

ANNEX III

DEFINITION OF THE CONCEPT OF ORIGINATING PRODUCTS AND METHODS OF ADMINISTRATIVE COOPERATION

(Referred to in Article 3)

TITLE I

GENERAL PROVISIONS

Article 1

Definitions

For the purposes of this Annex:

- (a) 'manufacture': means any kind of working or processing, including assembly or specific operations;
- (b) 'material': means any ingredient, raw material, component or part, etc., used in the manufacture of the product;
- (c) 'product': means the product being manufactured, even if it is intended for later use in another manufacturing operation;
- (d) 'goods': means both materials and products;
- (e) 'non-originating goods': means products or materials which do not qualify as originating under this Annex;
- (f) '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);
- (g) 'ex-works price': means the price paid for the product ex-works to the manufacturer in Mexico or the Community 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;
- (h) '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 Mexico or the Community;
- (i) 'value of originating materials': means the value of such materials as defined in subparagraph (h) applied *mutatis mutandis*;
- (j) 'chapters' and 'headings': means the chapters and the headings (four-digit codes) used in the nomenclature of the Harmonised System;
- (k) 'classified': refers to the classification of a product or material under a particular heading;
- (l) '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;
- (m) 'Parties': means the United Mexican States (Mexico) and the European Community (Community);
- (n) 'territories': includes territorial waters;
- (o) 'Harmonised System': means the Harmonised 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;
- (p) 'competent governmental authority': means in the case of Mexico, the designated authority within the 'Secretaría de Comercio y Fomento Industrial' (Ministry of Trade and Industrial Development), or its successor.

TITLE II

DEFINITION OF THE CONCEPT 'ORIGINATING PRODUCTS'*Article 2***General requirements**

1. For the purpose of this Decision, the following products shall be considered as originating in the Community:
 - (a) products wholly obtained in the Community within the meaning of Article 4;
 - (b) products obtained in the Community incorporating materials which have not been wholly obtained there, provided that such materials have undergone sufficient working or processing in the Community within the meaning of Article 5.
2. For the purpose of this Decision, the following products shall be considered as originating in Mexico:
 - (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.

*Article 3***Bilateral cumulation of origin**

1. Materials originating in the Community shall be considered as materials originating in Mexico when incorporated into a product obtained there. It shall not be necessary that such materials have undergone sufficient working or processing, provided they have undergone working or processing going beyond that referred to in Article 6(1).
2. Materials originating in Mexico shall be considered as materials originating in the Community when incorporated into a product obtained there. It shall not be necessary that such materials have undergone sufficient working or processing, provided they have undergone working or processing going beyond that referred to in Article 6(1).

*Article 4***Wholly obtained products**

1. The following shall be considered as wholly obtained in the Community or 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 waters of the Community or Mexico by their vessels;
 - (g) products manufactured aboard their factory ships, exclusively from products referred to in subparagraph (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, provided that these articles are under the supervision of the customs authorities of the importing country;

- (i) waste and scrap resulting from manufacturing operations conducted there;
- (j) products extracted from the seabed or beneath the seabed outside their territorial waters, provided that they have sole rights to exploit such seabed;
- (k) goods produced there exclusively from the products specified in subparagraphs (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 Mexico or in a Member State of the Community;
- (b) which sail under the flag of Mexico or of a Member State of the Community;
- (c) which are owned to an extent of at least 50 % by nationals of a Member States of the Community or of Mexico, or by a company with its head office in one of the Member States of the Community or 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 Member States of the Community 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 or nationals⁽¹⁾ of the Member States of the Community or of Mexico;
- (d) of which the master and officers are nationals of Member States of the Community or of Mexico;
- (e) of which at least 75 % of the crew are nationals of Member States of the Community or of Mexico.

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 II are fulfilled.

The conditions referred to above indicate, for all products covered by this Decision, the working or processing which must 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 by fulfilling the conditions set out in the list is used in the manufacture of another product, the conditions applicable to the product in which it is incorporated do not apply to it, and no account shall be taken of the non-originating materials which may have been used in its manufacture.

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

The provisions of this paragraph shall apply for the periods or to the products listed in Appendix II(a).

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

- (a) their total value does not exceed 10 % of the ex-works price of the product;
- (b) any of the percentages given in the list 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 Harmonised System. Appendix I shall apply to these products.

