



Bern, 3.6.2014

No. 323.0.2.2014

Circular

D30

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# Entry into force of the bilateral Switzerland-China free trade agreement on 1 July 2014

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## 1 Preferential rates upon importation

Upon entry into force of this free trade agreement (hereinafter: "Agreement"), China's status as a developing country that qualifies for preferential treatment within the framework of the Generalized System of Preferences for developing countries (GSP) will be rendered invalid. [Article 19](#) of the Customs Act of 18 March 2005<sup>1</sup> is decisive for determining the customs duty rate. Accordingly, the customs rates and assessment bases valid at the time the customs debt is incurred must be used. For this reason, certificates of origin issued under the GSP (e.g. Form A certificates of origin) cannot be accepted for goods on which a customs debt was incurred on or after 1 July 2014 (see section 4 below). On the date the Agreement enters into force, only the preferential rates set within the scope of the Agreement will be shown in the electronic customs tariff Tares.

## 2 Preferential origin

### 2.1 Principle

#### 2.1.1 Territorial scope

- Swiss customs territory (incl. Principality of Liechtenstein)
- Customs territory of the People's Republic of China (excluding the special administrative areas of Hong Kong and Macao of the People's Republic of China)

#### 2.1.2 Scope of application

The scope of application covers goods in chapters 1 to 97 of the customs tariff. Particularly for goods in chapters 1 to 24, but also for others, customs concessions will not be granted for all items (see [texts of the Agreement](#) > [Schedule of Concessions China](#) and [Schedule of Concessions Switzerland](#)).

### 2.2 Rules of origin

#### 2.2.1 Texts

The rules of origin are contained in chapter 3 of the [Main Agreement](#).

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<sup>1</sup> CustA; SR 631.0

## 2.2.2 List rules

The list rules are contained in [Annex II Product-Specific Rules](#), which is divided up into three parts: Section I covers introductory notes and definitions; Section II provides alternative rules for products in chapters 27 to 40; and Section III contains the list rules.

## 2.2.3 Tolerances

The list rules provide for a general value tolerance of 10% of the ex-works price of the product for non-originating materials. Rules that are based on a value criterion are excepted from this tolerance.

## 2.2.4 Cumulation of origin

The Agreement provides for the usual bilateral cumulation in the case of originating products. However, a cumulation possibility beyond the limits of the Agreement (e.g. diagonal cumulation with the EU) is not provided for (see also the [fact sheet on cumulation in free trade agreements](#)).

## 2.2.5 Drawback

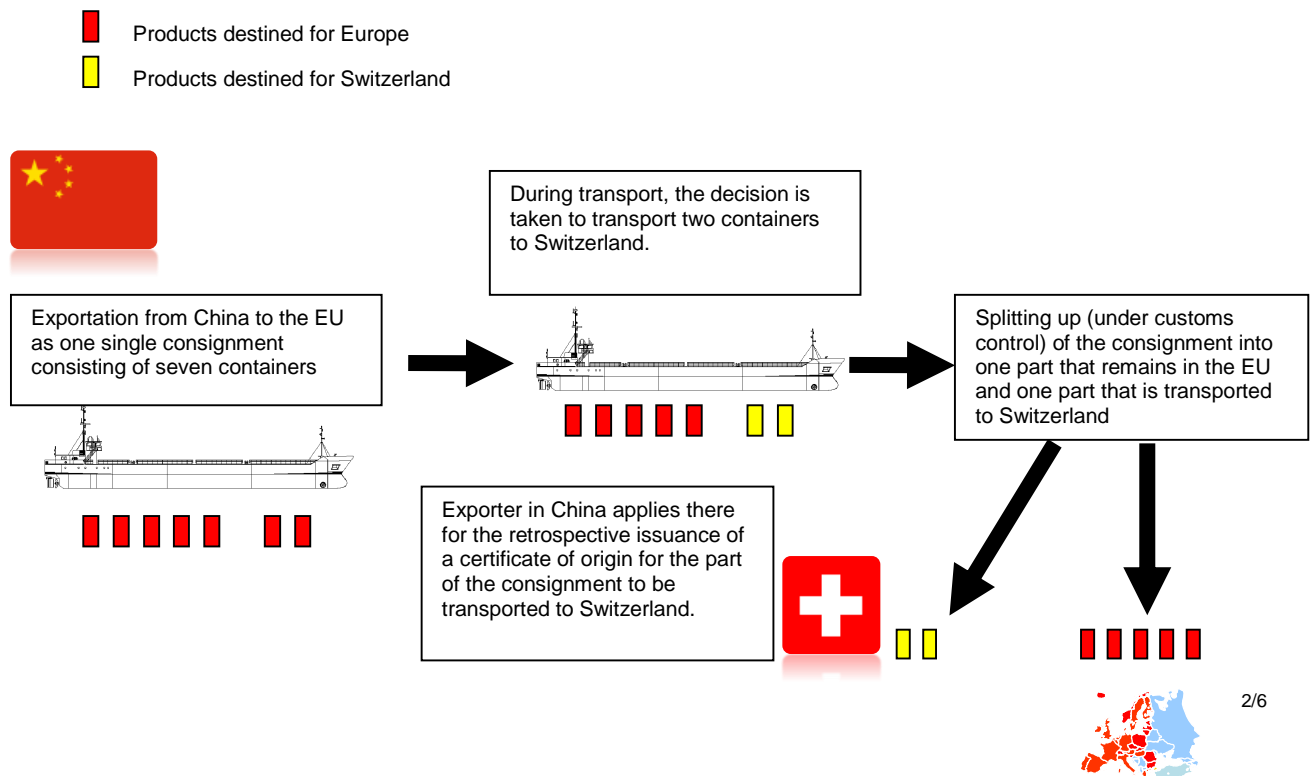
A prohibition of drawback is not provided for.

