UNIFORM REGULATIONS FOR THE INTERPRETATION, APPLICATION AND ADMINISTRATION OF CHAPTERS 3, 4, AND 5 OF THE FREE TRADE AGREEMENT BETWEEN THE REPUBLIC OF CHINA AND THE REPUBLIC OF PANAMA

The Republic of China and the Republic of Panama, pursuant to Article 5.12 paragraph 1 of the Free Trade Agreement between the governments of the Republic of China and the Republic of Panama, adopt the following Uniform Regulations relative to the Interpretation, Application and Administration of Chapters 3, 4 and 5 of the Agreement.

FIRST PART: RULES OF ORIGIN

SECTION I: DEFINITIONS AND INTERPRETATION

Article 1: Definitions

For purposes of these Uniform Regulations, the following terms shall be understood as:

accessories, spare parts and tools delivered with a good that usually form part of the good: goods that are delivered with a good, whether or not they are physically affixed to that good, and that are used for the transport, protection, maintenance or cleaning of the good, for instruction in the assembly, repair or use, or as replacements for interchangeable or consumable parts of that good;

adjusted to an FOB basis: with respect to transaction value of a good, adjusted by adding:

(i) the costs of transporting the good from the place of production to the point of direct shipment;

(ii) the costs of loading, unloading, handling and insurance that are associated with that transportation; and

(iii) the costs of loading the good for shipment at the point of direct shipment, where those costs are not included in the transaction value of the good;

adjusted to a CIF basis: with respect to transaction value of a good, by adding:

(i) the costs of transporting the good from the place of production to the port or place of introduction to the importing country; and

(ii) the costs of loading, unloading, handling or manipulation and insurance related to that transportation up to the port or place of introduction to the importing country, where those costs are not included in the transaction value of the good;
applicable change in tariff classification: with respect to a non-originating material used in the production of a good, a change in tariff classification specified in a rule set out in Annex 4.03 of the Agreement for the tariff classification under which the good is classified;

chapter: the first two digits of the Harmonized System;

tariff classification: a chapter, heading, subheading or any additional subdivisions;

packing materials and containers: materials and containers that are used to protect a good during transportation, different from packaging materials and containers for retail sale;

packaging materials and containers: materials and containers in which a good is packaged for retail sale;

days: calendar days, including Saturdays, Sundays and holidays;

enterprise: any legal entity constituted or organized under applicable laws of a Party, whether or not for profit and whether privately or governmentally owned, including any company, corporation, foundation, trust, partnership, sole proprietorship, joint venture or other association;

location of the producer: in relation to a good, the factory or place of production of that good;

material: a good that is used in the production of another good including ingredients, parts, components, subassemblies and goods that were physically incorporated into another good or were subject to a process in the production of another good;

months: calendar months;

fungible goods: goods or materials that are interchangeable for commercial purposes and whose properties are essentially identical and which are impossible to tell apart from visual examination alone;

indirect material: a good used in the production, testing or inspection of another good but not physically incorporated into that good, or a good used in the maintenance of buildings or the operation of equipment associated with the production of another good, including:

a) fuel, energy, catalysts and solvents;

b) equipment, devices and supplies used for testing or inspecting goods;

c) gloves, glasses, footwear, clothing, safety equipment and supplies;

d) tools, dies and molds;
e) spare parts and materials used in the maintenance of equipment and buildings;

f) lubricants, greases, compounding materials and other materials used in production or used to operate equipment or maintain buildings; and

g) any other materials or products that are not incorporated into the good but whose use in the production of the good can reasonably be demonstrated to be a part of that production;

**goods**: any material, substance, product, or part;

**originating goods**: goods that qualify as originating under the rules set out in chapter 4 (Rules of Origin) of the Agreement and these Uniform Regulations;

**non-originating goods**: a good that does not qualify as originating under Chapter 4 (Rules of Origin) of the Agreement;

**Party**: the Republic of Panama or the Republic of China;

**heading**: the first four digits of the Harmonized System;

**fiscal year period**:

a) in the case of the Republic of Panama:

   (i) the general calendar period which begins on January 1 and ends on December 31;

   (ii) Special period, as requested by the tax-payer, begins on the first day of the month requested, until completing the twelve-month (12) period;

b) in the case of the Republic of China:

   The fiscal year period means the accounting year. The accounting year for a business entity shall begin on the 1st of January and end on the 31st of December each year except otherwise provided for by any other law or otherwise required for special need of business.

**person**: a natural person, or an enterprise;

**person of a Party**: a national, or an enterprise of a Party;

**related person**: a person related to another person, according to the following:

a) they are officers or directors of one another’s business;

b) they are legally recognized as partners in business;

c) they are in an employer and employee relationship;
d) any person directly or indirectly owns, controls or holds 5 percent or more of the outstanding voting stock or shares of each of them;

e) one of them directly or indirectly controls the other;

f) both of them are directly or indirectly controlled by a third person;

g) together they directly or indirectly control a third person; or

h) they are members of the same family (members of the same family are children, brothers, sisters, parents, grandparents, or spouses);

generally accepted accounting principles: principles applied in the territories of each Party which give a substantial and authorized support to the registration of income, costs, expenditures, assets and liabilities related to the information and preparation of financial statements. These indicators, practical rules and procedures used generally in accounting can become a comprehensive guide with general applicability;

production: methods of obtaining goods including manufacturing, producing, assembling, processing, raising, growing, breeding, mining, extracting, harvesting, fishing, trapping, gathering, collecting, hunting, and capturing;

producer: a person who manufactures, produces, processes or assembles a good; or who cultivates, grows, breeds, mines, extracts, harvests, fishes, traps, gathers, collects, hunts or captures a good; and required to maintain documents referred in Article 5.05, paragraph 1, subparagraph (a) of the Agreement and Article 20 of these Uniform Regulations;

port or place of final destination abroad: the place from which a producer or exporter of a good embarks, towards outside, the good to make it arrive to the importer or buyer;

Harmonized System: the “Harmonized Commodity Description and Coding System” as in force, including its general rules of interpretation and the legal notes of its sections, chapters, headings and subheadings, as adopted and implemented by the Parties in their respective laws;

subheading: the first six digits of the Harmonized System;

territory: the terrestrial, maritime and air space of each Party as well as its exclusive economic zone and its continental shelf over which it exercises its sovereign rights and jurisdiction according to its domestic legislation and international law;

Agreement: the Free Trade Agreement between the Republic of China and the Republic of Panama;

transaction value of a good: the price actually paid or payable for a good related to the transaction done by the producer of the good, according to the principles of Article 1 of the Customs Valuation Agreement, adjusted in accordance with the principle of paragraphs 1, 3 and 4 of its Article 8, regardless whether the good is sold for export. For purposes of this definition, the seller referred to in the Customs Valuation Agreement shall be the producer.
of the good;

**transaction value of a material:** the price actually paid or payable for a material related to the transaction done by the producer of the good, according to the principles of Article 1 of the Customs Valuation Agreement, adjusted in accordance with paragraphs 1, 3 and 4 of its Article 8, regardless whether the material is sold for export. For purposes of this definition the seller referred to in the Customs Valuation Agreement shall be the supplier of the material, and the buyer referred to in the Customs Valuation Agreement shall be the producer of the good;

**used:** used or consumed in the production of goods; and

**value:** the value of a good or a material according to the rules of the Customs Valuation Agreement.

### Article 2: Interpretation

1. In these Uniform Regulations, all examples are designated "Example". The example is for the purposes of illustrating the application of a provision, and where there is any inconsistency between the example and the provision, the provision shall prevail.

2. Except as otherwise specified, the national legislation of a Party referred to in these Uniform Regulations shall be applied to the effective legislation, to its amendments and additions, and any laws or regulations that replaces it.

### SECTION II: ORIGINATING GOODS

### Article 3: Originating Goods

1. For the purposes of subparagraph a) paragraph 1 of Article 4.03 of the Agreement, goods wholly obtained or produced entirely in the territory of a Party are:

   a) mineral goods extracted or taken in the territory of that Party;

   b) plants and plant products harvested, picked or gathered in the territory of that Party;

   c) live animals born and raised in the territory of that Party;

   d) goods obtained by hunting, trapping, fishing, gathering or capturing in the territory of that Party;

   e) goods obtained from live animals in the territory of that Party;

   f) fish, shellfish and other marine life taken outside the territorial sea of the Parties.
by fishing vessels registered or recorded with that Party and owned by a person of that Party and flying its flag, or by rented fishing vessels of a company established in the territory of that Party;

g) goods obtained or produced on board factory ships from the goods referred to in subparagraph f) provided such factory ships are registered or recorded with that Party and flying its flag, or on rented board factory ships of a company established in the territory of that Party;

h) goods taken by that Party or a person of that Party from the seabed or beneath the seabed outside the territorial sea of that Party, provided that Party has rights to exploit such seabed;

i) waste and scrap derived from manufacturing or processing operations or from consumption in the territory of that Party and fit only for disposal or for the recovery of raw materials;

j) articles collected in the territory of that Party which can no longer perform their original purpose in its territory, nor are capable of being restored or repaired and which are fit only for disposal or for the recovery of parts or raw materials; or

k) goods produced in the territory of one or both of the Parties exclusively from goods referred to in subparagraphs a) through j) above.

2. For purposes of subparagraph c) paragraph 1 of Article 4.03 of the Agreement, a good is originating in the territory of a Party whenever:

a) Each of the non-originating materials used in the production of the good undergoes the applicable change in tariff classification as a result of production that occurs entirely in the territory of one or both of the Parties, where the applicable rule of Annex 4.03 of the Agreement for the tariff classification under which the good is classified specifies only a change in classification, and the good satisfies all other applicable requirements of the Agreement and these Uniform Regulations;

b) Each of the non-originating materials used in the production of the good undergoes the applicable change in tariff classification as a result of production that occurs entirely in the territory of one or both Parties and the good satisfies the applicable regional value content requirement, where the applicable rule in Annex 4.03 of the Agreement for the tariff classification under which the good is classified specifies both a change in tariff classification and a regional value content requirement, and the good satisfies all other applicable requirements of the Agreement and these Uniform Regulations; or

c) The good satisfies the applicable regional value content requirement, where the applicable rule for the tariff classification under which the good is classified specifies only a regional value content requirement, and the good satisfies all other
applicable requirements of the Agreement and these Uniform Regulations.

3. For purposes of subparagraph d) paragraph 1 of Article 4.03 of the Agreement, a good is originating in a Party whenever:

the good is produced in the territory of one or both of the Parties but one or more of the non-originating materials that are used in the production of the good does not undergo a change in tariff classification due to:

(i) the good was imported into the territory of a Party in an unassembled or a disassembled form and was classified as an assembled good pursuant to General Rule of Interpretation 2 (a) of the Harmonized System,

(ii) the tariff heading for the good provides for and specifically describes both the good itself and its parts and is not further subdivided into subheadings, or

(iii) the tariff subheading for the good provides for and specifically describes both the good itself and its parts;

provided that the regional value content of the good, determined in accordance with Article 4.07 is not less than thirty five (35%) percent and the good satisfies the other provisions applicable in this Chapter, unless the applicable rule of Annex 4.03, under which the good is classified, specified a different requirement of regional value content, in which case such requirement has to be met.

The rules provided for in this subparagraph do not apply to the goods in Chapters 61 through 63 of the Harmonized System.

4. For purposes of Article 3, paragraph 3, of these Uniform Regulations:

a) the determination of whether a heading or subheading provides for a good and its parts shall be made on the basis of nomenclature of the heading or subheading and the relevant Section or Chapter Notes, and in accordance with the General Rules for Interpretation of the Harmonized System; and

b) where, in accordance with the Harmonized System, a heading includes parts of goods by application of a Section Note or Chapter Note of the Harmonized System and the subheadings under that heading do not include a subheading designated as "parts", then the subheading designated as "other" under that heading shall be considered to cover parts of those goods of that subheading.

5. For purposes of Article 3, paragraph 2, of these Uniform Regulations, provided that Annex 4.03 of the Agreement sets out two or more alternative rules of origin for the tariff classification under which a good is classified, if the good satisfies the requirements of one of these rules, it does not need to satisfy the requirements of other rules in order to qualify as an originating good.
6. Notwithstanding other provisions of this Article, goods shall not be considered originating, if they are exclusively the outcome of the operations set out in Article 4.04 of the Agreement and carried out in the territory of the Parties where non-originating materials are used in such operations and gives their final form for marketing, unless the specific rules of origin of Annex 4.03 of the Agreement indicate otherwise.

The following are examples of originating goods:

Example 1: Article 3, paragraph 1, subparagraph a)

Marine salt, crude mineral sulfur that occurs in natural state, natural sands, clays, stones, metallic minerals, crude oil, natural gas, bituminous minerals, natural earth, ordinary natural water, natural mineral water.

Example 2: Article 3, paragraph 1, subparagraph b)

Fruits, flowers, seeds, vegetables, trees, marine seaweed, fungi.

Example 3: Article 3, paragraph 1, subparagraph c)

Mammals, birds, fish, crustaceans, molluscs, reptiles, bacteria and virus.

Example 4: Article 3, paragraph 1, subparagraph e)

Milk, eggs.

Example 5: Article 3, paragraph 1, subparagraph i)

Waste and scrap of steel, base metal scraps.

Example 6: Article 3, paragraph 1, subparagraph j)

Lead recovered from used storage cells, used newspaper for recycling, glass bottles for recycling.

