GLOBAL VALUE CHAINS AND NON-PREFERENTIAL RULES OF ORIGIN
Committee on Rules of Origin
Information Session on Non-Preferential Rules of Origin
21 September 2016

Global Value Chains and Non-Preferential Rules of Origin

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Corporate Department Customs, Excise Tax and Export Control
Topic: Global Value Chains and Non-Preferential Rules of Origin

or Alternative Title:
What Michael Kistner has in common with
Agenda

1. Short introduction of Bosch
2. Bosch Customs Network and result of the survey concerning national non-preferential rules of origin
3. Concerned products and dimensions of international networks
4. Current status
5. Answer to the initial question
6. Short resume and proposal for further discussions
7. Questions and answers
Bosch – a global network

➢ The 375,000¹ Bosch associates make these solutions possible.

➢ Bosch has four business sectors, with more than 440¹ subsidiary companies and regional subsidiaries in some 60¹ countries.

➢ Including its sales and service partners, Bosch is represented in some 150¹ countries.

¹ As of 12.15
Bosch – a Global Network
Four business sectors

Mobility Solutions

Industrial Technology

Energy and Building Technology

Consumer Goods
## Bosch – Four Business Sectors

### Key Figures 2015*  

### Bosch Group  
- **70.6 billion euros in sales**  
- **374,778 associates**

### Mobility Solutions  
- One of the world's largest suppliers of automotive technology  
- **59% share of sales**

### Industrial Technology  
- Leading in drive and control technology, packaging, and process technology

### Energy and Building Technology  
- Leading manufacturer of security technology  
- Global market leader of energy-efficient heating products and hot-water solutions  
- **41% share of sales**

### Consumer Goods  
- Leading supplier of power tools and accessories  
- Leading supplier of household appliances

* As of 12/15
Bosch – Four Business Sectors
Markets and Figures for 2015*

<table>
<thead>
<tr>
<th>Bosch Group</th>
<th>Europe</th>
<th>Americas</th>
<th>Asia Pacific¹</th>
</tr>
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<tbody>
<tr>
<td>70.6 billion Euros in sales</td>
<td>53% share of sales</td>
<td>20% share of sales</td>
<td>27% share of sales</td>
</tr>
<tr>
<td>374,778 associates</td>
<td>229,599 associates</td>
<td>41,037 associates</td>
<td>104,142 associates</td>
</tr>
<tr>
<td>276 manufacturing sites</td>
<td>162 manufacturing sites</td>
<td>39 manufacturing sites</td>
<td>75 manufacturing sites</td>
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* As of 12.15
¹ including other countries

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Customs Network of Regional Organisations

- Governance Function
- Consulting & Services
- FT strategy / FT Projects
- Center of Competences
- Exchange of Experiences & Best Practices
Collection of Non-Preferential Rules of Origin

1. Substantial transformation as a rule;
2. Value Added Percentage Test;
3. Specified Processes; and
4. Change in Tariff Classification.
Product Sectors

**Individual projects**
- Country of destination known

**Customer-specified products**
- Expected country of destination known

**Mass market products**
- Country of destination unknown
First Dimension of Networks
Parallel production in different countries

Plant A

Plant B

Plant C
Second Dimension of Networks
Subcontracting V. 1

Step 1
components1
- DE
- US
- IT
- SG
- TW

Step 1
components2

Step 2

Step 3

KR
PH
MY
ID

Step 4

Warehouse

DE
CN
HU

DE
CN
HU

DE
Third Dimension of Networks
Combination of first and second dimension
Current State of Working Conditions

- ERP-Systems are not configured to handle a wide range of different non-preferential rules of origin and different states
- Production control systems and Foreign Trade systems must be linked to ERP-Systems; no standard solutions available
- Ad valorem and/or CTH regulations need support from concerned suppliers; in some cases trade secrets have to be disclosed
- No international standards for FT related communication defined
- No standardized electronic platforms available
- A lot of manual work has to be done to satisfy the requirements of the destination countries
Current State of Working Conditions_2

- Serious impacts for procurement and distribution processes with significant financial burdens and administrative costs
- Effort to meet the requirements of non-preferential rules of origin can be higher than for preferential matters
What Michael Kistner has in common with TIGER BALM?
Resume

@ proposal

- Complex environments need simple and standardized rules
- One worldwide general standard, which is simple to handle, is necessary
- Specific rules should only be considered for sensible products in case of quotas, anti-dumping, anti-circumvention

“Last substantial transformation > minimal operation” is a real-world solution!
THANK YOU