



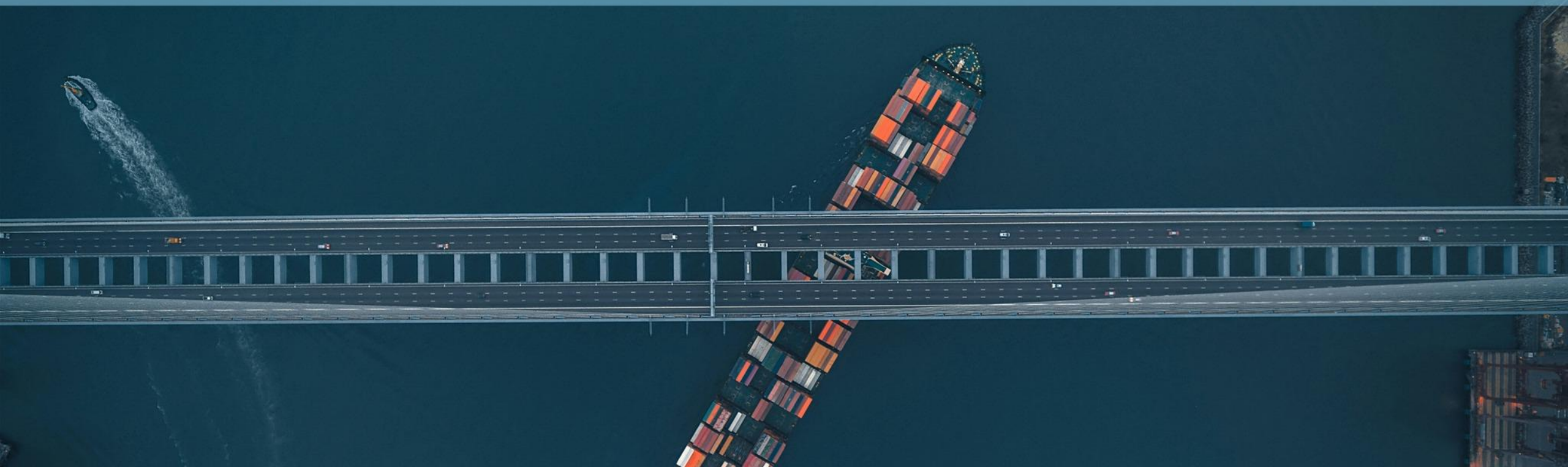
Implemented by  
**giz** Deutsche Gesellschaft  
für Internationale  
Zusammenarbeit (GIZ) GmbH



FIRST | CHAIR

# 9 December 2025

## ONLINE (on the Sustainable Transport & Trade Matchmaking Platform)



# TRADE SMARTER, PAY LESS: PREFERENTIAL ORIGIN RULES EXPLAINED

# Introduction and Handbook presentation



# TYPES OF ORIGIN

```
graph TD; A[TYPES OF ORIGIN] --> B[NON-PREFERENTIAL ORIGIN]; A --> C[PREFERENTIAL ORIGIN]
```

## NON-PREFERENTIAL ORIGIN

- statistical purposes
- the application of safeguard measures (e.g., special or anti-dumping duties etc)
- labelling requirements etc.

This origin regime applies to trade in goods between countries that do not have a free trade agreement in place

## PREFERENTIAL ORIGIN

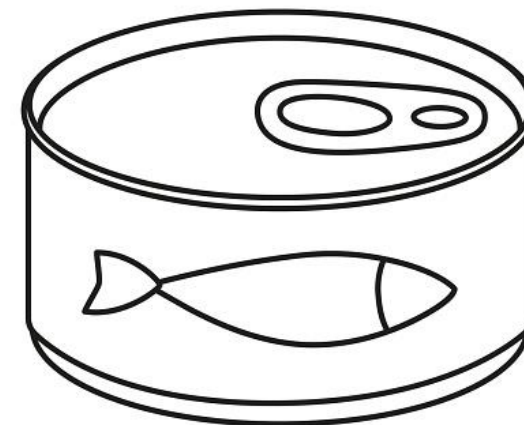
the basis for applying preferential (reduced or zero) customs duties between countries that have concluded a free trade agreement