Article 4: *De minimis*

For purposes of Article 4.08 (*De minimis*) of the Agreement:

1. A good shall be considered to be an originating good in the territory of a Party if the value of all non-originating materials used in the production of that good that do not satisfy the requirement of change in tariff classification set out in Annex 4.03 of the Agreement is not more than ten percent (10%) of the transaction value of the good as determined in Article 4.07 of the Agreement, with respect to the transaction value by which the producer of the good has sold the good, adjusted to an FOB basis, provided that:
a) if, under the rule in which the applicable change in tariff classification is specified, the good is also subject to a regional value content requirement, the value of those non-originating materials shall be taken into account in calculating the regional value content of the good in accordance with the method set out for that good, and

b) the good satisfies all other applicable requirements of the Agreement and these Uniform Regulations.

2. For purposes of paragraph 1, it is not required to satisfy all alternative rules set out in annex 4.03, when:

   a) Annex 4.03 of the Agreement sets out two or more alternative rules for the tariff classification under which the good is classified; and

   b) the good satisfy one of those rules.

3. For a good provided for in Chapters 50 through 63 of the Harmonized System, the percentage indicated in paragraph 1 refers to the weight of fibers or yarns with respect to the weight of the good being produced.

4. Paragraph 1 do not applied to a non-originating material used in the production of goods provided for in Chapters 1 through 27 of the Harmonized System, unless the non-originating material is provided for in a different subheading than the good for which origin is being determined under this Article.

5. Examples of *De minimis* are indicated, inter alia, as follows:

   Example 1: Article 4, paragraph 1

   Producer A, located in a Party, uses originating materials and non-originating materials in the production of copper anodes provided for in heading 74.02.

   The rule set out in Annex 4.03 of the Agreement for heading 74.02 specifies a change in tariff classification from any other heading.

   For heading 74.02, there is no regional value content requirement. Therefore, for the copper anode to qualify as an originating good under the rule set out in Annex 4.03 (Specific Rules of Origin) of the Agreement, producer A could not use any of the non-originating materials of heading 74.02 in the production of the copper anode.

   All the materials used in the production of the copper anode are originating materials, with the exception of a small amount of copper for refinement provided for in heading 74.02, that is classified in the same heading as copper anode. According to Article 4, paragraph 1, if the value of the non-originating copper for refinement does not exceed ten percent (10%) of the transaction value of the copper anode, the copper anode would be considered as originating.
Example 2: Article 4, paragraph 2

Producer A, located in a Party, uses originating and non-originating materials in the production of ceiling fans provided for in subheading 8414.51.

There are two alternative rules set out in Annex 4.03 (Specific Rules of Origin) of the Agreement for subheading 8414.51, one of which specifies a change in tariff classification from any other heading. The other rule specifies both a change in tariff classification from the subheading under which the parts of ceiling fans are classified (8414.90), and a regional value content requirement of forty five percent (45%).

Therefore, in order for the ceiling fan to qualify as an originating good according to the first of the alternative rules, all of the materials that are classified under the subheading for parts of ceiling fans (8414.90) and used in the production of the completed ceiling fan must be originating materials.

In this case, all of the non-originating materials used in the production of the ceiling fans satisfy the change in tariff classification set out in the rule that specifies a change in tariff classification from any other heading, with the exception of one non-originating material that is classified under the subheading for parts of ceiling fans. According to Article 4, paragraph 1, if the value of the non-originating material that does not satisfy the change in tariff classification specified in the first rule does not exceed ten percent (10%) of the transaction value of the ceiling fan, the ceiling fan would be considered as originating. Therefore, according to Article 4, paragraph 2, the ceiling fan would not be required to satisfy the alternative rule that specifies both a change in tariff classification and a regional value content requirement.

Article 5: Regional Value Content

For purposes of Article 4.07 (Regional Value Content) of the Agreement:

1. The regional value content of a good shall be calculated according to the following formula:

\[
RVC = \frac{(TV - VNM) \times 100}{TV}
\]

where:

RVC: is the regional value content of the good, expressed as a percentage;

TV: is the transaction value of the good adjusted to a F.O.B. basis, unless as stated in Paragraph 2. In the event that there does not exist or it is not possible to determine the value in accordance with the principles and provisions of Article 1 of the WTO Customs Valuation Agreement, then this shall be calculated according to the principles and provisions of Articles 2 through 7 of that Agreement; and
VNM: is the transaction value of the non-originating materials adjusted to a C.I.F. basis, unless stated in the Paragraph 5. In the event that there does not exist or it is not possible to determine the value according to the principles and provisions of Article 1 of the WTO Customs Valuation Agreement, this shall be calculated in accordance with the principles and provisions of Articles 2 through 7 of that Agreement.

2. When the producer of a good does not export directly, the value shall be adjusted to the point where the buyer receives the good in the territory where the producer is located.

3. When the origin is determined by the method of regional value content, the percentage required is specified in Annex 4.03 (Specific Rules of Origin) of the Agreement.

4. All the records of costs considered for the calculation of regional value content shall be registered and maintained according to the generally accepted accounting principles applicable in the territory of the Party from which the good is produced.

5. When a producer of a good acquires a non-originating material in the territory of the Party where it is located, the value of the non-originating material shall not include the freight, insurance, packing costs and any other costs incurred in the transportation of material from the warehouse of the supplier to the place of the producer.

6. For purposes of calculating the regional value content, the value of the non-originating materials used in the production of a good shall not include the value of the non-originating materials used in the production of the originating material acquired and used in the production of that good.

7. Examples of the calculation of regional value content are as follows:

Example 1: Article 5, paragraph 1

An exporter produces dolls of subheading 9502.10.

According to Annex 4.03 (Specific Rules of Origin) of the Agreement, there are two alternative rules set out for subheading 9502.10, the first rule specifies a change in tariff classification from any other heading , and the second rule specifies a rule of regional value content of forty percent (40%).

The producer of the dolls, located in a Party, acquires certain parts of subheading 9502.91 from non-Party countries. While not satisfying the rule of change in tariff classification, the producer shall choose an option for the rule of regional value content of forty percent (40%).

The imported parts are garments of doll of a value of US$ 1.5 (CIF) and the footwear of doll of a value US$ 1 (CIF). The export price (FOB) of the doll is of US$ 15.

\[
RVC = \left[ \frac{(TV - VNM)}{TV} \right] \times 100
\]
RVC = \[ \frac{(15 - 2.5)}{15} \] * 100

RVC = 83.3 %

The result of the calculation of the regional value content is 83.3%, which indicates that it surpasses the forty percent (40%) demanded in the specific rule of origin. Therefore, the good is considered as originating.

Example 2: Article 5, paragraph 2

An exporter of doll of subheading 9502.10 acquires those dolls from a national producer.

According to Annex 4.03 (Specific Rules of Origin) of the Agreement, the rule of origin established for subheading 9502.10 specifies a change in tariff classification from any other heading or a rule of regional value content of forty percent (40%).

As this producer acquires certain parts for doll of subheading 9502.10 from non-Party countries, he must determine the origin according to the rule of regional value content, because the parts are classified in the same heading as the final good.

The imported parts, garments of doll of a value of US$ 1.7 (CIF) and the footwear of doll of a value of US$ 1.2 (CIF). The exporting price (FOB) of doll is US$ 18, but the exporter bought the good from the producer at US$ 15.

RVC = \[ \frac{(TV - VNM)}{TV} \] * 100

RVC = \[ \frac{(15 - 2.9)}{15} \] * 100

RVC = 80.6%

The result of the calculation of the regional value content is 80.6%, which indicates that it exceeds the forty percent (40%) demanded in the specific rule of origin. Therefore, the good is considered as originating.

Example 3: Article 5, paragraph 5

An exporter produces dolls of subheading 9502.10.

According to Annex 4.03 (Specific Rules of Origin) of the Agreement, there are two alternative rules established for subheading 9502.10. The first rule specifies a change in tariff classification from any other heading and the second rule specifies a rule of regional value content of forty percent (40%).

The producer of the doll acquires certain parts of subheading 9502.91 from non-Party countries. While not complying with the rule of change of tariff classification the producer shall choose the rule of regional value content.
The imported parts that he purchases from a national producer, are the garments of
doll of a value of US$ 2 (CIF) and the footwear of doll of a value of US$ 1.6 (CIF). The
exporting price (FOB) of the doll is of US$ 15.

Nevertheless, with regard to the cost of the imported parts we should subtract the
freight, insurance, and packing costs from the parts from the supplier, the prices for the
garments of doll becomes US$ 1.8 (CIF) and the prices for footwear of doll is US$ 1.4
(CIF).

\[
RVC = \frac{(TV - VNM)}{TV} \times 100
\]

\[
RVC = \frac{(15 - 3.2)}{15} \times 100
\]

\[
RVC = 78.66\%
\]

The result of the calculation of regional value content is 78.66%, which indicates that
it exceeds the forty percent (40%) required in the specific rule of origin. Therefore, the
good is considered as originating.

SECTION III: MATERIALS

Article 6: Indirect Materials

For purposes of Article 4.05 of the Agreement for determining whether a good is
originating, indirect materials shall be considered to be originating materials regardless of
their place of manufacturing or production and the value of these materials shall be the
costs as indicated in the accounting records of the producer of the good.

Article 7: Containers and Packaging Materials for Retail Sale

1. For purposes of paragraph 1 of Article 4.12 of the Agreement, containers and
packaging materials in which a good is packaged for retail sale shall, if classified with the
good by the Harmonized System, be disregarded in determining whether all the
non-originating materials used in the production of the good undergo the applicable change
in tariff classification set out in Annex 4.03.

2. For the purposes of paragraph 2 of Article 4.12 of the Agreement, if a good is subject
to a regional value content requirement, the value of the retail packaging materials and
containers shall be taken into account as originating or non-originating materials, as the
case may be, in calculating the regional value content of the good.

Article 8: Containers and Packing Materials for Shipment

For the purposes of Article 4.13 of the Agreement, containers and packing materials in
which the good is packed for shipment shall be disregarded in determining whether:
a) the non-originating materials used in the production of the good undergo an applicable change in tariff classification as set out in Annex 4.03 of the Agreement; and

b) the good satisfies the regional value content requirement.

Article 9: Fungible Goods and Materials

1. For the purposes of paragraphs 1 and 2 of Article 4.09 of the Agreement, in determining the origin of a good:

   a) where originating and non-originating materials that are fungible are used in the production of the good, the determination of whether the materials are originating may be made on the basis of any of the applicable inventory management methods set out in Annex I of these Uniform Regulations, at the choice of the producer of the good or the person from whom the producer acquired the materials; and

   b) where originating and non-originating goods that are defined as fungible are mixed or combined physically in warehouse and do not go through any production process or any operation other than unloading, reloading or any other necessary movement in the territory of the Party before the exportation to keep the goods in good condition or to transport them to the territory of the other Party, the determination of whether the good is an originating good may be made on the basis of any applicable inventory management methods set out in Annex I of these Uniform Regulations, at the choice of the exporter of the good or the person from whom the exporter acquired the good.

2. In accordance with the paragraph 3 of Article 4.09 of the Agreement, once a method of inventory management is selected it shall be used during the entire period or fiscal year.

3. The selection of the inventory management methods, according to paragraph 1 shall be considered as finalized provided that, during the course of an origin verification of the good, the competent authority of the import Party has been informed in writing on the method chosen.

Article 10: Accessories, Spare Parts and Tools

1. For purposes of paragraph 1 of Article 4.11 of the Agreement, when determining the origin of a good, Accessories, spare parts and tools delivered with the good that usually form part of the good shall be considered with the good as a whole and shall be disregarded in determining whether all the non-originating materials used in the production of the good undergo the applicable change in tariff classification set out in Annex 4.03 of the Agreement, provided that:

   (a) the accessories, spare parts or tools are not invoiced separately from the good; and
(b) the quantities and value of these accessories, spare parts and tools are customary for the good.

2. For purposes of paragraph 2 of Article 4.11 of the Agreement, where a good is subject to a regional value content requirement, its accessories, spare parts or tools shall be considered as either originating or non-originating materials, as the case may be, in order to calculate the regional value content of the good.

3. For purposes of paragraph 3 of Article 4.11 of the Agreement, the accessories, spare parts and tools that do not satisfy the conditions of paragraphs 1 and 2, the specific rules of origin corresponding to each one of them shall be separately applied.

4. The following are examples of accessories, spare parts and tools usually delivered as part of a good:

   a) dust filters for air-conditioning systems that must be replaced at regular intervals;

   b) a carrying case for equipment;

   c) a dust cover for a machine;

   d) an instruction manual for a vehicle;

   e) a bicycle tool kit or car jack;

   f) a set of wrenches to change the bit on a chuck;

   g) a brush or other tools to clean a machine; and

   h) electrical cords and plugs used for electronic goods.

SECTION IV: OTHER PROVISIONS

Article 11: Accumulation

1. For purposes of paragraph 1 of Article 4.06 of the Agreement, when determining the origin of a good, the Party from which the good is produced shall be able to accumulate origin with goods originating from the territories of the Parties, provided that the good satisfies all other requirements of the Agreement and these Uniform Regulations.

2. For purposes of paragraph 2 of Article 4.06 of the Agreement, originating materials or originating goods from the territory of a Party, incorporated into a good in the territory of the other Party shall be considered originating from the territory of the latter.
3. For purposes of paragraph 3 of Article 4.06 of the Agreement, the producer of such a good may accumulate its production with that of other producer or producers in the territory of one or both Parties, of materials incorporated into the good, so that the production of these materials is considered as done by such producer, provided that the good satisfies the requirements of Article 4.03 of the Agreement.

