

# Negotiating and Drafting Rules of Origin (ROO)

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# An Outline

Introduction: Japan's GSP and its ROO

Salient Features: Japan's GSP ROO

WTO's Bali Declaration

Next Steps

# Introduction: Japan's GSP and ROO

GSP Scheme: Introduced in August 1971  
(Temporary Customs Measures Law of 1960)

Special Measures for LDCs: Introduced in April 1980  
(47 Beneficiaries; Duty Free and No Ceiling Limitation)

GSP ROO: based on Law and Regulation  
(Copy from EEC GSP ROO with Necessary Modifications)  
(Non-preferential ROO or MFN: DG Directives: 1910)

# Salient Features of Japan's GSP ROO (1) (Japan GSP ROO by Product)

- A. Agricultural Products (HS Chapters 1-24)
  - 1. Product-specific Processing Criterion
  - 2. Percentage Criterion

GSP was introduced before HS implementation in 1988.  
When many materials are involved, a percentage criterion is used.

e.g. "Slaughter" is regarded as substantial transformation.

# Salient Features of Japan's GSP ROO (2)

- B. Industrial Products (HS Chapters 25-97)
  - 1. Product-specific (including double jump for textiles and clothing)
  - 2. Percentage Criterion (e.g. machinery)
  - 3. Combinations? (vs EEC double requirements)

# Bali Declaration

## (December 2013)

- A. Elements for Preferential ROO (1)
  - 1.2 Criteria for 3 Substantial Transformation Methods
    - a. Ad Valorem Percentage Criterion
    - b. Change in Tariff Classification (CTH): At what level?
    - c. Product-specific Processing Criterion
  - 1.3 Lower Level for Percentage Criterion (Derogation?)

- A. Elements for Preferential ROO (2)
  - 1.4 Calculation of Foreign Inputs (CIF to FOB)
    - a. Aim: to allow more foreign inputs ( $FOB \times 1.1 = CIF$ )
    - b. Customs Value ("Anglo-Saxon" approach vs Others)
  - 1.5 CTH at Heading or Sub-heading Level (Depends on product?)
    - a. Heading: 1,241 codes
    - b. Sub-heading: more than 5,200

## A. Elements for Preferential ROO (3)

### 1.6 Product-specific Process Criterion (Rule Setting Issue)

- a. Chemicals
- b. Textiles and Clothing

### 1.7 Cumulation (Global vs Regional)

- a. Donor-country contents (bilateral cumulation)
- b. Cumulation among LDCs
- c. Global Cumulation among GSP beneficiaries
- d. Cumulation among regional groups (e.g. ASEAN)



## B. Documentary Requirements

### 1.8 Compliance with Preferential Treatment

- a. Avoidance of Shipping Evidence or CO
- b. Introduction of Self-certification  
(pros and cons: statistics; guidance to exporters; bribe)
- c. Mutual Customs Cooperation

## C. Transparency

1.9 Notification of ROO Changes (WTO)

1.10 Business of the Committee on ROO  
(WTO)

(WTO Internal Procedures; Not a  
technical issue)

## Next Steps

1. Change in Preferential ROO: 1 step textiles for LDCs (Bangladesh request through Embassy)
2. Documentary Requirement: Self-declaration (Australia-Japan EPA ROO – international agreement or treaty)
3. Cumulation: To help integrate a particular grouping (Global level: MFN and not Preferential or Differentiation)
4. TICAD: Tokyo International Conference on African Development (Every 5 Years) (TICAD VI: 2018)

**THANK YOU**