



**Asia-Pacific
Economic Cooperation**

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Introduction to Self-Certification Common Operating Guidelines

Submitted by: Malaysia



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Ha Noi, Viet Nam
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APEC Workshop on
Self-Certification
Hanoi, 28-29 July 2011

Session 1:

Introduction to
Self-Certification
Common Operating
Guidelines

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APEC PATHFINDER



- APEC Pathfinder Initiative for Self-Certification of Origin has the objectives of facilitating trade and fulfilling APEC Leaders' direction to promote the use of high quality FTAs/RTAs
- APEC pathfinder participants have agreed to practice Self-Certification with FTA partners based on a set of common operating guidelines; and
- A capacity building program planned to encourage adoption and ensure successful implementation (Workshop in KL, Manila & Brunei)

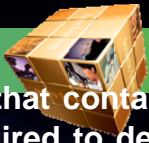
Common Operating Guidelines



- Under this Pathfinder Initiative, APEC economies agree to practice self-certification on the basis of reciprocity; within the framework of their own laws, rules, and regulations; and based on the following elements:
 - i. Implementation is based on individual economy circumstances and its relationship with its respective FTA partner.
 - ii. The trader's declaration of a product's economy of origin is accepted in good faith by the importing authority.

iii. The declaration is allowed to be made on an invoice, company letterhead, or other format as agreed to between the partner economies.

iv. Verification, carried out selectively based on risk assessment and/or intelligence, is shifted to the post-importation phase. However, there is nothing to prevent verification steps being undertaken at the time the import entry is lodged if Customs wishes to do so.



v. Comprehensive and effective legislation that contains adequate penalties against the importer is required to deter false declarations and enable recovery of customs duties due.

vi. Claiming procedures between importer and importing authority are conducted electronically to reduce paper work.

vii. A declaration should include, at a minimum, a full description of the goods, the six-digit Harmonized System Code for the goods, and the names of the producer and importer, if known.

Timeframe



- Timeframe for implementation and expected completion
- *Launch of the initiative:*
 - i. October 2009 – CTI initiates APEC Pathfinder on Self-Certification of Origin
 - ii. November 2009 – Ministers and Leaders endorse the APEC Pathfinder Initiative on Self-Certification. Ministers and Leaders instruct officials to develop a capacity building program to support the pathfinder initiative.
 - iii. CTI 1, 2010 – CTI to consider capacity building program
 - iv. MRT, 2010 – Ministers endorse capacity building program

BACKGROUND-ASEAN



- The 22nd. AFTA Council in 2008, tasked officials to:
 - facilitate the trade of ASEAN originating products in the region; and
 - formulate a mechanism such as self-certification which will allow ASEAN-originating products to move freely within the region without the requirements of presenting supporting documents for each consignment.

SELF-CERTIFICATION



Self-Certification is a system which enables the Certified Exporter to make out an Invoice Declaration for the export of goods

■ OBJECTIVES OF SELF-CERTIFICATION



- Self-Certification would:
 - reduce the costs associated with CO Form D applications;
 - facilitate trade;
 - enhance competitiveness; and
 - maximize the use of AFTA Preferences.

■ PREPARATIONS



- ASEAN Secretariat under the ASEAN –EU Programme for Regional Integration (APRIIS) engaged the Consultants. Experiences of EU, NAFTA and Singapore were taken into account.
- ASEAN Secretariat together with Trade and Custom Officials commenced joint discussions and took into account private sector inputs sought through country visits and questionnaires

REQUIREMENTS FOR SELF-CERTIFICATION



- Self-Certification Scheme to take into account:
 - Amendments to the OCP and ATIGA
 - Capacity building for stakeholders
 - Standard Operating Procedures for implementation
 - Inclusion of accountability of exporter
 - Adequate punitive provisions to address issue of forgeries

REQUIREMENTS FOR SELF-CERTIFICATION



- Acceptance of Self-Certification by Customs Authorities of Importing Countries to ensure no delay in clearance of goods
- For certification made by traders, it would be incumbent on traders to ensure comprehensive and accurate information is available from the producers of the goods