4. For purposes of this Article,

   a) where an applicable change in tariff classification is applied to determine whether the good is an originating good, the producer of the good must have a statement signed by the producer of the material that the tariff classification of all non-originating materials used by that producer in the production of that material and that the production of the material took place entirely in the territory of that Party;

   b) Where the good is subject to a regional value content requirement, the producer of the good must have a statement signed by the producer of the material that the value of all the non-originating materials used by that producer in the production of that material, and that the production of the material took place entirely in the territory of a Party;

   c) a producer of a good who chooses to accumulate origin is not required to accumulate the production of all materials that are incorporated into the good; and

   d) any information presented in a statement referred to in subparagraph b) that concerns the value of the materials shall be in the same currency as the currency of the country in which the person who provided the statement is located.

5. The following examples on accumulation are presented, as follows:

   Example 1: Article 11, paragraph 1

   Producer A manufactures rubber extrusion machines of subheading 8477.20.

   According to Annex 4.03 of the Agreement, there are two alternative rules described in subheading 8477.20. The first rule specifies a change in tariff classification from any other heading and the second rule specifies both a change from any other subheading and a regional value content.

   Producer A makes the rubber extrusion machines from parts classified in different chapters, other than a rubber injector of subheading 8477.90, that he acquires from a Producer B of another Party.

   Producer B, makes the injector from originating and non-originating materials, all of which materials satisfy the criteria of change in tariff classification for subheading 8477.90. Therefore, the injector can be considered as originating in the territory of the other Party, it is considered equally originating in the country producing the extrusion machine. With this, Producer A automatically satisfy the rule of change in tariff classification, and the rubber extrusion machines qualify as originating.
Example 2: Article 11, paragraph 2

Producer A produces rubber extrusions machines of subheading 8477.20.

According to Annex 4.03 of the Agreement, there are two alternative rules described in subheading 8477.20. The first rule specifies a change in tariff classification from any other heading and the second rule specifies both a change in tariff classification from any other subheading and a regional value content of thirty five percent (35%).

Producer A makes them from parts classified in different chapters, except for a rubber injector of subheading 8477.90, that he acquires from producer B located in the other Party, producer A knows it is not meeting the criterion of change in tariff classification from any other heading. Accordingly, the rubber extrusions machines cannot be considered originating, unless all the non-originating materials satisfy the change of tariff classification of any other subheading and an RVC of thirty five percent (35%).

<table>
<thead>
<tr>
<th>Non-originating materials (CIF)</th>
<th>US$ 300</th>
<th>60 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Injector</td>
<td>US$ 100</td>
<td>20 %</td>
</tr>
<tr>
<td>Total non-originating materials</td>
<td>US$ 400</td>
<td>80 %</td>
</tr>
<tr>
<td>Value Added</td>
<td>US$ 100</td>
<td>20 %</td>
</tr>
<tr>
<td>Total value of machine</td>
<td>US$ 500</td>
<td>100%</td>
</tr>
</tbody>
</table>

Producer B, makes the injector from originating materials, except for a non-originating part that is classified within the same subheading 8477.90. Therefore, the injector does not have the status of originating, out of its total value of US$ 100, 80% of this value is originating and 20% is non-originating.

This means that although producer A of the extrusion machine, can not consider 100% of the value of the injector as originating, the producer can take that 80% from the total value of the injector that corresponds to the production process of the other Party.

<table>
<thead>
<tr>
<th>Non-originating materials (CIF)</th>
<th>US$ 300</th>
<th>60 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Injector (non-originating part)</td>
<td>US$ 20</td>
<td>4 %</td>
</tr>
<tr>
<td>Total non-originating materials</td>
<td>US$ 320</td>
<td>64 %</td>
</tr>
<tr>
<td>National value added</td>
<td>US$ 100</td>
<td>20 %</td>
</tr>
<tr>
<td>Injector (originating part)</td>
<td>US$ 80</td>
<td>16 %</td>
</tr>
<tr>
<td>Total value added</td>
<td>US$ 180</td>
<td>36 %</td>
</tr>
<tr>
<td>The total value of the machine</td>
<td>US$ 500</td>
<td>100%</td>
</tr>
</tbody>
</table>

Therefore, by incorporating the production made in the other Party, the total value added is thirty six percent (36%). Thus the regional value content satisfies the specific rule
of 35% regional value content requirement for subheading 8477.20.

**Article 12: Transshipment**

In accordance with Article 4.14 of the Agreement, an originating good shall not lose such status when it is:

(a) transported directly from the territory of the other Party; or

(b) transported through the territory or territories of one or more non-Parties for the purpose of transit or temporary storing in warehouses in such territory or territories, provided that they do not undergo operations other than unloading, reloading or any other operation to preserve them in good condition.

**Article 13: Minimum Operations or Processes**

For purposes of Article 4.04 of the Agreement, except otherwise specified in Annex 4.03, the minimum operations or processes that by themselves or in combination do not confer origin to a good, are as follows:

(a) operations necessary for the preservation of goods during the transportation or storage (including airing, ventilation, drying, refrigeration, freezing, elimination of damaged part, application of oil, antitrust paint or protective coating, placing in salt, sulphur dioxide or other aqueous solution);

(b) simple operations consisting of cleaning, washing, sieving, sifting or straining, selection, classification or grading, culling, peeling, shelling or striping, grain removal, pitting, pressing or crushing, soaking, elimination of dust or of spoiled, sorting, division of consignments in bulk, grouping in packages, placing of marks, labels or distinctive signs on products and their packages, packing, unpacking or repackaging;

(c) combination or mixing operations of goods which have not resulted in any important difference in the characteristics of the goods before and after such combination or mixing;

(d) simple joining or assembling of parts of products to make a complete good, formation of set or assortments of goods;

(e) simple diluting operations or ionization and salting, which have not changed the nature of the goods; and

(f) slaughter of animals.
SECOND PART: CUSTOMS PROCEDURES

Article 14: General Provision

Each Party shall ensure that its customs procedures are in accordance with Chapter 5 (Customs Procedures) of the Agreement and these Uniform Regulations.

Article 15: Definitions

1. For purposes of these Uniform Regulations, it shall be understood as:

Certifying Authority: in the case of the Republic of China, the designated authority is the Bureau of Foreign Trade (BOFT), Ministry of Economic Affairs (MOEA), or other agencies as authorized by the BOFT; in the case of Panama, the designated authority is the Vice-ministry of Foreign Trade, or its successor;

Customs Valuation Agreement: the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994, including its interpretative notes, which forms part of the WTO Agreement;

Customs duty: any customs or import duty and charges of any kind imposed on or in connection with the importation of a good, including any form of surtax or surcharge in connection with such importation, but not including any of the following:

(a) Charge equivalent to an internal tax imposed consistently with paragraph 2 of Article III of GATT 1994;

(b) Antidumping or countervailing duty that is applied pursuant to a Party's legislation and applied consistently with Chapter 7 (Unfair Trade Practices);

(c) fees or other charges in connection with importation commensurate with the cost of services rendered; and

(d) Premium offered or collected on or in connection with an imported good arising out of any tendering system in respect of the administration of quantitative import restrictions, tariff rate quotas or tariff preference levels;

Competent Authority: the authority which, according to the legislation of each Party, is responsible for the administration and application of its laws and regulations of Chapters 3 (National Treatment and Market Access for Goods), 4 (Rules of Origin) and 5 (Customs Procedures) of the Agreement and of these Uniform Regulations:

a) In the case of the Republic of Panama, the Ministry of Trade and Industries or its successor is responsible for the administration and application of Chapters 3
(National Treatment and Market Access for Goods), 4 (Rules of Origin) and 5 (Customs Procedures) and its Uniform Regulations.

The General Directorate of Customs of the Ministry of Economy and Finances, or its successor, is responsible for the administration and application of Customs laws and regulations.

b) In the case of the Republic of China, the Ministry of Economic Affairs (MOEA) is responsible for the administration and application of Chapters 3 (National Treatment and Market Access for Goods), 4 (Rules of Origin) and 5 (Customs Procedures) and its Uniform Regulations.

The Department of Customs Administration, Ministry of Finance and the Directorate General of Customs, Ministry of Finance, are responsible for the administration and implementation of Customs laws and regulations.

days: calendar days, including Saturdays, Sundays and holidays;

exporter: an exporter located in the territory of a Party from where the good is exported and who, according to this Chapter, is required to maintain records in the territory of that Party under Article 5.05 paragraph 1 a);

commercial importation: the importation of a good into the territory of one of the Parties for the purpose of sale, or any commercial, industrial or other like use;

importer: an importer located in the territory of a Party, and required to maintain records in the territory of that Party, under Article 5.05 paragraph 1 b);

filling: it refers to the incorporation of all the information required in the format of the Certificate of Origin, the Declaration of Origin and Re-exportation Certificate; signed and dated by the producer or exporter, as it corresponds to;

material: a good that is used in the production of another good including ingredients, parts, components, subassemblies and goods that were physically incorporated into another good or were subject to a process in the production of another good;

identical goods: goods which are the same in all respects, including physical characteristics, quality and reputation, irrespective of minor differences in appearance which are not relevant for the determination of origin of such goods under Chapter 4 (Rules of Origin);

origin verification procedure: administrative process that begins with the notification of beginning of the verification procedure on the part of the competent authority of a Party and it concludes with the final decision of origin determination;

re-exportation: legally sending abroad third-country products that have been introduced in the territory of one of the Parties;
resolution of origin determination: a resolution issued by the customs authority made as a result of an origin-verifying procedure which establishes whether a good qualifies as originating according to Chapter 4 (Rules of Origin);

preferential tariff treatment: the application of the tariff rate corresponding to an originating good according to the Tariff Reduction Schedule, pursuant to Article 3.04 (Tariff Reduction Schedule) of the Agreement;

free zones: they are areas under surveillance and supervision of the custom authority and the police, in which goods introduced remain free of import duties and can stay in without limit time, without any transformation, awaiting for their next customs destination. In this case, the goods can undergo any necessary operations to ensure its conservation, and to improve its presentation or commercial quality and the arrangement for its transportation, such as their division or consolidation in bulks, forming of packs or change of packaging.

2. Except otherwise defined in this Article, the definitions established in Article 1 of the “First Part: Rules of Origin” shall be incorporated into “Second part: Customs Procedures”, of these Uniform Regulations.

Article 16: Certificate of Origin

1. The Certificate of Origin referred to in Article 5.02 of the Agreement is the document used to certify that a good exported from the territory of one Party into the territory of the other Party qualifies as originating and satisfies the other requirements established in the Agreement and in these Uniform Regulations. As a result, the good can be imported under the preferential tariff treatment established pursuant to Article 3.04 of the Agreement.

2. The Certificate of Origin referred to in Article 5.02 shall be:

a) issued by the Certifying Authority of each Party according to the format established in Annex III;

b) prepared in a printed format referred to in previous subparagraph a), or in such other medium or format that is approved by the competent authority of the Party into whose territory the good is imported;

c) completed and signed by the exporter of the Party, based on the information provided in the Declaration of Origin, established in Annex IV and which has been previously verified by the Certifying Authority, in accordance with these Uniform Regulations, including instructions on the back side of Certificate of Origin set out in Annex III; and

d) completed, signed and dated by the Certifying Authority of the Party and holding a serial certificate number for its identification.
e) Completed by the exporter in language of the Party from whose territory the good is exported and in English.

3. For purposes of Article 5.02 paragraph 8 of the Agreement, a valid Certificate of Origin shall be used for a single shipment of one or more goods that are imported into the territory of a Party.

4. According to Article 5.02, paragraph 9 of the Agreement, the one year validity of the Certificate of Origin, counted from the signature date by the Certifying Authority, means the period during which the importation of the goods described in the certificate can be carried out under the preferential tariff treatment.

Article 17: Declaration of Origin

The declaration of origin is used for the purpose to compile the information of the producer. A valid declaration of origin shall be:

a) issued according to the format established in Annex IV;

b) completed and signed by the producer in accordance with these Uniform Regulations and the instructions on the back side of the Declaration of Origin set out in Annex IV;

c) prepared in the format referred in paragraph 1 a) printed or in another medium or form in order that the information provided by the exporter can be used for purposes of filling the Certificate of Origin; and

d) analyzed and verified by the Certifying Authority, based on the information presented by the exporter before the issuance of Certificate of Origin.

Article 18: Obligations Regarding Importation

1. For purposes of Article 5.03, paragraph 1, subparagraph a) of the Agreement, "Valid Certificate of Origin" means a Certificate of Origin a certificate of origin written in the format referred to in Article 5.02 paragraph 1, signed and dated by an exporter of a good in the territory of a Party according to the provision of Chapter 5 of the Agreement and to the instructions for completing the certificate, and certified by the certifying authority of the exporting Party, pursuant to the provision of the said Chapter; and

2. For purposes Article 5.03, paragraph 1, subparagraph c) of the Agreement, when the Customs Authority of the Party in whose territory the good is imported determines that a certificate of origin:

a) is illegible, defective, omissions or it has not been completed in accordance with Article 16 of these Uniform Regulations, the importer shall be given a period of no more than fifteen (15) days to submit a corrected Certificate; or
b) presents blotches, scratches, amendments or writing between the lines, it shall be able to deny preferential tariff treatment, in accordance with Article 5.03, paragraph 2 of the Agreement.

3. An importer that makes a corrected declaration of origin pursuant to Article 5.03, paragraph 1, subparagraph d) of the Agreement, and meet conditions set out in Annex V, and pays any duties owing, will not be subject to penalties.

4. The provision of Article 5.03 of the Agreement does not exempt the importer from the obligation to pay customs duties and other taxes according to the applicable laws of the importing Party, when the customs authority denies preferential tariff treatment to goods imported, pursuant to paragraphs 3, 4 and 7, Article 5.06 of the Agreement; paragraph 5, Article 20; paragraphs 7, 20 and 22, Article 21 of these Uniform Regulations or when, based on verification, differences in the amount due are determined.

