



**Asia-Pacific  
Economic Cooperation**

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Session 5

## **Rules of Origin and Effects on Supply Chain**

Submitted by: Bryan Cave LLP



**Trade Policy Dialogue on Rules of Origin  
Singapore  
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# Rules of Origin & Effects on Supply Chain

APEC MAG-CTI ROO TPD FOR CTI 2

Presented by  
**Wong Chian Voen**

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## Section 1: What have businesses been doing?

Section 2: Case study

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## Business Initiatives



### □ Utilization of FTAs

#### ■ Trade

##### ❖ Importers/buyers

- Build-in FTA/CO provision in purchase contracts
- Verification/compliance

##### ❖ Exporters/sellers

- Selling to markets newly opened up by FTA

#### ■ Supply chain rationalization

- ❖ Manufacture vs importation
- ❖ Manufacturing site?
- ❖ Supplier/source?

## Business Initiatives



### □ Trade policy management

- Timely intelligence
- Streamlining of supply chain
- Corporate policy and strategy
  - ❖ Create level playing field in domestic market
  - ❖ Create/maintain advantageous domestic environment

### □ FTA compliance

- Commercial contract
- In-house
- External verification

## Business Concerns



- Overlapping FTAs
  - Bilateral vs regional/plurilateral
- Complex/unclear tariff modalities
- “Spaghetti bowl” of ROO
  - Different origin criteria
  - Different minimal operations
  - Different certification/declaration requirements
  - Different record-keeping requirements

## Business Concerns

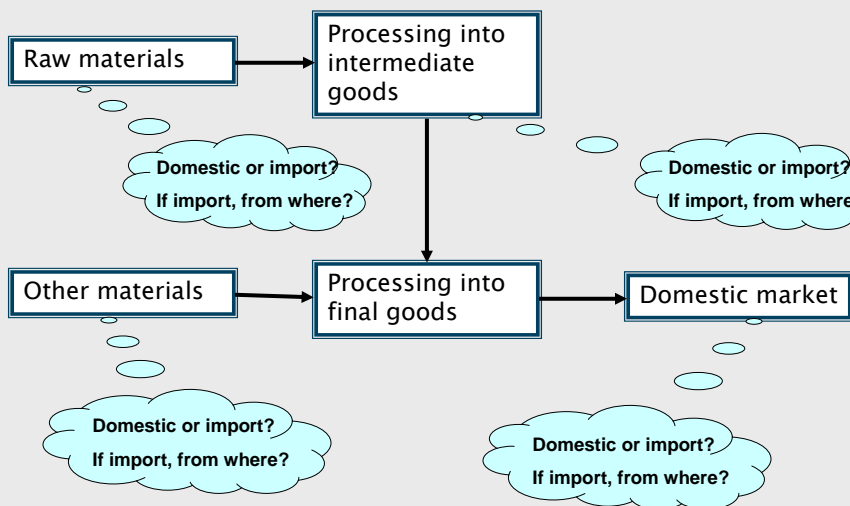


- Commercially sensitive information required on origin certification/declaration
- Trading/commercial flows not taken into account
  - Consolidation of goods, sometimes in 3<sup>rd</sup> countries
  - Consolidation of transactions, sometimes in 3<sup>rd</sup> countries

Section 1: What have businesses been doing?

## Section 2: Case study

## Global Supply Chain



## ROO Questions



- Is your product the result of any, few or all of the minimal operations?
  - Are the minimal operations the only activities that were done?
- What is the ROO applicable?
  - Is it wholly obtained?
  - Is it a general ROO?
  - Are there product-specific rules?
  - Is there cumulation?

## ROO Questions



- If ROO is based on value-added...
  - Flow charts of manufacturing processes
  - Suppliers' invoices for materials (domestic & imported)
  - Bills of materials (domestic)
  - Certificates/declaration of origin for imported originating materials
  - Financials/accounts
    - ❖ General ledger
    - ❖ PNL
    - ❖ Royalty agreements/technical assistance fees/any payments
    - ❖ Others

## ROO Questions



- If ROO is based on CTC...
  - Flow charts of manufacturing processes
  - Suppliers' invoices for materials (domestic & imported)
  - List of materials and HS codes (imported)
  - Certificates/declaration of origin for imported originating materials

## ROO Questions



- Are your products exported directly from the country of manufacture to the importing country?
  - What is the consignment requirement of the FTA?
  - Your products are routed through a third country
    - ❖ What processes are done on your products there?
    - ❖ Is there provision for third-party invoicing?
    - ❖ Is there provision for back-to-back CO?
  - You purchase products from a third country
    - ❖ Is there provision for back-to-back CO?
    - ❖ Is there provision for third-party invoicing?

## Step-by-Step



- Interviews with personnel
- Documentary review
- Alternative ROO: Would it be more “user-friendly”?
- Internal workshop/user manual
  - General knowledge of ROO
  - Correct way of making declaration
  - How to maintain eligibility
  - Sources of information



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