

Future of the certification system for preferential ROO

WCO Global Origin Conference 2017

3-4 May 2017, Addis Ababa, Ethiopia

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Director

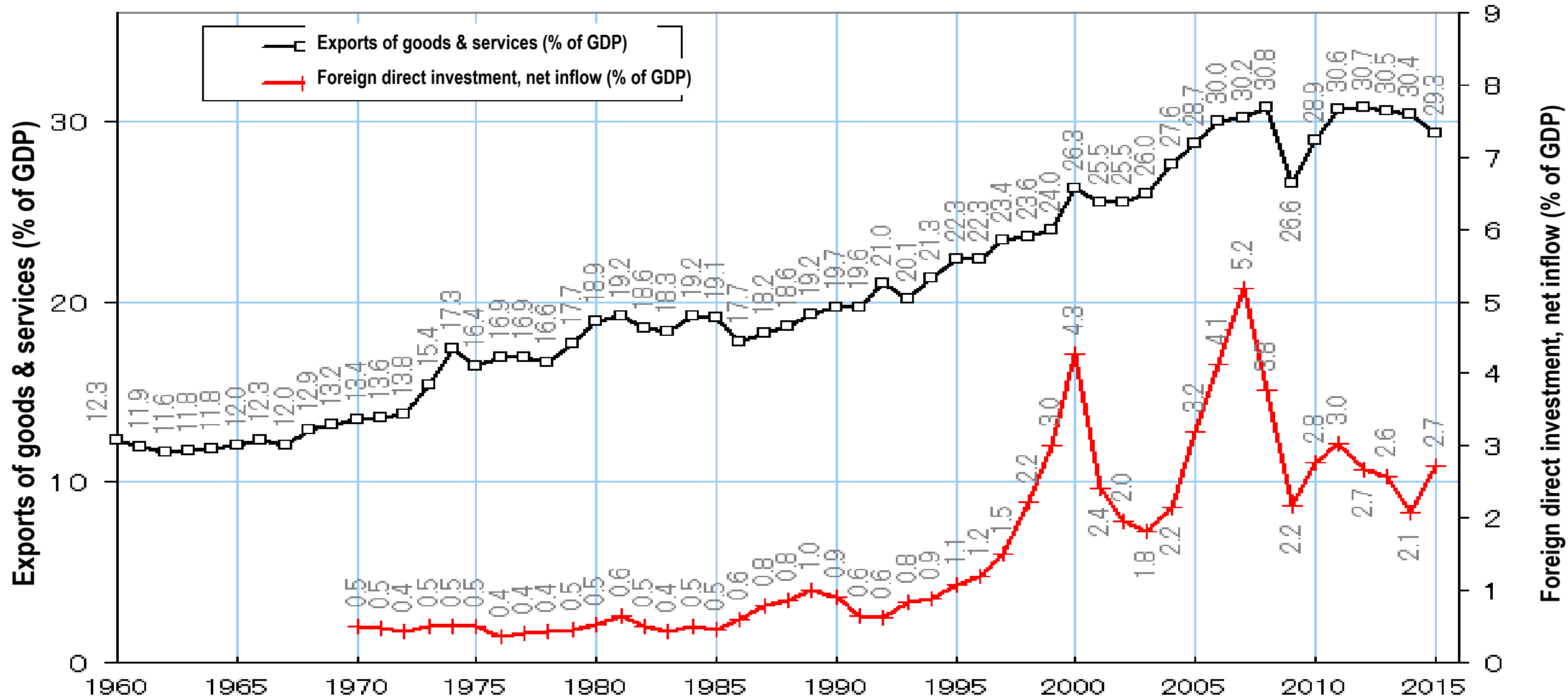
Research, Capacity Development and Technical Assistance

Japan **A**ssociation for **S**implification of
International **T**rade **P**ROcedures (**JASTPRO**)

World Trade and Foreign Direct Investment

2

(Source: World Bank Database)