5. Each Party shall require that, where a good would have qualified as an originating good when it was imported into the territory of that Party but no claim for preferential tariff treatment was made at the time of entry, the importer of the good will not request for a refund or compensation of any excess duties paid.

6. Each Party shall require that the goods claiming preferential tariff treatment under the Agreement shall exhibit the origin marking in a visible way, and directly over the goods, in language of the Party or in English, such as “Made in… (Country of Origin) “or” Produced in…(Country of Origin).”

Notwithstanding the preceding paragraph, if by nature of goods, their size or shape by which they are traded, it is not possible that they exhibit the inscription of origin directly on the goods themselves, then the origin shall be marked on their coverings, boxes, bottling, packing or containers that hold them.

The provisions of this Article are not applicable to natural goods being traded in bulk or without packing, bottling or coverings, for which the mere presentation of origin in the Customs declaration should be acceptable.

Article 19: Obligations Regarding Exportation

For purposes of Article 5.04, paragraph 2 of the Agreement:

1. "Promptly" means prior to the commencement of verification or investigation by the competent authority regarding the Certificate and/or the Declaration of Origin.

2. Each Party may not impose penalties on an exporter or producer of a good in its territory, where the exporter or producer provide promptly the written notification referred to in paragraph 2 of Article 5.04 of the Agreement.

3. Where the customs authority of a Party provides an exporter or producer of a good with a determination under Article 5.06, paragraph 8 of the Agreement that the good is a
non-originating good, the exporter or producer shall notify all persons to whom the Certificate or Declaration of Origin with regard to the good were given.

4. Each Party shall require that the goods claiming preferential tariff treatment under the Agreement shall exhibit the origin marking in a visible way, and directly over the goods, in language of the Party or in English, such as “Made in… (Country of Origin) “or” Produced in…(Country of Origin).”

Notwithstanding the preceding paragraph, if by nature of goods, their size or shape which they are traded, it is not possible that they exhibit the inscription of origin directly on the goods themselves, then the origin shall be marked on their coverings, boxes, bottling, packing or containers that hold them.

The provisions of this Article are not applicable to natural goods being traded in bulk or without packing, bottling or coverings, for which the mere presentation of origin in the Customs declaration should be acceptable.

**Article 20: Records**

1. The Parties shall provide that every exporter or producer who completes and signs a Certificate of Origin or provides information, including the declaration of origin, to its Certifying Authority, shall maintain for a minimum period of five (5) years counted from the date the Certificate was signed, all records and documents associated with the origin of the good pursuant to Article 5.05, paragraph 1, subparagraph a) of the Agreement. The documentation and records required to be maintained shall be kept in such a manner as to enable an officer of the Customs Authority of a Party, in conducting a verification of origin under Article 5.06 of the Agreement, to verify the information on the basis of which:

   a) in the case of an importer, a claim for preferential tariff treatment was made with respect to a good imported into its territory, then that importer shall keep the Certificate of Origin and all documentation associated with the importation requested by the Customs Authority.

   b) in the case of an exporter or producer, if a Certificate or Declaration of Origin was completed with respect to a good exported to the territory of the other Party, then the exporter or producer shall keep all records and documents associated with the Certificate of Origin, according to paragraph 1, subparagraph a) of Article 5.05 of the Agreement.

2. the certifying authority of the exporting Party which issued the Certificate of Origin shall maintain all documentation relating to the issuance of the certificate for a minimum period of five (5) years counted from the issuing date of the certificate.

3. importers, exporters, producers and the certifying authority in the territory of a Party that are required to maintain documentation and records under paragraph 1 of Article 5.05 of the Agreement, shall be permitted to maintain such documentation and records in electronic or magnetic form, in accordance with the legislation of that Party, provided that the documentation or records can be retrieved and printed.
4. Exporters and producers under Article 5.05 of the Agreement shall make those records and documentation available to the customs authority of the Party conducting a verification visit, and provide facilities for inspection thereof, subject to the notification and consent requirements provided for in Article 5.06 paragraph 9 of the Agreement.

5. A Party may deny preferential tariff treatment to a good subject to verification of origin, if the exporter, producer or importer of the good who shall maintain records or documents:

   a) does not maintain the records or documents for determining the origin of the good, according to the provisions of this Chapter and Chapter 4 (Rules of Origin); or

   b) denies access to the records or documents.

6. Where the Customs Authority of a Party finds that, during the procedures of an origin verification, a producer of a good in the territory of the other Party has failed to maintain its records in accordance with the Generally Accepted Accounting Principles applied in the territory of the Party in which the good is produced, the exporter or producer shall be given an opportunity to record its accounting book in accordance with those Generally Accepted Accounting Principles within thirty (30) days following the date on which the customs authority has informed him in writing that the records have not been maintained according to such principles.

**Article 21: Origin Verification Procedures**

1. In accordance with paragraph 1 of Article 5.06 of the Agreement, the importing Party may request through its customs authority to the certifying authority of the exporting Party information about the origin of a good.

2. For the purpose of determining, and based on paragraph 2 of Article 5.06 of the Agreement, whether good imported into its territory from the territory of the other Party, under preferential treatment qualifies as originating, each Party may verify the origin of the good through its customs authority by means of:

   a) written questionnaires to an exporter or producer in the territory of the other Party, based on the common standards set out in Annex VI;

   b) verification visits to an exporter or a producer in the territory of the other Party to review the records and documents that show compliance with rules of origin under Article 5.05 of the Agreement, and to inspect the facilities used in the production of the good, and those used in the production of materials; or may commission the Embassy in the territory of the other Party to visit to the exporter or producer to verify the origin; or

   c) other procedures as the Parties may agree.
3. For purposes of this Article, the notifications of questionnaires, official letters, decisions, notices, and other written communications sent to the exporter or producer for origin verification, shall be considered valid, provided that they are issued through the following media:

    a) certified mail with acknowledgment of receipt or any other means that confirm the reception of this document by the exporter or producer; or

    b) any other means as the Parties may agree.

4. The provision of paragraph 2 shall be applied without prejudice to the authority of verification by the customs authority of the importing Party regarding the enforcement of other obligations of their own importers, exporters or producers.

5. The written questionnaire referred to in subparagraph a) of paragraph 2 shall:

    a) indicate the period available to the exporter or producer, which shall be not less than thirty (30) days from the date of receipt of the questionnaire, to respond to the competent authority and return back the questionnaire or the information and documentation requested; and

    b) include the notice of intention to deny the preferential tariff treatment, in the event that the exporter or producer does not comply with the requirement of submitting the questionnaire duly completed or the requested information, within such period.

6. The exporter or producer that receives a questionnaire according to subparagraph a) of paragraph 2 shall respond to and return the questionnaire duly completed in the period established in subparagraph a) of paragraph 5, starting from the date of receipt of the questionnaire. During this period, the exporter or producer may request in writing to the customs authority of the importing Party for an extension, which in this case shall not exceed thirty (30) days. This request shall not have the consequence of denying the preferential tariff treatment.

7. Each Party shall provide that where it received the responded questionnaire referred to in subparagraph a) of paragraph 2 within the corresponding period, each Party may still request for more information to determine the origin of the goods subject to verification. It may request, through its customs authority, for additional information from the exporter or producer, by means of a subsequent questionnaire, in which case the exporter or producer shall respond to the request and turn in the information in a period not exceeding thirty (30) days from the date of reception.

8. In case that the exporter or producer does not correctly respond to the questionnaires, or does not return the questionnaire within the corresponding period, as referred to in paragraphs 6 and 7 above, the importing Party may deny the preferential tariff treatment to the goods subject to verification, by a prior decision in writing, addressed to the exporter or producer, including findings of facts and the legal basis for the determination.
9. Prior to conducting a verification visit pursuant to subparagraph b) of paragraph 2, the importing Party shall, through its Certifying Authority, provide a written notification of its intention to conduct the visit. The notification shall be sent to the exporter or producer to be visited, to the Certifying Authorities and the customs authority of the Party in whose territory the visit is to occur, and to the other Party’s Embassy in the territory of the importing Party, if it is requested by that other Party. The importing Party shall, through its customs authority, request the written consent of the exporter or producer to whom it intends to visit.

10. The notification referred to in paragraph 9 shall include:

   a) the identity of the Customs Authority issuing the notification;
   b) the name or the exporter or producer to whom it intends to visit;
   c) the date and place of the proposed verification visit;
   d) the object and scope of the proposed verification visit, including specific reference to the goods that are the subject of the verification;
   e) the names (personal information) and titles of the officials performing the verification visit; and
   f) the legal authority for the verification visit.

11. Any modification of the information referred to in subparagraph e) of paragraph 10 shall be notified in writing to the exporter or producer, to the customs authority and to the certifying authority of the exporting Party before the verification visit. Any modification of the information as referred to in subparagraph a), b), c), d) and f) of paragraph 10 shall be notified according to paragraph 9 of this Article.

12. Where an exporter or a producer has not given its written consent to a proposed verification visit within thirty (30) days of its receipt of a notification pursuant to paragraph 9, the importing Party may deny the preferential tariff treatment to the good or goods that would have been the subject of the verification visit.

13. Each Party may require, where its customs authority receives a notification pursuant to paragraph 9 within fifteen (15) days of its receipt of the notification, postpone the proposed verification visit for a period not exceeding sixty (60) days from the date the notification is received, or for a longer period as the Parties may agree.

14. A Party shall not deny preferential tariff treatment to a good solely due to the postponement of a verification visit pursuant to paragraph 13.

15. Each Party shall permit an exporter or a producer whose good is the subject of a verification visit to designate two observers to be present during the visit, provided that the observers do not participate in a manner other than as observers, and the failure of the exporter or producer to designate observers shall not result in the postponement of the visit.

16. Each Party shall require that an exporter or a producer provides records and documents referred to in Article 5.05, paragraph 1 a) to the Customs Authority of the
importing Party. Where the records and documents are not in possession of an exporter or a producer, it may request the producer or supplier of the materials to deliver them to the Customs Authority in charge of the verification.

17 Each Party shall verify with the compliance of the requirements on regional value content, the de minimis calculation or any other measure included in Chapter 4 (Rules of Origin) by its Customs Authority, according to the Generally Accepted Accounting Principles applied in the territory of the Party from where the good is exported.

18. The Customs Authority of the importing Party shall write a minute of the visit, which shall include the facts confirmed by it. The exporter or producer and the designated observers may sign this minute accordingly.

19 Within 120 days after the conclusion of the verification, the Customs Authority shall provide a written decision to the exporter or producer of the goods subject to verification, determining whether the good is qualified as originating, including the findings of facts and the legal basis for the decision.

20. Where the Customs Authority denies the preferential tariff treatment to a good or goods subject to a verification, such authority shall issue a written decision, well founded and reasoned, which shall be notified to the exporter or producer according to paragraph 3 and shall take effect the day after the receipt.

21. Where a verification by a Party demonstrates that an exporter or producer has certified or provided more than once in a false or unfounded manner stating that a good qualifies as an originating good, the importing Party may suspend the preferential tariff treatment to the identical good that this person exports or produces, until that person establishes compliance with Chapter 4 (Rules of Origin).

22. If in two or more verifications of origin, two or more written decisions were made denying preferential tariff treatment to goods same as the good subject to verification, it shall be considered that an exporter or producer has certified or provided information more than once in a false or unfounded manner stating that a good imported to the territory of a Party qualifies as originating.

23. Where the competent authority of the importing Party determines that a good imported into its territory does not qualify as originating, according to the tariff classification or the value applied by the Party to one or more materials used in the production of the good, and it differs from the tariff classification or from the value applied to the materials by the Party from where the good was exported, that Party shall provide that its decision shall not take effects until it is notified in writing to the importer of the goods and to the person who has filled and signed the Certificate of Origin, as well as to the producer of the good.

24. A Party shall not apply a decision issued under paragraph 23 to an importation made before the effective date of the decision where:

   a) the Customs Authority of the Party from whose territory the good was exported has
issued a ruling on the tariff classification or on the value of such materials, on which a person is entitled to rely; and

b) the mentioned decisions were given prior to the initiation of origin verification.

**Article 22: Advance Rulings**

1. Each Party shall, through its customs authority, provide for the expeditious issuance of written advance rulings, prior to the importation of a good into its territory. These advance rulings shall be expeditiously issued by the customs authority to an importer in its territory or an exporter or a producer in the territory of the other Party, on the basis of the facts and circumstances presented by such importer, exporter or producer of the good, concerning:

   a) whether a good qualifies as originating, pursuant to Chapter 4 (Rules of Origin);

   b) whether the non-originating materials used in the production of a good comply with the corresponding change of tariff classification in Annex 4.03 (Specific Rules of Origin);

   c) whether a good satisfies the regional value content requirement set out in Chapter 4 (Rules of Origin);

   d) whether the method applied by an exporter or a producer in the territory of the other Party according to the principles of the Customs Valuation Agreement for calculating the transaction value of the good or of the materials used in the production of the good for which an advance ruling is required is appropriate for the purpose of determining whether a good satisfies a regional value content requirement under Chapter 4 (Rules of Origin);

   e) whether a good that re-enters its territory after it has been exported from its territory to the territory of the other Party for repair or alteration qualifies for preferential tariff treatment under Article 3.07 (Goods Re-Entered after Repair or Alteration); and

   f) such other matters as the Parties may agree.

2. The common standards for the information required in the application for an advance ruling are set out in Annex VII.

3. Subject to paragraph 4 of this Article, the customs authority to which the application is made shall issue an advance ruling within one hundred twenty (120) days after it receives all information reasonably required to process the application, including, where appropriate, a sample of the good or materials in question and any supplemental information that may be required, according to Article 5.07, paragraph 2 b) of the Agreement.