# Preferential origin: influence on customs duty

- grape wine imported into the European Union – **€32 per 100 liters**
- under the free trade agreements between the EU and Georgia / Moldova / Ukraine, wine originating in these countries can be imported into the EU **free of duty**



# Preferential origin: influence on customs duty





# HANDBOOK

ON PREFERENTIAL ORIGIN:  
SPECIFICS FOR SMALL AND  
MEDIUM-SIZED ENTERPRISES  
IN GEORGIA, MOLDOVA AND  
UKRAINE



2025



This handbook was developed by Oleg Kyrivskyi, Managing Partner at First Chair Legal law firm and lecturer at the Ukrainian Catholic University, and Olena Panakhyd, Associate at First Chair Legal law firm, commissioned by the Federal Ministry for Economic Cooperation and Development (BMZ) within the framework of the project “Strengthening Sustainable and Digital Trade Routes and Logistics Concepts between Eastern Partnership Countries and with the EU (EasTnT)”, implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH.

The views and opinions expressed in this publication do not necessarily reflect the views of the Federal Ministry for Economic Cooperation and Development (BMZ) or/and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH.



The information provided is current as of November 1, 2025, and may become outdated over time.

This handbook does not constitute legal advice or guidance for any specific situation. The information is provided solely for general informational purposes.

The digital tools described in Section 4 are regularly updated by their developers in line with changes to international agreements and rules of origin. We bear no responsibility for the timeliness of updates to information in these tools.



# Handbook structure

preferential origin & PEM Convention

rules of origin based on the PEM Convention

how to prove preferential origin

digital instruments for preferential trade

# Understanding the PEM Convention



# PEM CONVENTION

25 participants: EU, EFTA countries (Iceland, Liechtenstein, Norway, Switzerland), Albania, Algeria, Bosnia and Herzegovina, Georgia, Egypt, Israel, Jordan, Lebanon, Kosovo, North Macedonia, Morocco, Moldova, Palestine, Serbia, Syria, Tunisia, Turkey, Ukraine, Faroe Islands, and Montenegro)

