authorised representative shall fill out both the movement certificate EUR.1 and the application form, a specimen of which appear in Appendix 3. These forms shall be completed in one of the official languages of the Parties or in English in accordance with the provisions of the law of the exporting Party. If they are handwritten, they shall be completed in ink in printed characters. The description of the products must be given in the box reserved for this purpose without leaving any blank lines. Where the box is not completely filled, a horizontal line shall be drawn below the last line of the description and the empty space must be crossed through.

3. The exporter applying for the issue of a movement certificate EUR.1 shall be prepared to submit at any time, at the request of the customs authorities or the competent governmental authority of the exporting Party issuing the movement certificate EUR.1, all appropriate documents proving the originating status of the products concerned as well as the fulfilment of the other requirements of this Annex.

4. A movement certificate EUR.1 shall be issued by the customs authorities or competent governmental authority if the products concerned can be considered as products originating in an EFTA State or in Mexico and fulfil the other requirements of this Annex.

5. The issuing customs authorities or the competent governmental authority shall take any steps necessary to verify the originating status of the products and the fulfilment of the other requirements of this Annex. For this purpose, they shall have the right to request for any evidence and to carry out any inspection of the exporter's

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[8] Due to the Customs Union between Switzerland and Liechtenstein, Switzerland will act on behalf of Liechtenstein.

accounts or any other control considered appropriate. The issuing customs authorities or competent governmental authority shall also ensure that the forms referred to in paragraph 2 are duly completed. In particular, they shall check whether the space reserved for the description of the products has been completed in such a manner as to exclude all possibility of fraudulent additions.

6. The date of issue of the movement certificate EUR.1 shall be indicated in Box 11 of the certificate.

7. A movement certificate EUR.1 shall be issued by the customs authority or the competent governmental authority and made available to the exporter as soon as actual exportation has been effected or ensured.

ARTICLE 18

Movement certificates EUR.1 issued retrospectively

1. Notwithstanding Article 17(7), a movement certificate EUR.1 may exceptionally be issued after exportation of the products to which it relates if:

(a) it was not issued at the time of exportation because of errors or involuntary omissions or special circumstances; or

(b) it is demonstrated to the satisfaction of the customs authorities or the competent governmental authority that a movement certificate EUR.1 was issued but was not accepted at importation for technical reasons.

2. For the implementation of paragraph 1, the exporter shall indicate in the application the place and date of exportation of the products to which the movement certificate EUR.1 relates, and state the reasons for his request.

3. The customs authorities or the competent governmental authority may issue a movement certificate EUR.1 retrospectively only after verifying that the information supplied in the exporter's application agrees with that in the corresponding file.

4. Movement certificates EUR.1 issued retrospectively must be endorsed with one of the following phrases:

"ÚTGEFIÐ EFTIR Á", "NACHTRÄGLICH AUSGESTELLT", "DÉLIVRÉ Á POSTERIORI", "RILASCIATO A POSTERIORI", "ISSUED RETROSPECTIVELY", "UTSTEDT SENERE", "EXPEDIDO A POSTERIORI".

5. The endorsement referred to in paragraph 4 shall be inserted in the “Remarks” Box of the movement certificate EUR.1.

ARTICLE 19

Issue of a duplicate movement certificate EUR.1

1. In the event of theft, loss or destruction of a movement certificate EUR.1, the exporter may apply to the customs authorities or the competent governmental authority which issued it for a duplicate made out on the basis of the export documents in their possession.

2. The duplicate issued in this way shall be endorsed with one of the following words:

"EFTIRRIT", "DUPLIKAT", "DUPLICATA", "DUPLICATO", "DUPLICATE", “DUPLICADO”.

3. The endorsement referred to in paragraph 2 shall be inserted in the ”Remarks” Box of the duplicate movement certificate EUR.1.

4. The duplicate, which shall bear the date of issue of the original movement certificate EUR.1, shall take effect as from that date.

ARTICLE 20

Issue of movement certificates EUR.1 on the basis of proof of origin issued or made out previously

When originating products are placed under the control of a customs office in an EFTA State or in Mexico, it shall be possible to replace the original proof of origin by one or more movement certificates EUR.1 for the purpose of sending all or some of these products to another Party or elsewhere within the importing Party concerned. The replacement movement certificate(s) EUR.1 shall be issued, in accordance with the law of the importing Party, by the customs office under whose control the products are placed.

