

RULES OF ORIGIN FOR ATIGA-AFTA

Not Wholly Obtained/Produced Goods



If the goods have a regional value content (hereinafter referred to as "ASEAN Value Content" or the "Regional Value Content (RVC)") of not less than 40% calculated using the formulas set out in Article 29
If all non-originating materials used in the production of the goods have undergone a change in tariff classification (hereinafter referred to as "CTC") at 4 digit level (i.e. a change in tariff heading of the Harmonized System)

a. Direct Method

$$\text{RVC} = \frac{\text{ASEAN Material Cost} + \text{Direct Labour Cost} + \text{Direct Overhead Cost} + \text{Other Cost} + \text{Profit}}{\text{FOB Price}} \times 100\%$$

Or

b. Indirect Method

$$\text{RVC} = \frac{\text{FOB Price} - \text{Value of Non-Originating Materials, Parts or Goods}}{\text{FOB Price}} \times 100\%$$

SAMPLE OF CALCULATION

A. Direct Method

Description of material/ Component used	HS Code	Country of Origin	Total Cost	%
Upper Leather	6406.10.100	Thailand	19.000	22.606
Lining	6406.10.100	Spain	6.000	7.139
Insock Leather	6406.10.100	Spain	3.000	3.569
OutSole	6406.20.110	Spain	10.200	12.136
Tread upper	5401.10.900	Malaysia	0.600	0.714
Tread Sole	6406.20.110	Malaysia	0.600	0.714
Glue/King Bond	3506.10.000	Malaysia	3.000	3.569
Shoe Box	4819.10.000	Malaysia	1.730	2.058
Wrapper	4823.12.000	Malaysia	0.050	0.059
Carton	4819.10.000	Malaysia	0.250	0.297
Shoe Card	4821.90.000	Malaysia	0.160	0.190
Insock Cushion	5407.10.900	Malaysia	3.600	4.283
		Total	48.190	57.335

Labour Cost: 15.000 17.487
 Overhead Cost: 5.000 5.949
 Other Cost: 0.000 0.000
TOTAL PRODUCTION COSTS 68.190 81.130

Profit: 15.860 18.870
FOB Price: 83.75 100.00

$$\frac{28.39 + 15.00 + 5.0 + 0 + 15.86}{83.75} \times 100\%$$

83.75

= 76.7

B. Indirect Method

Description of material/ Component used	HS Code	Country of Origin	Total Cost	%
Upper Leather	6406.10.100	Thailand	9.900	14.053
Lining	6406.10.100	Spain	5.500	7.807
Insock Leather	6406.10.100	Spain	3.000	4.258
OutSole	6406.20.110	Spain	10.200	14.478
Tread upper	5401.10.900	Malaysia	0.600	0.852
Tread Sole	6406.20.110	Malaysia	0.600	0.852
Glue/King Bond	3506.10.000	Malaysia	0.300	4.258
Shoe Box	4819.10.000	Malaysia	1.730	2.456
Wrapper	4823.12.000	Malaysia	0.050	0.071
Carton	4819.10.000	Malaysia	0.250	0.355
Shoe Card	4821.90.000	Malaysia	0.160	0.227
Insock Cushion	5407.10.900	Malaysia	3.600	5.110
		Total	38.59	54.776

Labour Cost: 15.000 21.292
Overhead Cost: 5.000 7.097
Other Cost: 0.000 0.000
TOTAL PRODUCTION COSTS 58.590 83.165

Profit: 11.860 16.835
FOB Price: 70.450 100.00

70.450 – (5.500-3.000-10.200)

_____ X 100

70.450

= 73.45

CHANGE IN TARIFF CLASIFICATION

HS/AHTN Code: 6403 .20.0000

Number

Description of products: Shoes 148-6 (Gold/Black) Scholl

Importing Countries: ASEAN

Description of material/ Component used	HS Code	Country of Origin
Lining	6406.10.100	Import
Insock Leather	6406.10.100	Import
OutSole	6406.20.110	Import

Under CTH, only the Non-Originating materials will be considered for compliance:

Lining & Insock Leather: 6406 .10.100

Outsole : 6406 .20.110

CTH 6406 – origin: Spain

CTH 6403 – Final Product

= Eligible for CEPT because of the change in tariff heading