



## An Analysis of Operational Certification Procedures (OCPs) in Asian Free Trade Agreements

**Executive roundtable:**  
**Rules of origin in a fractioned world trade**  
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# The noodle bowl of Operational Certification procedure (OCPs)

- Each FTA in Asia and the Pacific not only has a different set of PSROs but also different OCPs generating compliance costs for firms
- Each ASEAN +1 FTA has a different CO form, the RCEP and CPTPP are no exceptions
- To tackle such complexity, IT initiatives have been undertaken such as E-COs and Electronic Origin Data Exchanges (EODES)
- Such initiatives are as diverse and overlapping as the number of previous COs
- Different schools of thought among Asian administrations are at the root



# A table is worth more than a thousand words

**RCEP Parties' and Signatory States' Status on CO Issuance and CO/DO Acceptance at the EIF (as of 8 February 2022)**

	CO ISSUANCE			CO/DO ACCEPTANCE				Remarks (conditions for acceptance)
	Paper-based original copy	digital format CO *1	Remarks (other information on issuance and tools available for verifying the authenticity of CO)	Paper-based original copy	Paper-based scanned copy *2	Self-printed *3	Electronic format *4	
BN	V	X	Currently only issue a hardcopy CO	V	X	V	X	BN accepts self printed digital format (in case goods has arrived before the original CO does), as long as the original will be presented eventually to the issuing authority as well.
CA	V	X	Currently only issue a hardcopy CO	V	X	X	X	Currently Cambodia cannot accept both scanned copy and softcopy/digitally sent CO
ID	V	X	ID issue a hardcopy CO and e-form CO under the established agreement e.g. ATIGA, AKFTA for Korea and ACFTA for China	V	X	X	V	ID only accept hardcopy document and e-form CO under the established agreement e.g. ATIGA, AKFTA for Korea and ACFTA for China. During the pandemic, ID can accept colored scanned of original CO/DO Form within 30 days from the date of the import declaration, and the Importer also has to submit the original CO/DO at the earliest 90 days from the date of importation and at the latest 1 year since the date of issuance. ID is under domestic consultation where such regulation can be applied under normal circumstances.
LA	V	X	Currently only issue a hardcopy CO	V	X	X	X	Currently LA cannot accept soft copy/digitally sent CO
MY	X	V	Currently issue CO in PDF format, could be printed by the applicant for exportation	V		V	X	MY's Issuing Authority will accept both the hardcopy of the original CO and scanned PDF of the original CO. Will not accept softcopy/digitally sent CO. MY is under development of the system to accommodate softcopy/digitally sent CO.
MM	V	X	Myanmar's issuing body will issue a hardcopy of CO. Exporters may choose "self-service printing" manually signed and stamped by Issuing Officers.	V	X	X	X	Currently Myanmar cannot accept soft copy/digitally sent CO
PH	V	X	At this stage, PH will only issue hard copy of CO.	V	X	X	V	<ul style="list-style-type: none"> <li>Paper-based scanned copy is a special measure implemented under ATIGA and ASEAN+1 FTAs. Submission of hard copy / original is still required.</li> <li>For Self-printed and Electronic Format, PH will accept, provided that the exporting Party has an online verification website</li> </ul>

CO of RCEP may be: (1) paper based original copy; (2) paper based scanned copy; (3) self-printed; and (4) electronic format. Each of the 15 RCEP Members provided for different practices in accepting or issuing the various 4 methods of COs (excerpted from RCEP website)

