



Overview of WCO activities on Rules of Origin

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Toshihiko Yamate
Origin Sub-Directorate
Tariff and Trade Affairs Directorate
World Customs Organization

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- 1. Role of WCO in Origin Matters**
- 2. Technical Committee on Rules of Origin**
- 3. WCO Action Plan on Preferential Rules of Origin**
- 4. Revenue Package Origin Tools**



ROLE OF WCO IN ORIGIN MATTERS

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

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WTO AGREEMENT ON RULES OF ORIGIN

Annex I: Technical Committee

Permanent responsibilities include:

- examine technical problems of administration of HROO; and provide advisory opinions
- provide information / advice on origin determination
- circulate periodic reports (annually)
- prepare the annual review
- respond to CRO's or Members' requests



TECHNICAL COMMITTEE ON RULES OF ORIGIN (TCRO)

- Last meeting: 35th Session of the TCRO 6 February 2017 +
Workshop on Rules of Origin on 6-7 February 2017
- Report to WTO CRO 2 March 2017
- Next meeting: January/February 2018

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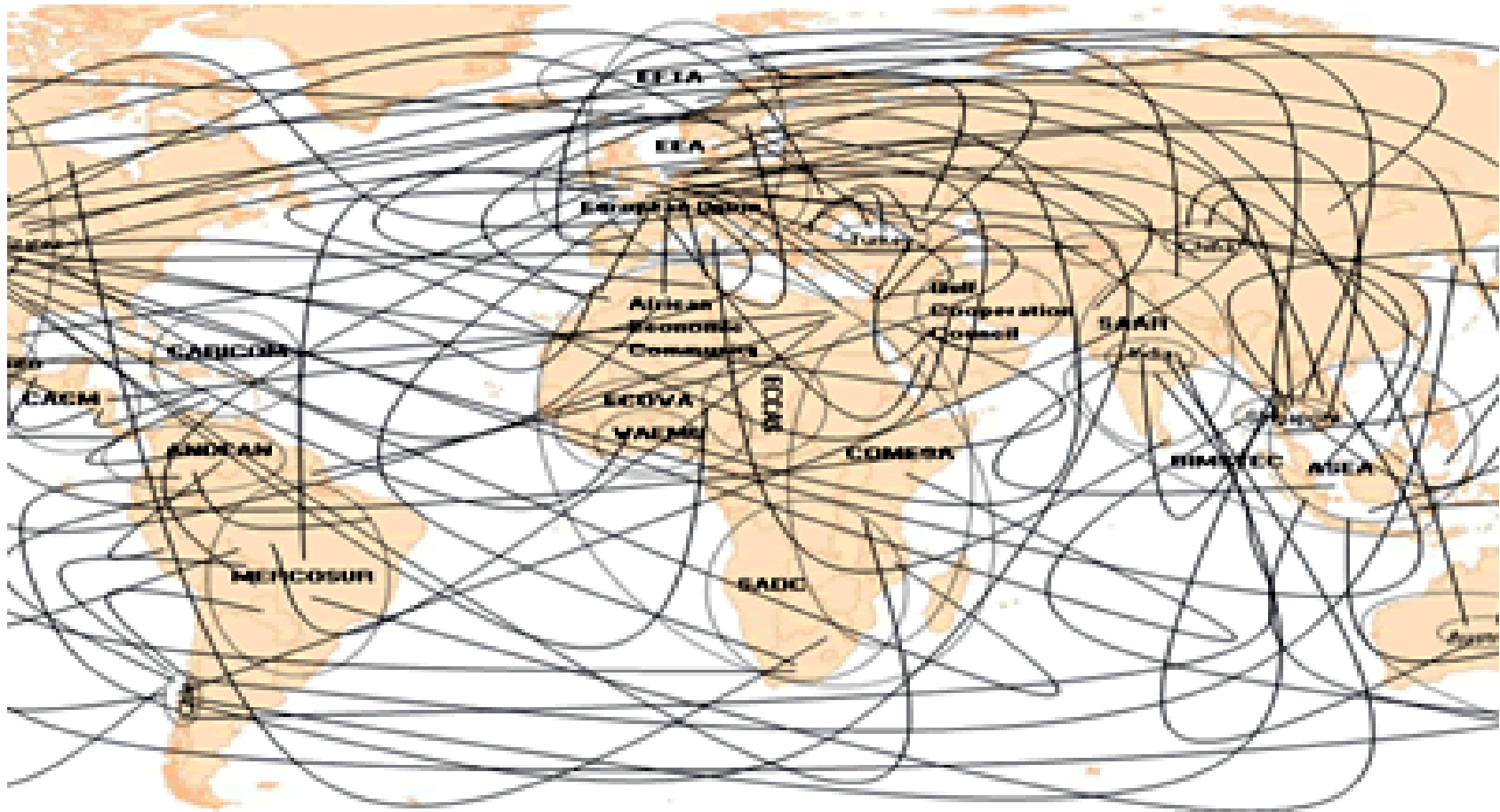
1. Role of WCO in Origin Matters
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WCO INITIATIVES ON PREFERENTIAL RULES OF ORIGIN