## 2.2.6 Direct transport

The direct transport rule must be observed. However, consignments may be split up in non-party states (conditions: see Article 3.13 of the [Main Agreement](#)). All states other than Switzerland and China are considered non-party states within the framework of this Agreement.

Importation into Switzerland: For consignments from China split up in the EU or Norway, the possibility of having replacement certificates of origin issued by EU or Norwegian Customs authorities as provided for in the GSP is not available anymore. In this and all other cases of consignments split up in non-party states, a documentary evidence of origin retrospectively issued in China is required for every partial consignment.

Example:



Importation into China: For consignments from Switzerland split up in non-party states (e.g. EU), a documentary evidence of origin retrospectively issued in Switzerland is required upon importation into China.

### 2.2.7 Accounting segregation

The Agreement provides for the possibility of accounting segregation (see also the [explanations](#) in section 8.3).

## 2.3 Documentary evidences of origin/Approved Exporter

Certificates of origin and (for Approved Exporters only) declarations of origin affixed to commercial documents are considered valid documentary evidences of origin. They are valid for 12 months.

### 2.3.1 Certificate of origin

Certificates of origin must be issued in English by the exporter or its legally authorised representative and submitted for approval to the competent authorities upon exportation. Retrospective issuance and the issuance of duplicates are possible.

#### 2.3.1.1 Importation into Switzerland

The certificates of origin must comply with the [specimen](#) in Appendix 1 to Annex III of the Agreement. In contrast to other agreements, the six-digit HS code and the applicable origin criterion complied with must be entered for every item (see the notes on page 2 of the specimen). No more than 20 items may be listed on a certificate of origin. Certificates of origin issued retrospectively must be marked "ISSUED RETROSPECTIVELY"; duplicates must be marked either "CERTIFIED TRUE COPY of the original Certificate of Origin number \_\_\_ dated \_\_\_" or "DUPLICATE" and must bear the reference number and the date on which the original certificate of origin was issued.

#### 2.3.1.2 Exportation from Switzerland

The English version of the special movement certificate EUR.1 CN must be used (it can be ordered at the following [link](#)). Only products that meet the rules of origin of the Agreement may be entered on the EUR.1 CN certificate. In contrast to other agreements, the six-digit HS code and the applicable origin criterion complied with must be entered for every item (see the notes on page 2 of the [specimen](#)). No more than 20 items may be listed on a EUR.1 CN certificate and the items listed must be numbered. It is also important to note that sections 3 and 10 must be completed (despite being marked "optional"); section 6 should be completed if information is known. After the last item in section 8, a line of stars (\*) or slashes (/) or a horizontal line should be drawn and the unused space crossed out.

Example for section 8:

1) Electric motors	HS Code 850110	PSR
2) Printed matter	HS Code 491110	PSR

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EUR.1 CN certificates issued retrospectively must be marked "ISSUED RETROSPECTIVELY"; duplicates must be marked "DUPLICATE" and bear the reference number and the date on which the original certificate of origin was issued.

These retrospective movement certificates or duplicates must be issued in accordance with the same procedures as followed for other agreements.

### 2.3.2 Origin Declaration/Approved Exporter

The [Origin Declaration](#) can be used solely by Approved Exporters. It must be identical to the specimen, drawn up in English and unsigned. The serial number to be used must have 23 characters and is comprised as follows:

AE authorisation number (five digits)	Issue date of commercial document (eight digits, yyyy/mm/dd)	Commercial document number (10 characters [digits and/or letters], case-sensitive)
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The digit "0" is to be inserted before each set of numbers/letters in place of unneeded characters.

