

APEC Pathfinder Initiative for Self-certification of Origin

Nature of the proposal

To cut compliance costs for businesses and fulfill APEC Leaders' direction to promote the use of high-quality FTAs/RTAs, we propose APEC to launch a Pathfinder Initiative on Self-Certification of Origin. The initiative would involve: 1) APEC pathfinder participants agreeing to practice self-certification with FTA partners based on a set of common operating guidelines; and 2) A capacity building program to encourage adoption and ensure successful implementation.

Common Operating Guidelines

Under this Pathfinder Initiative, APEC economies will 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:

1. Implementation is based on individual economy circumstances and its relationship with its respective FTA partner.
2. The trader's declaration of a product's economy of origin is accepted in good faith by the importing authority.
3. The declaration is allowed to be made on an invoice, company letterhead, or other format as agreed to between the partner economies.
4. 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.
5. Comprehensive and effective legislation that contains adequate penalties against the importer is required to deter false declarations and enable recovery of customs duties due.
6. Claiming procedures between importer and importing authority are conducted electronically to reduce paper work.
7. 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.

Assistance in achieving the Bogor Goals or other APEC priorities

This pathfinder initiative is in support of the direction set by both APEC Leaders and Ministers in their 2008 Leaders' Declaration and Annual Ministerial Meeting Statement to accelerate Regional Economic Integration (REI) Agenda in the Asia-Pacific, with a view to promoting continued growth and recovery from the global economic slowdown.

Self-certification is a one-step process which greatly reduces the administrative burden of trading for APEC-based businesses, including small and medium-sized businesses, and enables them to better take advantage of preferential tariff rates offered under FTA arrangements, and in turn support the Bogor Goals of free and open trade and investment.

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

Implementation of the initiative

The initiative will begin once the minimum number of participant economies is reached (25% for an interim pathfinder for one year or 50% for a full pathfinder).

Indicators against which progress will be measured

Progress of the initiative will be measured against

- a. the number of economies participating in the pathfinder
- b. the number of free trade agreements permitting self-certification.

Participating economies at commencement

- Australia
- Canada
- Japan
- Korea
- New Zealand
- Singapore
- United States

Existing business support for the initiative

In its 2008 *Report to Leaders*, ABAC stressed that removing impediments to the efficient movement of goods at the border is critical to trade in the region. It added that regional business cannot maximize the benefits of improved market access and reduced tariffs provided by FTAs and RTAs, without efficient and cost effective border management regimes that enhance the ease and speed of moving goods and services among APEC economies.

Communication strategy

The proposed communication strategy will encompass the following:

- advice to ABAC outlining the aim and content of the initiative;
- use of relevant websites by participating economies to give the initiative wide exposure;
- regular reports to relevant APEC fora and sub-fora on progress;
- etc.

Strategy to achieve participation by other APEC members

Participating economies will work with various interested parties to develop a capacity-building program. The program will include components such as:

- comparative implementation experiences
- legal and institutional mechanisms to support a self-certification regime
- best practices for confidence building and risk management
- verification and audit techniques
- stakeholder outreach

Schedule for review

If this pathfinder proposal starts as an interim initiative, it will be reviewed at every meeting of the Committee on Trade and Investment. If it attracts sufficient membership for a full pathfinder, normal review provisions will apply.