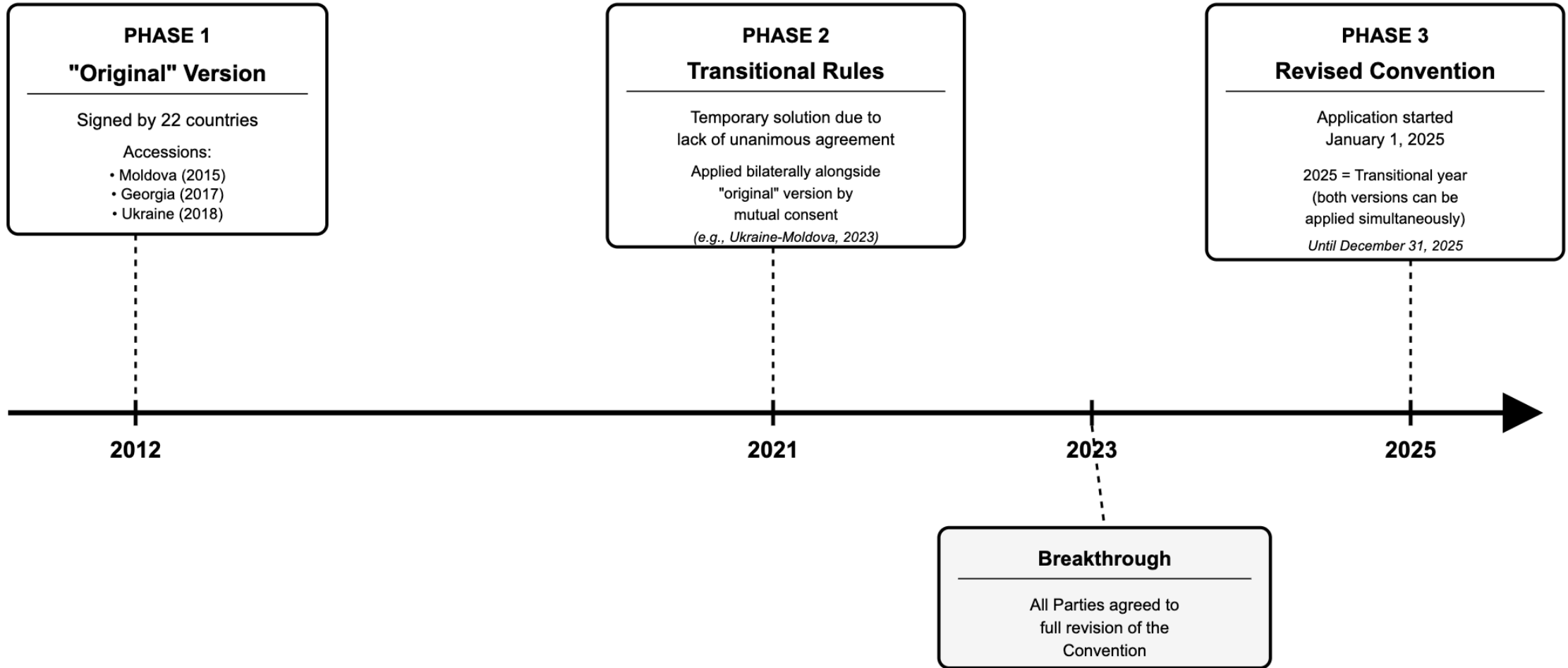


Objective: identical rules of preferential treatment of goods

# FTAs based on PEM Convention rules of origin (Georgia, Moldova, Ukraine)

	Ukraine	Moldova	Georgia
Ukraine		+	+
Moldova	+		-
Georgia	+	-	
EU	+	+	+
EFTA (Switzerland, Norway, Iceland, Liechtenstein)	+	+	+
Türkiye	-*	+	+
Montenegro	-*	+	-
Albania	-	+	-
Israel	+	-	-
North Macedonia	+	+	-
Bosnia and Herzegovina	-	+	-
Serbia	-	+	-
Kosovo	-	+	-
United Kingdom of Great Britain and Northern Ireland	+*	+*	+*

# Timeline of Changes to the PEM Convention



**Application of Revised Rules Depends on FTA Type:**

- Dynamic link FTAs: Revised rules apply automatically (e.g., Ukraine-Moldova, Georgia-EFTA)
- Static FTAs: Require formal amendments to incorporate revised Convention (e.g., Ukraine-Georgia)

# Rules for obtaining preferential origin



# Two main rules

wholly obtained products

- no imported materials

sufficiently processed products

- usage of non-preferential materials

# Wholly obtained products

products of the extractive industry (e.g., metal ores mined in Georgia)

agricultural products (e.g., wheat grown in Ukraine)

livestock and fishery products (e.g., dairy products made from milk of animals raised in Moldova)

waste and scrap resulting from manufacturing operations (e.g., sawdust generated during wood processing at a Ukrainian enterprise)

In addition, if a product is made from other wholly obtained materials from the same country, it is also considered wholly obtained (e.g., juice made from locally grown fruit).

# Sufficiently processed products

**(1)** exceeding the minimum operations



**(2)** meeting the specific sufficient processing rule

# Exceeding the minimum operations

---

marking or labeling

---

simple painting

---

simple cutting

---

simple mixing of goods

---

simple operations are "activities which need neither special skills, nor machines, apparatus, or equipment especially produced or installed for carrying out the activity"

# Specific processing rule

## (a) Tariff Classification Change Rule

### Principle:

Origin determined by change in HS code during processing

### Example:

Palm oil (HS 1511)

#### Input Material

Crude palm oil  
HS 1511 10  
(non-originating)



#### Final Product

Refined palm oil  
HS 1511 90  
✓ Obtains origin

## (b) Percentage Rule (Value or Weight)

### Principle:

Non-originating materials must not exceed % limit (e.g., 50%)

### Example:

Acoustic guitar (HS 9202)

Materials: €150 (€120 origin + €30 non-origin)

Other costs: €100 (wages, electricity, etc.)