4. For purposes of Article 5.07, paragraph 2, subparagraph b) of the Agreement, when
the customs authority of a Party determines that an application for an advance ruling is incomplete, it may decline to further process the application provided that:

   a) it has notified the applicant of any supplementary information required and of the period within which the applicant must provide the information, which will not be less than thirty (30) days; and

   b) the applicant has failed to provide the information within the period specified.

Notwithstanding this paragraph, a person shall not be prevented from reapplying for an advance ruling.

5. For purposes of Article 5.07, paragraph 6) of the Agreement, "import of a good" is defined in Annex VIII.

Article 23: Review and Appeal

1. The exporters or producers to whom a decision of origin verification is provided under the Article 21, paragraph 19 of these Uniform Regulations, shall have the same rights of review and appeal as for the importers in accordance with Article 5.11 paragraph 1 of the Agreement.

2. Where an advance ruling is issued under Article 5.07 of the Agreement, a modification or revocation of the advance ruling shall be subject to review and appeal under Article 5.11 of the Agreement.

3. When a Party denies preferential tariff treatment to a good based on:

   a) a corrected Certificate of Origin has not been provided within the period set out in Article 18, paragraph 2, subparagraph a) of these Uniform Regulations; or

   b) the non-fulfillment of period established in Chapter 5 of the Agreement or these Uniform Regulations with regard to the submission of record or other information to the Customs Authority of that Party;

        the decision made in the review or appeal of a ruling in accordance with paragraph 2 of Article 5.11 of the Agreement, shall only deal with the compliance of the time period referred to in above-mentioned paragraph.

Article 24: Penalties

1. Each Party shall establish or maintain measures imposing criminal, civil, or administrative penalties for violations of its laws and regulations related to the provision of Chapter 5 (Customs Procedures) of the Agreement.

2. Each Party shall establish criminal, civil, or administrative penalties for the Certifying Authority that issues a Certificate of Origin in a false or unfounded manner.
Article 25: Cooperation

1. Each Party shall notify the other Party of the following determinations, measures and rulings, including the greatest extent practicable those that are prospective in application:

   a) a determination of origin issued as the result of verification conducted pursuant to Article 5.06, once the petitions of review and appeal referred to in Article 5.11 of this Chapter are exhausted;

   b) a determination of origin that the Party considers contrary to a ruling issued by the customs authority of the other Party with respect to the tariff classification or value of a good, or of materials used in the production of a good;

   c) a measure establishing or significantly modifying an administrative policy that is likely to affect future determinations of origin; and

   d) an advance ruling or its modification, pursuant to Article 5.07 of the Agreement.

2. The Parties shall cooperate in the following aspects:

   a) the enforcement of their respective customs-related laws or regulations implementing this Agreement, and under any customs mutual assistance agreements or other customs-related agreement to which they are parties;

   b) to the extent possible and for purposes of facilitating the flow of trade between their territories, such customs-related matters as the collection and exchange of statistics regarding the importation and exportation of goods, the standardization of data elements and the exchange of information;

   c) to the extent possible, the collection and exchange of documentation on customs procedures; and

   d) to the extent possible and for purposes of verifying the origin of a good, the customs authority of the importing Party may request to the certifying authority of the other Party to conduct in its territory some related investigations or inquiries, and to issue the corresponding reports.

Article 26: Recognition and Acceptance of the Re-Exportation Certificate

1. In accordance with Article 5.09 of the Agreement, goods originating in a country with which a Party has signed a trade agreement, and which are re-exported from a free zone located in the territory of the Party, must be accompanied by a Re-Exportation Certificate, with the intention that those goods do not lose their status of originating and preferential tariff treatment provided in agreements.

2. Goods re-exported from a free zone of a Party, shall not lose the originating status of
the third country in which they are produced provided that:

a) the goods remained under the control of the customs authority of the re-exporting Party;

b) the goods were not subject to further processing or other operations, except marketing, unloading, reloading or any other operation necessary to preserve them in good condition; and

c) the previous requirements are documentarily proved.

3. The Re-Exportation Certificate referred to in paragraph 1 shall:

a) be of authenticated at the request of the interested re-exporting enterprise located in a free zone;

b) be issued in accordance with format established in Annex IX;

c) be completed in accordance with the instructions established in Annex IX and signed by the person responsible for the re-exporting enterprise;

d) be authenticated by the customs authority and by the administrative authorities of the Free Zone in the re-exporting country, in accordance with the procedures established by each one of them;

e) cover a single import of one or more goods, originating in a country with which the importing Party has a trade agreement in force; and

f) be modified, through the consensus of the Parties, to adapt it to commercial practices.

4. For purposes of paragraph 3 of Article 5.09 of the Agreement, when goods are imported from a free zone of a Party, the customs authority of the importing country shall be able to require the importer to present the Re-Exportation Certificate at the time of the importation and to provide one copy thereof if the customs authority requires it.

5. For purposes of subparagraph b) of paragraph 5 of Article 5.09 of the Agreement, the Re-Exportation Certificate shall be presented to customs authority of the importing Party accompanied by the Certificate of Origin issued by the exporter of the country with which the importing Party has an agreement in force.

6. In accordance with Article 5.09 of the Agreement and this Article of the Uniform Regulations, in order for the originating goods coming from third countries with which the Parties have agreements in force, to have the right to enjoy preferential tariffs stipulated in such, it shall be necessary, according to their law, that the Party and that third country decide the provision that for the re-exportation through a free zone of a good for which preferential tariff treatment is asked for, does not lose its status of originating.
7. The Administrative and Customs Authority of the Free Zone in each Party, shall offer all the facilities and information required in the origin verification of the goods re-exported from that Free Zone, covered by the trade agreement signed by a Party with a third country.
ANNEXES
ANNEX I

INVENTORY MANAGEMENT METHODS

Part I: Fungible Materials

Definitions and Interpretation

Article 1

For purposes of this part, it shall be understood by:

opening inventory: the materials inventory at the time an inventory management method is chosen;

materials inventory: with respect,

   a) with respect to a producer of a good, an inventory of fungible materials that are used in the production of the good; and

   b) with respect to a person from whom the producer of the good acquired those fungible materials, an inventory from which fungible materials are sold or otherwise transferred to the producer of the good;

First-in, first-out method (FIFO): the method by which the origin of fungible materials first received in materials inventory is considered to be the origin of fungible materials first withdrawn from materials inventory;

Last-in, first-out method (LIFO): the method by which the origin of fungible materials last received in materials inventory is considered to be the origin of fungible materials the first withdrawn from materials inventory; and

Average method: the method by which the origin of fungible materials withdrawn from materials inventory is based on the percentage, of originating materials and non-originating materials in materials inventory, calculated according to Article 5 of this Annex.

General Rules

Article 2

For purposes of subparagraph a) of paragraph 1 of Article 9 of these Uniform Regulations, the inventory management methods for determining whether fungible materials are originating materials are the following:

   a) first-in, first-out method (FIFO);
   b) last-in, first-out method (LIFO); and
   c) average method.
Article 3

Where a producer of a good or a person from whom the producer acquired materials that are used in the production of the good chooses an inventory management method referred to in Article 2 of this Annex, that method, including the averaging period chosen in the case of the average method, shall be used from the time the choice is made until the end of the fiscal year of the producer or person.

Average Method

Article 4

Where the producer or person referred to in Article 3 of this Annex chooses the average method, the origin of fungible materials withdrawn from materials inventory is determined on the basis of the ratio of originating materials and non-originating materials in materials inventory that is calculated according to Articles 5 and 6 of this Annex.

Article 5

1. Except as otherwise provided in Article 6 of this Annex, the ratio is calculated with respect to a month or three months period, at the choice of the producer or person, by dividing,

   a) the sum of:

   (i) the total units of originating materials or non-originating materials that are fungible materials and that were in materials inventory at the beginning of the preceding one-month or three months period, and

   (ii) the total units of originating materials or non-originating materials that are fungible materials and that were received in materials inventory during that preceding one month or three months period.

   by

   b) the sum of:

   (i) the total units of originating materials and non-originating materials that are fungible materials and that were in materials inventory at the beginning of the preceding one month or three months period, and

   (ii) the total units of originating materials and non-originating materials that are fungible materials and that were received in materials inventory during that preceding one month or three months period.

2. The ratio calculated with respect to a preceding month or three months period under
paragraph 1), is applied to the fungible materials remaining in materials inventory at the end of the preceding month or three months period.

**Article 6**

1. Where the good is subject to a regional value content requirement and the ratio is calculated with respect to each shipment of the good by dividing:

   a) the total units of originating materials or non-originating materials that are fungible materials and that were in materials inventory prior to the shipment;

   by

   b) the total units of originating materials and non-originating materials that are fungible materials and that were in materials inventory prior to the shipment;

2. The ratio calculated with respect to a shipment of a good according to paragraph 1 is applied to the fungible materials remaining in materials inventory after the shipment.

**Manner of Dealing with Opening Inventory**

**Article 7**

1. Except as otherwise provided under paragraph 2, where the producer or person referred to in Article 3 of this Annex has fungible materials in opening inventory, the origin of those fungible materials shall be determined by:

   a) identifying in the accounting books of the producer or the person, the latest receipts of fungible materials that add up to the amount of fungible materials in opening inventory;

   b) determining the origin of the fungible materials that make up those receipts; and

   c) considering the origin of those fungible materials to be the origin of the fungible materials in opening inventory.

2. The producer or the person may consider all fungible materials in opening inventory to be non-originating materials.
Part II: Fungible Goods

Definitions and Interpretation

Article 8

For the purposes of this part, it shall be understood by:

**opening inventory**: the finished goods inventory at the time an inventory management method is chosen;

**finished goods inventory**: an inventory from which fungible goods are sold or otherwise transferred to another person;

**first-in, first-out method** (FIFO): the method by which the origin fungible goods first received in finished goods inventory is considered to be the origin of fungible goods first withdrawn from finished goods inventory;

**last-in, first-out method** (LIFO): means the method by which the origin of fungible goods last received in finished goods inventory is considered to be the origin of fungible goods first withdrawn from finished goods inventory; and

**average method**: the method by which the origin of fungible goods withdrawn from finished goods inventory is based on the percentage, calculated under Article 11 of this Annex, of originating goods and non-originating goods in finished goods inventory.

General Rules

Article 9

For purposes of subparagraph b) paragraph 1 of Article 9 of these Uniform Regulations, the inventory management methods for determining whether fungible goods are originating goods are the following:

a) first-in, first-out method (FIFO);

b) last-in, first-out method (LIFO); and

c) average method.

Article 10

Where an exporter of a good or a person from whom the exporter acquired the good chooses an inventory management methods referred to in Article 9 of this Annex, that method, including the averaging period chosen in the case of the average method, shall be used from the time the choice is made until the end of the fiscal year of the exporter or person.
Average Method

Article 11

1. Where the exporter or person referred to in Article 10 of this Annex chooses the average method, the origin of each shipment of fungible goods withdrawn from finished goods inventory during a month or three months period, at the choice of the exporter or person, is determined on the basis of the ratio of originating goods and non-originating goods in finished goods inventory for the preceding one month or three months period that is calculated by dividing,

   a) the sum of:

      (i) the total units of originating goods or non-originating goods that are fungible goods and that were in finished goods inventory at the beginning of the preceding one month or three months period; and

      (ii) the total units of originating goods or non-originating goods that are fungible goods and that were received in finished goods inventory during that preceding one month or three months period.

   by

   b) the sum of:

      (i) the total units of originating goods and non-originating goods that are fungible good and that were in finished goods inventory at the beginning of the preceding one month or three months period; and

      (ii) the total units of originating goods and non-originating goods that are fungible goods and that were received in finished goods inventory during that preceding one month or three months period.

2. The calculation with respect to a preceding one month or three months period under paragraph 1 is applied to the fungible goods remaining in finished goods inventory at the end of the preceding one month or three months period.

Manner of Dealing with Opening Inventory

Article 12

1. Except as otherwise provided under paragraph 2, where the exporter or person referred to in Article 10 of this Annex has fungible goods in opening inventory, the origin of those fungible goods shall be determined by:

   a) identifying, in the accounting books of the exporter or person, the latest receipts of
fungible goods that add up to the amount of fungible goods in opening inventory;

b) determining the origin of fungible goods that make up those receipts; and

c) considering the origin of those fungible goods to be the origin of fungible goods in opening inventory.

2. The exporter or the person may consider all fungible goods in opening inventory to be non-originating goods.

APPENDIX "A"

“EXAMPLES” ILLUSTRATING THE APPLICATION OF THE INVENTORY MANAGEMENT METHODS TO DETERMINE THE ORIGIN OF FUNGIBLE MATERIALS

The following examples are based on the figures set out in the table below and on the following assumptions:

a) originating material A and non-originating material A that are fungible materials are used in the production of Good A;
b) one unit of material A is used to produce one unit of Good A;
c) material A is only used in the production of Good A;
d) all other materials used in the production of Good A are originating materials; and
e) the producer of Good A exports all shipments of Good A to the territory of the other Party.

