

*WCO Global Forum on Origin Interconnectivity*

*Panel Discussion: Way Forward: Global Collaboration on Origin Interconnectivity*

# The models of certification and administration of rules of origin: Need for multilateral action

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**Stefano Inama**

Chief, Division for Africa, Least Developed Countries and Special Programmes (ALDC)

[Stefano.Inama@un.org](mailto:Stefano.Inama@un.org)

# The spaghetti bowl of proof of origin..

- With exception of the Annex K of Revised Kyoto Convention, **there are no multilateral rules for the administration of RoO** i.e., certification and verifications. Each FTA has not only its own set of rules of origin but also its own proof of origin.
- Each FTA in Asia and the Pacific not only has a different set of PSROs but also different OCPs generating compliance costs for firms.
- Each ASEAN +1 FTA has a different CO form, the RCEP and CPTPP are no exceptions.
- In Africa –E COs initiatives are undergoing.
- To contrast such complexity, IT initiatives have been undertaken such as E-COs and Electronic Origin Data Exchanges (EODES).
- Such initiatives are as diverse and overlapping as the number of COs.
- Different schools of thought among Asian administrations are at the root as examined in recent ADB study.

# A table from RCEP is worth more than a thousand words...

\*1: **Digital format CO** means CO issued in image file such as PDF and JPEG which complies with RCEP CO form including signature and official seal of the issuing body.

\*2: **Paper-based scanned copy** means a printed hard copy of scanned file, such as PDF and JPEG, from the paper-based original copy.

\*3: **Self-printed** means a digital format CO printed in a paper by traders.

\*4: **Electronic format** means acceptance of CO/DO in electronic format at the customs. This may cover eCO and scanned file (such as PDF and JPEG) of paper-based original copy.

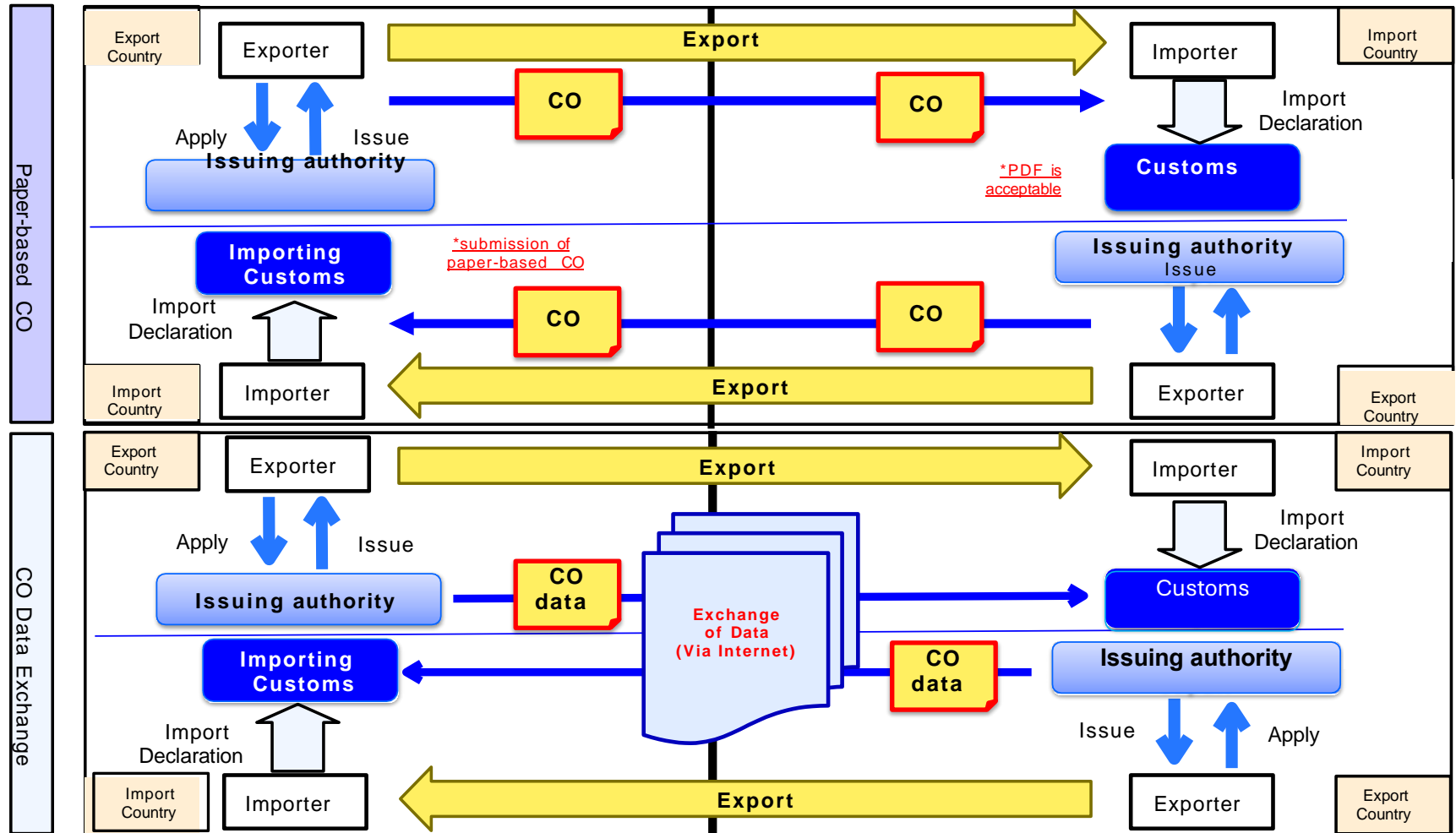
RCEP Parties' and Signatory States' Status on CO Issuance and CO/DO Acceptance at the EIF (as of 15 July 2024)

