Certifying Preferential Origin - Experiences

Submitted by: Fonterra
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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
A high proportion of these goods are ingredients that are further processed in the region.
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

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
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

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
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

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
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

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
Thank you

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