ARTICLE 21

Conditions for making out an invoice declaration

1. An invoice declaration referred to in Article 16 (1) (b) may be made out:

(a) by an approved exporter within the meaning of Article 22; or

(b) by any exporter for any consignment consisting of one or more packages containing originating products the total value of which does not exceed any of the following amounts:

(i) 6000 euro

(ii) 5400 US dollar (USD)

(iii) 55000 Mexican pesos (MXP)

(iv) 50000 Norwegian kroner (NOK)

(v) 510000 Icelandic kroner (ISK)

(vi) 10300 Swiss francs (CHF)

Where the goods are invoiced in a currency other than those mentioned in this sub-paragraph, the amount equivalent to the amount expressed in the national currency of the importing Party shall be applied.

2. An invoice declaration may be made out if the products concerned can be considered as products originating in an EFTA State or in Mexico and fulfil the other requirements of this Annex.

3. An exporter making out an invoice declaration shall be prepared to submit at any time, at the request of the customs authorities or the competent governmental authority of the exporting Party, all appropriate documents proving the originating status of the products concerned as well as the fulfilment of the other requirements of this Annex.

4. An invoice declaration shall be made out by the exporter by typing, stamping or printing on the invoice, the delivery note or another commercial document, the declaration, the text of which appears in Appendix 4, using one of the linguistic versions set out in that Appendix and in accordance with the provisions of the law of the exporting Party. If the declaration is handwritten, it shall be written in ink in printed characters.

5. Invoice declarations shall bear the original signature of the exporter in manuscript. However, an approved exporter within the meaning of Article 22 shall not be required to sign such declarations, provided that he/she gives the customs authorities or the competent governmental authority of the exporting Party a written undertaking that he/she accepts full responsibility for any invoice declaration which identifies him/her as if it had been signed in manuscript by him/her.

6. An invoice declaration may be made out by the exporter when the products to which it relates are exported, or after exportation.

ARTICLE 22

Approved exporter

1. The customs authorities or the competent governmental authority of the exporting Party may authorise any exporter, hereafter referred to as “approved exporter”, who makes frequent shipments of products under this Agreement to make out invoice declarations irrespective of the value of the products concerned. An exporter seeking such authorisation shall offer to the satisfaction of the customs authorities or the competent governmental authority all guarantees necessary to verify the originating status of the products as well as the fulfilment of the other requirements of this Annex.

2. The customs authorities or the competent governmental authority may grant the status of approved exporter subject to any conditions which they consider appropriate.

3. The customs authorities or the competent governmental authority shall grant to the approved exporter an authorisation number which shall appear on the invoice declaration.

4. The customs authorities or the competent governmental authority shall monitor the use of the authorisation by the approved exporter.

5. The customs authorities or the competent governmental authority may withdraw the authorisation at any time. They shall do so where the approved exporter no longer offers the guarantees referred to in paragraph 1, does not fulfil the conditions referred to in paragraph 2 or otherwise makes an incorrect use of the authorisation.

ARTICLE 23

Validity of proof of origin

1. A proof of origin shall be valid for ten months from the date of issue in the exporting Party, and shall be submitted within such period to the customs authorities of the importing Party.

2. Proofs of origin which are submitted to the customs authorities of the importing Party after the final date for presentation specified in paragraph 1 may be accepted for the purpose of applying for preferential treatment where the failure to submit these documents by the final date set is due to exceptional circumstances.

3. In other cases of belated presentation, the customs authorities of the importing Party may accept the proofs of origin where the products have been submitted before such final date.

ARTICLE 24

Submission of proof of origin

Proofs of origin shall be submitted to the customs authorities of the importing Party in accordance with the procedures applicable in that Party. Such authorities may require a translation of a proof of origin and may also require the import declaration to be accompanied by a statement from the importer to the effect that the products meet the conditions of this Annex.

ARTICLE 25

Import by instalments

Where, at the request of the importer and on the conditions laid down by the customs authorities of the importing Party, dismantled or non-assembled products within the meaning of General Rule 2 (a) of the Harmonized System falling within Sections XVI and XVII or headings 7308 and 9406 of the Harmonized System are imported by instalments, a single proof of origin for such products shall be submitted to the customs authorities upon importation of the first instalment.

ARTICLE 26

Exemptions from proof of 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 proof of origin, provided that such products are not imported by way of trade and have been declared as meeting the requirements of this Annex and where there is no doubt as to the veracity of such a declaration. In the case of products sent by post, this declaration can be made on 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 as imports by way of trade if it is evident from the nature and quantity of the products that no commercial purpose is intended.