**Ex-works price: €250**

Non-originating %:  $\frac{€30}{€250} = 12\%$

**12% < 50% limit → ✓ Obtains origin**

## (c) Specific Manufacturing Process Rule

### Principle:

Must perform specific production operations

### Example:

Profiled wood products (HS 4413)

#### Required operations:

"Beading or moulding"

If only varnish + packaging →

x Does NOT obtain origin

# Tolerance Rule: Deviations from Sufficient Processing

15% tolerance threshold for "non-compliant" materials

## General Rule:

If materials do not meet the specific processing rule, the product may still obtain preferential origin if the value or weight of "non-compliant" materials  $\leq 15\%$  of the final product

### Example 1: Weight Calculation (Agricultural Products)

Product: Tomato sauce (HS 2103) • Moldova → EU

#### Composition (1 kg jar):

- Tomatoes: 900 g (originating)
- Sugar: 50 g (originating)
- Soy sauce from India: 50 g (non-originating HS 2103)

#### Problem:

Rule prohibits non-originating materials of same HS heading (2103)  
Soy sauce (HS 2103) = same heading as final product → rule violated

**Solution: 50g / 1000g = 5% < 15% threshold**

✓ Product obtains Moldovan preferential origin

### Example 2: Value Calculation (Industrial Products)

Product: Wooden bed (HS 9403) • Ukraine → EU

#### Production costs:

- Originating materials: €700
- Non-originating wooden slats (HS 9403): €100
- Ex-works price: €800

#### Problem:

Rule prohibits non-originating materials of same HS heading (9403)  
Wooden slats (HS 9403) = same heading as final product → rule violated

**Solution: €100 / €800 = 12.5% < 15% threshold**

✓ Product obtains Ukrainian preferential origin

## When Tolerance Rule Does NOT Apply:

### 1. Textile Products

HS Chapters 50-63

Convention establishes specific tolerance deviations for textiles (general rule does not apply)

### 2. Percentage Rules

Already with % limitation

If rule already sets percentage (e.g., "materials  $\leq 50\%$ "), tolerance cannot exceed prescribed limit

### 3. "Wholly Obtained" Products

(with exception)

Does not apply to products that must be "wholly obtained", BUT applies if rule requires materials to be wholly obtained

# Three Types of Cumulation

"What is yours counts as mine, and what is mine counts as yours"

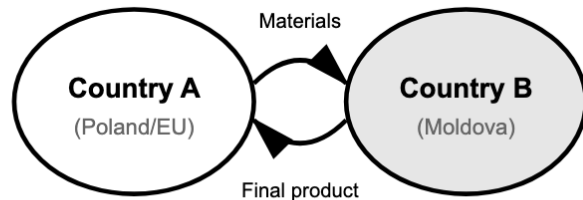
## General Conditions for Cumulation:

(a) FTA must exist between all countries involved • (b) Materials must have preferential origin under same rules

*Operations must go beyond "minimal operations" level*

### 1. Bilateral Cumulation

Country B uses materials from Country A and exports back to A



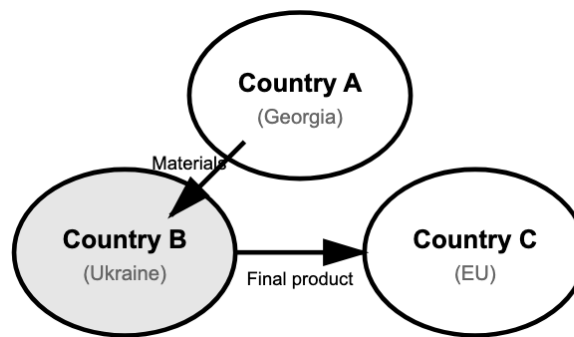
#### Example:

Moldovan furniture uses Polish fittings → exported to EU with Moldovan preferential origin

Without cumulation: Polish fittings = non-originating materials

### 2. Diagonal Cumulation

Country B uses materials from A and exports to Country C



#### Example:

Ukrainian canned peaches use Georgian peaches → exported to EU with Ukrainian preferential origin