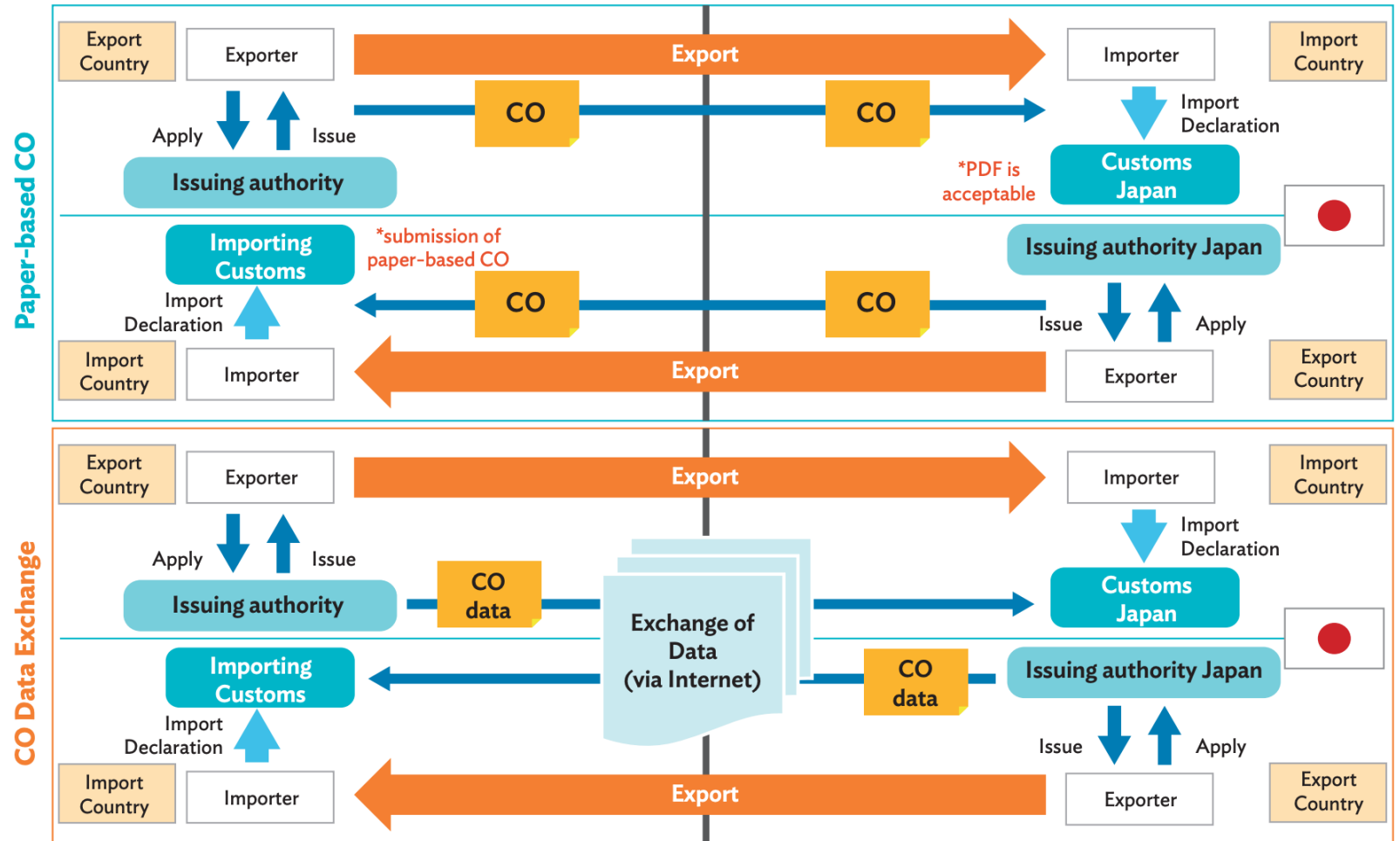
# Methods of Proof of origin (PoO)