- Action Plan to improve the understanding and application of preferential rules of origin (2007-)
- Revenue Package Action Plan Phase I (2010-)
- Revenue Package Action Plan Phase II (2013-)
- Revenue Package Action Plan Phase III (2016-)

THE SPAGHETTI BOWL OF COMPLEX AND OVERLAPPING RULES OF ORIGIN LEGISLATIONS





WCO ACTION PLAN TO IMPROVE THE UNDERSTANDING AND APPLICATION OF PREFERENTIAL RULES OF ORIGIN

- **WCO Action Plan to Improve the Understanding and Application of Preferential Rules of Origin** approved by WCO Council in June 2007.
 - 5 key areas with 21 specific initiatives proposed.
 - 17 practical measures outlined aiming at improving the management and application of preferential rules of origin.



WCO ACTION PLAN TO IMPROVE THE UNDERSTANDING AND APPLICATION OF PREFERENTIAL RULES OF ORIGIN

■ Key areas:

- Database
- Comparative study
- Training (including E-learning)

WCO Database of Preferential Rules of Origin

- Legal text of preferential rules of origin under FTAs
- Available to WCO members and public
- Updated regularly
- “Search” and “compare” functions
- Product Specific Rules of Origin are included

Comparative Study on Preferential Rules of Origin

Study of Existing Preferential Agreements –
undertake a comprehensive study of
arrangements and related rules

- Increase the level understanding
- Outline basic standards and norms
- Highlight major differences

[WCO website Top > Topics > Origin > Instruments and Tools
> Comparative Study on Preferential Rules of Origin](#)

Comparative Study on Preferential Rules of Origin

■ Origin Models:

- NAFTA
- Pan-Euro-Med
- ASEAN
- TPP

■ Modules:

- World trends in preferential origin certification and verification
- Comparative study on certification of origin
- Origin irregularity typology study
- Categorization and analysis on preferential rules of origin
- Study on the use of “Change of Tariff Classification-based rules” in preferential rules of origin

E-learning module

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Customs Learning & Knowledge Community

Welcome to CLiKC! - The WCO Customs Learning and Knowledge Community

CLiKC! the WCO Training Portal gathers all training-related tools in a single portal. This website offers to the worldwide Customs Community a single entry point for WCO training activities and a collaborative portal to share and foster Customs knowledge.

Disseminate training

Through the WCO e-learning courses, customs knowledge is a few clicks away. More than 250 hours of courses on various customs subjects are now available in English, French, Arabic, Spanish and Portuguese. [Take a demo course!](#)

CALENDAR

May 2013

Mon	Tue	Wed	Thu	Fri	Sat	Sun
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

HELP

Aide ??? Ajuda
? ? ? Help
Ayuda?

Need help?

<http://clikc.wcoomd.org/>

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REVENUE PACKAGE - BACKGROUND

- A response to Members' concerns regarding falling revenue returns in context of global financial crisis and declining duty rates

WCO Council Resolution – June 2009 :

“The WCO Secretariat and Members should enhance even further the delivery of effective capacity building, especially as a response to declining revenue collection and obstacles to trade facilitation caused by the global economic downturn”