Requires diagonal cumulation matrix confirmation

### 3. Full Cumulation

All production operations in partner countries count as origin

#### All partners = single manufacturing area

Poland: Calibration + testing (+€40)  
 Ukraine: Assembly (+€180)  
 Japan: Movements (€80 non-origin)  
**Total: €300 (27% non-origin < 40%)**

#### Example:

Ukrainian watches with Polish processing → ALL operations in Poland + Ukraine count as origin

Innovation of revised PEM Convention

# How to prove preferential origin



# How to prove preferential origin

<b>For end use:</b>	<b>For further processing and re-export:</b>
EUR.1 certificate	EUR-MED certificate
Origin declaration	EUR-MED declaration

**NB!** Validity period is extended from 4 to 10 months

# Procedure for Issuing EUR.1 Certificate

*General process is similar across Georgia, Moldova, and Ukraine*

**1**

**Verify &  
Collect**

## Exporter Verifies Compliance and Collects Documents

- Verify compliance with the rule of origin
- Collect supporting documents: certificates of origin for raw materials
- Gather production process documentation and cost calculations

**2**

**Prepare**

## Exporter Prepares Required Documents per National Legislation

- Application form
- Declaration forms with information confirming compliance with rule of origin
- Additional documents as required (e.g., Georgia: certificate of conformity for alcoholic beverages)

**3**

**Submit**

## Exporter Submits Documents to Competent Customs Authorities

### Competent Authorities:

Georgia: Revenue Service • Moldova: Customs Service divisions • Ukraine: Customs Service authorized units

**4**

**Review**

## Customs Authorities Review and Issue Decision

### Review Time Limits:

Georgia & Moldova: within 3 working days • Ukraine: within 8 hours

**Note: Electronic submission available in all countries • Issuance is free (Moldova may charge for printing form)**

# EUR.1 Certificate Issued Retrospectively

## 01

EUR.1 certificates are typically issued before export, though retrospective application is permitted if the initial timeline is missed.

## 02

Issuance is allowed within two years of export if valid reasons — such as errors, exceptional circumstances, or technical refusals — are provided.

## 03

The final document must be endorsed with "ISSUED RETROSPECTIVELY" in Box 7 to alert the importing customs authorities.

# Duplicate of a EUR.1 Certificate

## 01

A duplicate EUR.1 certificate is distinct from a retrospective one and is used specifically when the original document has been stolen, lost, or destroyed.

## 02

Exporters must apply to the original issuing authority, which marks "DUPLICATE" in Box 7 and includes the date of the original certificate.

## 03

While a retrospective certificate is valid for 10 months from issuance, a duplicate remains valid only for the remaining period of the original certificate.

# Prospects for Electronic EUR.1 Certificates

## 01

The revised PEM Convention and 2024 amendments aim to replace standard paper forms with a system for electronic issuance and submission.

## 02

Until a fully integrated system launches, parties recognize electronic certificates that meet established security formats and offer online authenticity verification.

## 03

A Contracting Party's readiness to issue electronic certificates must be formally published in the Official Journal of the European Commission.



are the only countries to issue an electronic EUR.1 Certificate as for now

# What is an origin declaration?

a textual statement placed by the exporter on a commercial document (such as an invoice, packing list, or delivery note), thereby independently certifying the origin of the goods.

An origin declaration can be made out

Where the total value of the consignment is insignificant (does not exceed EUR 6,000) – for any exporter.

For consignments of any value, provided the exporter holds the status of an approved exporter.

# How to prove preferential origin

## Ukrainian version

Експортер продукції, на яку поширюється цей документ (митний дозвіл № ... (1) ), заявляє, що за винятком випадків, де це явно зазначено, ці товари є товарами преференційного походження ... (2).

