



DFQF webinars

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Duty-Free Quota-Free (DFQF) Market Access and Rules of Origin for LDCs: how to use the UNCTAD Handbook and Database on GSP Utilization – Part II: Other Developed Countries and Developing Countries

Webinar for Lao PDR

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DFQF : Which non-QUAD countries are PGC?

- Other developed countries (GSP scheme): Australia, Eurasian Customs Union (Armenia, Belarus, Kazakhstan, Kyrgyz Rep., Russian Fed., Tajikistan), Iceland, Montenegro, New Zealand, Norway, Switzerland and Turkey
- Developing countries (in a position to do so): Brazil, Chile, China, India, Korea Rep., Chinese Taipei and Thailand
- 2019 top 10 importers of LDCs' goods: China, European Union, USA, India, Thailand, Japan, Switzerland, United Kingdom, Canada, and Singapore (source: table 4 pg. 28 [WT/COMTD/LDC/W/68](#) – 162 out of 192 billion US\$)

DFQF : Other developed countries (1)

1. Is my country a beneficiary of the DFQF scheme of my target market? In principle, all 46 countries in the UN List....

Preference Giving Country (PGC)	Included	Excluded
Australia	Cape Verde, Equatorial Guinea, Maldives, Samoa, Vanuatu	South Sudan
Eurasian CU	Equatorial Guinea, Vanuatu	
New Zealand	Cape Verde, Equatorial Guinea, Maldives, Samoa, Vanuatu	South Sudan
Norway	Vanuatu	Non-REX compliant ¹
Switzerland	Equatorial Guinea, Samoa, Vanuatu	South Sudan
Turkey	Equatorial Guinea, Vanuatu	None
United Kingdom	Equatorial Guinea, Vanuatu	None

¹ Central African Republic, Chad, Congo DPR, Djibouti, Equatorial Guinea, Samoa, Somalia, and South Sudan

DFQF: Other developed countries (2)

2. *Is my product covered by the DFQF scheme of my target market?*

In principle, all products should be covered (at least 97% of the national tariff lines as agreed in Hong Kong).....

Preference Giving Country (PGC)	% tariff lines	Excluded sectors
Australia	100%	
Eurasian CU	75%	List of GSP/LDC covered items (from page 5 onwards for LDCs)
New Zealand	100%	
Norway	100%	
Switzerland	100%	
Turkey	Ch. 25-97 + some agricultural products	Chapter 93
United Kingdom	100%	Arms and ammunition

DFQF : Rules of Origin - Origin Criteria

- Wholly obtained
- Substantial transformation / sufficient working or processing:
 - Change of tariff classification
 - Change of Tariff Heading (CTH, 4-digit HS code)
 - Change of Tariff Sub-heading (CTS, 6-digit HS code)
 - Tolerance
 - Product-specific rules of origin (PSRO):
 - General rule: value calculation (percentage criterion), allowance for the use of non-originating inputs
 - Working or processing operations that confer originating status
 - Insufficient working or processing, simple operations
- Cumulation: bilateral, regional, other

DFQF : Eurasian Customs Union (1)

1. Coverage: see [list of GSP/LDC covered items](#) (from page 5 for LDCs)
2. [Rules of Origin](#): [Decision N. 60](#)
 - a) Wholly obtained or produced in that country in accordance with paragraph 4;
 - b) Goods shall be considered as sufficiently processed in a least developed country (para. 6) if the value of non-originating materials used in the processing operations in such country does not exceed the following percentage (at the date of issuance of documentary proof of origin): **55 percent** from January 01, 2020 to December 31, 2024 and **60 percent** from January 1, 2025 of the value of goods exported from the least developed country.
 - c) Insufficient working process: paras. 7 and 8

DFQF : Eurasian Customs Union (2)

3. Direct consignment (paras. 23-28): the goods should be transported directly. However, originating goods may be transported through the territories of third countries provided the following conditions are met:

- 1) transit through the territory of third countries is justified for geographical, transport, technical or economic reasons;
- 2) goods in transit countries, including during their temporary storage in the territories of these countries, remain under customs control documented in accordance with para. 26;
- 3) goods have not entered into trade or consumption;
- 4) goods have not undergone any operations other than reloading and operations to preserve their conditions.

