



**Asia-Pacific
Economic Cooperation**

2010/CTI/WKSP/007
Session 3

Certifying Preferential Origin - Experiences

Submitted by: Fonterra



Self-Certification of Origin Workshop
Kuala Lumpur, Malaysia
11-12 October 2010




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APEC Self Certification Workshop, Kuala Lumpur, 11/12 October, 2010



Fonterra at a Glance

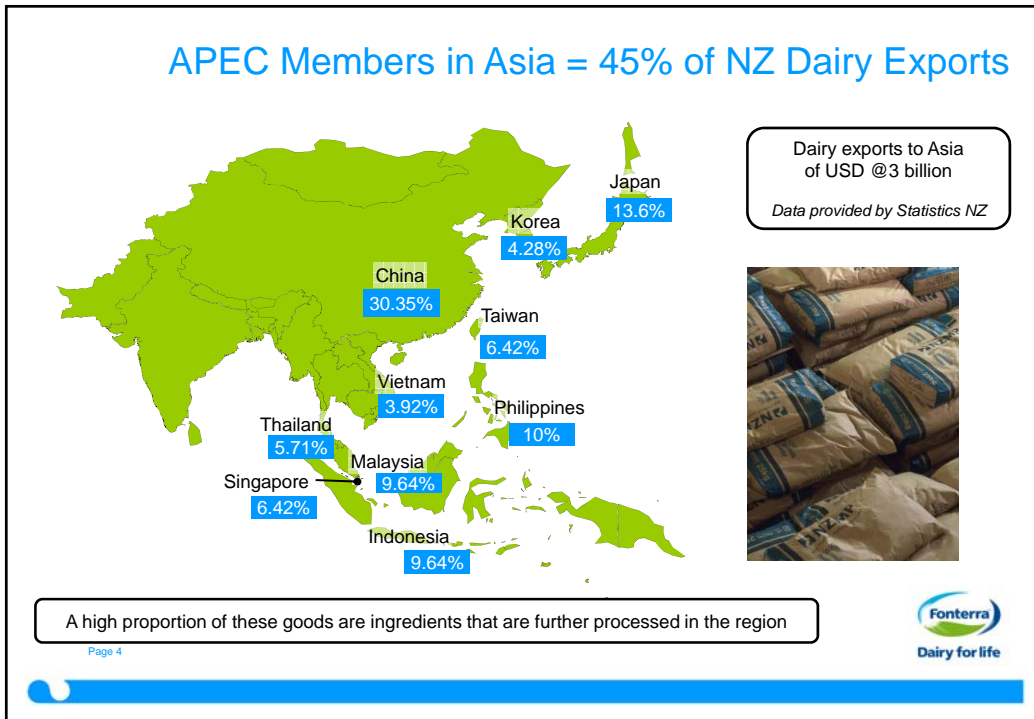
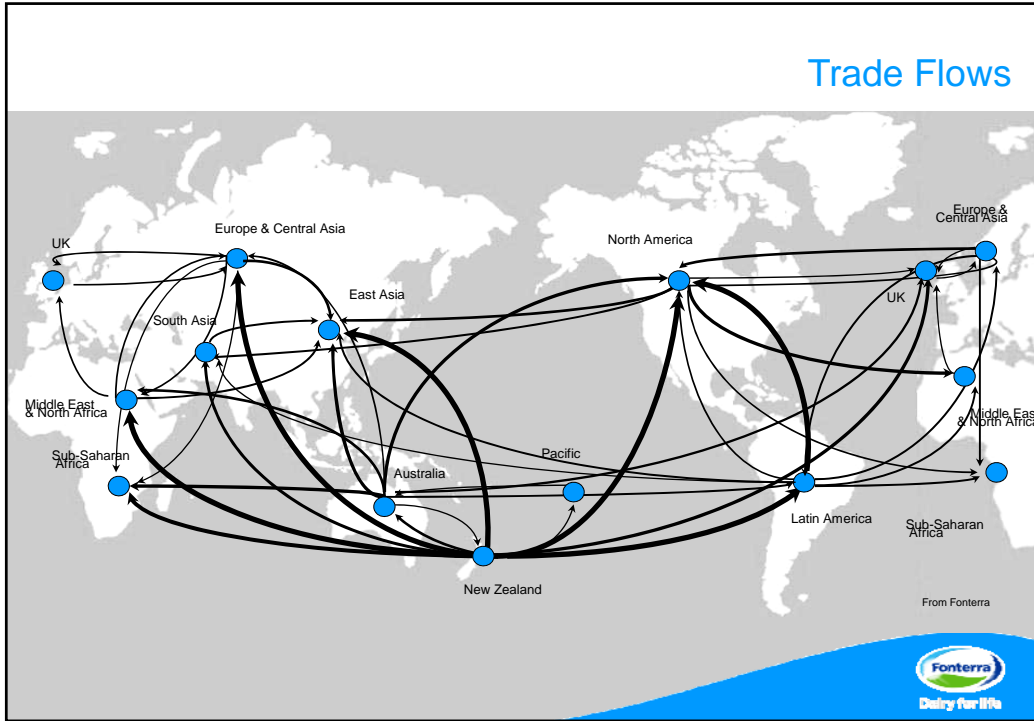