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

⁽¹⁾ For purposes of this paragraph the term 'nationals' includes companies.

*Article 6***Insufficient working or processing operations**

1. Notwithstanding 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 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, removing of grains and cutting up;
- (d) (i) changes of packaging and breaking up and assembly of packages,
(ii) simple 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 mixing 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 II to enable them to be considered as originating in the Community or Mexico;
- (h) simple assembly of parts to constitute a complete product;
- (i) a combination of two or more operations specified in subparagraphs (a) to (h);
- (j) slaughter of animals.

2. All the operations carried out in either the Community or 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.

*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 Harmonised System.

Accordingly, it follows that:

- (a) when a product composed of a group or assembly of articles is classified under the terms of the Harmonised System in a single heading, the whole constitutes the unit of qualification;
- (b) when a consignment consists of a number of identical products classified under the same heading of the Harmonised System, each product must be taken individually when applying the provisions of this Annex.

2. Where, under General Rule 5 of the Harmonised 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 there is considerable cost involved in keeping separate stocks of originating and non-originating materials which are identical and interchangeable, the competent governmental authority or the customs authorities may, at the written request of those concerned, authorise the 'accounting segregation' method to be used for managing such stocks.

2. This method must 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 and maintained in accordance with the general accepted accounting principles applicable in the territory of the Party in which the product is manufactured.
4. The competent governmental authority or the customs authorities 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 competent governmental authority or the customs authorities, the beneficiary shall provide a statement of how the quantities have been managed.
6. The competent governmental authority or the customs authorities shall monitor the use made of the authorisation and may withdraw it at any time whenever the beneficiary makes improper use of the authorisation in any manner whatsoever 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 Harmonised System, shall be regarded as originating when all component products are originating. Nevertheless, 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 % 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;
- (d) any other goods which do not enter and which are not intended to enter into the final composition of the product.

TITLE III

TERRITORIAL REQUIREMENTS

Article 12

Principle of territoriality

1. The conditions set out in Title II relative to the acquisition of originating status must be fulfilled without interruption in Mexico or the Community.

2. If originating goods exported from Mexico or the Community to another country are returned, they must 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;
- (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 Decision applies only to products satisfying the requirements of this Annex, which are transported directly between Mexico and the Community. However, products constituting one single consignment may be transported through other territories with, should the occasion arise, transshipment or temporary warehousing in such territories, 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 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 to the customs authorities of the importing country by the production of:

- (a) a single transport document covering the passage from the exporting country through the country of transit; or
- (b) a certificate issued by the customs authorities of the country of transit:
 - (i) giving an exact description of the products,
 - (ii) stating the dates of unloading and reloading of the products and, where applicable, the names of the ships, or the other means of transport used, and
 - (iii) certifying the conditions under which the products remained in the transit country, or
- (c) failing these, any other substantiating documents.

TITLE IV

DRAWBACK OR EXEMPTION

Article 14

Prohibition of drawback of, or exemption from, import duties

1. Non-originating materials, used in the manufacture of products originating in the Community 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 the Community or Mexico to drawback of, or exemption from, import duties.

2. For the purpose of this Article, the term 'import duties' shall include customs duties, as defined in Article 3(8) of the Decision, and anti-dumping and countervailing duties applied in conformity with Article 14 of the Decision.

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 the Community or Mexico to materials used in the manufacture, where such refund, remission or non-payment applies, expressly or in effect, when products obtained from the said materials are exported and not when they are retained for home use there⁽¹⁾.

4. The exporter of products covered by a proof of origin shall be prepared to submit at any time, on 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.

⁽¹⁾ The Parties agree that payment of import duties can be deferred until after the final products is exported so that the final destination of the product can be known by authorities.

5. The provisions of paragraphs 1 to 3 shall apply also to the 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. The provisions of paragraphs 1 to 4 shall apply only to exported products which benefit from any preferential tariff treatment in the other Party. Furthermore, they shall not preclude the application of an export-refund system for agricultural products.
7. This Article shall apply from 1 January 2003.

TITLE V

PROOF OF ORIGIN

Article 15

General requirements

1. Products originating in the Community shall, on importation into Mexico and products originating in Mexico shall, on importation into the Community benefit from this Decision on submission of either:
 - (a) an EUR.1 movement certificate, a specimen of which appears in Appendix III; or
 - (b) in the cases specified in Article 20(1), a declaration, the text of which appears in Appendix IV, 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. Notwithstanding paragraph 1, originating products within the meaning of this Annex shall, in the cases specified in Article 25, benefit from this Decision without it being necessary to submit any of the documents referred to above.