3. In case of small packages the total value of these products shall not exceed any of the following amounts:

(i) 500 euro

(ii) 450 US dollar (USD)

(iii) 4600 Mexican pesos (MXP)

(iv) 4100 Norwegian kroner (NOK)

(v) 43000 Icelandic kroner (ISK)

(vi) 900 Swiss francs (CHF)

4. In case of products forming part of travellers’ personal luggage the total value of these products shall not exceed any of the following amounts:

(i) 1200 euro

(ii) 1000 US dollar (USD)

(iii) 11000 Mexican pesos (MXP)

(iv) 10000 Norwegian kroner (NOK)

(v) 100000 Icelandic kroner (ISK)

(vi) 2100 Swiss francs (CHF)

5. Where the value of the goods is invoiced or declared in a currency other than those mentioned in paragraphs 3 and 4 the amount equivalent to the amount expressed in the national currency of the importing Party shall be applied.

ARTICLE 27

Supporting documents

The documents referred to in Articles 17 (3) and 21 (3) used for the purpose of proving that products covered by a movement certificate EUR.1 or an invoice declaration can be considered as products originating in an EFTA State or in Mexico and fulfil the other requirements of this Annex may consist of *inter alia* the following:

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

(b) documents proving the originating status of materials used, issued or made out in an EFTA State or in Mexico where these documents are used, as provided for in their domestic law;

(c) documents proving the working or processing of materials in an EFTA State or in Mexico, issued or made out in an EFTA State or in Mexico where these documents are used, as it shall be provided in its domestic law; or

(d) movement certificates EUR.1 or invoice declarations proving the originating status of materials used, issued or made out in an EFTA State or in Mexico in accordance with this Annex.

ARTICLE 28

Preservation of proof of origin, and supporting documents

1. The exporter applying for the issue of a movement certificate EUR.1 shall keep for at least three years the documents referred to in Article 17 (3).

2. The exporter making out an invoice declaration shall keep for at least three years a copy of the invoice declaration in question as well as the documents referred to in Article 21 (3).

3. The customs authorities or the competent governmental authority of the exporting Party issuing a movement certificate EUR.1 shall keep for at least three years the application form referred to in Article 17 (2).

4. The customs authorities of the importing Party shall keep for at least three years the movement certificates EUR.1 and the invoice declarations submitted to them.

ARTICLE 29

Discrepancies and formal errors

1. The discovery of slight discrepancies between the statements made in the proof of origin and those made in the documents submitted to the customs office for the purpose of carrying out the formalities for importing the products shall not *ipso facto* render the proof of origin null and void if it is duly established that such document does correspond to the products submitted.

2. Obvious formal errors such as typing errors on a proof of origin should not cause this document to be rejected if these errors are not such as to create doubts concerning the correctness of the statements made in this document.

TITLE VI - ARRANGEMENTS FOR ADMINISTRATIVE CO-OPERATION

ARTICLE 30

Mutual assistance

1. The customs authorities of the EFTA States[9] and the competent governmental authority of Mexico[10] shall provide each other, through the EFTA Secretariat, with specimen impressions of stamps used in their customs or competent governmental authority' offices for the issue of movement certificates EUR.1, with information on the composition of the authorisation number for approved exporters, with a specimen of an original movement certificate EUR.1 form and with the addresses of the customs authorities or the competent governmental authority responsible for verifying movement certificates EUR.1 and invoice declarations.

2. In order to ensure the proper application of this Annex, the EFTA States and Mexico shall assist each other, through their respective administrations, to verify the authenticity of the movement certificates EUR.1 or the invoice declarations and the correctness of the information given in these documents.

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[9] Due to the Customs Union between Switzerland and Liechtenstein, Switzerland will act on behalf of Liechtenstein.

[10] The competent governmental authority of Mexico means the "Secretaría de Comercio y Fomento Industrial" or its successor.

ARTICLE 31

Verification of proofs of origin

1. Subsequent verifications of proofs of origin shall be carried out whenever the customs authorities of the importing Party want to verify the authenticity of such documents, the originating status of the products concerned or the fulfilment of the other requirements of this Annex.

2. For the purposes of implementing the provisions of paragraph 1, the customs authorities of the importing Party shall return the movement certificate EUR.1 and the invoice, if it has been submitted, the invoice declaration, or a copy of these documents, to the customs authorities or the competent governmental authority of the exporting Party giving the reasons for the inquiry. Any documents and information obtained suggesting that the information given on the proof of origin is incorrect shall be forwarded in support of the request for verification.

3. The verification shall be carried out by the customs authorities or the competent governmental authority of the exporting Party. For this purpose, they shall have the right to request any evidence and to carry out any inspection of the exporter's accounts or any other control considered appropriate.

4. If the customs authorities of the importing Party decide to suspend the granting of preferential treatment to the products covered by the proof of origin concerned while awaiting the results of the verification, release of the products shall be offered to the importer subject to any precautionary measures judged necessary, in accordance with their domestic law.