4. Documentary Evidence

- a) **Origin** (paras. 30-40): Certificate of origin shall be issued using the form set out in Annex No. 1 and shall be completed in accordance with the requirements stipulated in Annex No. 2. The origin of goods the customs value of which does not exceed the amount equivalent to 5 000 Euro may be confirmed by a declaration of origin.
- b) **Direct consignment** (para. 28): Documents confirming the compliance with direct consignment and direct purchase shall be submitted to the customs authority

DFQF : Norway (1)

1. Coverage: all products – [Tariff Schedule 2021](#)
2. [Rules of Origin](#):
 - a) Wholly obtained
 - b) Other products: change of tariff heading (HS 4-digit) except for:
 - i. Tolerance
 - ii. Insufficient working or processing
 - iii. Goods required to satisfy specific conditions in order to obtain originating status without a change in the HS 4-digit: “[List-rules](#)”
 - iv. Cumulation: regional, bilateral, diagonal, LDC

DFQF : Norway (2)

3. Direct consignment: Non alteration rule

4. Documentary Evidence

- a) Origin: REX self-certification (see EU). A statement of origin given by the producer/exporter if the value of the goods does not exceed NOK 60 000.
- b) Direct consignment: no specific form required

DFQF : Switzerland (1)

1. Coverage: all products – Tariff Schedule: www.tares.ch
2. [Rules of Origin](#): Ordinance No. 946.39 ([in French](#))
 - a) Wholly obtained
 - b) Other products → substantial transformation:
 - i. HS chapters 01-24: change of tariff heading (CTH) except for some products in HS chapters 11 and 19 included in the [List](#)
 - ii. HS chapters 25-97: goods required to satisfy specific conditions identified in the [List](#). When a percentage rule is applied, the customs value of the non-originating materials shall not exceed 15% of the ex-works price of the product except for products in [HS chapters 50-63](#).
 - iii. Insufficient working
 - iv. Cumulation: regional (ASEAN), bilateral (Switzerland, EU, Norway, Turkey)

DFQF : Switzerland (2)

3. **Direct consignment:** the goods should be transported directly to Switzerland. However, goods that pass through other countries are still considered a direct consignment if the goods remain under customs surveillance and only undergo operations to keep them from deterioration.

Re-exportation of products that passes through the EU or Norway is also allowed. In case of splitting of consignments, a replacement proof of origin is required.

4. Documentary Evidence

- a) Origin (art.21): Form A; declaration of origin established in a beneficiary country; a replacement Form A/declaration of origin (EU, Norway, Turkey); REX self-certification (invoice declaration in accordance with art. 38 b). No need of proof for non-commercial shipments up to CHF 900 (art. 22).
- b) Direct consignment: no specific form required

DFQF : Turkey

[UNCTAD GSP Handbook on the Scheme of Turkey](#)

1. Coverage: HS chapters 25-97 except 93 + some agricultural products – [Tariff Schedule 2017](#) (in Turkish)
2. [Rules of Origin](#): Ministerial Decree 2014/7064 (in principle, identical to those of the European Union EBA scheme)
3. **Direct consignment**: the goods should be transported directly to Turkey. However, goods that pass through other countries are still considered a direct consignment if the goods remain under customs surveillance and there is evidence of non-alteration. Consignments may be split prior to being declared for release for free circulation to Turkey.
4. **Documentary Evidence**
 - a) [Origin](#): Form A or a “statement of origin” made by a REX-registered exporter. An “invoice declaration” is also accepted for consignments whose total value does not exceed € 6 000.
 - b) Direct consignment: no specific proof required

DFQF : United Kingdom (1)

1. Coverage: all products except arms and ammunition, duty-free treatment ([nil duty](#))
2. [Rules of Origin - The Customs \(Origin of Chargeable Goods: Trade Preference Scheme\) \(EU Exit\) Regulations 2020](#)
 - a) Wholly obtained: regulation 6
 - b) Other products: important stage of manufacture (regulation 7)
 - i. Product-specific rules of origin (PSRO): schedule 1
 - ii. Non-originating inputs: average value of non-originating materials as a percentage of the average ex-works price charged for goods sold during the reference period or other criteria (regulation 8 and table in Part 2 of Schedule 1)
 - iii. Tolerance: regulation 9
 - iv. Insufficient working or processing: regulation 7(2)
 - v. Cumulation: regulations 15 to 18
 - **Bilateral cumulation**: cumulation with materials originating from the British Islands, the EU, Norway or Switzerland
 - **Intra-regional cumulation**: cumulation with materials originating from another beneficiary country of the same regional group. The GSP rules of origin define two regional cumulation groups in Schedule 3, Group 1 (Cambodia, Indonesia, Laos, Myanmar, Philippines, Vietnam) and Group 2 (Bangladesh, Bhutan, India, Nepal, Pakistan, Sri Lanka)
 - **Inter-regional cumulation**: Cumulation between Group 1 and Group 2 is possible subject to certain conditions
 - **Extended cumulation**: cumulation with materials originating from a country with which the UK has a preferential trade agreement subject to certain conditions.

