

A WAY FORWARD ON PROOF OF ORIGIN AS CONCRETE TRADE FACILITATING MEASURE

Background and description

ADB has initiated a series of studies and activities aimed at facilitating the implementation of RCEP and harmonious regional integration in the Asia and Pacific region. This event represents an opportunity for Asian and Pacific Governments, private sector representatives and stakeholders to gain better knowledge and insights of the findings of this research and next activities forecasted. Among the various topics of ADB research and capacity building program, this event will focus on proof of origin.

Proof of origin and related administrative procedures have been consistently reported as a non-tariff measure creating a net cost for firms that are utilizing FTAs. With more than 30 free trade agreements (FTAs) applying different rules of origin and different proof of origin across Asia and the Pacific, the costs of complying with rules of origin (RoO) and of providing the necessary documentary evidence at customs become inflated.¹ Recent studies² have shown that utilization rates of ATIGA, one of the oldest and therefore most familiar FTA in the Asia and Pacific region has been in a range of 50% from 2018 to 2021. Thus, it is an utmost priority to identify best practices and possible convergence in RoO to facilitate an increased utilization of the existing and new FTAs, including RCEP.

One of the perceived advantages of the Regional Comprehensive Economic Partnership (RCEP) is its potential for unifying the “noodle bowl” of diverse rules of origin in the region through its wide membership, cumulation provisions, and the establishment of a common set of rules among member economies. Yet, studies have found that these gains are not automatic as they largely depend on further convergence on proof of origin and related administrative requirements. RCEP adopts, in the short run, a proof of origin system based on certifying authorities and certificate of origin (CO) rather than self-certification, adding another CO to the pile of existing ones under the ASEAN+1 FTAs.

Different proofs of origin are applicable in the region under the CPTPP, the bilateral agreements that some Asian countries have signed with large trading partners such as the European Union (EU) and the United States (US), the initiatives under ASEAN on E-CO (ASEAN Single window) and the Asia Pacific Economic Cooperation (APEC) region. The drafting complexity of the RCEP’s Article 3.16 on proof of origin with different practices and timetables adopted by partners is revealing the various school of thought in this area.

This side event will showcase ADB’s work in this area highlighting the need to identify convergence and best practices in order to undertake the necessary reforms towards a more trade facilitating RoO administration in Asia and the Pacific.

Private sector stakeholders will discuss the day-to-day realities that firms are facing to comply with different COs, E-CO initiatives and self-declaration and related requirements. Experts will also provide valuable insights on the cost and challenges of compliance with proof of origin

¹ Crivelli, Inama and Pearson (2022), An Analysis of Product-Specific Rules of Origin of the Regional Comprehensive Partnership Agreement, ADB. Manila

² Inama, Crivelli, and 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*, Volume 17, Issue 6 (2022) pp. 248 – 251

under the various FTAs. These are not limited to rules of origin but also to documentary evidence related to direct shipment, third country invoicing, and other related procedures.

The discussions will contribute to ADB's ultimate objective to propose a practical way forward towards convergence and simplification on proof of origin and related administrative procedures in Asia and the Pacific.

Agenda as of 17 August 2022

A WAY FORWARD ON PROOF OF ORIGIN AS CONCRETE TRADE FACILITATING MEASURE	
1 September 2022 (Thursday)	
08:50–09:00	<i>Registration</i>
09:00–09:40	<p>Session 1: Market access, rules of origin and utilization rates in Asia and the Pacific</p> <p><i>A trade facilitating policy recommendation agenda for RCEP and FTAs in the Asian region: Convergence on rules of origin and operational certification procedures (20min)</i> Presenter: Pramila Crivelli, ADB</p> <p><i>Lessons learned from utilization rates (15min)</i> Presenter: Stefano Inama, UNCTAD</p> <p>Q&A (5min)</p>
09:40–10:20	<p>Session 2: The quandary of proof of origin – Overview and implementation challenges</p> <p><i>The quandary of proof of origin - An overview (10min)</i> Presenter: Stefano Inama, UNCTAD</p> <p><i>E-Certificates of Origin – New developments (10min)</i> Presenter: Armen Manukyan, UNESCAP</p> <p><i>Proof of origin implementation challenges – Experiences from ASEAN and Viet Nam (13min)</i> Presenter: Manh Ha Phan, ADB consultant, Former ASEAN Secretariat</p> <p>Q&A (7min)</p>
10:20–10:30	<i>Coffee break</i>
10:30–11:30	<p>Session 3: Evidence from private sector</p> <p><i>Challenges in complying with rules of origin and administrative requirements (15 min)</i> Presenter: Felicia Gan, Deloitte Singapore</p> <p><i>A private sector perspective (15min)</i> Presenter: Pier Paolo Ghetti, Deloitte</p> <p><i>The case of Fonterra, New Zealand (15min)</i> Presenter: Kit Hickey, Fonterra</p> <p>Q&A (15min)</p>

11:30–12:00	Session 4: Way forward: A RCEP policy and capacity building agenda <i>The session will discuss the way forward for concrete policy that could be undertaken by Asian policy makers leveraging on WCO, WTO and regional best practices including ADB support to this effect</i> Moderator: Pramila Crivelli, ADB Panel discussion: All experts (20min) Q&A (7min) Closing by ADB (3min)
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