

# Availability of information regarding applicable non-preferential origin requirements – What Customs Administrations need

Committee on Rules of Origin

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# What are the roles of Customs?

**Apply trade regulations**

**Protect society**

**Collect fiscal revenue**

*...which promotes*

**economic prosperity and social development**

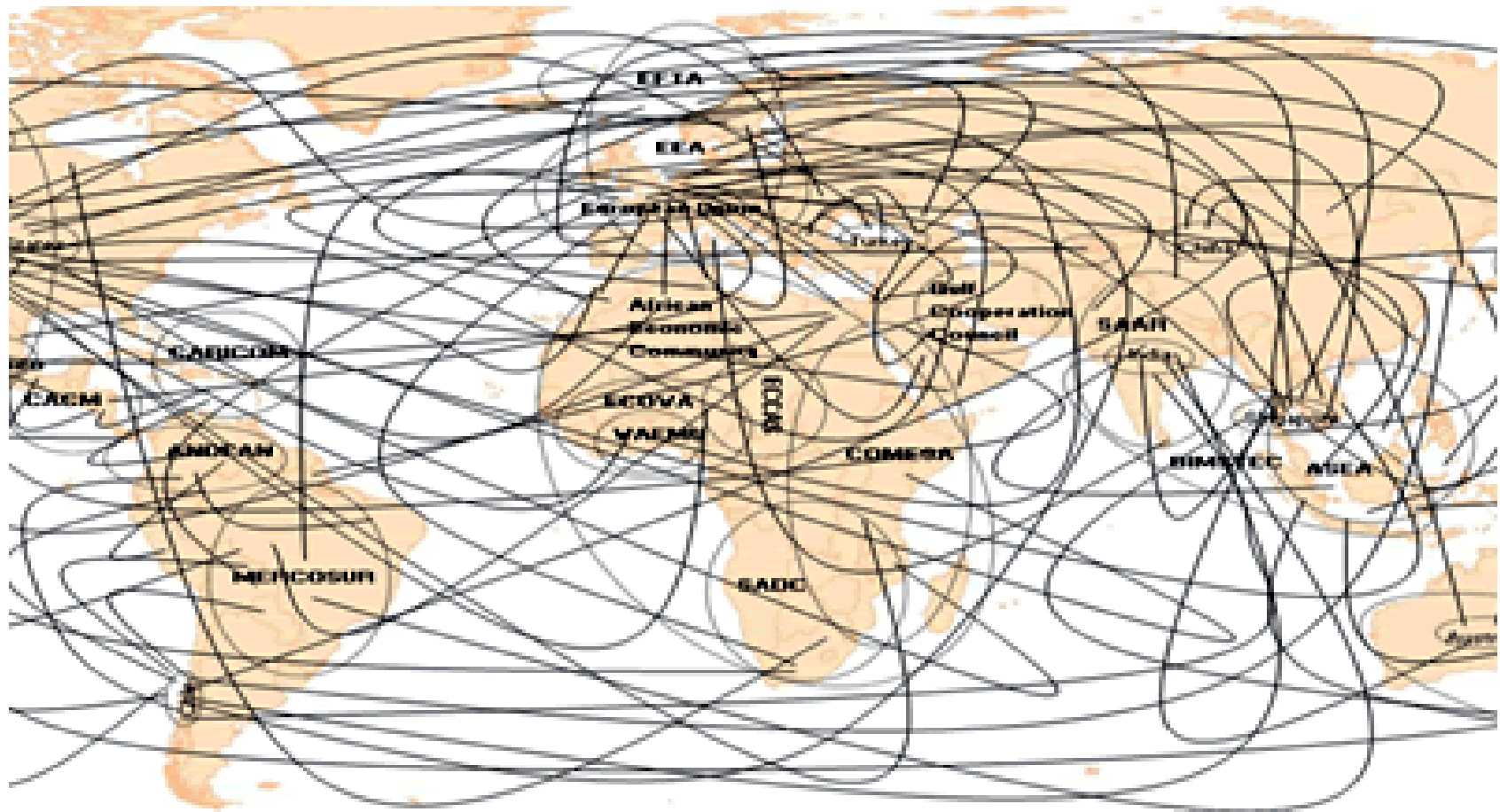
# Role of Customs: fair collection of duty