Article 16

Procedure for the issue of an EUR.1 movement certificate

1. An EUR.1 movement certificate shall be issued by the customs authorities or the competent governmental authority of the exporting country 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 EUR.1 movement certificate and the application form, specimens of which appear in Appendix III. These forms shall be completed in one of the languages in which this Decision is drawn up and in accordance with the provisions of the domestic law of the exporting country. 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 lines blank. Where the box is not completely filled, a horizontal line must 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 an EUR.1 movement certificate shall be prepared to submit at any time, at the request of the customs authorities or the competent governmental authority of the exporting country where the EUR.1 movement certificate is issued, 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 EUR.1 movement certificate shall be issued by the customs authorities or competent governmental authority if the products concerned can be considered as products originating in Mexico or the Community 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 any evidence and to carry out any inspection of the exporter's accounts or any other check 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 EUR.1 movement certificate shall be indicated in box 11 of the certificate.
7. An EUR.1 movement certificate 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 17

EUR.1 movement certificates issued retrospectively

1. Notwithstanding Article 16(7), an EUR.1 movement certificate 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 an EUR.1 movement certificate was issued but was not accepted at importation for technical reasons.
2. For the implementation of paragraph 1, the exporter must indicate in his application the place and date of exportation of the products to which the EUR.1 movement certificate relates, and state the reasons for his request.
3. The customs authorities or the competent governmental authority may issue an EUR.1 movement certificate retrospectively only after verifying that the information supplied in the exporter's application agrees with that in the corresponding file, and will be accepted by the customs authority of the importing country, in accordance with the domestic law of each Party, as set out under Appendix V.
4. EUR.1 movement certificates issued retrospectively must be endorsed with one of the following phrases:

'NACHTRÄGLICH AUSGESTELLT', 'DÉLIVRÉ A POSTERIORI', 'RILASCIATO A POSTERIORI', 'AFGEGEVEN A POSTERIORI', 'ISSUED RETROSPECTIVELY', 'UDSTEDT EFTERFØLGENDE', 'ΕΚΔΟΘΕΝ ΕΚ ΤΩΝ ΥΣΤΕΡΩΝ', 'EXPEDIDO A POSTERIORI', 'EMITIDO A POSTERIORI', 'ANNETTU JÄLKIKÄTEEN', 'UTFÅRDAT I EFTERHAND'.
5. The endorsement referred to in paragraph 4 shall be inserted in the 'Remarks' box of the EUR.1 movement certificate.

Article 18

Issue of a duplicate EUR.1 movement certificate

1. In the event of theft, loss or destruction of an EUR.1 movement certificate, 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 must be endorsed with one of the following words:

'DUPLIKAT', 'DUPLICATA', 'DUPLICATO', 'DUPLICAAT', 'DUPLICATE', 'ΑΝΤΙΓΡΑΦΟ', 'DUPLICADO', 'SEGUNDA VIA', 'KAKSOISKAPPALE'.
3. The endorsement referred to in paragraph 2 shall be inserted in the 'Remarks' box of the duplicate EUR.1 movement certificate.
4. The duplicate, which must bear the date of issue of the original EUR.1 movement certificate, shall take effect as from that date.

Article 19

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

1. It shall at any time be possible to replace one or more EUR.1 movement certificates by one or more other certificates provided that this is done by the customs office or the competent governmental authority responsible for controlling the goods.

2. The replacement certificate shall be regarded as a definitive EUR.1 movement certificate for the purpose of the application of this Annex, including the provisions of this Article.
3. The replacement certificate shall be issued on the basis of a written request from the re-exporter, after the authorities concerned have verified the information supplied in the applicant's request.

