



Complying with non-preferential origin requirements

A private sector perspective

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Non-preferential rules of origin - Theory

The non-preferential origin measures are designed to:

- control unfair market price (e.g. anti-dumping duties),
- protect local industry (e.g. tariff quotas),
- implement environmental or sanitary measures (e.g. labeling) or
- ensure national security or political policy (e.g. trade embargoes).

Non-preferential rules of origin create significant barriers. A product may have different countries of origin depending on the rules applicable to the importing country.

Non-preferential rules of origin - Theory

Whose responsibility?

- WCO (guidelines): importing authorities may require / importer may be requested to
- Switzerland:

« Art. 5 Déclaration d'origine

¹ La déclaration d'origine atteste l'origine suisse d'une marchandise. Elle peut être établie sur la facture commerciale ou tout autre document commercial par un fournisseur dont le domicile ou le siège se situe sur le territoire.

² Elle sert uniquement de document de référence sur le territoire. »

Non-preferential origin requirements

Switzerland	EU	US	WTO
Rules			
<ul style="list-style-type: none"> • Wholly obtained, • 50% value added rule • Tariff shift • Product specific rules 	<ul style="list-style-type: none"> • Wholly obtained • Last substantial transformation (list by specific products of a combination of CTH, value added and working processes) 	<ul style="list-style-type: none"> • Wholly obtained • Last substantial transformation (list by specific products) <p>Specific schemes: 1) MFN 2) Country of Origin Marking (separate scheme for Canada and Mexico) 3) Government procurement 4) Textile and Textile products (exclusively CTH to apply quotas)</p>	<ul style="list-style-type: none"> • Wholly obtained • Last substantial transformation (list by specific products of a combination of CTH, value added and working processes)

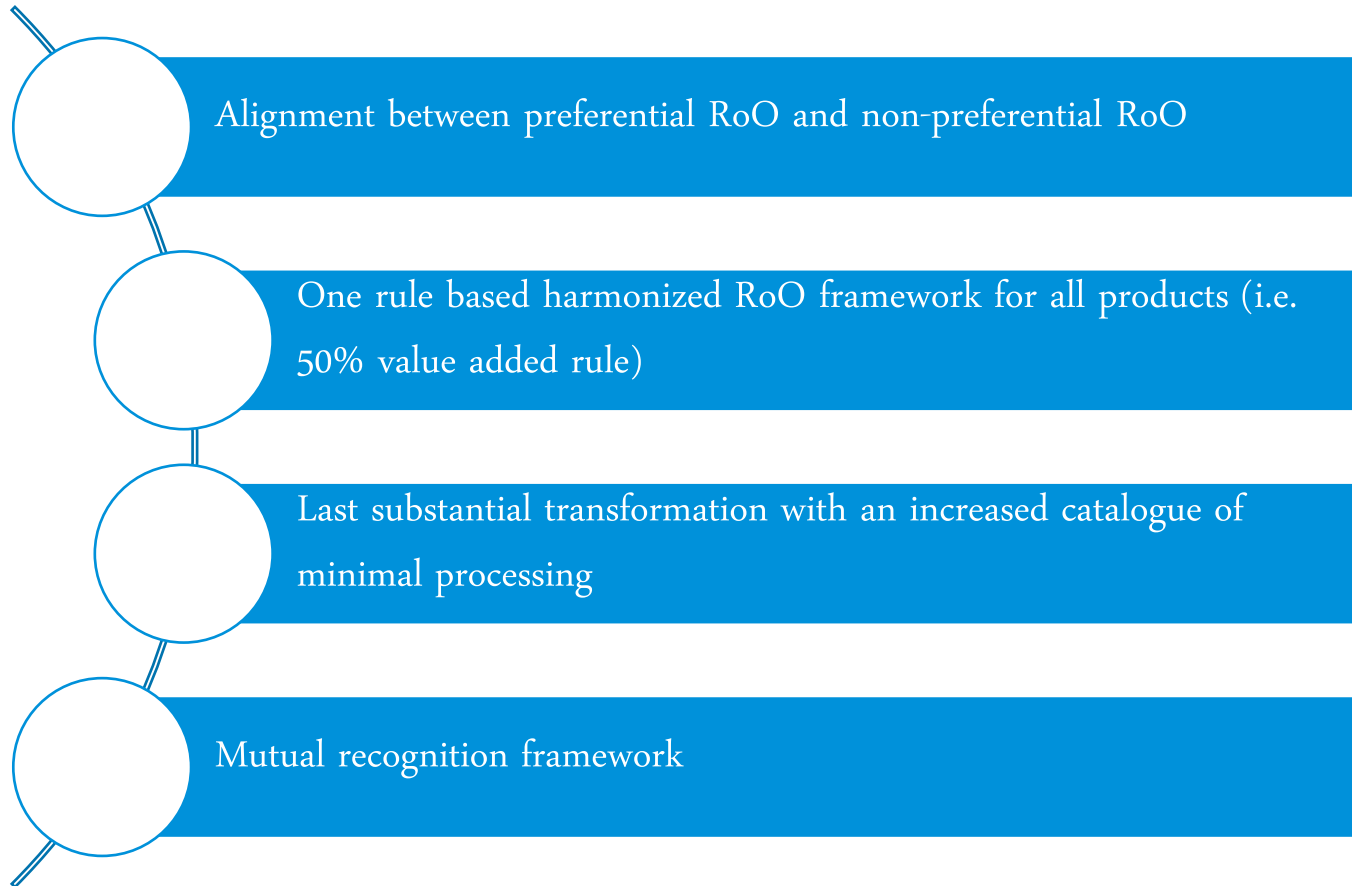
Non-pref certificates: the reality

- Commercial / business perspective: What for??? And if not, what are the consequences???
- Many companies do not know the technical differences between non-preferential rules of origin, preferential rules of origin, and mark of origin.
- These rules are often misused (i.e. non-preferential rules of origin are used to benefit from tariff preferences) both by traders and customs authorities, or wrongly used because of unawareness.
- Complying with non-preferential certificate of origin requirements can be administratively cumbersome and costly:
 - Fee charged in Switzerland by the Chamber of Commerce: Around 1.5 mille ad valorem fee per certificate of origin requested, that is linked with a minimum charge of 10/20 CHF to a maximum charge of 300/450 CHF per certificate.
 - Non-preferential rules of origin are not harmonized and requires time to learn and understand the requirements of each country
- Companies are requested (or are asked to request) for non-preferential certificates of origin in situations where it is legally not needed
- Some businesses face difficulties when calculating origin
- Often origin is calculated once and that calculation is not regularly updated

Why businesses request non-preferential CoO

Reasons	Examples
Customer request / Commercial requirement	<ul style="list-style-type: none"> • Confirmation that the MFN will be applied • Confirmation of origin
Destination country requirements	<ul style="list-style-type: none"> • i.e. under the Swiss-China FTA preferential origin can be proved with an invoice. However, companies might request a non-preferential certificate of origin due to: <ul style="list-style-type: none"> • Chinese customs authorities prefer an official stamped document • When a shipment is accompanied by a non preferential certificate of origin, this certificate is put outside of the package, which makes it visible to everyone and facilitates customs clearance. • To increase customs clearance efficiencies
Financial service providers	<ul style="list-style-type: none"> • Requirement to receive a Letter of credit
Others	<ul style="list-style-type: none"> • Lack of understanding and differentiation between the technicalities of non-preferential, preferential, and 'made in' • Misused of these terminologies

Way forward





Thank
you!