Origin Certification

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What is a certificate of origin?
When do we need a proof of origin?

- **Preferential origin:**
  - Need to submit a proof of origin to obtain a preferential treatment upon importation
  - According to the relevant FTA

- **Non-preferential origin:**
  - In most cases no need for a proof – the indication on the import declaration is sufficient
  - According to national legislation
Legal framework

• WCO Revised Kyoto Convention

• Members’ National legislation

• Nairobi Decision for LDCs: self-certification, minimizing documentation requirements for small consignments

• No reference to proofs of origin in the WTO ARO
Chapter 2 on Documentary evidence of origin

2. Recommended Practice

Documentary evidence of origin should be required *only when it is necessary* for the application of preferential Customs duties, of economic or trade measures adopted unilaterally or under bilateral or multilateral agreements or of measures adopted for reasons of health or public order.

5. Recommended Practice

Documentary evidence from the competent authorities of the country of origin should be required only in cases where the Customs of the country of importation have reasons to suspect fraud.
Types of origin certification systems

<table>
<thead>
<tr>
<th>Type of system</th>
<th>Key features</th>
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<tbody>
<tr>
<td>1. Authority issued certification, incl. e-certificates</td>
<td>Government authorities or delegated bodies issue the certificate of origin in a prescribed form</td>
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<td>2. Approved Exporter system</td>
<td>Exporters with prior approval may make origin declaration on commercial documents</td>
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<td>3. Fully exporter-based certification</td>
<td>Any exporters can sign and issue a certificate of origin of a prescribed form</td>
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<td>4. Importer-based certification</td>
<td>Importers certify the origin of goods</td>
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Self-certification = issuing authorities not involved in every single issuance of proof of origin
What is verification in general?

- A course of administrative action carried out by the competent authorities to check the authenticity and/or accuracy of the proof of origin or the originating status of the goods.
Comparative Study on Certification of Origin
Proof of origin for non-preferential purposes

- Method: survey by questionnaire
- Questionnaire sent to all WCO Members in 2013
- Response received from 66 Members
Key findings on the use of proofs of origin for non-preferential purposes

- The vast majority of responding Members do not require any non-preferential proof of origin for import.
- Some Members use non-preferential certificate of origin for Customs Valuation purpose, which is not supported under WTO Agreement on Customs Valuation. This approach appears to imply inconsistency with international standards.
- Certificates of origin appear to be causing some extra costs in doing business with certain countries. The average of the issuing fees charged by the Chamber of Commerce was over 30 US dollars.
Survey result: requirement of non-preferential proof of origin for import

Members that responded (100%)

- Not always require non-pref. proof of origin for import (92%)
- Always require non-pref. proof of origin for import (8%)
- Only in certain cases (80%)
- Never (12%)
Always require a proof of origin for non-preferential import – REASONS raised...

- Some Members responded that they always require a proof of origin for all non-preferential imports, for the following reasons:
  - Customs valuation purposes
  - Duty purposes in general
  - Consumer protection
  - Intellectual property rights protection
  - Risk management profiling
  - Application of quotas

... consistency with RKC ??
Survey result: cost of issuance of a certificate of origin

- Customs or other government agencies
  - Cost range: 0 to 9 USD

- Chamber of Commerce
  - Cost range: 1.50 USD to 50.00 USD
  - Average: 34.23 USD
WCO Guidelines on Certification of Origin
Objective and coverage

- Guidelines provide practical explanations
  - To be used as guidance for the Members to design, develop and achieve robust management of origin-related procedures
- Cover both preferential and non-preferential origin
- Non-binding
Table of contents

I. INTRODUCTION
   1. What is certification of origin?
   2. Who are the key players involved?

II. PREFERENTIAL ORIGIN
   3. When is a proof of origin needed?
   4. Issuer of proof of origin
   5. Characteristics of different systems for certification of origin
   6. Requirements to issue proofs of origin
   7. What are the obligations and the liability of the players?

III. NON-PREFERENTIAL ORIGIN
   8. When is a proof of origin needed?
   9. Framework for issuance of proof of origin
  10. Requirements to issue proofs of origin
  11. Responsibility of the issuing authorities
Self-certification

- 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.
Requirement of proof of origin for non-preferential purposes

• **Guideline 14**: As a general rule, non-preferential proofs of origin should not be required for the importation of goods on which no specific trade policy measures are applicable.

• **Guideline 15**: A non-preferential proof of origin may be required only for the measures provided for in Article 1(2) of the WTO Agreement on Rules of Origin.
Requirement to issue non-preferential proofs of origin

- Until the HWP is completed, the non-preferential rules of origin in the exporting country and the destination country may vary. This means that there is asymmetry between the exporting and importing sides in the determination of country of origin.

Each destination country has different non-preferential rules of origin stipulated in domestic law!