## Georgian version

‘ამსაბუთით (საბაჟოსმიერგაცემულიუფლებამოსილების Nr. ....<sup>1)</sup>  
წარმოდგენილისაქონლისექსპორტიორიაცხადებს, რომესსაქონელიარის.  
.....<sup>2</sup>შელავათიანიწარმოშობისთუსხვარამარარისპირდაპირმითითებული

## Romanian version

Exportatorul produselor ce fac obiectul acestui document (autorizația vamală nr. ... (1)) declară că, exceptând cazul în care în mod expres este indicat altfel, aceste produse sunt de origine preferențială ... (2).

\_\_\_\_\_  
(Place and date)(3)

\_\_\_\_\_  
(Signature of the exporter, in addition the name of the person signing the declaration has to be indicated in clear script)(4)

**Text of the origin declaration in Ukrainian, Georgian and Romanian languages**

# What is an approved exporter status?

a special status that entitles the holder to make out origin declarations independently for the purpose of proving the preferential origin of goods, regardless of the value of the consignments.

# How to Obtain Approved Exporter Status?

*Procedure is similar across Georgia, Moldova, and Ukraine*

## Regulated by National Legislation:

Georgia: Same act as EUR.1 • Moldova: Customs Code (Art. 69-70) + separate act • Ukraine: Separate legal act

**1**

Verify &  
Prepare

### Exporter Verifies Compliance and Gathers Documents

- Verify compliance with rules for conferring origin
- Check conformity with national requirements (e.g., no customs infringements)
- Gather supporting documents: certificates of origin, production process docs, cost calculations

**2**

Submit

### Exporter Submits Application with Required Documents

- Application in prescribed form (as per national legislation)
- Attach all required supporting documents

**3**

Review

### Customs Authority Reviews Documents

#### Review Time Limits (set by national legislation):

Moldova & Ukraine: up to 90 days • Georgia: 30 to 60 days

# Digital tools for checking tariffs and rules of origin



# ✓ Access2Markets

## My Trade Assistant



Goods + ROSA ^



Services and  
Investment v



Procurement v



Restrictions imposed v  
by Russia / Belarus

Including **ROSA** Rules of Origin Self-Assessment

[How to use this form](#)

[Disclaimer](#) v

Product name or HS code

Export country \*

Destination country \*

 v v


Search >


\*mandatory field





Access2Markets includes the ROSA tool (Rules of Origin Self-Assessment tool) – an interactive tool for independently assessing whether a product complies with the rules of origin.



## My Trade Assistant

 **Goods + ROSA** ^

 **Services and Investment** v

 **Procurement** v

 **Restrictions imposed by Russia / Belarus** v

Including **ROSA** Rules of Origin Self-Assessment  [How to use this form](#)  [Disclaimer](#) v

**Product name or HS code** **Export country \*** **Destination country \***

v  v

\*mandatory field



Home Access Compare Analyse Download **Monitor Measures** About Resources Account

## Market Access Conditions

Identify customs tariffs, tariff rate quotas, trade remedies, regulatory requirements and preferential regimes applicable to your product.

EXPORTING COUNTRY  DESTINATION COUNTRY  PRODUCT   HS6  NATIONAL TARIFF LINE CODE

[Advanced product search](#)

## ✓ Rules of Origin Facilitator

The screenshot shows a web application interface for the Rules of Origin Facilitator. The top navigation bar includes 'Home', 'Agreements', 'Help', 'About Us', and 'ITC Tools'. The main content area is split into a left sidebar and a right map area. The sidebar contains a search form with the following fields:

- EXPORT FROM:** A dropdown menu with a refresh icon and the text 'Select country'.
- IMPORT TO:** A dropdown menu with a refresh icon and the text 'Select country'.
- PRODUCT NAME OR HS CODE:** A search input field with a magnifying glass icon and the text 'Search product by code or name'. Below it is a link that says 'What's my product code?'.
- SEARCH:** A green button with the text 'SEARCH'.

The right side of the interface features a map of the world with Georgia highlighted in green. A tooltip box over Georgia displays the following information:

- GEORGIA**
- Agreements as Exporter : 14
- Agreements as Importer : 9
- Latest Tariff : 2024



Any questions?

Thank you for your attention!

ok@firstchair.legal  
op@firstchair.legal