<table>
<thead>
<tr>
<th>Date (D/M/Y)</th>
<th>MATERIALS INVENTORY (Receipts of Material “A”)</th>
<th>SALES (Shipments of Good “A”)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Quantity (units)</td>
<td>Unit cost *</td>
</tr>
<tr>
<td>18/12/01</td>
<td>100 (O)</td>
<td>$1.00</td>
</tr>
<tr>
<td>27/12/01</td>
<td>100 (N)</td>
<td>1.10</td>
</tr>
<tr>
<td>01/01/02</td>
<td>200 (II)</td>
<td></td>
</tr>
<tr>
<td>01/01/02</td>
<td>1,000 (O)</td>
<td>1.00</td>
</tr>
<tr>
<td>05/01/02</td>
<td>1,000 (N)</td>
<td>1.10</td>
</tr>
<tr>
<td>10/01/02</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10/01/02</td>
<td>1,000 (O)</td>
<td>1.05</td>
</tr>
<tr>
<td>15/01/02</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16/01/02</td>
<td>2,000 (N)</td>
<td>1.10</td>
</tr>
<tr>
<td>20/01/02</td>
<td></td>
<td></td>
</tr>
<tr>
<td>23/01/02</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* the unit cost is determined in accordance with Article 5 of these Uniform Regulations.
1 "O" means originating materials
2 "N" means non-originating materials
3 "II" means opening inventory

Example 1: FIFO Method

Good A is subject to a regional value content requirement.

By applying the FIFO method:

1. the 100 units of originating material A in opening inventory that were received in materials inventory on 18/12/01 are considered to have been used in the production of the 100 units of Good A, that were shipped on 10/01/02; therefore, the value of non-originating materials used in the production of those goods is considered to be $0;

2. the 100 units of non-originating material A in opening inventory that were received in materials inventory on 27/12/01 and 600 units of the 1,000 units of the originating material A that were received in materials inventory on 01/01/02, are considered to have been used in the production of the 700 units of Good A, that were shipped on 15/01/02; therefore, the value of non-originating materials used in the production of those goods is considered to be $110 (100 units x $1.10);

3. the remaining 400 units of the 1,000 units of originating material A that were received in materials inventory on 01/01/02, and 600 units of the 1,000 units of non-originating material A that were received in materials inventory on 05/01/02 are considered to have been used in the production of the 1,000 units of Good A, that were shipped on 20/01/02; therefore, the value of the non-originating materials used in the production of those goods is considered to be $660 (600 units x $1.10); and

4. the remaining 400 units of the 1,000 units of non-originating material A that were received in materials inventory on 05/01/02 and 500 units of the 1,000 units of originating material A that were received in materials inventory on 10/01/02, are considered to have been used in the production of the 900 units of Good A, that were shipped on 23/01/02; therefore, the value of non-originating materials used in the production of those goods is considered to be $440 (400 units x $1.10).

Example 2: LIFO Method

Good A is subject to a change in tariff classification requirement and the non-originating material A used in the production of good A does not undergo the applicable change in tariff classification. Therefore, where originating material A is used in the production of Good A, Good A is an originating good, and where non-originating material A is used in the production of Good A, Good A is a non-originating good.
By applying the LIFO method:

1. 100 units of the 1,000 units of non-originating material A received in materials inventory on 05/01/02 are considered to have been used in the production of the 100 units of Good A, that were shipped on 10/01/02;

2. 700 units of the 1,000 units of originating material A that were received in materials inventory on 10/01/02 are considered to have been used in the production of the 700 units of Good A, that were shipped on 15/01/02;

3. 1,000 units of the 2,000 units of non-originating material A that were received in materials inventory on 16/01/02 are considered to have been used in the production of the 1,000 units of Good A, that were shipped on 20/01/02; and

4. 900 units of the remaining 1,000 units of the non-originating material A that were received in materials inventory on 16/01/02 are considered to have been used in the production of the 900 units of Good A, that were shipped on 23/01/02.

Example 3: average method

Good A is subject to an applicable regional value content requirement. Producer A determines the average value of non-originating material A and the ratio of originating material A to total value of originating material A, and non-originating material A in the following table.

**EXAMPLE OF THE AVERAGE METHOD:**

<table>
<thead>
<tr>
<th>Date (d/m/y)</th>
<th>Entry (unit)</th>
<th>Exit (unit)</th>
<th>Existence (unit)</th>
<th>Cost of Acquisition</th>
<th>Average value</th>
<th>Debit</th>
<th>Credit</th>
<th>Balance</th>
<th>Amo</th>
<th>Value in $</th>
</tr>
</thead>
<tbody>
<tr>
<td>18/12/01</td>
<td>100 (O)</td>
<td>100</td>
<td>$ 1.00</td>
<td>$100.0</td>
<td>$100</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27/12/01</td>
<td>100 (N)</td>
<td>200(II)</td>
<td>$ 1.05</td>
<td>$210</td>
<td>$100</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>01/01/02</td>
<td>1,000 (O)</td>
<td>1,200</td>
<td>$ 1.00</td>
<td>$1,000.0</td>
<td>$1,210</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>05/01/02</td>
<td>1,000 (N)</td>
<td>2,200</td>
<td>$ 1.10</td>
<td>$2,310</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10/01/02</td>
<td>100</td>
<td>2,100</td>
<td>$ 1.05</td>
<td>$2,205</td>
<td>- 50</td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>10/01/02</td>
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<td>$ 1.05</td>
<td>$3,255</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>15/01/02</td>
<td>700</td>
<td>2,400</td>
<td>$ 1.05</td>
<td>$2,520</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16/01/02</td>
<td>2,000 (N)</td>
<td>4,400</td>
<td>$ 1.10</td>
<td>$4,720</td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>20/01/02</td>
<td>1,000</td>
<td>3,400</td>
<td>$ 1.07</td>
<td>$3,650</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>23/01/02</td>
<td>900</td>
<td>2,500</td>
<td>$ 1.07</td>
<td>$2,687</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

42
the unit cost is determined in accordance with article 5 of these Uniform Regulations

1.  "O" means originating materials
2.  "N" means non-originating materials
3.  "II" means opening inventory

By applying the average method:

1.  before the shipment of the 100 units of material A on 10/01/02, the ratio of units of originating material A to total units of material A of materials inventory was 0.50 (1,100 units / 2,200 units) and the ratio of units of non-originating material A to total units of material A in materials inventory was 0.50 (1,100 units / 2,200 units); based on those ratio, 50 units (100 units x 0.50) of originating material A and 50 units (100 units x 0.50) of non-originating material A are considered to have been used in the production of the 100 units of Good A, that were shipped on 10/01/02; therefore, the value of the non-originating material A used in the production of those goods is considered to be $52.50 [100 units x $1.05 (average unit value) x 0.50 ]; the ratios are applied to the units of material A remaining in materials inventory after the shipment: 1,050 units (2,100 units x 0.50) are considered to be originating materials and 1,050 units (2,100 units x 0.50) are considered to be non-originating materials;

2.  before the shipment of the 700 units of Good A on 15/01/02, the ratio of units of originating material A to total units of material A in materials inventory was 66% (2,050 units / 3,100 units) and the ratio of units of non-originating material A to total units of material A in materials inventory was 34% (1,050 units / 3,100 units); based on those ratios, 462 units (700 units x 0.66) of originating material A and 238 units (700 units x 0.34) of non-originating material A are considered to have been used in the production of the 700 units of Good A, that were shipped on 15/01/02; therefore, the value of the non-originating material A used in the production of those goods is considered to be $249.90 [700 units x $1.05 (average unit value) x 0.34 ]; the ratios are applied to the units of material A remaining in materials inventory after the shipment: 1,584 units (2,400 units x 0.66) are considered to be originating materials and 816 units (2,400 units x 0.34) are considered to be non-originating materials;

3.  before the shipment of the 1,000 units of material A on 20/01/02, the ratio of units of originating material A to total units of material A in materials inventory was 36% (1,584 units / 4,400 units) and the ratio of units of non-originating material A to total units of material A in materials inventory was 64% (2,816 units / 4,400 units); based on those ratios, 360 units (1,000 units x 0.36) of originating material A and 640 units (1,000 units x 0.64) of non-originating material A are considered to have been used in the production of the 1,000 units of Good A that were shipped on 20/01/02; therefore, the value of non-originating material A used in the production of those goods is considered to be $684.80 [1,000 units x $1.07 (average unit value) x 0.64 ]; those ratios are applied to the units of material A remaining in materials inventory after the shipment: 1,224 units (3,400 units x 0.36) are considered to be originating materials and 2,176 units (3,400 units x 0.64) are considered to be non-originating materials;
4. before the shipment of the 900 units of Good A on 23/01/02, the ratio of units of originating material A to total units of material A in materials inventory was 36% (1,224 units / 3,400 units) and the ratio of units of non-originating material A to total units of the material A in materials inventory was 64% (2,176 units / 3,400 units); based on those ratios, 324 units (900 units x 0.36) of originating material A and 576 units (900 units x 0.64) of non-originating material A are considered to have been used in the production of the 900 units of Good A, that were shipped on 23/01/02; therefore, the value of non-originating material A used in the production of those goods is considered to be $616.32 [900 units x $1.07 (average unit value) x 0.64]; those ratios are applied to the units of material A remaining in materials inventory after the shipment: 900 units (2,500 units x 0.36) are considered to be originating materials and 1,600 units (2,500 units x 0.64) are considered to be non-originating materials.

APPENDIX "B"

“EXAMPLES” ILLUSTRATING THE APPLICATION OF THE INVENTORY MANAGEMENT METHODS TO DETERMINE THE ORIGIN OF FUNGIBLE GOODS

The following examples are based on the figures set out in the table below and on the assumption that exporter A acquires originating Goods A and non-originating Goods A that are fungible goods and physically combines or mixes Good A before exporting those goods to the buyer of those goods.

<table>
<thead>
<tr>
<th>FINISHED GOODS INVENTORY (Receipts of good “A”)</th>
<th>SALES (Shipments of good “A”)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date (D/M/Y)</td>
<td>Quantity (units)</td>
</tr>
<tr>
<td>18/12/01</td>
<td>100 (O)</td>
</tr>
<tr>
<td>27/12/01</td>
<td>100 (N)</td>
</tr>
<tr>
<td>01/01/02</td>
<td>200 (II)</td>
</tr>
<tr>
<td>01/01/02</td>
<td>1,000 (O)</td>
</tr>
<tr>
<td>05/01/02</td>
<td>1,000 (N)</td>
</tr>
<tr>
<td>10/01/02</td>
<td></td>
</tr>
<tr>
<td>20/01/02</td>
<td></td>
</tr>
</tbody>
</table>

1 "O" means originating materials
2 "N" means non-originating materials
3 "II" means opening inventory
Example 1: FIFO Method

By applying the FIFO method:

1. the 100 units of originating Goods A of in opening inventory that were received in finished goods inventory on 18/12/01 are considered to be the 100 units of Good A that are shipped on 10/01/02;

2. the 100 units of non-originating Goods A in opening inventory that were received in finished goods inventory on 27/12/01 and 600 units of the 1,000 units of originating Goods A that were received in finished goods inventory on 01/01/02 are considered to be the 700 units of Good A, that are shipped on 15/01/02;

3. the remaining 400 units of the 1,000 units of originating Goods A that were received in finished goods inventory on 01/01/02 and 600 units of the 1,000 units of non-originating Goods A that were received in finished goods inventory on 05/01/02 are considered to be the 1,000 units of Good A, that are shipped on 20/01/02; and

4. the remaining 400 units of the 1,000 units of non-originating Goods A that were received in finished goods inventory on 05/01/02 and 500 units of the 1,000 units of originating Goods A that were received in finished goods inventory on 10/01/02 are considered to be the 900 units of Good A, that are shipped on 23/01/02.

Example 2: LIFO Method

By applying the LIFO method:

1. 100 units of the 1,000 units of non-originating Goods A that were received in finished goods inventory on 05/01/02 are considered to be the 100 units of Good A, that are shipped on 10/01/02;

2. 700 units of the 1,000 units of originating Goods A that were received in finished goods inventory on 10/01/02 are considered to be the 700 units of Good A, that are shipped on 15/01/02;

3. 1,000 units of the 2,000 units of non-originating Goods A that were received in finished goods inventory on 16/01/02 are considered to be the 1,000 units of Good A, that are shipped on 20/01/02; and

4. 900 units of the remaining 1,000 units of non-originating Goods A that were received in finished goods inventory on 16/01/02 are considered to be the 900 units of Good A, that are shipped on 23/01/02.

Example 3: Average method

Exporter A chooses to determine the origin of Good A on a monthly basis. Exporter A exported 3,000 units of Good A during the month of February 2002. The origin of the units
of Good A exported during that month is determined on the basis of preceding month that is January of 2002.

By applying the average method:

- the ratio of originating goods to all goods in finished goods inventory for the month of January 2002 is 40.4% (2,100 units / 5,200 units); based on that ratio, 1,212 units (3,000 units x 0.404) of Good A shipped in February 2002 are considered to be originating goods and 1,788 units (3,000 units – 1,212 units) of Good A are considered to be non-originating goods;
- and that ratio is applied to the units of Good A remaining in finished goods inventory on January 31 2002: 1,010 units (2,500 units x 0.404) are considered to be originating goods and 1,490 units (2,500 units – 1,010 units) are considered to be non-originating goods.
ANNEX II

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Article 1

Generally Accepted Accounting Principles stands for the recognized consensus or substantial authoritative support in the territory of each Party with respect to recording of revenues, costs, assets and liabilities, disclosure of information and preparation of financial statements.

These standards may be broad guidelines of general application as well as detailed, practices and procedures.