	CO ISSUANCE			CO/DO ACCEPTANCE				Remarks (conditions for acceptance)
	Paper-based original copy	digital format CO *1	Remarks (other information on issuance and tools available for verifying the authenticity of CO)	Paper-based original copy	Paper-based scanned copy *2	Self-printed *3	Electronic format *4	
BN	V	X	Currently only issue a hardcopy CO	V	X	V	X	BN accepts self printed digital format (in case goods has arrived before the original CO does), as long as the original will be presented eventually to the issuing authority as well.
CA	V	X	Currently only issue a hardcopy CO	V	X	X	X	Currently Cambodia cannot accept both scanned copy and softcopy/digitally sent CO
ID	V	X	ID only issues a hardcopy CO under RCEP	V	X	V	V	ID can accept hardcopy of the original CO/DO and electronic format (e-CO, colored scanned file of paper-based original CO/DO, and digital format CO/DO). In addition, importers must comply with the CO/DO submission period as stipulated in Minister of Finance Regulation Number 35/2023
LA	V	X	Currently only issue a hardcopy CO	V	X	X	X	Currently LA cannot accept soft copy/digitally sent CO
MY	X	V	Currently issue CO in PDF format, could be printed by the applicant for exportation	V		V	X	MY's Issuing Authority will accept both the hardcopy of the original CO and scanned PDF of the original CO. Will not accept softcopy/digitally sent CO. MY is under development of the system to accommodate softcopy/digitally sent CO.
MM	V	X	Myanmar's issuing body will issue a hardcopy of CO. Exporters may choose "self-service printing" manually signed and stamped by Issuing Officers.	V	X	X	X	Currently Myanmar cannot accept soft copy/digitally sent CO
PH	V	X	At this stage, PH will only issue hard copy of CO.	V	X	X	V	<ul style="list-style-type: none"> <li>• Paper-based scanned copy is a special measure implemented under ATIGA and ASEAN+1 FTAs. Submission of hard copy / original is still required.</li> <li>• For Self-printed and Electronic Format, PH will accept, provided that the exporting Party has an online verification website</li> </ul>