Article 20

Conditions for making out an invoice declaration

1. An invoice declaration as referred to in Article 15(1)(b) may be made out:
 - (a) by an approved exporter within the meaning of Article 21, or
 - (b) by any exporter for any consignment consisting of one or more packages containing originating products whose total value does not exceed EUR 6 000.
2. An invoice declaration may be made out if the products concerned can be considered as products originating in Mexico or the Community and fulfil the other requirements of this Annex.
3. The 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 country, 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 IV, using one of the linguistic versions set out in that Appendix and in accordance with the provisions of the domestic law of the exporting country. 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 21 shall not be required to sign such declarations provided that he gives the customs authorities or the competent governmental authority of the exporting country a written undertaking that he accepts full responsibility for any invoice declaration which identifies him as if it had been signed in manuscript by him.
6. An invoice declaration may be made out by the exporter when the products to which it relates are exported, or after exportation on condition that it is presented to the customs authority of the importing country no longer than the period established in the domestic law of each Party, as set out under Appendix V.

Article 21

Approved exporter

1. The customs authorities or the competent governmental authority of the exporting country may authorise any exporter who makes frequent shipments of products under this Decision to make out invoice declarations irrespective of the value of the products concerned. An exporter seeking such authorisation must 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 22

Validity of proof of origin

1. A proof of origin shall be valid for 10 months from the date of issue in the exporting country, and must be submitted within the said period to the customs authorities of the importing country.
2. Proofs of origin which are submitted to the customs authorities of the importing country after the final date for presentation specified in paragraph 1 may be accepted for the purpose of applying 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 country may accept the proofs of origin where the products have been submitted before the said final date.

Article 23

Submission of proof of origin

Proofs of origin shall be submitted to the customs authorities of the importing country in accordance with the procedures applicable in that country. The said 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 required for the implementation of this Annex.

Article 24

Import by instalments

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

Article 25

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. Furthermore, the total value of these products shall not exceed EUR 500 in the case of small packages or EUR 1 200 in the case of products forming part of travellers' personal luggage.

Article 26

Supporting documents

The documents referred to in Articles 16(3) and 20(3) used for the purpose of proving that products covered by an EUR.1 movement certificate or an invoice declaration can be considered as products originating in Mexico or the Community and fulfil the other requirements of this Annex may consist of *inter alia*:

- (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 Mexico or the Community where these documents are used, as it shall be provided in its domestic law;
- (c) documents proving the working or processing of materials in Mexico or the Community, issued or made out in Mexico or the Community where these documents are used, as it shall be provided in its domestic law; or
- (d) EUR.1 movement certificates or invoice declarations proving the originating status of materials used, issued or made out in Mexico or the Community in accordance with this Annex.

Article 27

Preservation of proof of origin and supporting documents

1. The exporter applying for the issue of an EUR.1 movement certificate shall keep for at least three years the documents referred to in Article 16(3).
2. The exporter making out an invoice declaration shall keep for at least three years a copy of this invoice declaration as well as the documents referred to in Article 20(3).
3. The customs authorities or the competent governmental authority of the exporting country issuing an EUR.1 movement certificate shall keep for at least three years the application form referred to in Article 16(2).
4. The customs authorities of the importing country shall keep for at least three years the EUR.1 movement certificates and the invoice declarations submitted to them.

Article 28

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 this 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.

Article 29

Amounts expressed in euro

1. Amounts in the national currency of the exporting country equivalent to the amounts expressed in euro in this Annex shall be fixed by the exporting country and communicated to importing countries through the European Commission.
2. When the amounts exceed the corresponding amounts fixed by the importing country, the latter shall accept them if the products are invoiced in the currency of the exporting country. When the products are invoiced in the currency of another Member State of the Community or of Mexico, the importing country shall recognise the amount notified by the country concerned.
3. The amounts to be used in any given national currency shall be the equivalent in that national currency of the amounts expressed in euro as at the first working day of June 2000.
4. The amounts expressed in euro in this Annex and their equivalents in the national currencies of the Member States of the Community and Mexico shall be reviewed by the Joint Committee at the request of Mexico or the Community. When carrying out this review, the Joint Committee shall ensure that there will be no decrease in the amounts to be used in any national currency and shall furthermore consider the desirability of preserving the effects of the limits concerned in real terms. For this purpose, it may decide to modify the amounts expressed in euro in this Annex.

TITLE VI

ARRANGEMENTS FOR ADMINISTRATIVE COOPERATION

Article 30

Mutual assistance

1. The customs authorities of Mexico and the Members States of the Community or the competent governmental authority of Mexico shall provide each other, through the European Commission, with specimen impressions of stamps used in their customs offices for the issue of EUR.1 movement certificates and with the addresses of the customs authorities or the competent governmental authority responsible for verifying those certificates and invoice declarations.
2. In order to ensure the proper application of this Annex, Mexico and the Community shall assist each other, through their respective administrations, to verify the authenticity of the EUR.1 movement certificates or the invoice declarations and the correctness of the information given in these documents.