DFQF : United Kingdom (2)

3. **Direct consignment:** non-manipulation rule. Storage or splitting of consignments in a country of transit is possible under certain conditions (see regulation 20 of [The Customs \(Origin of Chargeable Goods: Trade Preference Scheme\) \(EU Exit\) Regulations 2020](#))

4. Documentary Evidence

- a) Origin: The procedure for making out an origin declaration is set out in the [Proof of Origin Notice](#). An origin declaration must take the form of either a certificate Form A or a statement on origin.
- b) Direct consignment: no specific form required. Evidence including any contractual transport documents (including bills of lading) must be provided if requested (see [regulation 20\(4\)](#)).

DFQF : Developing countries (1)

1. Is my country a beneficiary of the DFQF scheme of my target market? In principle, all 46 countries in the UN List....

Pref.Giving C/tries	Included	Excluded
Chile	Equatorial Guinea, Vanuatu	None
China	Equatorial Guinea, Vanuatu	Bhutan, Burkina Faso, Gambia, Haiti, Kiribati, Lao PDR , Rwanda, Tuvalu
Chinese Taipei	Equatorial Guinea, Vanuatu	None
India		All LDCs are eligible; 34 currently notified as beneficiaries ¹
South Korea	Equatorial Guinea, Vanuatu	None
Thailand		None

¹ Non-beneficiaries: Angola, Bhutan, Congo DR, Djibouti, Kiribati, Mauritania, Nepal, Sao Tome e Principe, Sierra Leone, Solomon Islands, South Sudan, and Tuvalu.

DFQF : Developing countries (2)

2. *Is my product covered by the DFQF scheme of my target market?*
Only developing countries that are in a position to do so.....

Pref.Giving C/tries	% tariff lines	Product coverage
Chile	99.8%	Excluded sectors: Wheat and wheat flour; sugar
China	97%	Excluded sectors: Fish and crustaceous; footwear; milling products; cereal products; sugar
Chinese Taipei	31.7%	See Annex G of the Handbook
India	96.4%	Excluded sectors: vegetables; tobacco; dairy products; beverages and spirits; copper products
South Korea	95%	Excluded sectors: meat; fish; vegetables; food products
Thailand	73.2%	See List of Items Exempted from Customs Duty for LDCs

DFQF : China (1)

1. Coverage: [Tariff Schedule 2021](#) (in Chinese)

2. [Rules of Origin](#):

a) Wholly obtained

b) Substantial transformation

i. Regional value content (RVC) of goods, expressed as a percentage, is no less than 40% . RVC is computed as follows:

$$RVC = 100 * (V - VNM) / V$$

where V is the transaction value of the good, FOB; and VNM is the value of the non-originating materials (CIF)

ii. Change in Tariff Classification: CTH (4-digit)

iii. Product specific rules of origin (PSRO)

c) Insufficient operations

[KPMG summary](#)

DFQF : China (2)

3. Direct consignment: The goods are transported directly from the beneficiary country to ports of entry in China without going into any other countries or regions other than China or the beneficiary country. Originating goods of the beneficiary country which are transported to China through other countries or regions, with or without trans-shipment or temporary storage shall be determined as direct consignment, provided that the following requirements are satisfied at the same time: (1) the goods do not enter into trade or consumption there; (2) the goods do not undergo any operation there other than unloading, reloading or any other operations required to keep them in good condition; (3) the goods shall be subject to the control of customs or related government competent authorities in such countries or regions; (4) the goods which enter other countries or regions shall stay no longer than 6 months.

4. Documentary Evidence:

1. A valid Certificate of Origin. If Customs has received the electronic data information of a Certificate of Origin of a beneficiary country via electronic data exchange system, it is not compulsory for importers to submit a Certificate of Origin for goods of that beneficiary country. For advance ruling goods, importers may submit a Declaration of Origin rather than a Certificate;
2. Commercial invoice of the goods;
3. Transport documents covered the whole route from the beneficiary country to ports of entry in China;
4. For goods transported into the territory of China through other countries or regions, importers shall submit certified documents issued by customs of that country or region or other documents accepted by China customs. Those certified documents mentioned above are not compulsory when customs has obtained electronic data information of certified documents via related electronic data system for transshipment.

DFQF : India (1)

1. Coverage: [Tariff schedule 2021](#) (DFTP=Duty Free Tariff Pref.)
2. [Rules of Origin: Regulation 29/2015](#)
 - a) Wholly obtained
 - b) Substantial transformation
 - i. the total value of the non-originating materials used in the manufacture of the export product does not exceed 70% of the FOB value or ex-works value of the product so produced or obtained (that is, the local value added content in the exporting beneficiary country is at least 30%);
 - ii. the product has undergone a change in tariff classification at the 6-digit level of the Harmonized System nomenclature from the tariff classification in which the non-originating material used in its manufacture are classified; and
 - iii. the final process of manufacture is performed within the territory of the exporting beneficiary country.
 - c) Insufficient operations

DFQF : India (2)