TOOLS DEVELOPED UNDER THE REVENUE PACKAGE PHASES I AND II

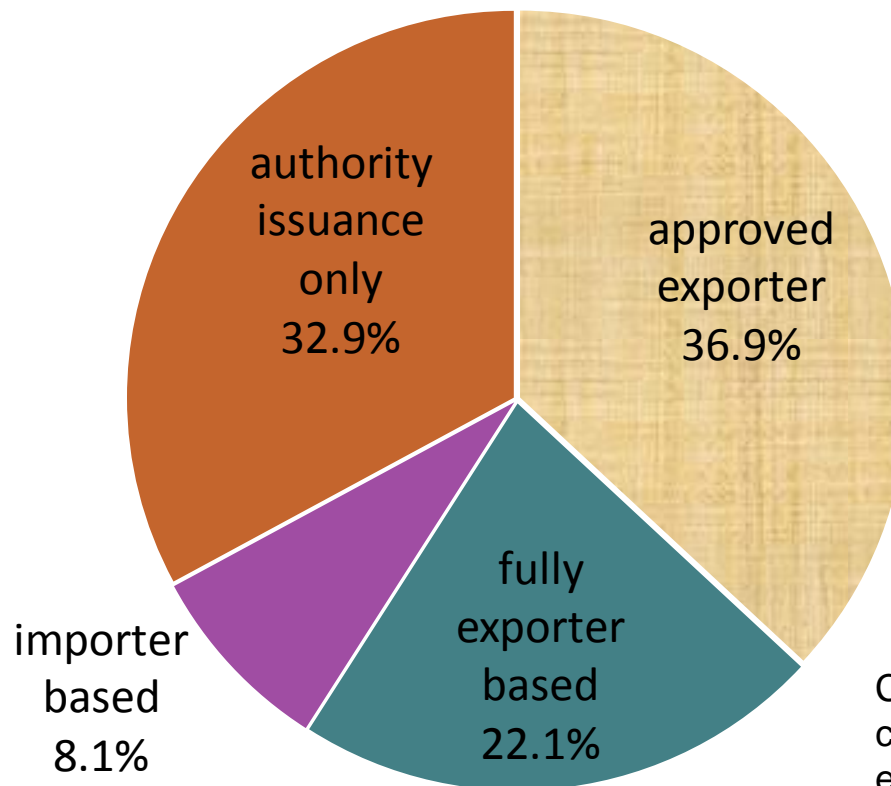
- Origin Verification
 - World Trends in Preferential Origin Certification and Verification (November 2011)
 - Guidelines on Preferential Origin Verification* (June 2012, updated in July 2015)
- Origin Certification
 - Comparative Study on Certification of Origin (February 2014)
 - Guidelines on Certification of Origin (July 2014)
- Origin Irregularities
 - Origin Irregularity Typology Study (July 2013)
 - Guide to Counter Origin Irregularities (excluding fraud)* (June 2015)

* Available for WCO Members only

Comparative Study on Certification of Origin (February 2014)



Origin certification system in FTAs



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

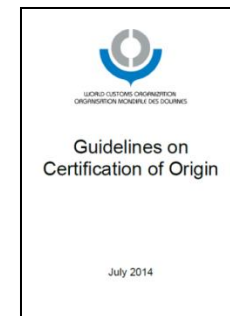
Source: WCO Origin Database

[WCO website Top > Topics > Origin > Instruments and Tools > Comparative Study on Preferential Rules of Origin](#)

Guidelines on Certification of Origin (July 2014)

Preferential Origin

– 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.

[WCO website Top > Topics > Origin > Instruments and Tools > Guidelines](#)

TOOLS DEVELOPED UNDER THE REVENUE PACKAGE PHASES I AND II

- Origin Infrastructure
 - Guidelines on Customs Infrastructure for Tariff Classification, Valuation and Origin* (June 2015)
 - Diagnostic Tool on Tariff Classification, Valuation and Origin Work and Related Infrastructure* (June 2015)
- Advance Rulings
 - Technical Guidelines on Advance Rulings for Classification, Origin and Valuation (June 2015)
- Relation between HS and Rules of Origin
 - Study on the use of "Change of Tariff Classification (CTC)-based rules" in Preferential Rules of Origin (February 2015)
 - Guide for Technical Update of Preferential Rules of Origin (December 2015) [Revenue Package Phase III]