Methodologies	Examples and comments
<b>1) Certifying authority</b>	<b>Method based on an existence of certifying authority (CA) delivering the proof of origin: the CO or E-CO.</b>
a) Certificate of origin stamped and signed by certifying authorities	The most traditional PoO method based on the exchange of stamps and signatures.
b) Electronic Certificate of Origin (e-COs)	Certificate of origin where the application and issuance are completed electronically and normally signed and stamped digitally by government authority or body empowered to issue it.
c) e-COs via ASEAN Single Windows	E-CO Form D exchanged through the ASEAN Single Window. Under the ASEAN Single Window, the e-CO Form D has digitalized paper-based COs and linked CAs to the ASEAN national single windows.
<b>2) Self-certification</b>	<b>Method based on the principle that the individual, being a producer, exporter or importer, self-certify the origin of the goods.</b>
a) Statement of origin by Approved exporters	CA delegates to approved exporters who meet a series of criteria the authority to self-certify origin through a declaration or statement of origin. For example, EU–ASEAN FTAs and ASEAN.
b) Statement of origin by Registered exporters	Registered exporter (REX) introduced by the EU in the context of the EU GSP and progressively in some EU FTAs with Japan, Singapore, and Viet Nam. This IT system enables exporters, producers, and traders within the EU to register using basic information and to declare a preliminary list of goods they intend to export under preferential trade agreements.
c) Certificate of origin signed by any exporter	One of the most liberal methods to administer PoO since any exporter may certify the origin of the goods.
d) Importer declaration	The importer makes the original declaration at the time of customs clearance. Mainly used by the US and most recently by Eu-Japan FTA and CP-TPP .

# Paper-Based CO V. EODES:

## Any difference?

**Figure 1: Certifying Authority Administration of Proof of Origin versus Digitalization (EODES)**



Source: Excerpted and adapted from a presentation at the WCO 3rd Global conference by Mariko Haga, of the International Cooperation Division Customs and Tariff Bureau, Ministry of Finance, Japan, 8 November 2023. CO = certificate of origin.

# OCPs beyond proof of origin

- Documentary evidence of direct shipment
- Third country, third party invoice
- Accounting segregation
- Back-to-back certificate of origin and replacement of COs
- Documentary evidence related to cumulation

How digitalization of OCPs via EODES is dealing with these ancillary requirements?



# Benchmarks of the coding

In the case of proof of origin and OCPs, the benchmarks are mostly provided by:

- Inter-governmental practices and conventions mainly in WCO, WTO and UNCTAD or regional bodies as ASEAN
- Firm's surveys, questionnaires or testimonies
- Developments in customs administration through learning-by-doing
- Utilization rates of trade preferences

# Overall Ranking Based on Cumulative Calculation of Methods of Proof of Origin

Methodology	Ranking assigned	ATIGA	AANZFTA	ACFTA	AJCEP	AKFTA	EUSIN	EUVIE	EUJAP	CPTPP	RCEP
Methods based on self-certification											
Certificate of origin signed by any exporter	1		X								
Importer declaration	1								X	X	X
Statement of origin by Registered exporters	2						X	X			
Statement of origin by Approved exporters	3	X	X					X		X	X
Methods based on the existence of a Certifying authority.											
E-COs	4					X					
E-COs via ASEAN single windows	5	X									
Certificate of origin stamped and signed by Certifying Authorities	6	X	X	X	X	X		X		X	X
<b>Total</b>		<b>14</b>	<b>10</b>	<b>6</b>	<b>6</b>	<b>10</b>	<b>2</b>	<b>11</b>	<b>1</b>	<b>10</b>	<b>10</b>



# Coding proof of origin methods and individual provisions

Table 1: Ranking Grand Total Calculating Method of Proof of Origin and Single Provisions