# Methods of Proof of origin

Main methodologies of proof of origin	Examples and comments
<b>1) Methods based on the existence of a Certifying authority.</b>	This method of proof of origin is based, to a different extent, on a existence of an certifying authority ( CA) delivering the proof of origin: the CO or E- CO.
a) Certificate of origin stamped and signed by Certifying Authorities	This is the most traditional, if not archaic, method to manage proof of origin based on the exchange of stamps and signature.
b) E-COs	E-COs are normally generated by an online application to a CA.Yet other E-CO in PDF forms or scanned are also defined as E-COs
c) E-COs via ASEAN Single Windows	E-COs exchanged via ASEAN single window Ex. ASEAN Single Window
<b>2) Methods based on self-certification</b>	This method of proof of origin is based on the principle that the individual, being an exporter or importer, self-certify the origin of the goods.
a) Statement of origin by Approved exporters	CA delegates to approved exporters meeting a series of criteria the authority to self-certify origin by making a statement of origin. EU-ASEAN FTAs and ASEAN
b) Statement of origin by Registered exporters	Registered exporter (REX) is a new method introduced by the EU in the context of the EU GSP and progressively in FTAs
c) Certificate of origin signed by any exporter	This is one of the most liberal methods to administer proof of origin since any exporter may certify the origin of the goods.
d) Importer declaration	The importer declaration has been used mainly by US most recently by Japan and in CP- TPP

# Paper-Based CO V. EODES: Any difference?



Source: adapted from PPT presentation of Mariko Haga-Japan Customs

# The main differences in methods of proof of origin

- The degree of involvement of the certifying authorities (CAs) marks the difference among the various methods.
- The most intrusive, traditional method is the CO stamped and signed by CAs.
- The most liberal is the statement of origin by the exporter or the importer: CAs are only involved in case of ex-post verification and monitoring.
- The E-COs and the ASEAN single window are managed by CAs.
- Philippines Customs: A 15-page memo of instructions to become a user of ASEAN single window.

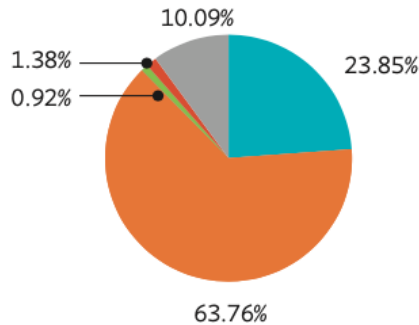
**The real question is: Which is more trade facilitating, E-COs or Self-certification?**

# Connectivity of customs documents beyond proof of origin

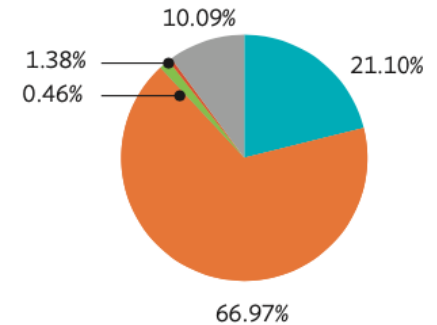
- Documentary evidence of direct shipment
- Invoice, packing list
- Third country / third party invoice
- Retrospective issuance of COs
- Back-to-back certificate of origin COs
- Documentary evidence related to cumulation
- **How digitalization via EODES is dealing with these documents that are needed for customs clearance?**

# Results from Vietnam survey of 200 firms: Self-Certification and streamlining of PSRO/OCP can contribute to the reduction of compliance costs.

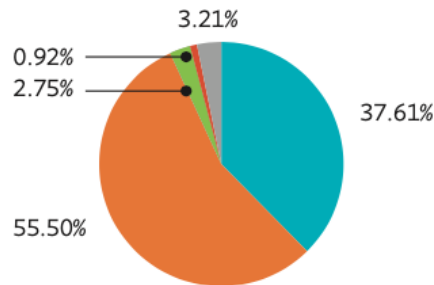
A convergence of PSRO across the FTAs would be business friendly and will reduce compliance costs



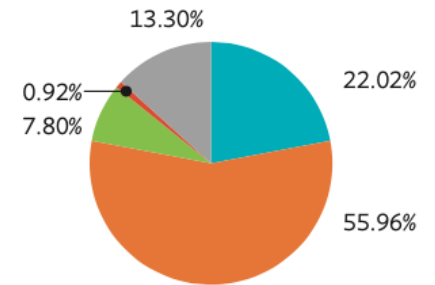
A standardization of operational certification procedures among FTAs would significantly cut compliance costs for firms