5. The customs authorities requesting the verification shall be informed of the results of this verification as soon as possible. These results shall indicate clearly whether the documents are authentic and whether the products concerned can be considered as products originating in an EFTA State or in Mexico and fulfil the other requirements of this Annex.

6. If there is no reply within ten months of the date of the verification request or if the reply does not contain sufficient information to be able to determine the authenticity of the document in question or the origin of the products, the requesting customs authorities shall be entitled, save in exceptional circumstances, to refuse to grant preferential treatment.

ARTICLE 32

Dispute settlement

1. Disputes arising in relation to the verification procedures pursuant to Article 31, which cannot be settled between the customs authorities requesting a verification and the customs authorities or the competent governmental authority responsible for carrying out such verification, or which raise a question as to the interpretation of this Annex shall be referred to the Sub-Committee on Customs and Origin Matters prior to

requesting consultations under Article 72 of this Agreement. The Sub-Committee shall present a report to the Joint Committee containing its conclusions.

2. Disputes between the importer and the customs authorities of the importing Party shall be governed by the law of that Party.

ARTICLE 33

Confidentiality

All information which is by nature confidential or which is provided on a confidential basis shall be covered by the obligation of professional secrecy, in accordance with the respective laws of each Party. It shall not be disclosed by the Parties' authorities without the express permission of the person or authority providing it. The communication of information shall be permitted where the customs authorities or competent governmental authority may be obliged or authorised to do so pursuant to the applicable legal provisions, particularly in respect of data protection, or in connection with legal proceedings.

ARTICLE 34

Penalties

Penalties shall be imposed on any person who draws up or causes to be drawn up, a document which contains incorrect information for the purpose of obtaining preferential treatment.

ARTICLE 35

Free zones

1. The EFTA States and Mexico shall take all necessary steps to ensure that products traded under cover of a proof of origin which in the course of transport use a free zone situated in their territory, are not substituted by other goods and do not undergo handling other than normal operations designed to prevent their deterioration.

2. Notwithstanding paragraph 1, when products originating in an EFTA State or in Mexico are imported into a free zone under cover of a proof of origin and undergo treatment or processing, the authorities concerned shall issue a new EUR.1 certificate at the exporter's request, if the treatment or processing undergone is in conformity with the provisions of this Annex.

TITLE VII - OTHER PROVISIONS

ARTICLE 36

Sub-Committee

1. A Sub-Committee of the Joint Committee on Customs and Origin Matters is hereby established.

2. The functions of the Sub-Committee shall be to exchange information, review developments, prepare and co-ordinate positions, prepare technical amendments to the rules of origin and assist the Joint Committee regarding:

(a) rules of origin and administrative co-operation as set out in this Annex;

(b) other matters that are referred to the Sub-Committee by the Joint Committee.

3. The Sub-Committee shall endeavour to resolve as soon as possible any dispute arising in relation to the verification procedures, as referred to in Article 32 (1) of this Annex.

4. The Sub-Committee shall report to the Joint Committee. The Sub-Committee may make recommendations to the Joint Committee on matters related to its functions.

5. The Sub-Committee shall act by consensus. The Sub-Committee shall be chaired alternatively by a representative of an EFTA State or Mexico for an agreed period of time. The chairperson shall be elected at the first meeting of the Sub-Committee.

6. The Sub-Committee shall meet as often as required. It may be convened by the Joint Committee, by the chairperson of the Sub-Committee on his/her own initiative or upon request of any Party. The venue shall alternate between Mexico and an EFTA State.

7. A provisional agenda for each meeting shall be prepared by the chairperson in consultation with all Parties, and forwarded to the Parties, as a general rule, not later than two weeks before the meeting.

ARTICLE 37

Explanatory Notes

1. The Parties shall agree on “Explanatory Notes” regarding the interpretation, application and administration of this Annex within the Sub-Committee on Customs and Origin Matters.

2. The Parties shall implement simultaneously the Explanatory Notes so agreed, in accordance with their respective internal procedures.

ARTICLE 38

Goods in transit or storage

The provisions of this Agreement may be applied to goods which comply with the provisions of this Annex and which on the date of entry into force of this Agreement are either in transit or are in an EFTA State or in Mexico or, in temporary storage in bonded warehouse under customs control or in free zones, subject to the submission to the customs authorities of the importing Party, within six months of the date, of a certificate EUR.1 endorsed retrospectively by the customs authorities or the competent governmental authority of the exporting Party together with the documents showing that the goods have been transported directly.