

ANNEX II

CHAPTER OF RULES OF ORIGIN AND IMPLEMENTATION PROCEDURES

Section A: Rules of Origin

Article 1: Definitions

For the purposes of this Chapter:

aquaculture means the farming of aquatic organisms, including fish, mollusks, crustaceans, other aquatic invertebrates and aquatic plants, from seed stock such as eggs, fry, fingerlings, and larvae, by intervention in the rearing or growth processes to enhance production, such as regular stocking, feeding, or protection from predators;

authorized body means any government authority or other entity authorized under the laws or regulations of a Party or recognized by a Party as competent to issue a Certificate of Origin;

competent authority:

for China, the General Administration of Customs of the People's Republic of China.

for the Republic of Honduras:

- i. for administration purposes, the General Directorate of Administration and Negotiation of Agreements of the Secretariat of Economic Development, or its successor;
- ii. for verifications of origin procedures, the General Directorate of Administration and Negotiation of Agreements of the Secretariat of Economic Development and the Customs Administration of Honduras, or its successors.

goods means product or material;

materials means ingredients, parts, components, subassemblies and/or goods that were physically incorporated into another product or were subject to a process in the production of another product;

originating materials mean materials which qualify as originating in accordance with this Chapter;

product means a product being produced, even if it is intended for later use in another

production operation; and

production means any method of obtaining goods including, but not limited to, growing, raising, mining, harvesting, fishing, aquaculture, farming, trapping, hunting, capturing, gathering, collecting, breeding, extracting, manufacturing, processing or assembling a good;

Article 2: Originating Goods

Except as otherwise provided in this Chapter, the following goods shall be considered as originating in a Party:

- (a) goods wholly obtained or produced in a Party as defined in Article 3 (Goods Wholly Obtained);
- (b) goods produced in a Party exclusively from originating materials.

Article 3: Goods Wholly Obtained

For the purposes of Article 2(a), the following goods shall be considered as wholly obtained or produced in a Party:

- (a) live animals born and raised in a Party;
- (b) goods obtained from live animals referred to in subparagraph (a);
- (c) plant and plant products grown, and harvested, picked or gathered in a Party;
- (d) goods obtained from hunting, trapping, fishing, aquaculture, gathering or capturing conducted in a Party;
- (e) minerals and other naturally occurring substances not included in subparagraphs (a) through (d), extracted or taken from its soil, waters, seabed or subsoil beneath the seabed;
- (f) goods extracted from the waters, seabed or subsoil beneath the seabed outside the territorial waters of a Party, provided that the Party has the right to exploit such waters, seabed or subsoil beneath the seabed in accordance with international law and its domestic law;
- (g) goods of sea fishing and other marine products taken from the sea outside the territorial waters of a Party by a vessel registered in a Party and flying the flag of that Party;
- (h) goods processed or made on board factory ships registered in a Party and flying the flag of that Party, exclusively from goods referred to in subparagraph (g);

(i) scrap and waste derived from processing operations in a Party, which fit only for the recovery of raw materials;

(j) used goods consumed and collected there which fit only for the recovery of raw materials; or

(k) goods produced entirely in a Party exclusively from the goods referred to in subparagraphs (a) to (j).

Article 4: Accumulation

Originating materials of a Party, used in the production of a good in the other Party, shall be considered to be originating in the latter Party.

Article 5: Neutral Elements

1. In determining whether a good is an originating good, any neutral elements as defined in paragraph 2 shall be disregarded.

2. **Neutral elements** means a good used in the production, testing or inspection of another good but not physically incorporated into that good by itself, including:

(a) fuel, energy, catalysts and solvents;

(b) plant, equipment and machine, including devices and supplies used for testing or inspecting the goods;

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

(d) tools, dies and moulds;

(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 and buildings; and

(g) any other goods 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.

Article 6: Packing, Packages and Containers

1. Containers and packing materials used for the transport of goods shall not be taken into account in determining the origin of the goods.

2. The origin of the packaging materials and containers in which goods are packaged for retail sale shall be disregarded in determining the origin of the goods, provided that the packaging materials and containers are classified with the goods.

3. Notwithstanding paragraph 2, where goods are subject to a regional value content requirement, the value of the packaging materials and containers used for retail sale shall be taken into account as originating materials or non-originating materials, as the case may be, in calculating the regional value content of the goods.

Article 7: Direct Transport

1. Preferential tariff treatment under this Agreement shall only be granted to originating products which are transported directly between the Parties.

2. Notwithstanding paragraph 1, goods whose transport involves transit through one or more non-Parties, with or without trans-shipment or temporary storage of up to 6 months in such non-Parties, shall still be considered as directly transported between the Parties, provided that:

(a) the transit entry of the goods is justified for geographical reason or by consideration related exclusively to transport requirements;

(b) the goods do not undergo any other operation there other than unloading and reloading, or any operation required to keep them in good condition; and

(c) the goods remain under customs control during transit in those non-Parties.

3. Compliance with paragraph 2 shall be evidenced by presenting the customs authority of the importing Party either with customs documents of the non-Parties, or with any other documents to the satisfaction of the customs authority of the importing Party.