E-COs and IT solution significantly contribute to reduce compliance costs



If allowed in Viet Nam, self certification by exporter or declaration of origin by the importer would be the easiest way to comply with proof of origin



● Totally agree   
 ● Agree   
 ● Not quite agree   
 ● Totally do not agree   
 ● Do not know

Source: Authors



# Some reflections and way forward

- Does digitalization help to increase Utilization rates of FTAs?
- **Even after the introduction of E-Form D via ASEAN single window ATIGA URs are as low as 50% in the period 2016-2018 and continue to be that low in the period 2021-2022 according to latest ASEC study.**
- **There is an incredible proliferation of initiatives towards E-COs and digitalization.**
  - Need to standardize the concepts of E-CO to provide guidance: The revised annex K or similar initiatives at WCO could be useful tools.
  - The Interconnectivity framework is a good initiative, yet costs and implementation should be measured, especially in DCs and LDCs.
  - Origin connectivity or EODES should be tested against utilization of FTAs.
  - More research on firm's views about best practices to provide solid basis for Government action towards trade facilitation.
  - UNCTAD/ADB will continue to carry out firm's surveys.

# Resources

- **Crivelli, P., and S. Inama. 2022.** Disciplining rules of origin at the multilateral level towards open and inclusive global value chains, T20 [Indonesia, Task Force 1, Policy Brief](https://www.t20indonesia.org/tf1/disciplining-rules-of-origin-at-the-multilateral-level-towards-open-and-inclusive-global-value-chains/). <https://www.t20indonesia.org/tf1/disciplining-rules-of-origin-at-the-multilateral-level-towards-open-and-inclusive-global-value-chains/>
- **Crivelli, P., S. Inama, and M. Pearson. 2022.** An Analysis of the Product-Specific Rules of Origin of the Regional Comprehensive Economic Partnership. Manila: Asian Development Bank. <https://dx.doi.org/10.22617/TCS220167-2>
- **Crivelli, P. and S. Inama. 2021a.** Improving market for LDCs: The impact of the EU Reform of Rules of Origin on Utilization Rates and Trade Flows under the Everything But Arms Initiative (EBA), *UN LDC5 Conference paper* [https://www.un.org/ldc5/sites/www.un.org.ldc5/files/t6\\_inama\\_eu\\_reform\\_2021\\_16\\_helsinki\\_final\\_20210816\\_clean.pdf](https://www.un.org/ldc5/sites/www.un.org.ldc5/files/t6_inama_eu_reform_2021_16_helsinki_final_20210816_clean.pdf)
- **Crivelli, P. and S. Inama. 2021b.** Making RCEP Successful Through Business-friendly Rules of Origin. Asian Development Blog. <https://blogs.adb.org/blog/making-rcep-successful-through-business-friendly-rules-origin>.
- **Crivelli, P., Inama, S., and J. Kasteng. 2021.** “Using utilization rates to identify rules of origin reforms: the case of EU free trade area agreements”, *EUI RSC*, 2021/21, Global Governance Programme-437 <https://cadmus.eui.eu/handle/1814/70396>
- **Crivelli, P. and S. Inama, and J. Marand. 2022.** Does the Cambodia–People’s Republic of China FTA Offer Better Market Access than RCEP? Development Asia, Explainer. <https://development.asia/explainer/does-cambodia-peoples-republic-china-fta-offer-better-market-access-rcep>.
- **Inama, S. and P. Crivelli, 2019.** “Convergence on the Calculation Methodology for Drafting Rules of Origin in FTAs Using the Ad Valorem Criterion”, (2019), 14, *Global Trade and Customs Journal*, Issue 4, pp. 146-153, <https://doi.org/10.54648/gtcj2019014>
- **Inama, S., P. Crivelli, and P.M. Ha, 2022.** The Low Use by Firms of ASEAN Trade Preferences: Will RCEP Follow the Same Destiny? An Agenda for Rescue to Reform Rules of Origin in the Asian and Pacific Region. *Global Trade and Customs Journal*, 17(6). <https://doi.org/10.54648/gtcj2022033>

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# Thank you very much for your attention!

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