- 3. Direct Consignment:** Products, in respect of which tariff preference is claimed, shall be considered as directly consigned from the exporting beneficiary country if
- (a) these products are transported without passing through the territory of any other country; or
 - (b) the transport of these products involves transit through one or more intermediate countries with or without trans-shipment or temporary storage in such countries, where: (i) their transit entry is justified for geographical reasons or by considerations related exclusively to transport requirements; (ii) the products have not entered into trade or consumption there; (iii) the products have not undergone any operation other than unloading and reloading or any operation required to keep them in good condition; and (iv) the products have remained under the customs control in the country of transit.
- 4. Documentary Evidence:** For the purpose of claiming tariff preference for the imported product considering such product as directly consigned from the exporting beneficiary country the following shall be produced before the customs authority of India at the time of importation:
- (a) a through bill of lading issued in the exporting country;
 - (b) a certificate of origin issued by the issuing authority of the exporting country;
 - (c) a copy of the original commercial invoice in respect of the product; and
 - (d) supporting documents in evidence that other requirements of this rule have been complied with.

DFQF : Thailand (1)

1. Coverage: [Tariff Schedule 2021](#)

2. [Rules of Origin](#):

a) Wholly obtained: art. 4

b) Substantial transformation: art. 5

- i. A goods shall be treated as an originating goods if the final process of production is performed within a DFQF beneficiary country and
- ii. the goods has a Qualifying Value Content (QVC) of not less than 50% of FOB calculated using the formula:

$$QVC = 100 * (FOB - VNM) / FOB$$

where FOB is the FOB value of the good and VNM is the value of the non-originating materials (CIF)

c) Minimal Operation and Processes: art. 6

DFQF : Thailand (2)

3. **Direct consignment (art. 7):** The following shall be considered as consigned directly from the exporting DFQF beneficiary country to Thailand:

- a) goods transported from an exporting DFQF beneficiary country to Thailand;
- b) goods transported through one or more DFQF beneficiary country, other than the exporting DFQF beneficiary country, or through a non-DFQF beneficiary country, provided that: (i) the transit entry is justified for geographical reason or by consideration related exclusively to transport requirements; (ii) the goods have not entered into trade or consumption there; and (iii) the goods have not undergone any operation there other than unloading and reloading or any other operation to preserve them in good condition; (iv) the goods remain under the surveillance of the customs authority of the other DFQF beneficiary country(s), or non-beneficiary country(s).

4. Documentary Evidence:

- a) An Air Waybill, a through Air Waybill, a Bill of Lading, a through Bill of Lading or a multimodal or combined transportation document, that certifies the transport from the exporting DFQF beneficiary country to the Kingdom of Thailand, as the case may be. In the case of not having a through Air Waybill or through Bill of Lading, supporting documents issued by the customs authority or other competent entity of other DFQF beneficiary country(s) or non-beneficiary country(s) that authorized this operation, according to its domestic legislation, are required;
- b) An original Certificate of Origin (Form DFQF) issued by the issuing authorities of exporting DFQF beneficiary country; and
- c) A commercial invoice in respect of the goods.

DFQF : Analysis of Utilization Rates (UR)

An example: Further evidence from utilization rates: utilization by LDCs of China's preferences – Submission by the LDC Group ([G/RO/W/192](#) of 9 October 2019):

Chinese utilization rates appear to be relatively polarized around zero and (to a significant lower extent) around 100%. More specifically, in 2016, 70% (880 out of 1,250) of the tariff lines were reported to have zero utilization rate (UR).

DFQF : Other resources

- World Trade Organization
 - Preferential Trade Arrangements database: <http://ptadb.wto.org>
 - Preferential Trade Arrangements (Notifications): WT/COMTD/N/*
 - Rules of Origin for LDCs: G/RO/LDC/N/*
- International Trade Centre (ITC)
 - Rules of Origin Facilitator: <https://findrulesoforigin.org>

DFQF : A Summary

1. Is my country a beneficiary of the DFQF scheme of my target market?
2. Is my product covered by the DFQF scheme of my target market?
3. What requirements does my product need to meet?
 - a) Rules of origin (RO): does my product comply?
 - b) Other requirements, e.g. mode of transport
4. How can I prove it? → documentary evidence

Questions ?

Please raise your hand in MS Teams



Thank you for your attention

"Mazzarello - geometrie del dare, nuovo futuro" is the work of Maurizio Cancelli.

Its architectural perspective emphasizes the interactions of governments, societies and economies from around the globe under the United Nations Framework. This collaboration highlights the earth, its resources and potentials, and fosters a recognition of local communities and their right to exist in their places of origin, with their own distinction and diversity. Maurizio Cancelli started his artistic research on the right to live in one's place of birth more than thirty years ago. His work is inspired by the mountainous terrain surrounding the village of Cancelli in the heart of Umbria, Italy.

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