Section B: Implementation Procedures

Article 8: Certificate of Origin

1. A Certificate of Origin as set out in Appendix (Certificate of Origin) shall be issued by the authorized bodies of the exporting Party, on application by the exporter, producer, or their authorized representative, in accordance with the domestic legislation, provided that the goods can be considered as originating in that Party subject to the provision of this Chapter.

2. The Certificate of Origin shall:

(a) contain a unique certificate number;

(b) cover one or more goods under one consignment;

(c) state the basis on which the goods are deemed to qualify as originating for the purposes of this Chapter;

(d) contain security features, such as specimen signatures or stamps as advised to

the importing Party by the exporting Party; and

(e) be completed in English.

3. The Certificate of Origin must not contain erasures or words written over one another.
4. The Certificate of Origin shall be issued before or at the time of shipment. It shall be valid for 1 year from the date of issuance in the exporting Party.
5. Each Party shall inform the competent authority of the other Party of the name of each authorized body, as well as relevant contact details, and shall provide details of security features for relevant forms and documents used by each authorized body, prior to the issuance of any certificate by that body. Any change in the information provided above shall be promptly notified to the customs authority of the other Party.
6. A Certificate of Origin may be issued retrospectively within 1 year from the date of shipment, bearing the words “ISSUED RETROSPECTIVELY” and remains valid for 1 year from the date of shipment, if it is not issued before or at the time of shipment due to force majeure, involuntary errors, omissions, or other valid causes.
7. In cases of theft, loss, or accidental destruction of a Certificate of Origin, the exporter or producer may make a written request to the authorized bodies of the exporting Party for issuing a certified copy. The certified copy shall bear the words “CERTIFIED TRUE COPY of the original Certificate of Origin number ___ dated ___”. The certified copy shall be valid during the term of validity of the original Certificate of Origin.

Article 9: Minor Errors

Where the origin of an imported good is not in doubt, minor transcription errors in a Certificate of Origin, will not of themselves render the Certificate of Origin invalid if it does in fact correspond to the good. However, this does not prevent the customs administration of the importing Party from initiating a verification process in accordance with Article 13.

Article 10: Retention of Origin Documents

1. Each Party shall require its producers, exporters and importers to retain documents that prove the originating status of the goods as well as the fulfillment of the other requirements of this Chapter for at least 3 years or any longer time in accordance with that Party’s domestic law.
2. Each Party shall require that its authorized bodies retain copies of Certificates of Origin and other related supporting documents for at least 3 years or any longer time in accordance with that Party’s domestic law.

Article 11: Obligations Regarding Importations

Unless otherwise provided in this Chapter, the importer claiming for preferential tariff treatment shall:

- (a) indicate in the customs declaration that the good qualifies as an originating good;
- (b) possess a valid Certificate of Origin at the time the import customs declaration referred to in subparagraph (a) is made; and
- (c) submit the valid Certificate of Origin and other documentary evidence related to the importation of the goods, upon request of the customs authority of the importing Party.

Article 12: Refund of Import Customs Duties or Deposit

1. Each Party, subject to its laws and regulations, shall provide that, where an originating good was imported, the importer may, no later than one year after the date of importation, apply for refund of any excess duties, deposit, or guarantee paid as a result of the good not having been granted preferential tariff treatment, on presentation to the customs authority of the importing Party of:

- (a) a valid Certificate of Origin demonstrating that the good was originating at the time of importation; and
- (b) such other documentation relating to the importation of the good as the importing Party may require.

2. Without prejudice to paragraph 1, each Party may require, in accordance with its respective laws and regulations, that the importer shall formally declare to the customs authority at the time of importation that the good in question qualifies as originating as a precondition for claiming preferential tariff treatment, failing which no preferential tariff treatment is to be granted.

Article 13: Verification of Origin

1. For the purposes of determining the authenticity or accuracy of the Certificate of Origin, the originating status of the products concerned, or the fulfillment of the other requirements of this Chapter, the competent authority of the importing Party may conduct origin verification based on risk analysis and at random or whenever the customs authority of the importing Party has reasonable doubts, by means of:

- (a) requests for additional information from the importer;
- (b) requests to the competent authority of the exporting Party to verify the origin of a product;

(c) such other procedures as the competent authorities of the Parties may jointly decide; or

(d) conducting verification visit to the exporting Party, when necessary, in a manner to be jointly determined by the competent authorities of the Parties.

2. The competent authority of the importing Party requesting verification to the exporting Party shall specify the reasons, and provide any documents and information justifying the verification.

3. The importer or the exporting Party referred to in paragraph 1 receiving a request for verification, shall respond to the request promptly and reply within 3 months, from the date of raising of the verification request. Upon request of the exporting Party, the above-mentioned period can be extended to another 3 months.

4. If the customs authority of the importing Party decides to suspend the granting of preferential treatment to the goods concerned while awaiting the results of the verification, the goods shall be released upon submission of guarantee, unless otherwise provided in the domestic legislations of the importing party.