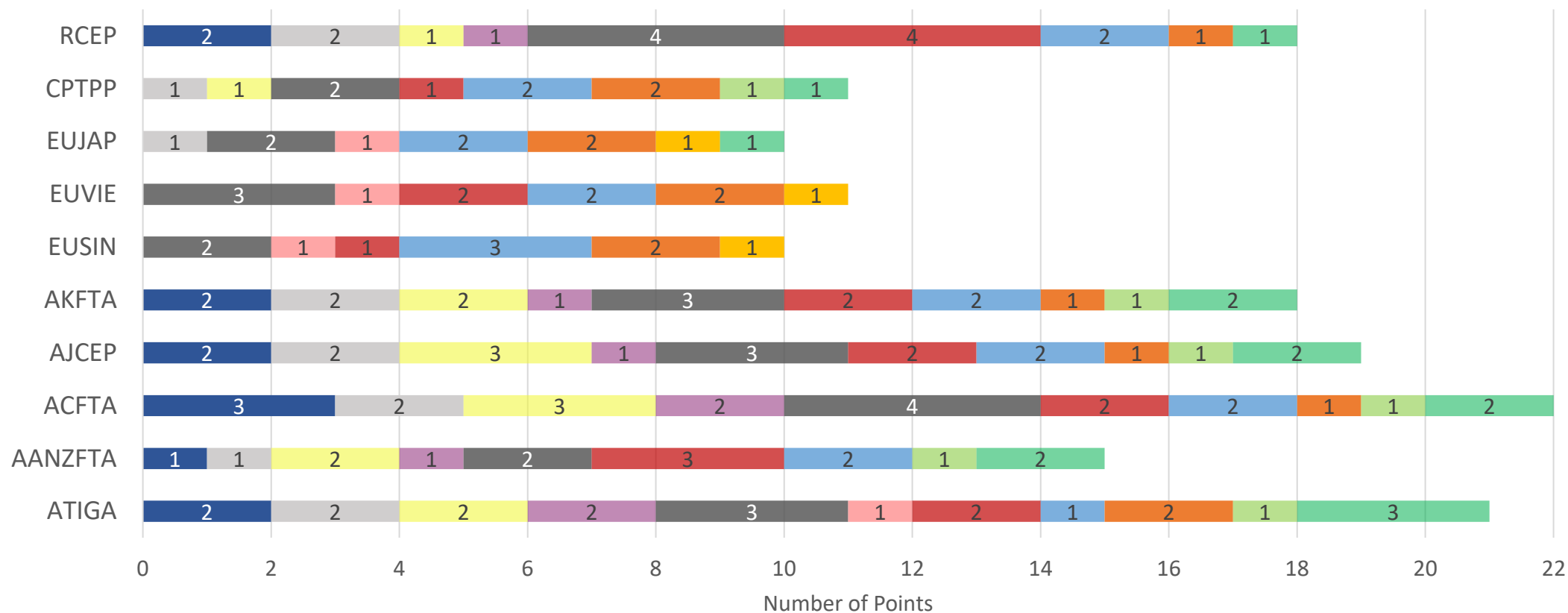
	ATIGA	AANZFTA	ACFTA	AJCEP	AKFTA	EUSIN	EUVIE	EUJAP	CPTPP	RCEP
Grand Total	49	32	43	43	38	18	24	19	15	42

Table 2: FTAs Ranking by the Method of Proof of Origin Used

Table below shows the results of the ranking according to the most complicated method of implementation of each method of proof origin used.

	ATIGA	AANZFTA	ACFTA	AJCEP	AKFTA	EUSIN	EUVIE	EUJAP	CPTPP	RCEP
1. Certificate of Origin	19	10	15	18	14	3	6	9	NA	15
2. Registered exporters	NA	NA	NA	NA	NA	1	2	NA	NA	NA
3. Approved Exporter	4	3	2	2	2	1	2	NA	4	4
4. Any exporter	2	3	2	2	2	1	1	0	0	4
5. Importer declaration	2	1	2	2	2	2	2	0	0	1
6. CO by single window	1	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>Total</b>	<b>28</b>	<b>17</b>	<b>21</b>	<b>24</b>	<b>20</b>	<b>8</b>	<b>13</b>	<b>9</b>	<b>4</b>	<b>24</b>

