

WCO Global Origin Conference

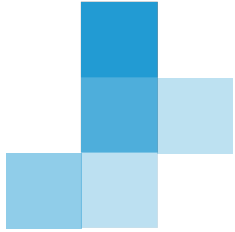
Virtual event

Non-preferential rules of origin
in today's trading environment

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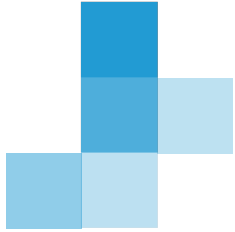
Background overview of the WCO Agreement on Non-Preferential Rules of Origin

Definition of non-preferential rules of origin (NPROs):

laws, regulations and administrative determinations of general application applied to determine the country of origin of goods except those related to the granting of tariff preferences

The WCO Agreement only covers NPROs.





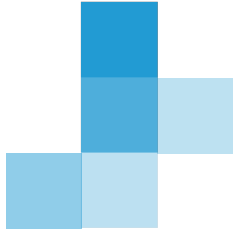
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The importance of NPROs:

NPROs are used, in particular, for:

- ✓ anti-dumping and countervailing duties
- ✓ safeguard measures
- ✓ origin-marking requirements
- ✓ trade statistics
- ✓ government procurement



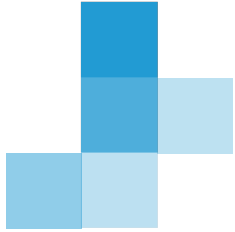


Background overview of the WCO Agreement on Non-Preferential Rules of Origin

Harmonization of NPROs:

- ✓ The object of the Agreement is to harmonize non-preferential rules of origin and ensure that they do not create obstacles to international trade.
- ✓ The Agreement lays down that the work of harmonizing rules of origin must be carried out by the WCO CRO and the WCO TCRO.
- ✓ Work on harmonizing NPROs began in 1995 and has not yet been completed.



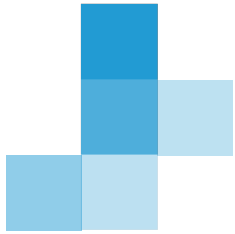


Background overview of the WCO Agreement on Non-Preferential Rules of Origin

Until the harmonization process is completed, WTO Member countries must ensure that rules of origin:

- ✓ are clearly defined and published
- ✓ are not used as a trade policy instrument
- ✓ do not create restrictive, distorting or disruptive effects on international trade
- ✓ do not discriminate between Members
- ✓ are administered in a consistent, uniform, impartial and reasonable manner

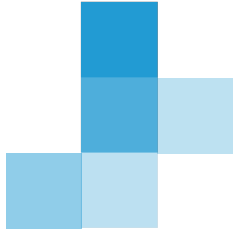




Problems arising where there are no NPROs, as seen from the Customs perspective

- ✓ NPROs are generally used by Chambers of Commerce.
- ✓ When an exporting country and an importing country adopt different NPROs, it raises the question of which rule to apply when issuing a certificate of origin.
- ✓ Companies exporting to several countries with different rules of origin have to adjust their procedures according to the country of destination, which generates additional costs.

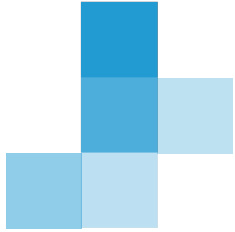




Problems arising where there are no NPRO, as seen from the Customs perspective

- ✓ Customs administrations are more likely to face the difficulties associated with PROs.
- ✓ In the case of Moroccan Customs, in addition to NPROs, it also manages:
 - 11 free-trade agreements (covering 50 countries)
 - 7 tariff agreements
 - preferences granted to 34 LDCs in Africa under the WTO
 - 6 GSP schemes
 - AfCFTA with 53 Member countries (not yet implemented)

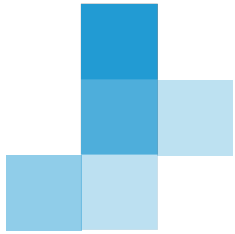




Problems arising where there are no NPROs, as seen from the Customs perspective

- ✓ Administering these agreements, with differing rules of origin, creates difficulties associated, generally speaking, with unfamiliarity with those rules on the part of Customs officers and the private sector.
- ✓ This has an impact on Customs receipts and on the implementation of trade defence measures.
- ✓ To make up for that shortfall, Customs have to mobilize extra resources and adopt ongoing capacity-building programmes.