5. If no reply is received within 6 months, or if the reply does not contain sufficient information to determine the authenticity of the documents or the originating status of the products in question, the requesting customs authority may deny preferential tariff treatment.

6. The exporter, producer or manufacturer, who applied for the Certificate of Origin related to the concerned goods, shall not deny any request for a verification visit agreed by the Parties. Any failure to consent to a verification visit shall be liable for a denial of preferential benefits claimed in accordance with this Agreement.

Article 14: Denial of Preferential Tariff Treatment

1. Except as otherwise provided in this Chapter, the importing Party may deny claim for preferential tariff treatment, if:

(a) the goods do not meet the requirements of this Chapter;

(b) the importer, exporter or producer fails to comply with the relevant requirements of this Chapter;

(c) the Certificate of Origin does not meet the requirements of this Chapter; or

(d) in case stipulated in paragraph 5 and 6 of Article 13 (Verification of Origin) of this Chapter.

2. In the event preferential tariff treatment is denied, the importing Party shall ensure that its customs administration provides in writing to the exporter, the importer or producer, as the case may be, the reasons for that decision.

Article 15: Third Country Invoicing

The importing Party shall not reject a Certificate of Origin solely for the reason that the invoice was issued in a non-Party, provided that the requirements under this Chapter are complied with.

Article 16: Electronic Origin Data Exchange System

For the purposes of the effective and efficient implementation of this Chapter, both Parties may establish Electronic Origin Data Exchange System to ensure real-time exchange of origin related information between customs authorities upon mutually agreed time framework.

Article 17: Contact Points

1. Each Party shall designate a contact point to facilitate communications between the Parties on any matter covered by this Chapter.
2. Each Party shall notify the other Party in writing of its designated contact point no later than 60 days after the date of entry into force of this Agreement.
3. A Party shall promptly notify the other Party of any change of its contact point or the details of the relevant officials.

APPENDIX

CERTIFICATE OF ORIGIN

1. Exporter's full name, address and country:		Certificate No.: CERTIFICATE OF ORIGIN Form for China-Honduras Free Trade Agreement Issued in: _____			
2. Consignee's full name, address, country:		For official use only:			
3. Means of transport and route (as far as known) Departure date: Vessel/Flight/Train/Vehicle No.: Port of loading: Port of discharge:		4. Remarks:			
5. Item number	6. Marks and numbers on packages; Number and kind of packages; Description of goods	7. HS code (6-digit code)	8. Origin criterion	9. Quantity (e.g. Quantity Unit, litres, m ³)	10. Number, Date of Invoice
11. Declaration by the producer/exporter The undersigned hereby declares that the above stated information is correct and that the goods exported to _____ (Importing Party) comply with the origin requirements specified in the China-Honduras Free Trade Agreement. Place, date and signature of authorized person		12. Certification On the basis of the control carried out, it is hereby certified that the information herein is correct and that the described goods comply with the origin requirements of the China-Honduras Free Trade Agreement. Place and date Signature and stamp of the Authorized Body			

Overleaf Instruction

- Box 1: State the full legal name and address of the exporter in China or Honduras.
- Box 2: State the full legal name and address of the importer in China or Honduras.
- Box 3: Complete the means of transport and route and specify the departure date, transport vehicle number, and port of loading and discharge, as far as known. If unknown, add “***” (three stars).
- Box 4: Customer’s Order Number, Letter of Credit Number, among others, may be included. If the Certificate of Origin has not been issued before or at the time of shipment, the authorized body should mark “ISSUED RETROSPECTIVELY” here. In case of a certified true copy should bear the words “CERTIFIED TRUE COPY of the original Certificate of Origin number ___ dated ___”.
- Box 5: State the item number.
- Box 6: State the shipping marks and numbers on packages, when such marks and numbers exist.
- The number and kind of packages shall be specified. Provide a full description of each good. The description should be sufficiently detailed to enable the products to be identified by the Customs Officers examining them and relate it to the invoice description and to the HS description of the good. If goods are not packed, state “in bulk”. When the description of the goods is finished, add “***” (three stars) or “\ ” (finishing slash).
- Box 7: For each good described in Box 6, identify the HS tariff classification to a six-digit code.
- Box 8: For each good described in Box 6, state which criterion is applicable, in accordance with the following instructions. The rules of origin are contained in Annex II (Chapter of Rules of Origin and Implementation Procedures).

Origin Criterion	Insert in Box 8
The good is “wholly obtained” in the territory of a Party, as referred to in Article 3 (Goods Wholly Obtained).	WO
The good is produced entirely in the territory of a Party, exclusively from materials whose origin conforms to the provisions of Annex II (Chapter of Rules of Origin and Implementation Procedures).	WP

Box 9: State quantity with units of measurement for each good described in Box 6. Other units of measurement, e.g. volume or number of items, which would indicate exact quantities may be used where customary.

Box 10: The number and date of invoice should be shown here.

Box 11: The box must be completed by the producer or exporter. Insert the place date and signature of authorized person.

Box 12: The box must be completed, dated, signed and stamped by the authorized person of the authorized body.