- 3 pillars for determination of Customs duty
  - Classification (HS Convention)
  - Valuation (WTO Customs Valuation Agreement)
  - Origin
    - Non-preferential
    - Preferential

# Roles of Customs: predictability and trade facilitation

- **Predictability** to utilize preferential trade and apply trade policy measures
  - Advance rulings on origin – WTO Agreement on Rules of Origin, WTO Agreement on Trade Facilitation, WCO Technical Guidelines on Binding Origin Information
- **Trade facilitation** to facilitate cross-border trade
  - Revised Kyoto Convention
  - WTO Agreement on Trade Facilitation

# THE SPAGHETTI BOWL OF COMPLEX AND OVERLAPPING RULES OF ORIGIN LEGISLATION

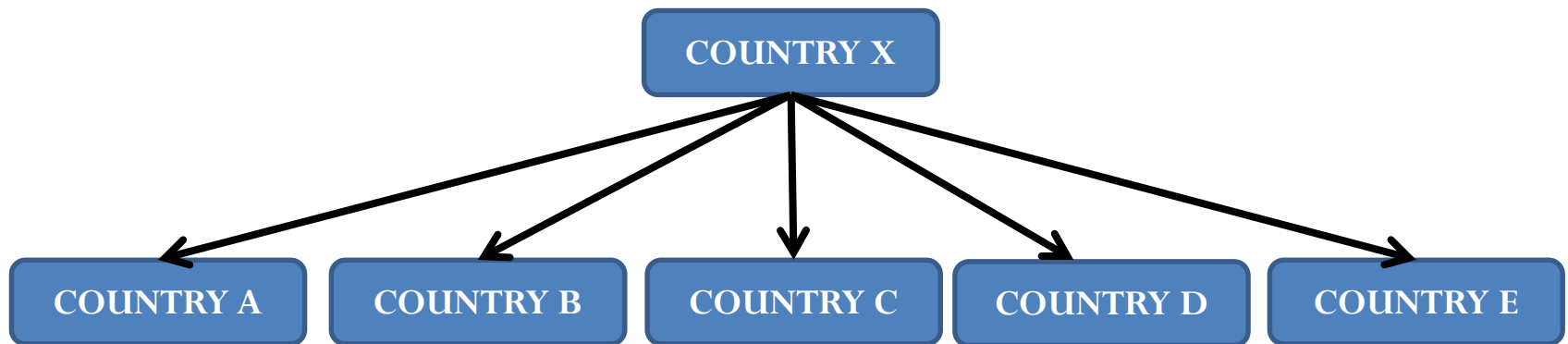


# Lack of harmonized rules of origin

- No common model or framework.
- Major challenge for Customs to apply and control complex and multiple rules of origin.
- Rules of origin in the importing country prevail.
  - Product specific rules, certificates/proofs of origin, etc.

# 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!

# Ways forward

Divergent views as to the harmonization of non preferential rules of origin leading to *de facto* decision not to harmonize preferential rules of origin



WCO work focusing on modernizing, streamlining and simplifying Customs procedures

- Focus on procedures in order to ensure
  - Predictability
  - Transparency
  - Trade facilitation



# Tools developed under the Revenue Package

- Origin verification
  - Study on trends in preferential origin verification
  - Guidelines on origin verification
- Origin certification
  - Study on trends in origin certification
  - Guidelines on origin certification
- Advance rulings
  - WCO Guidelines on Binding Origin Information
  - WCO Guidelines on Advance Rulings for HS, Origin and Valuation