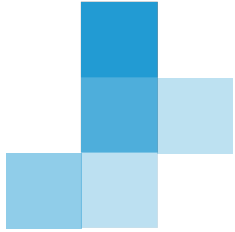


Harmonization of non-preferential rules of origin

Trade rests on three pillars which determine the type of Customs treatment applied, namely tariff classification, value and origin.

- ✓ Tariff classification: Harmonized System Convention
- ✓ Value: WCO Customs Valuation Agreement
- ✓ NPROs: processed under the national law of each country
- ✓ PROs: arising from preferential agreements reached between Contracting Parties (more than 300 agreements)

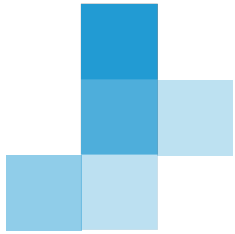




Harmonization of non-preferential rules of origin

- ✓ Is the harmonization of NPROs still on the agenda?
- ✓ Can NPROs be partially harmonized?
- ✓ Can the review of the RKC, the International Convention on the Simplification and Harmonization of Customs Procedures, be seen as a preliminary stage in the harmonization of rules of origin?

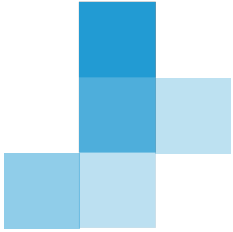




Is the harmonization of non-preferential rules of origin still on the agenda?

- ✓ Work on this started in 1995.
- ✓ At the time, a limit was placed on the number of preferential agreements, and rules of origin had more to do with NPROs.
- ✓ So far, approximately half of the WCO Member countries do not apply NPROs.
- ✓ Currently, rules of origin have become more important, particularly with the growing fragmentation of value chains and the delocalizing of production.
- ✓ The proliferation of preferential agreements has made PROs more significant than NPROs.

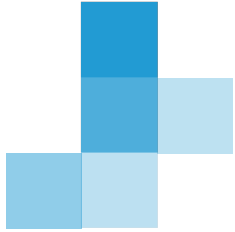




Can NPROs be partially harmonized?

- ✓ Restart the discussions about harmonizing ROs on new foundations with new ideas.
- ✓ Adopt a step-by-step approach and periodically review the rules adopted.
- ✓ Start by harmonizing issues about which there are no differences of opinion and which can have a tangible effect on trade.





Can the review of the RKC be seen as a preliminary stage in the harmonization of rules of origin?

- ✓ Annex K to the RKC is concerned, *inter alia*, with defining goods produced wholly, insufficient transformation, direct transport, evidence of origin and the checking of such evidence.
- ✓ The work of reviewing the RKC is an opportunity for bringing the rules it contains up to date so that they can be seen as a point of reference when the NPROs are being drafted by Member countries and even for those negotiating the PROs.



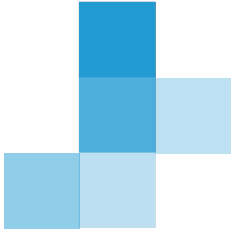


Conclusion

As part of the future outlook for rules of origin, why not set an ambitious target: to harmonize **preferential rules of origin**, even partially?

The rate of use of FTAs is currently affected by the complexity and diversity of rules of origin, which are becoming increasingly strict and limiting, and by the laborious procedures associated with them.

Harmonizing certain principles could simplify and rationalize the application of these rules and be a way of avoiding irregularities and helping to fight unfair practices and safeguard revenue.



THANK YOU FOR YOUR
ATTENTION