# FTAs Ranking by Single OCP Provision (chart)



■ Back-to-back

■ Small consignments

■ Cumulation- Implementation Issues

■ Accounting Segregation

■ Third party invoice

■ Cumulation-Main

■ Drawback

■ Record-keeping

■ Direct consignment

■ Cumulation-Suppliers Documents

■ Advance Rulings

■ Verification

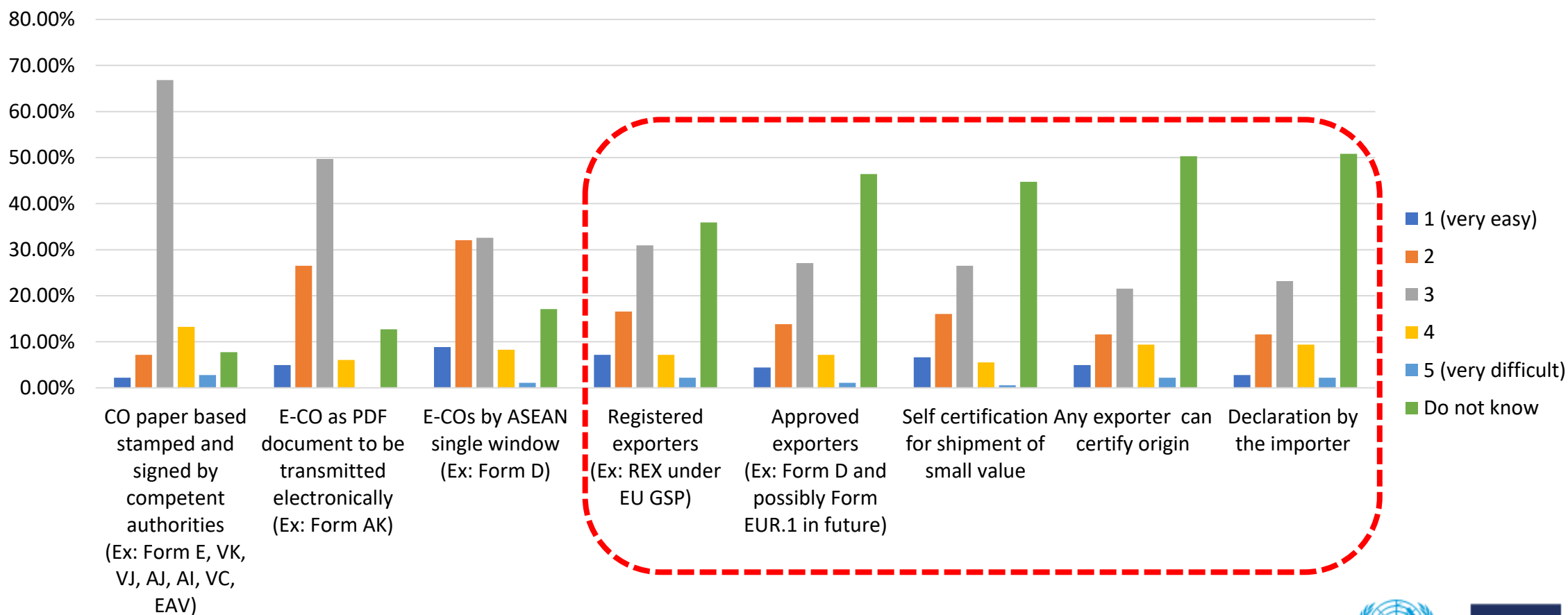


# FTAs Ranking by Single OCP Provision

		ATIGA	AANZFTA	ACFTA	AJCEP	AKFTA	EUSIN	EUVIE	EUJAP	CPTPP	RCEP
Back-to-back		2	1	3	2	2	0	0	0	0	2
Third party invoice		2	1	2	2	2	0	0	1	1	2
Direct consignment		2	2	3	3	2	0	0	0	1	1
Small consignments		2	1	2	1	1	0	0	0	0	1
Cumulation	Main	3	2	4	3	3	2	3	2	2	4
	Suppliers Documents	1	0	0	0	0	1	1	1	0	0
	Implementation Issues	2	3	2	2	2	1	2	0	1	4
	Subtotal	6	5	6	5	5	4	6	3	3	8
Drawback		1	2	2	2	2	3	2	2	2	2
Advance Rulings		2	0	1	1	1	2	2	2	2	1
Accounting Segregation		0	0	0	0	0	1	1	1	0	0
Record-keeping		1	1	1	1	1	0	0	0	1	0
Verification		3	2	2	2	2	0	0	1	1	1
<b>Total</b>		<b>21</b>	<b>15</b>	<b>22</b>	<b>19</b>	<b>18</b>	<b>10</b>	<b>11</b>	<b>10</b>	<b>11</b>	<b>18</b>

