Certification of Origin

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Reference: RKC Specific Annex K

- Chapter 2 on Documentary evidence of origin
  - 2. Recommended Practice
    - Documentary evidence of origin should be required only when it is necessary for the application of preferential Customs duties, of economic or trade measures adopted unilaterally or under bilateral or multilateral agreements or of measures adopted for reasons of health or public order.
  - 5. Recommended Practice
    - Documentary evidence from the competent authorities of the country of origin should be required only in cases where the Customs of the country of importation have reasons to suspect fraud.
Study on Certification of Origin
Proof of origin for non-preferential purposes

- Method: survey by questionnaire
- Questionnaire sent to all WCO Members in 2013
- Response received from 66 Members
Key findings on the use of proofs of origin for non-preferential purposes

- The vast majority of responding Members do not require any non-preferential proof of origin for import.
- Some Members use non-preferential certificate of origin for Customs Valuation purpose, which is not supported under WTO Agreement on Customs Valuation. This approach appears to imply inconsistency with international standards.
- Certificates of origin appear to be causing some extra costs in doing business with certain countries. The average of the issuing fees charged by the Chamber of Commerce was over 30 US dollars.
Survey result: requirement of non-preferential proof of origin for import

Members that responded (100%)

- Not always require non-pref. proof of origin for import (92%)
- Always require non-pref. proof of origin for import (8%)
- Only in certain cases (80%)
- Never (12%)
Always require a proof of origin for non-preferential import – REASONS raised...

- Some Members responded that they always require a proof of origin for all non-preferential imports, for the following reasons:
  - Customs valuation purposes
  - Duty purposes in general
  - Consumer protection
  - Intellectual property rights protection
  - Risk management profiling
  - Application of quotas

… consistency with RKC ???
Survey result: cost of issuance of a certificate of origin

- Customs or other government agencies
  - Cost range: 0 to 9 USD

- Chamber of Commerce
  - Cost range: 1.50 USD to 50.00 USD
  - Average: 34.23 USD
Certification of origin in FTAs

• Compared the provisions on certification of origin in 149 FTAs entered into force in 1994-2013

• Source: WCO Origin Database
# Types of preferential origin certification systems

<table>
<thead>
<tr>
<th>Type of system</th>
<th>Key features</th>
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<tbody>
<tr>
<td>1. Authority issued certification, incl. e-certificates</td>
<td>Government authorities or delegated bodies issue the certificate of origin in a prescribed form</td>
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<tr>
<td>2. Approved Exporter system</td>
<td>Exporters with prior approval may make origin declaration on commercial documents</td>
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<tr>
<td>3. Fully exporter-based certification</td>
<td>Any exporters can sign and issue a certificate of origin of a prescribed form</td>
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<tr>
<td>4. Importer-based certification</td>
<td>Importers certify the origin of goods</td>
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**Self-certification** = issuing authorities not involved in every single issuance of proof of origin
Key findings on the certification of origin in FTAs

• More than half of the FTAs studied introduce a kind of self-certification of origin, i.e. approved exporter, fully exporter-based certification, or importer-based system.

• The authorized exporter system is mainly used in the FTAs involving one or more European countries, while the fully exporter-based certification system is typically utilized in the FTAs by countries in the Americas.

• Intra-African and intra-Asian agreements appear to prefer the certification of origin by competent authorities.
Proportion of certification systems around the world

- Approved exporter: 36.9%
- Fully exporter based: 22.1%
- Importer based: 8.1%
- Authority issuance only: 32.9%
WCO Guidelines on Certification of Origin
Objective and coverage

- Guidelines provide practical explanations
  - To be used as guidance for the Members to design, develop and achieve robust management of origin-related procedures

- Cover both preferential and non-preferential origin

- Non-binding
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Definitions: concepts at a glance

Types of origin procedures

- a. certification of origin
- b. self-certification of origin

Types of evidence on origin

- (i) certificate of origin
- (ii) self-issued certificate of origin
- (iii) declaration of origin

Other

- d. indication of origin
When is a proof of origin needed for preferential purpose?

- Goods produced
- Be covered by FTA/GSP
- Satisfy origin criteria
- Satisfy consignment criteria
- Procedural requirements fulfilled

ELIGIBLE FOR PREFERENTIAL TREATMENT
Certification of origin involving the competent authority of the exporting country

• Scrutiny by the competent authority in issuing a preferential certificate of origin
  
  • Guideline 2: The competent authority in the exporting country shall appropriately examine the originating status of the goods before issuing a preferential certificate of origin. This includes collecting necessary information from the producer, manufacturer or exporter in order to examine whether the applicable origin criteria is satisfied, such as the list of materials with HS codes, calculation of value-added percentage and/or the specific production process of the goods in question.
Self-certification

• Fostering the use of self-certification of origin

  • Guideline 4: Considering the increasing volume of preferential trade and recognizing the need for the facilitation of origin-related procedures, self-certification of origin by a producer, manufacturer, exporter and/or importer shall be utilized to the maximum extent possible while recognizing the specificities of domestic business environment.
Supplier’s declaration

Country A

Supplier (producer /manufacturer)

Country B

Exporter

Importer

Proof of origin

Supplier’s declaration
Third country invoice / intermediary trade

1. Purchase order

2. Purchase order

Third country invoice

Goods and proof of origin

Intermediary (non-FTA member)

Exporter

Importer

Exporter’s invoice
Requirement of proof of origin for non-preferential purposes

- **Guideline 14**: As a general rule, non-preferential proofs of origin **should not be required** for the importation of goods on which no specific trade policy measures are applicable.

- **Guideline 15**: A non-preferential proof of origin may be required **only for the measures provided for in Article 1(2)** of the WTO Agreement on Rules of Origin.
Requirement to issue non-preferential proofs of origin

- Until the HWP is completed, the non-preferential rules of origin in the exporting country and the destination country may vary. This means that there is asymmetry between the exporting and importing sides in the determination of country of origin.

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Each destination country has different non-preferential rules of origin stipulated in domestic law!
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