

## CUSTOMS INFORMATION PAPER (08) 42

### Tariff Preference – New interim Trade Agreement between the European Community and Bosnia and Herzegovina

<b>Who should read:</b>	<u>All involved with importing goods from, or exporting goods to Bosnia and Herzegovina under preferential trade arrangements</u>
<b>What is it about:</b>	The entry into force on an interim basis on 1 July 2008 of a new reciprocal preferential trade agreement between the European Community and Bosnia and Herzegovina
<b>When effective:</b>	1 July 2008
<b>Extant until/ Expires</b>	Until Further Notice

#### 1. Introduction

The EC has concluded a new interim reciprocal preferential trade agreement with Bosnia and Herzegovina, the provisions of which apply to eligible products exported to or from that country on or after 1 July 2008.

#### 2. Scope and Coverage

##### *a) Imports into the Community of products originating in Bosnia and Herzegovina*

The new arrangements replace the autonomous preferences which the European Community has granted for a number of years to products originating in Bosnia and Herzegovina. Consequently, for all industrial products in Chapters 25-97 of the Tariff nil preferential rates of duty continue to be available without any first come first served tariff quota, or other quantitative restrictions.

For agricultural products, nil preferential rates of duty continue to be available without any quota restrictions for all products with the exception of those in tariff headings 0102, 0201, 0202, 1701, 1702 and 2204. For products in Chapters 7 and 8 which attract both an ad valorem and specific rate of duty (i.e. 10% + €15 100kg/net) only the ad valorem duty is eliminated – the specific rate is still payable. There is an 80% reduction in the ad valorem and specific duties payable on Bosnia and Herzegovina baby beef products in headings 0102 and 0201 – but only within the limits of annual tariff quotas.

Products in headings 1701 and 1702 will attract nil rates of duty within the limits of an annual tariff quota.

Nil preferential rates of duty continue to be available for a wide range of Bosnia and Herzegovina fishery products. But for certain of those products the nil rates are available only within the limits of annual first come, first served tariff quotas. A reduced preferential rate of duty is payable on all products in heading 1604 with the exception of prepared or preserved sardines and prepared or preserved anchovies.

## ***b) Imports into Bosnia and Herzegovina of products originating in the Community***

Bosnia and Herzegovina has undertaken to grant reduced or nil preferential rates of duty to a range of industrial, agricultural and fishery products originating in the Community. A wide range of products will be subject to a sliding scale of annual reductions in the full rate of duty payable. The reductions will start on the date of entry into force of the interim Agreement (1 July 2008) and a nil preferential rate of duty will be achieved 6 months, 2.5 or 4.5 years after the date of entry into force.

### **3. Origin Rules**

#### **a) *General***

The conditions and rules described in **Sections 2 (including those in paragraph 2.4) to 6, and Section 9 of Customs Notice 828** apply to goods which are exported to or imported from Bosnia and Herzegovina.

#### ***b) Cumulation of Origin***

The new interim Agreement provides for **bilateral cumulation of origin**. This means that

- Materials, components or parts which have originated in Bosnia and Herzegovina in accordance with the provisions of the Agreement can be regarded as originating in the Community when they are further processed (provided that the processing is more than minimal) or incorporated in a finished product which will be exported from a Member State to Bosnia and Herzegovina under preference; and
- EC products which have met the appropriate origin rules can be regarded as originating in Bosnia and Herzegovina when they are further processed (again, provided that the processing is more than minimal), or included in a finished product for export to the Community under preference.

The Agreement also provides for the potential use of **diagonal cumulation of origin**, in which Montenegro, Croatia, Bosnia-Herzegovina, Albania, Former Yugoslav Republic of Macedonia, Serbia, Kosovo and Turkey (for products covered by the EC-Turkey Customs Union arrangements) are formed with the European Community into a group for origin purposes.

This means that materials, components or parts originating in accordance with the appropriate rules of origin in one or more countries in the group may be further processed (provided it is more than minimal) in another country within the group as if they were of the origin of the country in which they are processed.

However, the diagonal cumulation arrangements cannot be applied unless the country supplying the materials, components or parts has adopted a trade agreement containing identical rules of origin with the country in the group to which they are sent for further processing or for inclusion in a finished product for export under preference. Available information shows that to date, Bosnia and Herzegovina has still to conclude the necessary agreements with all countries in the group, with the exception of the EC. Therefore, for the time being, and with the exception of those originating in the Community, it will not be able to regard as its own materials, components or parts which have originated in one of the other members of the group.

#### **c) No drawback of customs duties**

It is not possible for a finished product to be exported to or from Bosnia and Herzegovina under the new preferential arrangements if it incorporates materials, components or parts which have been imported into the European Community or Bosnia and Herzegovina (under for example, Inward Processing Relief) without payment of customs duty.

#### 4. Documentary Requirements

##### *a) General*

With the exception of consignments falling within sub-paragraph b below, claims to preference must be supported by:

- A **valid Form EUR1**; or
- A **declaration on an invoice** (or other commercial document such as a packing list or consignment note). Any exporter in the UK and Bosnia and Herzegovina is able to issue an invoice declaration where the value of the consignment is no more than **£4190** and exporters who have **been approved by the customs authorities** to do so will be able to issue declarations for consignments with a value in excess of that amount.

##### *b) Consignments for which no formal proof of origin is required*

The following consignments can be exported to or imported from Bosnia and Herzegovina without the need for a formal proof of origin:

- (i) **Private imports/exports in accompanied baggage** provided that the value of the consignment is no more than **£838**: and
- (ii) **Private imports/exports in unaccompanied baggage** provided that the value of the consignment is no more than **£349**.

#### 5. Further information

The full text of the Interim Agreement can be found in the Official Journal of the European Union No.L169/2008, available on the European Union website at <http://europa.eu.int/eur-lex/lex/JOIndex.do?ihmlang=en&sfgdata=4>

#### 6. Contacts

For queries on this custom information paper please contact

Yvette James,  
HM Revenue and Customs,  
Customs and International, Duty Liability,  
6<sup>th</sup> Floor North,  
Portcullis House,  
27 Victoria Avenue  
Southend-on-Sea  
SS2 6AL.  
Tel: 01702 367721,  
FAX: 01702 361786, E-Mail: [Yvette.james@hmrc.gsi.gov.uk](mailto:Yvette.james@hmrc.gsi.gov.uk)

Queries on other subjects should be addressed to the National Advice Centre as detailed below.

Issued on the 07 July 2008 by the JCCC Secretary, HM Revenue and Customs, Customs & International Directorate. E Mail @ JCCC Secretariat

If you have a question about the content of this paper please use the details provided in the 'Contacts' section. For general HMRC queries speak to the National Advice Service on 0845 010 9000 or follow this crumb trail which details how to contact us by phone, e-mail or post: HMRC home ([www.hmrc.gov.uk](http://www.hmrc.gov.uk)) >Contact Us

For comprehensive guidance on international trade regulations, as well as advice on market information and business growth visit [www.businesslink.gov.uk/internationaltrade](http://www.businesslink.gov.uk/internationaltrade).