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Origin & the SME: Trade Facilitation Disaster  
or Trade Facilitation Opportunity?

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# Origin & the SME: Trade Facilitation Disaster or Trade Facilitation Opportunity?

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# Origin & Trade Facilitation

- Trade facilitation that includes but is larger than Art. V, VIII and X
- Private sector perspective
- Origin practitioner's experience – nothing but trouble

# The Well Documented Origin Universe

- Nearly 400 RTA by 2011
- Not just number but size & quality (China, USA, India, Korea, EU...)
- Duty free treatment for significant majority of world trade – **subject** to rules of origin
- Regionalizing multilateralism - not the other way around

# Implications of ROO Anarchy

- In isolated cases wherein there is only one product for all clients over time – maybe not so bad
- Majority – dynamic, flexible, fast supply chain
- Complexity – Confusion – Cost

# Implications of ROO Anarchy

- Not just “in” a corporation but “within” a whole multinational (i.e. centralized global perspective)
- Also across and between companies and their suppliers.
- No end in sight – expanded & extended cumulation (ARO!!??)

# Origin Administration

- Other a few guidelines in the Revised Kyoto Convention (RKC) there is only multiplicity without multilateral disciplines
- Documentation – Certification – Verification (notwithstanding OECD)
- Neither non-preferential nor preferential

# Unilateral Solutions (?) to a Two-Dimensional Problem

- A central origin dilemma – balancing the rights and obligations of the producer and the importer
- Much more than determining the transaction value (check the importer's GL) or tariff classification (look at the product) origin relies on exporter information



# Unilateral Solutions (?) to a Two-Dimensional Problem

- The EU move from certifying entities to self-certification – why?
- US “importer” certification regime – what is the problem?
- “private verification” on certain exports to Mexico – doubling the cost without reducing liabilities
- Contract clause proliferation

# The Result: Preference Liability Paranoia – What can be done?

- Especially hard on the SME
- Initiate origin administration standardization under LDC DFQF process
- Develop INCOTERMS for origin including rapid arbitration mechanisms for duty liabilities

# What can be done?

- Support e-origin solutions: Harmonized System artificial intelligence systems
- E-commerce origin determination systems including supplier communications programs
- Innovative certifying solutions: British Chamber of Commerce (Japan, Korea, Dutch – closer to the exporter)

# Multiplier Benefits of ROO

- Origin, from the private sector perspective, is essentially about supplier management
- Robust origin systems are beginning to be used alternative objectives
- Why? The objective is ROO determination – **the method is complete process & input visibility**

# The Province of Provenance

- Lowest cost supplier (**with** origin literacy)
- Credit Risking
- **Traceability** (and related supporting documentation) in all its forms:
- REACH/EU fish traceability – IUU/biocidals
- Product standards (US wood and other consumer standards)- **CERTIFICATION**

# [ The Province of Provenance ]

- Country of origin markings and other MFN applications (NAFTA's 10)
- Geographic designations/export credit
- Buy America – Buy China regimes (military procurement & cast products?)

# From “Ugly Duckling” to “Swiss Army Knife”

- Allow co-equal rules of origin & expand cumulation
- Standardize origin administration and “mutulize” (!! ) origin liability
- Embrace e-origin & centralize the “traceability” function