

# The Role of the WCO in Rules of Origin

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# International standards for rules of origin

- WCO
  - Revised Kyoto Convention
    - Specific Annex K on rules of origin
- WTO
  - Agreement on Rules of Origin
    - Disciplines on non-preferential rules of origin
    - Common declaration on preferential rules of origin



# Kyoto Convention

- The International Convention on the Simplification and Harmonization of Customs Procedures
- Identified as being the tool to introduce simplified and harmonized procedures
- Adopted: 19 May 1973 in Kyoto, Japan
- Entered into force: 25 September 1974

# Kyoto Convention (Ann. D1, D2 and D3)



## **The first instrument addressing origin on an international scale**

No distinction between preferential and non-preferential origin

Concepts for origin determination introduced for the first time:

- The principles of wholly obtained goods
- The principle of substantial transformation
- The documentary evidence of origin



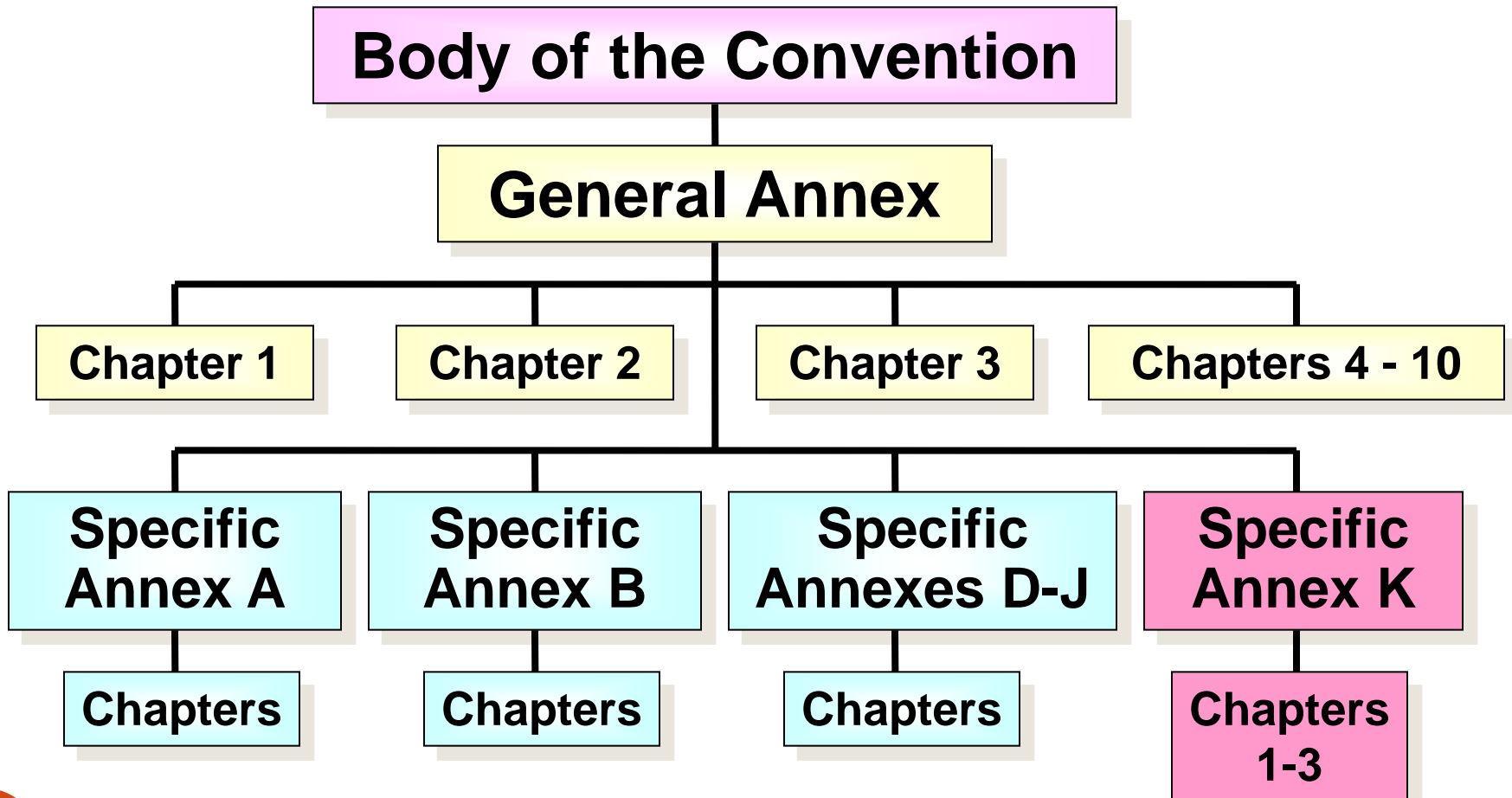
# Revised Kyoto Convention

- Revision work completed in June 1999
- Protocol of amendment – to come into force when 40 contracting parties accede
- Came into force in February 2006
- Reflect modern customs procedures and practices
- 96 contracting parties (November 2014)



# Revised Kyoto Convention

## STRUCTURE





# Revised Kyoto Convention

## SPECIFIC ANNEX K

Chapter 1 - Rules of origin

Chapter 2 - Documentary evidence of origin

Chapter 3 - Control of documentary evidence of origin

(This Annex is to be reviewed after the completion of the harmonization work under the WTO Agreement on Rules of Origin)



# RKC – Specific Annex K

## Chapter 1: Rules of Origin

- ✓ **Origin criteria**
  - wholly obtained goods, substantial transformation
  
- ✓ **Direct transport rule**
  - derogation should be allowed if under Customs control
  
- ✓ **Information on rules of origin**
  - changes shall enter into force only after sufficient notice



# RKC – Specific Annex K



## Chapter 2: Documentary evidence of origin

- ✓ **Requirement of documentary evidence**
  - should be required only when necessary
  
- ✓ **Authorities and other bodies to issue certificate of origin**
  - shall indicate the authorities or bodies empowered to issue certificate of origin
  
- ✓ **Sanctions against fraudulent application**
  - Provisions shall be made for sanctions



# RKC – Specific Annex K

## Chapter 3: Control of documentary evidence

- ✓ **Reciprocity of administrative assistance**
  
- ✓ **Request for control**
  - may request where there are reasonable grounds or at random
  - request based on random basis shall be kept to the minimum necessary
  
- ✓ **Release of goods**
  - request shall not prevent the release of goods



# RKC – Specific Annex K

## Chapter 3: Control of documentary evidence (cont'd)

- ✓ **Confidentiality of information**
- ✓ **Maintenance of documentary evidence**
  - evidence should be retained for at least 2 years

# ROLE OF WCO IN ORIGIN MATTERS



- Organize the Technical Committee on Rules of Origin (TCRO)
- Support the work of the WTO Committee on Rules of Origin (CRO)
- Support Members for the correct understanding, management and application of rules of origin
- Provide technical assistance – seminars to Members and private sector



# Overview of the negotiations

- First session of the TCRO in 1995
- 23 session (17 session of 2 weeks each)
- May 1999: package of results of the technical examination sent to the CRO/WTO
- 486 outstanding issues
- Common working text for the two Committees



# Transposition exercise

- Transposition of the product specific rules of origin into newer version of the Harmonized System – without changing the rules as they appear in the Consolidated Draft Negotiating Text
- 3 steps:
  - HS1996 to HS2002
  - HS2002 to HS2007
  - HS2007 to HS2012
- Technical recommendations from TCRO/WCO to CRO/WTO