Example:

AE number: 345	Date: 1 February 2015	Commercial document number: x8976
00345	20150201	00000x8976

Serial number 003452015020100000x8976

In all other respects, the rules regarding Approved Exporters are the same as those for the other agreements. Existing authorisations cover this Agreement as well.

Based on the text of the Agreement, the two customs administrations agreed in a [Memorandum of Understanding](#) that declarations of origin will also be exchanged electronically for checking purposes. Switzerland's Federal Customs Administration has made an application available on its website for this purpose. Approved Exporters were notified separately about the details.

### 2.3.3 Suppliers' declarations in Switzerland

Because of the additional details mentioned above that have to be provided in the movement certificate EUR.1 CN, the suppliers' declarations on which movement certificates are based also have to be drawn up accordingly. The relevant [fact sheet](#) has already been amended.

### 2.3.4 Forgoing documentary evidences of origin; value limits

#### 2.3.4.1 Importation into China

The Agreement contains only a discretionary provision in this regard. Exporters wishing to dispense with documentary evidences of origin must contact the Chinese authorities for precise information on the applicable rules.

#### 2.3.4.2 Importation into Switzerland

Consignments going from one private individual to another that contain originating products worth no more than CHF 1,000 in total can be assessed at the preferential

rate without documentary evidence of origin provided the conditions of [Article 80a](#) of the Customs Ordinance of 1 November 2006<sup>2</sup> are met.

## **2.4 Tariff preferences for goods depending on the intended use**

If the granting of tariff preferences is dependent on a specific intended use of the goods<sup>3</sup>, the provisions of [Articles 50-54](#) of the Customs Ordinance apply. In particular, a corresponding end-use commitment must be supplied in writing to the Directorate General of Customs before the first customs declaration.

Please do not hesitate to contact the Customs Reliefs, Export Contributions and Processing Traffic Section if you have any further questions (tel. +41 58 462 65 73).

## **3 Tariff dismantling upon importation**

Swiss tariff concessions will be applied in a single step and without any transitional period upon entry into force of the Agreement. China will implement its tariff concessions, partly in phases, during transitional periods (see the list of concessions of [Switzerland](#) and [China](#)).

## **4 Transitional provisions**

Originating products that are in transit, in temporary storage in a customs warehouse or in a free zone when the Agreement comes into force can nevertheless benefit from a preferential assessment within the framework of the Agreement. In such cases, it is possible to request the retrospective (1 July 2014 or later) issuance of a documentary evidence of origin in the exporting country up to 31 December 2014; this documentary evidence of origin is then to be presented in the importing country.

## **5 Provisional assessment upon importation**

If no valid documentary evidence of origin exists at the time of the customs declaration, the person subject to the declaration obligation can request a provisional import assessment for goods that are covered by the Agreement. According to established administrative practice regarding free trade agreements, the documentary evidence of origin has to be submitted within two months (period of validity of provisional assessment; moreover, the person subject to the declaration obligation can submit a written and substantiated request for a deadline extension before this period of validity expires).

Because of the special situation concerning this Agreement, the customs administration will exceptionally grant a period of six months for submitting missing documents in the case of provisional assessments requested by 31 December 2014.

Consequently, the person subject to the declaration obligation must specify the code 98 "Other: period of six months" when requesting a provisional assessment in e-dec. Moreover, "FTA Switzerland-China" must be mentioned in the "Remarks" section. From 1 January 2015, the customary two-month period will also apply for provisional assessments within the framework of this Agreement (other FTAs; e-dec code 3).

If the provisional assessment was not requested, the customs declaration can be recovered at the preferential rate only if all of the prerequisites in accordance with [Article 34](#) of the Customs Act<sup>4</sup> are met in full. This means, among other things, that the documentary evidence of origin (even if issued retrospectively) must have existed at the time of the original customs declaration and that the person subject to the declaration

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<sup>2</sup> CustO; SR 631.01

<sup>3</sup> See "Goods benefiting from customs facilities", section 4, [Remarks on the Customs Tariff](#) – Tares

<sup>4</sup> CustA; SR 631.0

obligation made a request to the competent customs office within the set timeframe (within 30 days after leaving customs supervision).

## **6 Documents**

The complete Agreement between Switzerland and China is available in English on the [SECO](#) web site. The Main Agreement was prepared in English, French and Chinese. In the event of discrepancies between the different language versions, the English version will prevail. From the time of entry into force, it will also be possible to access the usual documents in [D30: Free trade agreements, preferential tariffs and origin of goods](#).

The remaining documentation will be adapted in due course.