Annex 2
Referred to in Chapter 3 (Rules of Origin)

PRODUCT SPECIFIC RULES

PART 1
GENERAL NOTES

1. The specific rule or specific set of rules that applies to a particular chapter, heading or subheading of this Annex is set out in column 3 or 4 of the product specific rules set out in this Annex adjacent to the chapter, heading or subheading set out in column 1 of the product specific rules set out in this Annex.

2. When a chapter, heading or subheading is subject to alternative specific rules of origin, the rule will be considered to be met if a good satisfies one of the alternatives.

3. Where a specific rule of origin is defined using the criterion of a change in tariff classification (hereinafter referred to as "CTC" in this Annex), each of the non-originating materials used in the production of the good shall be required to undergo the applicable CTC. A requirement of a CTC shall apply only to non-originating materials.

4. For the purposes of this Annex:

(a) "chapter" means the first two digits in the tariff classification number under the Harmonized System;

(b) "heading" means the first four digits in the tariff classification number under the Harmonized System;

(c) "section" means a section of the Harmonized System; and

(d) "subheading" means the first six digits in the tariff classification number under the Harmonized System.

5. For the purposes of column 3 of the product specific rules set out in this Annex:

(a) "CC" denotes a change to the chapter, heading or subheading from any other chapter. This means that all non-originating materials used in the production of the good have undergone a CTC at the two-digit level (i.e. a change in chapter) of the Harmonized System;

(b) "CTH" denotes a change to the chapter, heading or subheading from any other heading. This means that all non-originating materials used in the production of the good have undergone a CTC at the four-digit level (i.e. a change in heading) of the Harmonized System;

(c) "CTSH" denotes a change to the chapter, heading or subheading from any other subheading. This means that all non-originating materials used in the production of the good have undergone a CTC at the six-digit level (i.e. a change in subheading) of the Harmonized System;

(d) "QVC 40" means that the good has a qualifying value content, calculated using the formula set out in Article 3.5 (Rules of Origin - Calculation of Qualifying Value Content), of not less than 40 per cent, and the last process of production of the good has been performed in the exporting Party;

Note: For the purpose of this Annex, paragraph 2 of Article 3.5 (Rules of Origin - Calculation of Qualifying Value Content) shall apply.

(e) "(1)" denotes one of the following rules:

(i) CTH, provided that, where non-originating materials of headings 50.04 through 50.06 are used, each of the non-originating materials is spun, dyed or printed entirely in the Area of one or both Parties; or