Article 2

For purposes of Generally Accepted Accounting Principles, the recognized consensus or authoritative supports are referred to or set out in the following publications:

a) with respect to the territory of Panama, Law 57 on 1 of September 1978 in its Chapter VI, Article 14, subparagraph b), Code of Professional Ethics in its Chapter II: competition and technical rules, Resolution No. 39 on 10 of July 1986, by means of which the Commission of Financial Accounting Rules of Panama is created and Decree Law 5 on 2 of July 1997 in its Article 8. The regulatory organizations such as the Super Intendancy of Banks, the Super Intendancy of Insurances, the National Commission of Stocks and the Panamanian Autonomous Cooperative Institute (IPACOOP), according to their own laws, determine the accounting norms that their regulated companies must fulfill.

b) For the Republic of China: with respect to the territory of the Republic of China:

i. the Business Entity Accounting Law has promulgated on January 7, 1948 by the national Government Implemented in intervals on Taiwan Province beginning on January 1, 1952. The new law was Amended on April 26, 2000 by Presidential Promulgation.


iii. Related rules governing the preparation of financial reports by public companies, securities firms, futures commission merchants, banks or bill finance companies which are promulgated respectively by the competent authority such as Securities and Futures Commission, and the Bureau of Monetary Affairs.

ANNEX III
**Free Trade Agreement between the Republic of Panama and the Republic of China**

**Certificate of Origin**

(Instructions on the Back side)

Please type or print.

This Certificate shall not be valid if it presents amendments, blotches, scratches or writing between the lines.

<table>
<thead>
<tr>
<th>1. Name and address of the Exporter:</th>
<th>2. Blanket Period:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telephone:</td>
<td>D M Y</td>
</tr>
<tr>
<td>Fax:</td>
<td>From: <em><strong>/</strong></em>/___/</td>
</tr>
<tr>
<td>Electronic mail:</td>
<td>To: <em><strong>/</strong></em>/___/</td>
</tr>
<tr>
<td>Tax Identification Number:</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. Name and address of the Producer:</th>
<th>4. Name and address of the Importer:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telephone:</td>
<td>Telephone:</td>
</tr>
<tr>
<td>Fax:</td>
<td>Fax:</td>
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<tr>
<td>Electronic mail:</td>
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<td>Tax Identification Number:</td>
<td>Tax Identification Number:</td>
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</tbody>
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|----------------------|-------------------------|--------------------------|----------------------------------------|-------------|--------------------|

<table>
<thead>
<tr>
<th>11. Observations:</th>
</tr>
</thead>
</table>

12. I declare that the goods covered under this Certificate of Origin are originating according to the Free Trade Agreement between the Republic of Panama and the Republic of China.

13. Certification from Certifying Authority:

It is certified that the goods covered under this Certificate of Origin comply with the Rules of Origin established in the Free Trade Agreement between the Republic of China and the Republic of Panama.

Signature of authorized person from the enterprise

Authorized Signature and Seal from the Certifying Authority

Date of Certification of Declaration of Origin

This Certificate consists of_______pages, including all its annexes.
**ANNEX III**

Free Trade Agreement between the Republic of Panama and the Republic of China

Certificate of Origin
Annex Page No. _____
(Instructions on the Back side)

Please type or print. This Certificate shall not be valid if it presents amendments, blotches, scratches or writing between the lines.

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</table>

11. Observations:

12. I declare that the goods covered under this Certificate of Origin are originating according to the Free Trade Agreement between the Republic of Panama and the Republic of China.

13. Certification from Certifying Authority:

   It is certified that the goods covered under this Certificate of Origin comply with the Rules of Origin established in the Free Trade Agreement between the Republic of China and the Republic of Panama.

   Signature of authorized person from the enterprise

   Authorized Signature and Seal from the Certifying Authority

   Date of Certification:
INSTRUCTIONS FOR FILLING THE CERTIFICATE OF ORIGIN

For purposes to obtain preferential tariff treatment, this document shall be filled in legible form and completed by the exporter of the good or goods, without scratches, blotches, amendments or writing between the lines and the importer shall keep it with him at the time of presenting the import declaration. Please type or print the information. In case of requiring additional space you shall use the annex page of the Certificate of Origin.

The Certificate of Origin shall be completed by the exporter in the language of the Party and in English. In addition each certificate of origin shall carry a serial number allowing its identification.

Field 01: Indicate the complete name, the denomination or trade name, the residency (including the address, the city and the country), the telephone number, the fax number, the electronic mail, and the Tax Identification Number of the exporter.

The Tax Identification Number shall be in:

Republic of Panama: the Taxpayer Unique Record Number (R.U.C.)

Republic of China: the Business Account Number (BAN)

Field 02: It shall be filled with regard to the goods described in Field 06, that are imported to any of the Parties in a specific period not longer than twelve (12) months (blanket period). "FROM" shall be followed by the date (Day/Month/Year) on which the certificate starts to cover the described goods. "TO" shall be followed by the last date (Day/Month/Year) of the validity period of the certificate. Imports of any of the goods covered by the certificate shall take place within the indicated dates.

Field 03: Indicate the complete name, the denomination or trade name, the residency (including address, the city and the country), the telephone number, the fax number, the electronic mail, and the Tax Identification Number of the importer, as it is described in Field 01.

Field 04: Indicate the complete name, the denomination or trade name, the residency (including address, the city and the country), the telephone number, the fax number, the electronic mail, and the Tax Identification Number of the importer, as it is described in Field 01.
Field 05: Specify the quantity and commercial unit for each item of goods as shown on the Customs declaration thereof.

Field 06: Provide a complete description of each good. The description shall be sufficiently detailed to relate it to the description of the good contained in the invoice, as well as with the description that corresponds to it in the Harmonized System (HS). In case the certificate covers a single import of goods, the invoice number shall be indicated, as it appears in the commercial invoice. In case it is not known, another unique reference number shall be indicated, as the shipping order number, the order of purchase number or any other number that is able to identify the goods.

Field 07: For each good described in Field 06, identify the six digits corresponding to the HS tariff classification. If the good is subject to a specific rule of origin in Annex 4.03 of the Agreement that requires subdivision, identify the subdivision.

Field 08: For each good described in Field 06, indicate the applicable criterion (from A to D). The rules of origin are in chapter 4 (Rules of Origin), in Annex 4.03 (Specific Rules of Origin), of the Agreement. With the purpose of taking advantage of the preferential tariff treatment, each good must fulfill one or more of the following criteria:

**Criteria for Preferential Tariff Treatment**

A  the good is wholly obtained or produced entirely in the territory of that Party;

B  the good is produced entirely in the territory of one or both Parties exclusively from originating materials according to Chapter 4 of the Agreement;

C  the good is produced in the territory of one or both Parties from non-originating materials that complying with the change in tariff classification, regional value content or other requirements, according to the specifications stated in Annex 4.03, and the good satisfies all the other applicable requirements of Chapter 4 of the Agreement; or

D  the good is produced in the territory of one or both of the Parties but one or more of the non-originating materials that are used in the production of the good does not undergo a change in tariff classification due to:

1  the good was imported into the territory of a Party in an unassembled or a disassembled form and was classified as an assembled good pursuant to General Rule of Interpretation 2 a) of the Harmonized System,

2  the tariff heading for the good provides for and specifically describes both the good itself and its parts and is not further subdivided into subheadings, or

3  the tariff subheading for the good provides for and specifically describes both the good itself and its parts,
provided that the regional value content of the good, determined in accordance with Article 4.07 is not less than thirty five (35%) percent and the good satisfies the other provisions applicable in Chapter 4, unless the applicable rule of Annex 4.03, under which the good is classified, specified a different requirement of regional value content, in which case such requirement has to be met.

The rules provided for in this subparagraph do not apply to the goods in Chapters 61 through 63 of the Harmonized System;

Field 09: For each good described in Field 06, indicate: "YES" when you are the producer of the good. If you were not the producer of the good, indicate "NO", followed by (1) or (2), depending on whether the certificate is based on:

(1) Your knowledge that the good qualifies as originating; or
(2) Declaration of origin that covers the good, filled and signed by the producer.

Field 10: For determining the origin of the good, some of the options to acquire origin established in Articles 4.06, 4.08 and 4.09 of the Agreement were used, indicate:

ACU: Accumulation.
DMI: De Minimis.
FG: Fungible goods.

Where inapplicable indicate "NO".

Field 11: This field shall only be used when some observations exist in relation to this certificate, among others, when the good or goods as described in Field 06 has/have been object of an advance ruling on classification or value of the materials, indicate the issuing authority, reference number and the issuing date. In case the good is invoiced by an operator of a third Party or non-Party country, the producer or exporter of the country of origin shall indicate the name, the denomination or trade name and residency (including the address, the city and the country) of this operator.

Field 12: In this field there shall be the signature of the authorized person from the enterprise in its representation, and the date of certification of the Declaration of Origin by the Certifying Authority.

Field 13: In this field there shall be the signature of the authorized official and the seal from the Certifying Authority, as well as the date of issue of the Certificate of Origin.
Please type or print. This Declaration shall not be valid if it presents amendments, blotches, scratches or writing between the lines.

<table>
<thead>
<tr>
<th>1. Name and address of the Producer:</th>
<th>2. Name and address of the Exporter:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telephone:</td>
<td>Telephone:</td>
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<td>Fax:</td>
<td>Fax:</td>
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<tr>
<td>Electronic mail:</td>
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<tr>
<td>Tax Identification Number:</td>
<td>Tax Identification Number:</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>3. Invoice(s)</th>
<th>4. Description of goods</th>
<th>5. Tariff Classification</th>
<th>6. Criterion for preferential treatment</th>
<th>7. Other criteria</th>
</tr>
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<tr>
<th>8. Observations:</th>
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</table>

9. I declare under oath and promise to tell the truth, that:

- The information on this document is true and accurate, and I am responsible for proving what is declared herein. I understand that I am liable for any false statements or material omissions made in or attached to the present document.

- I commit myself to keeping, and presenting when required the necessary documents which verifies the content of the present declaration, and to notify in writing all people to whom the Certificate was given of any changes that could affect its accuracy or validity.

- The goods originate in the territory of one or both Parties, and comply with the origin requirements specified for those goods in the Republic of China and the Republic of Panama Free Trade Agreement, excepting in the case specifically exempted in Article 4.14.

This declaration consists of _______ pages, including all its annexes.

10. Name and Signature of Producer: ________________________________________________________________

   Date: __________________________________________________________________________________________

11. Authorized Signature and seal from the Certifying Authority: ____________________________________________

12. Date of certification by the Certifying Authority: ___________________________________________________
INSTRUCTIONS FOR FILLING THE DECLARATION OF ORIGIN

This document shall be filled in legible form and completed by the producer of the good or goods, without blotches, scratches, amendments or writing between the lines and providing in voluntary way to the exporter of the good or goods, so that based in the same one, this latter fills and signs the Certificate of Origin that cover the good or goods that are imported under preferential tariff treatment into the territory of the other Party. Please type or print the information.

Field 01: Indicate the complete name, the denomination or trade name, the residency (including the address, the city and the country), the telephone number, the fax number, the electronic mail and Tax Identification Number of the producer. The Tax Identification Number shall be in:

The Republic of Panama: The Taxpayer Unique Record Number (R.U.C.)

The Republic of China: the Business Account Number (BAN)

Field 02: Indicate the complete name, the denomination or trade name, the residency (including the address, the city and the country), the telephone number, the fax number, the electronic mail and Tax Identification Number of the exporter, as it is described in Field 01.

Field 03: Indicate the place and issuing date and the invoice number that covers each good described in Field 04.

Field 04: Provide a complete description of each good. The description shall be sufficiently detailed to relate it to the description of the good contained in the invoice, as well as with the description that corresponds to the good in the Harmonized System (HS).

Field 05: For each good described in Field 04, identify the six digits corresponding to the HS tariff classification. If the good is subject to a specific rule of origin in Annex 4.03 of the Agreement that requires subdivision, identify the subdivision.

Field 06: For each good described in Field 04, indicate the applicable criterion (from A to D). The rules of origin are in Chapter 4 (Rules of Origin) of the Agreement, in Annex 4.03 (Specific Rules of Origin) of the Agreement, and in the Uniform Regulations.

For the purpose of taking advantage of the preferential tariff treatment, each good must fulfill one or more of the following criteria:

Criteria for Preferential Tariff Treatment

A the good is wholly obtained or produced entirely in the territory of that Party;

B the good is produced entirely in the territory of one or both Parties exclusively from originating materials according to Chapter 4 of the Agreement;
C the good is produced in the territory of one or both Parties from non-originating materials that complying with the change in tariff classification, regional value content or other requirements, according to the specifications stated in Annex 4.03, and the good satisfies all the other applicable requirements of Chapter 4 of the Agreement; or

D the good is produced in the territory of one or both of the Parties but one or more of the non-originating materials that are used in the production of the good does not undergo a change in tariff classification due to:

1 the good was imported into the territory of a Party in an unassembled or a disassembled form and was classified as an assembled good pursuant to General Rule of Interpretation 2 a) of the Harmonized System,

2 the tariff heading for the good provides for and specifically describes both the good itself and its parts and is not further subdivided into subheadings, or

3 the tariff subheading for the good provides for and specifically describes both the good itself and its parts;

provided that the regional value content of the good, determined in accordance with Article 4.07 is not less than thirty five (35%) percent and the good satisfies the other provisions applicable in Chapter 4, unless the applicable rule of Annex 4.03, under which the good is classified, specified a different requirement of regional value content, in which case such requirement has to be met.

The rules provided for in this subparagraph do not apply to the goods in Chapters 61 through 63 of the Harmonized System.

Field 07: For determining the origin of the good, some of the criteria established in Articles 4.06, 4.08 and 4.09 of the Agreement were used, indicate:

ACU: Accumulation.
DMI: De Minimis.
FG: Fungible goods.

Where inapplicable indicate "NO".

Field 08: This field shall only be used when some observations exist in relation to this Declaration of Origin, among others, when the good or goods as described in Field 04 has/have been object of an advance ruling on classification or value of the materials, indicate the issuing authority, reference number and the issuing date.

Field 09: This field contains the declaration of faith of the producer and at the end, in the
blank space, the number of annex pages that compose the Declaration shall be indicated when it is necessary; if no pages were annexed leave it blank.