REQUIREMENTS FOR SELF-CERTIFICATION

- In case of suspicion, Customs to subject self-certification by post-clearance verifications via existing mechanisms in the OCP
- Collection of data on utilisation of self-certification to be addressed (NAFTA- *obtained through exchange of data among member states;* S'pore- *Exporters have to obtain Export Permits and trade data collected*)

REQUIREMENTS FOR SELF-CERTIFICATION

- - Consider a minimum value of consignment where any trader can make an invoice declaration or self-certify
- Amendments to the OCP were undertaken to cater for self-certification scheme

WORK PLAN ON SELF-CERTIFICATION



- 23rd. AFTA Council in 2009 adopted the Work Plan on Self-Certification
- The Work Plan has 3 Phases:
- Preparatory; Development and Implementation
- For the implementation, there will be a Pilot Project stage and finally by January 2012, full take-off of the Self-Certification by all AMS.

BACKGROUND



Memorandum of Understanding (MoU) for Self-Certification was signed on 26 August 2010 during the AEM



Malaysia



Brunei



Singapore

Involving three Participating Member States

WAY FORWARD



Self-Certification Scheme

I. Guiding Principles for a Certification Scheme in the Framework of a Preferential Trade Agreement:

- Achieve the objectives of an FTA
 - Simplicity and Cost and Time effectiveness;
 - Reliability;
 - Balance between simplicity/cost effectiveness and reliability
 - Predictability and Transparency

SIMPLICITY & COST EFFECTIVENESS




As simple as possible

Low cost of compliance (or economic operators wouldn't use the FTA)

RELIABILITY




Proofs of origin must be dependable
(to ensure that only originating products
benefit)



BALANCE between simplicity/cost effectiveness and reliability

Balance from the point of view of the different players:

- Exporters
- Government authorities
- Importers



PREDICTIBILITY & TRANSPARENCY

PREDICTIBILITY

Uniform, clear of objective of implementation/interpretation of ROO

TRANSPARENCY

All relevant information (including ROO) must be clear, understandable and accessible for all involved

II. SELF-CERTIFICATION vs. CONVENTIONAL CERTIFICATION



Conventional System

- 1. Takes seven working days for MITI to process Certificates of product eligibility(Cost Analysis) and one working day for the issuance of Form D
- 2. Government Authorities and Exporters have to incur administrative costs for certifying the origin documents

Self-Certification

- Certificate of Origin will be self-certified by the exporter
(ADVANTAGE)
- Government Authorities may cut down the administrative infrastructure and manpower for issuing the COO while exporters save on costs for obtaining COs
(ADVANTAGE)

SELF-CERTIFICATION VS. CONVENTIONAL VERIFICATION



Conventional System

- 3. Issuing authorities certify origin of goods based on the documents and information provided by the manufacturers
- 4. Unable to expand the current back-to-back Form D
- 5. Specimen signatures need to be exchanged
- 6. Frequent Verification of signatures requested. Delays clearance of goods

Self-Certification

- Manufacturer has better knowledge on the origin of raw materials as well as manufacturing process compared with the issuing authorities
(ADVANTAGE)
- Possibility of expanding the back-to-back arrangement
(ADVANTAGE)
- No such requirement
(ADVANTAGE)
- No such need
(ADVANTAGE)

INVOICE DECLARATION STATEMENT



" The exporter of the product(s) covered by this document (Certified Exporter No.....) declares that, except where otherwise clearly indicated, the products satisfy the Rules of Origin to be considered as ASEAN Originating Products under ATIGA (ASEAN Trade in Goods:.....) with origin criteria:....."

Invoice Declaration



The declaration must be signed by hand, with the addition of the name of the person.

Proposal For Consideration



Adopt two regimes in parallel:

- i. Conventional Certification System
- ii. Self-Certification for trusted traders-appointed Certified Exporters

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Thank You !

ASEAN Economic Cooperation Division