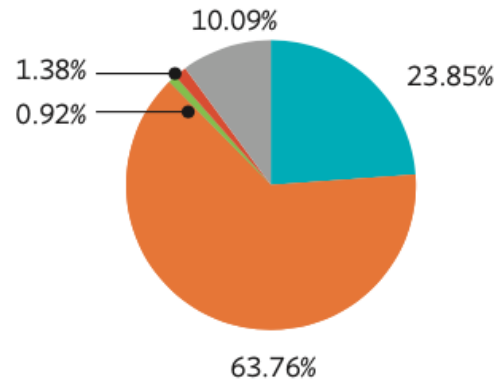
# Results of Firm's questionnaire in Vietnam

Degree of Easiness of Certification Procedures

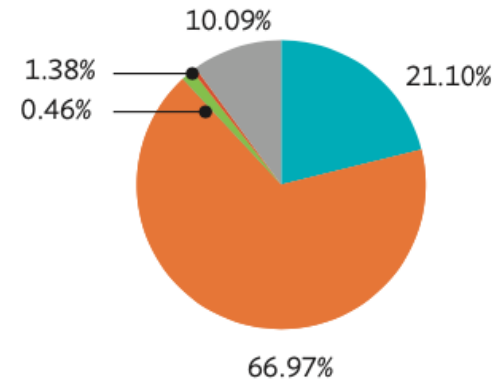


# Results of Firm's questionnaire in Vietnam

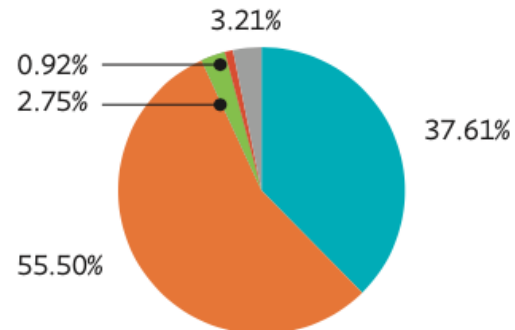
A convergence of PSRO across the FTAs would be business friendly and will reduce compliance costs



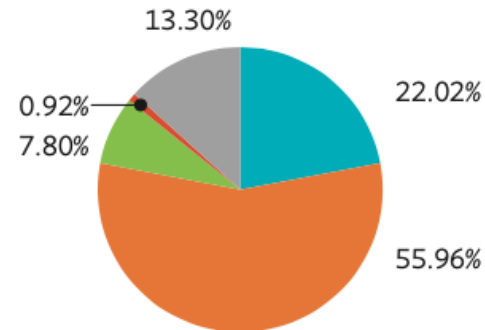
A standardization of operational certification procedures among FTAs would significantly cut compliance costs for firms



E-COs and IT solution significantly contribute to reduce compliance costs



If allowed in Viet Nam, self certification by exporter or declaration of origin by the importer would be the easiest way to comply with proof of origin



● Totally agree   
 ● Agree   
 ● Not quite agree   
 ● Totally do not agree   
 ● Do not know

Source: Authors


# Combined results of coding and firm's questionnaire

- ATIGA and RCEP results have the most complicated OCPs, mainly because of overlapping proofs of origin and implementation issues.
- AANZFTA and CPTPP contains ambitious provisions but the entry into force is delayed for decades.
- EU-Asian FTAs are most trade facilitating, including importer declaration.
- IT solutions based on EODES maintain the central role of CAs and have yet to address ancillary OCPs.
- Firms: while reckoning that IT solution may help, opt for self-certification when available.

# Policy findings

- Strong tendency in ASEAN to move away from paper COs through self-declaration towards E-Form D via ASEAN single window.
- Yet there is no evidence that this has led higher utilization rates and the lack of coordination and implementation is creating another noodle bowl.
- Other Asian and Pacific countries such as Australia, Japan, New Zealand, PRC, and ROK are maturing in their own path, some towards self-certification, others towards EODES.
- While EODES provides significant progress when compared with CO paper based is rather costly, maintains role of CAs, still not address all OCPs.
- ASEAN + 3 and ANZ should undertake inter-governmental efforts towards convergence on PSROs and OCPs recognizing firm's requests.





**Thank you for your  
attention!**

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