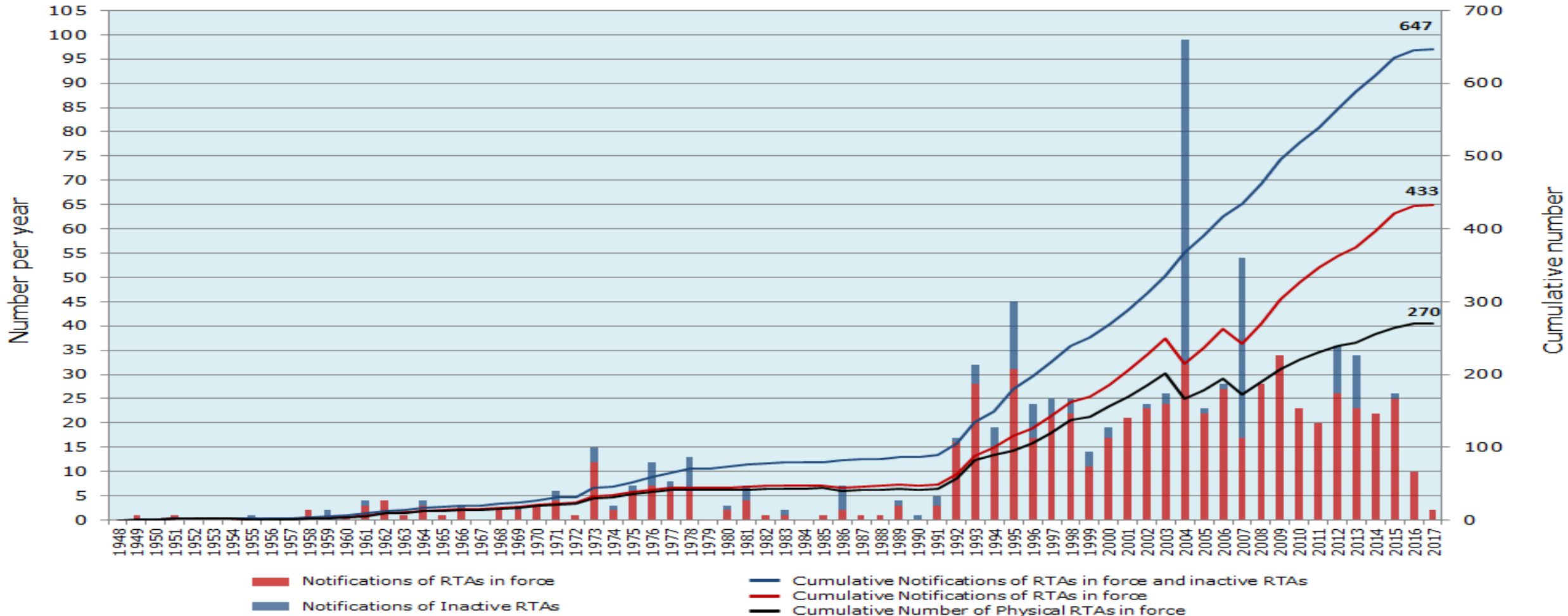


(Source: <http://www2.ttcn.ne.jp/honkawa/4900.html>)


Proliferation of FTAs

3

Evolution of Regional Trade Agreements in the world, 1948-2017



Note: Notifications of RTAs: goods, services & accessions to an RTA are counted separately. Physical RTAs: goods, services & accessions to an RTA are counted together. The cumulative lines show the number of notifications/physical RTAs that were in force for a given year.
Source: WTO Secretariat.



Workload beyond the capacity of the certifying authorities

- Increased volume of world trade and proliferation of FTAs put pressure on the capacity of the certifying authorities.
- Too many ROO to work with
- Decline in accuracy and reliability of Certificate of Origin (C/O), so that Customs (import side) cannot easily trust the C/O issued.
- Increase in burden of the verification

How to address these issues?



Solution presented to date:

- WCO's Origin Manual

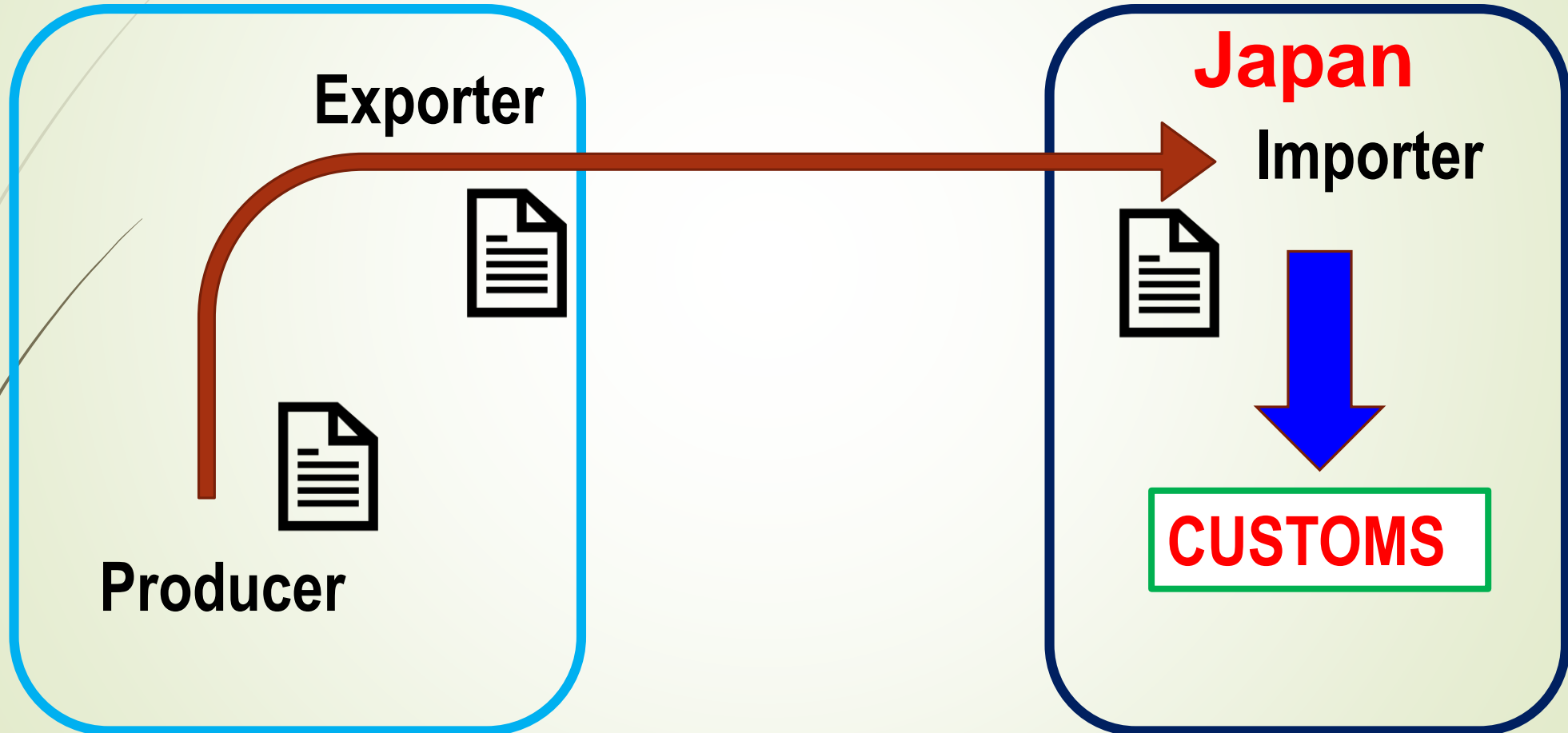
lays a good foundation for national Customs Administrations, traders to build and work on



Current trends: switch from the third-party certification to self-certification

- **US:** importer's certification
- **EU:** (registered) exporter's certification
- **Japan:** accepts all, but the third-party certification to phase out in good time

How the self-certification works





Who is responsible for proving the originating status of the goods to Customs (import side)?

- Importer is!
- However, importer does not always know the production process and materials used.
- So, the need for cooperation from exporter/producer
- If the importer cannot prove, use the MFN



How to ensure reliability of the self-certification

- Although there is no check/guarantee by the certifying authority, should Customs (import side) take certification by the traders at face value?
- No, in view of revenue implications, Customs (import side) accountability entails evidence!

What can be good evidence?

➤ Elements to prove the originating status:

⇒ for tariff-shift rule: HS code No. of materials



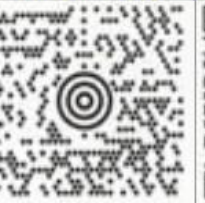

(73.4% of PSRs are tariff-shift rule – in major 20 FTAs)

for VA rule: value of non-originating materials, etc.

for process rule: production processes

Evidence showing the elements to prove originating status of goods:

- (In the future) to establish a social/digital infrastructure, e.g., a system in which,
 - invoice to bear **HS code No.**
 - **2-dimension bar code on the label**

	PDF417	DataMatrix	MaxiCode	QRコード	
					
開発国	Symbol社 (米)	CI Matrix 社 (米)	URS社(米)	デンソー (日)	
データ量	数字	2,710	3,116	138	7,089
	英数字	1,850	2,355	93	4,296
	バイナリ	1,018	1,556	-	2,953
	漢字	554	778	-	1,817
主な特長	大容量データ	省スペース	高速読取	大容量 省スペース 高速読取	
主な用途	OA	FA	物流	全分野	
規格化	ISO AIM International	ISO AIM International	ISO AIM International	ISO JIS AIM International	

To achieve such a future social/digital infrastructure:

- **WCO and Customs role is significant –**
dissemination of HS information to the public
- **Prepare entry of HS into the domestic commercial world**
- **While keeping its 5-year amendment cycle, there might be a need to reconsider the frequency of HS amendment as a Multipurpose Nomenclature.**

HS Committee may wish to have an intermission of at least a decade between major amendments.

Thank you for your attention!