* Available for WCO Members only

Reference to the HS

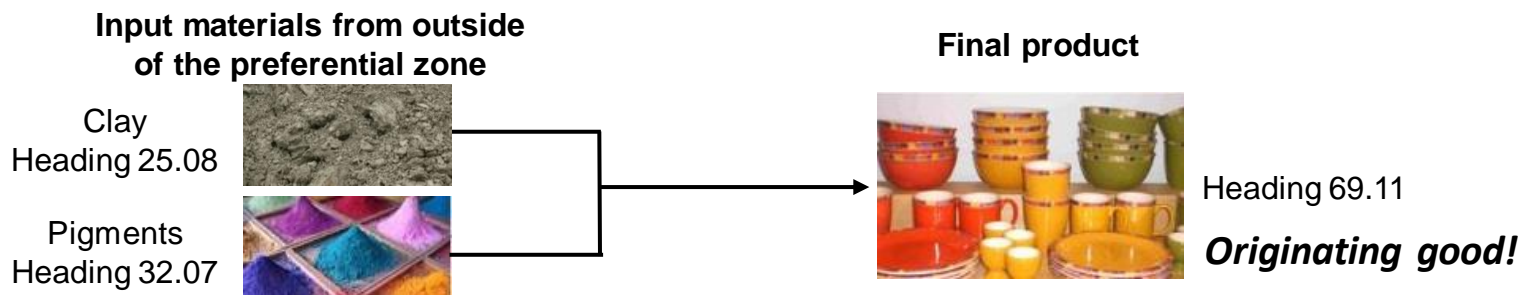
Product Specific Rules

Product specific rules of origin are listed according to the HS.

Product Specific Rules	
HS code	Origin criteria
0101.21	Change of Chapter
0101.29	Change of Heading
0101.30	Change of Subheading
⋮	⋮

Change in Tariff Classification (CTC) Rules

CTC rules require that the good is classified in a Chapter, heading or subheading (depending on the exact rule) different from all non-originating materials used.

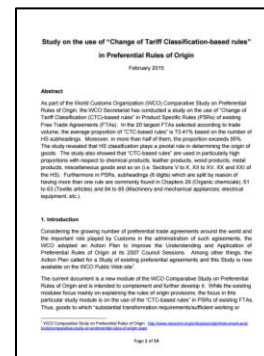


Findings from the study

◆ Proportion of “CTC-based rules”

In the 20 largest FTAs selected according to trade volume, the average proportion is **73.41%**.
Moreover, it **exceeds 95%** in more than half of them.

HS is extremely important for for origin determination



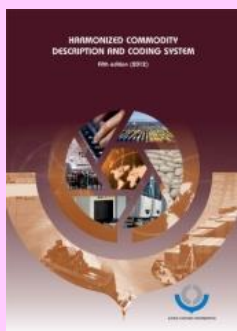
Need for an Update of Rules of Origin

HS is normally updated **every 5 years** (2002, 2007, 2012, 2017 ...)

If different editions of the HS are used for purposes of HS classification and origin determination, respectively...



Determination of the origin becomes
complicated and time-consuming



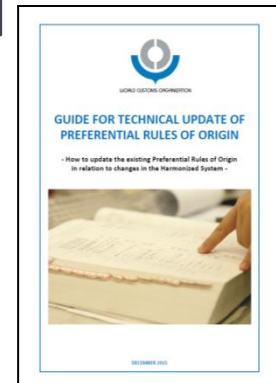
Classification
(**HS 2012**)



Rules of Origin of FTAs
(**HS 2007**, **HS 2002** etc.)

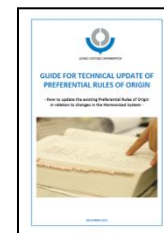


Guide for Technical Update of Preferential Rules of Origin



- **Objectives:** Assist Members in the technical update of their existing Rules of Origin
- Provide practical information on how to conduct a technical update of Rules of Origin in relation to changes in the HS
- Technically updated Rules of Origin **may replace the existing ones or be used as a basis for reviewing and amending the former**, according to the procedures of applicable FTA

Guide for Technical Update of Preferential Rules of Origin *(cont.)*



- May also be used as **training material** to explain the mechanism for updating the Rules of Origin
- It is recommended that technical update be carried out **at the same time as preparations for implementation of the new edition of the HS**, preferably **with assistance from officials responsible for the HS**
- Non-binding



[WCO website Top > Topics > Origin > Instruments and Tools > Guidelines](#)

WHAT'S NEXT

- Collect good practices on origin infrastructure, advance rulings, irregularities, certification and verification
- Develop and publish more modules to the Comparative Study
- Prepare draft guidelines and handbooks as WCO Global Standard to support customs in their management and application of the rules
- Increase Training and Technical Assistance
- Develop existing e-learning origin modules and draft new modules

Thank you.

Questions?

origin@wcoomd.org