Article 31

Verification of proofs of origin

1. Subsequent verifications of proofs of origin shall be carried out at random or whenever the customs authorities of the importing country have reasonable doubts as to 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 country shall return the EUR.1 movement certificate 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 country giving, where appropriate, 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 country. For this purpose, they shall have the right to call for any evidence and to carry out any inspection of the exporter's accounts or any other check considered appropriate.
4. If the customs authorities of the importing country decide to suspend the granting of preferential treatment to the products 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.
5. The customs authorities requesting the verification shall be informed of the results of this verification as soon as possible. These results must indicate clearly whether the documents are authentic and whether the products concerned can be considered as products originating in Mexico or the Community and fulfil the other requirements of this Annex.
6. If in cases of reasonable doubts there is no reply within 10 months of the date of the verification request or if the reply does not contain sufficient information to determine the authenticity of the document in question or the real origin of the products, the requesting customs authorities are 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 submitted to the Special Committee on Customs Cooperation and Rules of Origin.
2. Disputes between the importer and the customs authorities of the importing country shall be governed by the legislation of that country.

*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 customs authorities or competent governmental authority 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 provisions in force, 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 a preferential treatment for products.

*Article 35***Free zones**

1. Mexico and the Community 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. By means of an exemption to the provisions contained in paragraph 1, when products originating in Mexico or the Community 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

CEUTA AND MELILLA*Article 36***Application of the Annex**

1. The term 'Community' used in Article 2 does not cover Ceuta and Melilla.
2. Products originating in Mexico, when imported into Ceuta or Melilla shall enjoy in all respects the same customs regime as that which is applied to products originating in the customs territory of the Community under Protocol 2 of the Act of Accession of the Kingdom of Spain and the Portuguese Republic to the European Communities. Mexico shall grant to imports of products covered by the Decision and originating in Ceuta and Melilla the same customs regime as that which is granted to products imported from and originating in the Community.
3. This Annex shall apply *mutatis mutandis* to products originating in Ceuta and Melilla, subject to the special conditions set out in Article 37.

*Article 37***Special conditions**

1. Provided that they have been transported directly in accordance with the provisions of Article 13, the following shall be considered as:

1. products originating in Ceuta and Melilla:
 - (a) products wholly obtained in Ceuta and Melilla;

- (b) products obtained in Ceuta and Melilla in the manufacture of which products other than those referred to in (a) are used, provided that:
 - (i) the said products have undergone sufficient working or processing within the meaning of Article 5, or that
 - (ii) those products originate in Mexico or the Community within the meaning of this Annex, provided that they have been submitted to working or processing which goes beyond the insufficient working or processing referred to in Article 6(1);
2. products originating in Mexico:
- (a) products wholly obtained in Mexico;
 - (b) products obtained in Mexico, in the manufacture of which products other than those referred to in (a) are used, provided that:
 - (i) the said products have undergone sufficient working or processing within the meaning of Article 5, or that
 - (ii) those products originate in Ceuta and Melilla or the Community within the meaning of this Annex, provided that they have been submitted to working or processing which goes beyond the insufficient working or processing referred to in Article 6(1).
2. Ceuta and Melilla shall be considered as a single territory.
3. The exporter or his authorised representative shall enter 'Mexico' and 'Ceuta and Melilla' in Box 2 of EUR.1 movement certificates or on invoice declarations. In addition, in the case of products originating in Ceuta and Melilla, this shall be indicated in Box 4 of EUR.1 movement certificates or on invoice declarations.
4. The Spanish customs authorities shall be responsible for the application of this Annex in Ceuta and Melilla.

TITLE VIII

FINAL PROVISIONS

Article 38

Amendments to the Annex

The Joint Committee may amend this Annex.

Article 39

Explanatory Notes

1. The Parties shall agree 'explanatory notes' regarding the interpretation, application and administration of this Annex within the Special Committee on Customs Cooperation and Rules of Origin.
2. The Parties shall implement simultaneously the explanatory notes so agreed, in accordance with their respective internal procedures.

Article 40

Goods in transit or storage

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