Field 10: This field must be signed and dated by the producer. The date must be that one on which the declaration was filled and signed.

Field 11: This field indicates the authorized signature and seal from the Certifying Authority.

Field 12: This field indicates the date on which the contents of the Declaration of Origin are certified.
ANNEX V

Corrected Declaration

An importer shall not be subject to sanctions when, in the case of:

a) The Republic of Panama, the importer presents a request for an amendment declaration before any administrative act is to be carried out, for verifying of the declaration in the document, or a physical examination of the goods has taken place.

b) The Republic of China: the importer presents a request for an amendment declaration before any administrative act is to be carried out, for verifying of the declaration in the document, or the goods have been targeted for physical examination.
ANNEX VI

Common Standards for Written Questionnaires

1. For purposes of paragraph 2 a) of Article 21 of these Uniform Regulations, the Parties will seek to agree on uniform questions to be included in the general questionnaire.

2. Subject to paragraph 3, where the customs authority of a Party conducts a verification under Article 5.08, paragraph 2, subparagraph a) of the Agreement, it will send the general questionnaire referred to in paragraph 1 of this Annex.

3. For purposes of Article 5.06, paragraph 2, subparagraph a) of the Agreement, where the customs authority of a Party requires specific information not reflected in the general questionnaire, it may send a more specific questionnaire, based on the information requires to determine whether the good subject to verification is an originating good.

4. For purposes of Article 21 of these Uniform Regulations, the verification questionnaires shall be completed in the language of the country of export and in English.

5. Nothing in this Annex will be interpreted to constrain the customs authority of a Party from requesting additional information according to Article 5.06, paragraph 2 subparagraph a) of the Agreement and these Uniform Regulations.
ANNEX VII

Common Standards for Information Required in the Application for an Advance Ruling

1. For purposes of Article 5.07, paragraph 2) (Advance Ruling) of the Agreement, each Party shall provide that a request for an advance ruling contain:

   a) the name and address (including the address, the city and the country) of the exporter, producer or importer of the good requesting the issuance of the ruling, as the case may be, hereinafter referred to as the applicant;

   b) where the applicant is:

      (i) the exporter of the good, the name and address (including the address, the city and the country) of the producer and importer of the good, if known;

      (ii) the producer of the good, the name and address (including the address, the city and the country) of the exporter and importer of the good, if known; or

      (iii) the importer of the good, the name and address (including the address, the city and the country) of the exporter and, if known, the producer of the good;

   c) where the request is made on behalf of an applicant, the name and address (including the address, the city and the country) of the person requesting the issuance of the advance ruling and either

      (i) the representative agent who asks for the issuing of the advance ruling, or

      (ii) a written statement from the person requesting the issuance of the advance ruling.;

that indicates the person is duly authorized to transact business as the representative of the applicant;

   d) a statement, based on the applicant’s knowledge, as to whether the issue of the request for an advance ruling is, or has been the subject of:

      (i) a verification of origin;

      (ii) an administrative review or appeal,

      (iii) a judicial or quasi-judicial review; or

      (iv) a request for an advance ruling;

in the territory of either Parties, and if so, a brief statement setting forth the status of
the matter;

e) a statement, based on the applicant’s knowledge, as to whether the subject good of
the request for an advance ruling has previously been imported into the territory of the
Party and to whom the advance ruling has been made;

f) a statement that the information presented is accurate and complete, and

g) a complete description of all relevant facts and circumstances relating to the issue
that is the subject of the request for the advance ruling, including;

i) a concise statement, within the scope of paragraph 1) of Article 5.07 of the
Agreement, setting forth the facts and circumstances concerning the goods on which the
advance ruling is sought, and

ii) a general description of the good.

2. Where relevant to the issue that is the subject of the request for an advance ruling, the
request shall include, in addition to the information referred to in paragraph 1:

a) a copy of any advance ruling or other rulings with respect to the tariff
classification of the good that has been issued to the applicant by the Party to whom the
request for an advance ruling is made; and

b) if no previous advance ruling or other rulings with respect to the tariff
classification of the good has been issued by the Party to whom the request for the advance
ruling is made, sufficient information to enable the customs authority of that Party to
classify the good, including:

(i) a full description of the good, including, where relevant, the composition of
the good, a description of the process by which the good is manufactured, a description of
the packaging in which the good is contained, the anticipated use of the good and its
commercial, common or technical specification, product instruction, drawings, photographs
or schematics; and

(ii) where practical and useful, a sample of the good.

3. Where the request for the advance ruling involves the application of a rule of origin
that requires an assessment of whether materials used in the production of the goods
undergo an applicable change in tariff classification, the request will need to include:

a) a list of each material that is used in the production of the good;

b) with respect to each material referred to in paragraph a) that is claimed to be
originating, a complete description of the material, including the basis on which the
material is considered as originating;
c) with respect to each material referred to in paragraph a) that is non-originating or the origin of which is unknown, a complete description of the material, including its tariff classification; and

d) a description of all processing operations employed in the production of the good, the location of each operation, and the operations occur.

4. Where the request for an advance ruling involves the application of a regional value content requirement, the request shall include:

a) information sufficient to calculate the transaction value of the good, with respect to the transaction of the goods between the producer or exporter and importer, according to the Article 4.07 of the Agreement;

b) information sufficient to calculate the value of each non-originating material or of unknown origin used in the production of the good, according to Articles 4.07 through 4.13 of the Agreement; and

c) with respect to each material considered as originating material used in the production of the good, a complete description of the material including the reason for which the material is considered as originating.

5. Where the request for an advance ruling involves an issue of whether, with respect to a good or material that is used in the production of the good, the transaction value of the good or the material is acceptable, the request will need to include information sufficient to permit an examination of the factors enumerated in Article 1 of the Customs Valuation Agreement of the WTO.

6. Where the request for an advance ruling is limited to the calculation of an element of a regional value content formula, in addition to the information required under paragraph 1, only the information set out under paragraph 4 that is relevant to the subject issue of the request for an advance ruling need to be contained.

7. Where the request for an advance ruling is limited to the origin of a material that is used in the production of the good in addition to the information required under paragraph 1, only the information, set out under paragraphs 2 and 3 of this Annex which is relevant to the subject issue of the request for an advance ruling need to be contained.
ANNEX VIII

Country- Specific Definition of "Imports of a Good"

For purposes of paragraph 6) of Article 5.07 (Advance Rulings) of the Agreement and paragraph 5 of Article 22 of Uniform Regulations, "imports of a good " means, in the case of:

a) The Republic of Panama, when the import that consists of legally introducing into the customs territory of the Republic products coming from abroad or from a free zone, duty free zone or free ports established in Panama; legal basis: Book III of the Fiscal Code; Law 16 of 29 of August 1979, regulated by Executive Decree No.42 of 24 of November 1983; Decree No.13 of 5 of April 1984, “By means of which all customs activities are regulated in the national ports.” Official Gazette 20035 of April 11, 1984 and Decree No.15 of 2 of May 1984, that modifies Decree No.13 of 1984.

b) The Republic of China, when the good imported from abroad in accordance with the Customs Law as amended and publicly announced on October 31 2001.
ANNEX IX
Free Trade Agreement between the Governments of the Republic of Panama and the Republic of China
Re-Exportation Certificate
(Instructions on the Back side)

Please type or print.
This Certificate shall not be valid if it presents amendments, blotches, scratches or writing between the lines.

<table>
<thead>
<tr>
<th>1. Name and address of the re-Exporter:</th>
<th>2. Name and address of the Free Zone and its administrative authority:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telephone:</td>
<td>Telephone:</td>
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<tr>
<td>Fax:</td>
<td>Fax:</td>
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<tr>
<td>Electronic mail:</td>
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<td>Tax Identification Number:</td>
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<table>
<thead>
<tr>
<th>3. Date of Receipt of goods in the Free Zone:</th>
<th>4. Date of Shipment of goods out of the Free Zone:</th>
</tr>
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<tbody>
<tr>
<td>D    M      Y</td>
<td>D    M      Y</td>
</tr>
<tr>
<td>Date:___ / ___ / _______</td>
<td>Date:___ / ___ / _______</td>
</tr>
<tr>
<td>Registry No.:____________</td>
<td>Registry No.:_________</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5. No. of Incoming Documents in the Free Zone:</th>
<th>6. No. of Departure Documents out of the Free Zone:</th>
</tr>
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<tbody>
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<tr>
<th>7. Country of Origin of goods according to the Certificate of Origin:</th>
</tr>
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</table>

<table>
<thead>
<tr>
<th>8. Name and address of the Exporter:</th>
<th>9. Name and address of the Importer:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telephone:</td>
<td>Telephone:</td>
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<tr>
<td>Fax:</td>
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<td>Electronic mail:</td>
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<tr>
<th>14. Observations:</th>
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<table>
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<tr>
<th>15. Signature of the official and seal from the administrative authority of the Free Zone:</th>
</tr>
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<table>
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<tr>
<th>16. Signature of the official and seal from Customs authority of the Free Zone:</th>
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</table>

<table>
<thead>
<tr>
<th>17. Signature and seal of the person authorized by the re-exporting enterprise:</th>
</tr>
</thead>
<tbody>
<tr>
<td>I declare under oath and promise to tell the truth, that:</td>
</tr>
<tr>
<td>The goods covered by this document have not been objects of any transformation inside this Free Zone.</td>
</tr>
<tr>
<td>The information on this document is true and accurate, and I am responsible for proving what is declared herein. I understand that I am liable for any false statements or material omissions made in or attached to the present document.</td>
</tr>
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<td>I commit myself to keeping, and presenting when required the necessary documents which verifies the content of the present declaration, and to notify in writing all people to whom the Certificate was given of any changes that could affect its accuracy or validity.</td>
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I certify that the goods covered by this document have not been objects of any transformation inside this Free Zone.
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14. Observations:

15. Signature and seal of the official from the Free Zone:

____________________________________

I certify that the goods endorsed by this document have not been object of any transformation inside this Free Zone

16. Signature of the official and seal from Customs authority of the Free Zone:

____________________________________

I certify that the goods covered by this document have not been objects of any transformation inside this Free Zone.

17. Signature and seal of the person authorized by the re-exporting enterprise:

____________________________________

I declare under oath and promise to tell the truth, that:

The goods covered by this document have not been objects of any transformation inside this Free Zone.

The information on this document is true and accurate, and I am responsible for proving what is declared herein. I understand that I am liable for any false statements or material omissions made in or attached to the present document.

I commit myself to keeping, and presenting when required the necessary documents which verifies the content of the present declaration, and to notify in writing all people to whom the Certificate was given of any changes that could affect its accuracy or validity.

18. Issuing date: ___ / ___ / _______  No. of Certificate:________________________
INSTRUCTIONS FOR FILLING THE RE-EXPORTATION CERTIFICATE

For purposes of goods coming from a Free Zone, not to lose the status of originating from the country with which one of the Parties has signed a Free Trade Agreement, the re-exporters shall fill this document in legible form, without scratches, blotches, amendments or writing between the lines and the importer shall keep it with him at the time of presenting the import declaration. Please type or print the information required by this Certificate.

Field 01: Indicate the complete name, the denomination or trade name, the residency (including the address, the city and the country), the telephone number, the fax number, the electronic mail, and the Tax Identification Number of the re-exporter.

The Tax Identification Number shall be in:

The Republic of Panama: the Taxpayer Unique Record Number (R.U.C.)

The Republic of China: The Business Account Number (BAN)

Field 02: Indicate the complete name, the denomination or trade name, the residency (including the address, the city and the country), the telephone number, the fax number and the electronic mail of the administrative authority of the Free Zone from which the goods shall be re-exported.

Field 03: Indicate the date of entry of the good to the Free Zone, as well as the registry number with which this operation is made.

Field 04: Indicate the date of departure of the good of the Free Zone, as well as the registry number with which this operation is made.

Field 05: Indicate the documents (No. of declaration of goods, No. of commercial invoice, Transportation document No. and others) that covered the good at the time of entry to the Free Zone.

Field 06: Indicate the documents (No. of declaration of goods, No. of commercial invoice, Transportation document No. and others) that covered the good at the time of departure of the Free Zone.

Field 07: Indicate the country of origin of the good, according to the Certificate of Origin that covers it.

Field 08: Indicate the complete name, the denomination or trade name, the residency
(including the address, the city and the country), the telephone number, the fax number, the electronic mail, and the Tax Identification Number of the exporter, as stated in the Certificate of Origin that covers the goods.

Field 09: Indicate the complete name, the denomination or trade name, the residency (including the address, the city and the country), the telephone number, the fax number, the electronic mail, and the Tax Identification Number of the importer.

Field 10: Indicate the quantity and unit applicable to the goods (units, dozens, weights, meters, cubic feet, etc.)

Field 11: Provide a complete description of each good. The description shall be sufficiently detailed to relate it to the description of the good contained in the invoice, as well as with the description that corresponds to the good in the Harmonized System (HS).

Field 12: For each good described in Field 11, identify the six digits corresponding to the HS Tariff Classification.

Field 13: Indicate the number and type of packages to be used in the re-exportation (boxes, cardboards, parcels, etc.)

Field 14: This field shall only be used when some observations exist in relation to re-exported goods, among others, when the good or goods described in Field 11, were object of a commercial movement between enterprises located within the Free Zone.

Field 15: This field shall contain the signature of the official and seal from the Administrative Authority of the Free Zone.

Field 16: This field shall include the signature of the official and seal from the Customs Authority in the Free Zone.

Field 17: This field shall include the signature and seal of the person authorized by the re-exporting enterprises.

Field 18: In this field it must include the issuing date and number of the Re-Exportation Certificate.