10,700 shareholder co-operative

14b litres collected **2.6m MT sold**

USD\$13.5b revenue **140 export markets**

25% of NZ's merchandise exports **25% sales globally sourced**



Fonterra & Trade Agreements

CER

New Zealand/Thailand

Australia/Thailand

Australia/US

NAFTA

ASEAN CEPT

Greater Arab Free Trade Area (GAFTA)

AANZFTA

New Zealand/China

Trans Pacific (P4)

Chile/Mexico

ALADI/MERCOSUR

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Expectations of Certification Procedures

- Achieve outcomes support agreement objectives
- Level of assurance (customs & business)
- Cater for modern business practices (customs & business)
- Reasonable / transparent / materiality
- Best use of resources (customs & business)
- Focus requirements & verification processes at importer

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Certification Methods used by Fonterra

- Government/3rd Party issued COO
 - ASEAN, NZCFTA, AANZFTA
 - Self issued COO
 - NAFTA
 - Invoice Declaration
 - NZTCEP
 - Customs import entry (docs as required)
 - AUSFTA, New Zealand imports
- Both as exporter & importer

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Experiences (1) Govt/3rd Party Certification (COO)

- Requires systems & process changes
- Cost & resource implications
- Incompatible with e-commerce, e-customs, risk management processes
- Data often not verified/Certification has become an industry
- Disclosure of commercially sensitive data to 3rd party
- Increases document set/duplicates data
- Data can cause problems, e.g. Value, HS code & authorised signatures
- Added 'hassle' benefits buyer – seller disinclined to bother

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Experiences (2) Self Certification (COO)

- Less cost/resource implications
- Requires some system changes
- Adds to the document set/duplicates data
- Data security not an issue
- Implementation dependant, but often not compatible with e-commerce & e-customs processes
- Requires knowledge of ROO & product

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Experiences (3) Invoice Declaration

- No changes to systems & part of existing export/import process
- No additional documents/no duplication
- Collates all key data on one document, i.e. Company officer & position, description/qty/value, origin of goods, origin criteria & shipping details
- Requires knowledge of ROO & product - if 3rd party sale (sellers knowledge)
- Part of existing audit trail for customs & tax agencies (export & import)
- Caters for 3rd party/multiple transactions (text dependent)
- Simplifies verification

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Experiences (4) Import Declaration

- Standard process for all exports & imports
- No additional documents / no changes to systems / no fiscal impact
- Clearly links preference claim to specific entry
- Part of existing audit trail
- Supports 'e-commerce' / e-customs' environment
- Triggers customs risk management process ∴ requires good broker management

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Summary

- Certification method must support the goals of the agreement
- Officials need to understand the 'whole' trading environment
 - Systems & processes (customs & business)
 - Customs requirements/capabilities & resources
 - Supply chain/logistics limitations
- Text/OCP requirements should be prescriptive
 - Creates clarity ∴ no doubts, no misunderstandings, no excuses
 - Transparent & consistent processes
- Verification should be simple, robust & focus on the importer
- Consult, consult, consult internally & externally
- Ongoing training/awareness – post review changes, etc
- Clearly identified contact points

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Thank you

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