

ASEAN FOR BUSINESS

Bimonthly Bulletin

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In Focus: Rules of Origin (ROO) under the Regional Comprehensive Economic Partnership (RCEP)



The Regional Comprehensive Economic Partnership (RCEP) has entered into force on 1 January 2022. The Agreement encompasses 30% of the global GDP and 30% of the world population and aims to establish a modern, comprehensive, high-quality, and mutually beneficial economic partnership that will facilitate the expansion of regional trade and investment. One of the biggest breakthroughs made under RCEP is the Rules of Origin (ROO), as it will further solidify the region under the Agreement as a single production base and market.

The ROO Chapter in RCEP aims to ensure that only goods that meet the origin criteria receive RCEP's preferential rates of customs duty set out in the importing Party's Tariff Reduction Schedule. The ROO Chapter has two sections: (i) Section A: Rules of Origin and (ii) Section B: Operational Certification Procedures (OCP). The ROO Chapter has two annexes: (i) the Product-Specific Rules (PSR), which cover all tariff lines at the HS 6-digit level; and (ii) the Minimum Information Requirements, listing the required information for a Certificate of Origin (CO) or a Declaration of Origin (DO). The table below summarises the key competitive edge of ROO in RCEP compared to other ASEAN Free Trade Agreements (FTAs).

About the Bulletin

ASEAN for Business is a bulletin published by the Enterprise and Stakeholder Engagement Division of the ASEAN Secretariat.

This bimonthly bulletin provides quick updates on specific topics related to the ASEAN Economic Community (AEC) for businesses operating in the region.

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Table 1. RCEP's Key Competitive Edge compared to ATIGA and other ASEAN FTAs in terms of ROO

| ROO Details | RCEP | ATIGA | ASEAN+1 FTAs |
|--|------|----------------------------|--|
| Includes declaration of origin by approved exporters and the declaration of origin by all exporters or producers. | √ | by approved exporters only | X |
| Includes provisions to develop an electronic system for origin information exchange | √ | √ | X |
| Includes a full list of the PSR which cover all tariff lines at the HS 6-digit level | √ | X | Only AANZFTA |
| Allows the application of Chemical Reaction Rules for specific tariff lines in equal manner to other rules | √ | X | Only AANZFTA, and applied in sequential manner to other rules. |
| Allows Indirect and Direct formula for RVC Calculation | √ | √ | Only ACFTA and AJCEP use indirect formula |
| More categories of minimal operations that do not confer origin in the minimal operations and processes | √ | X | X |
| Treats an Indirect material ¹ as an originating material without regard to where it is produced | √ | X | ACFTA, and AKFTA disregard neutral elements |
| Includes provision where a non-originating material undergoes further production that confer originating status, that material will be treated as originating when determining the originating status of the subsequently produced good. | √ | X | X |
| Allows post-importation claim for preferential tariff treatment, subject to RPCs' domestic laws and regulations | √ | X | X |

Benefits of ROO under RCEP Rules for Business

i. Easier Identification of Originating Goods

According to the ROO under the RCEP, the 15 RCEP participating countries (RPCs) are treated as one economic region. As long as one RPC processes materials or goods originating from other RPC, the materials can be regarded as originating in the processing country. In this way, the materials' value components from any RPC will be considered to be accumulated in the value of goods of the final production. Goods that would not have been identified as originating goods in other FTAs are easier to be deemed as originating goods after RCEP enters into force.² As a result, businesses are able to enjoy more tariff concessions.

The full flow chart to determine RCEP country of origin of a good is available [here](#).

ii. Optimization of the Industrial Chain and Division System

The RCEP provides a single set of rules and procedures for accessing preferential tariffs across the region and have more categories minimal operations that do not confer the origin. These enable businesses to optimize their business processes in a much flexible manner, hence reinforce their increasing participation in the region-wide supply chains

Proofs of Origin (POs) under RCEP

The preferential tariff treatment under the RCEP can be obtained using the following agreed POs:

¹ "Indirect material" means a good used in the production, testing or inspection of another good but not physically incorporated into that other good, or a good used in the maintenance of buildings or the operation of equipment associated with the production of a good, including fuel, energy, lubricant, tools, dies, mould, etc.

² Sean Jia & Jing Ning. What are the Highlights of RCEP Cumulative Rules of Origin. Published on <https://www.allbrightlaw.com/EN/10475/621866ffa1744ca3.aspx> on 08 January 2021

i. Certificate of Origin (CO)

An exporter, a producer, or their authorised representatives may apply in writing or by electronic means to the issuing body of an exporting party ([listed here](#)) with supporting documents proving that the export commodity qualifies for the issuance of a CO. Afterward, the authorised body will issue the CO in [this format](#).

ii. Declaration of Origin (DO)

Approved exporters, any exporters and producer³ can use any format for a DO, provided that it contains all relevant information as specified in the Minimum Information Requirements.

iii. Back-to-Back PO

The authorised body may issue a back-to-back CO, whereas an approved exporter or any exporter of an intermediate Party may issue a back-to-back DO in accordance with Article 3.19 of the Agreement. In case of the back-to-back DO is issued by an approved exporter, it should be completed only for goods for which the approved exporter has been allowed to do so by the competent authority of the intermediate Party.

When can Business take advantage of the ROO under the RCEP?

With the entry into force of the RCEP Agreement on the 1st January 2022, the RCEP ROO now applies to RPCs who have completed the ratification of the RCEP ([listed here](#)).

More Information

- The full text of Chapter 3: Rules of Origin of the RCEP is available [here](#).
- Other RCEP ROO documents for reference can be accessed [here](#).
- For more information please send your queries to: RCEPASEC@asean.org

³ The implementation of DO by any exporter and producer will be enforced gradually over 10-20 years period.

Recent Updates

ASEAN Pavilion in World Expo 2020, Dubai, UAE

At the cordial invitation of the United Arab Emirates, [ASEAN participates in the World Expo 2020 in Dubai from 1 October 2021 to 31 March 2022](#). The ASEAN Pavilion's theme is "Creating Opportunities for the Peoples of ASEAN" and showcases the ASEAN regional integration journey in the past 55 years, including highlighting how the ASEAN Community benefits its citizens and the global community. On 13 December 2021, ASEAN observed its Honour Day in the World Expo with the presence of the Secretary-General of ASEAN, H.E. Dato Lim Jock Hoi, and the UAE Minister for State, as well as bilateral ambassadors of ASEAN Member States to UAE. Over the 6-month duration of participation, the ASEAN Pavilion is expected to receive about 30,000 global visitors. All ASEAN Member States (AMS) also have participated in this World Expo, with each national pavilion exhibiting their respective identity, socio-culture and economic narratives. The ASEAN Pavilion can be viewed virtually on this [link](#).

The Launching of ASEAN Access MATCH

[The ASEAN Coordinating Committee on Micro, Small and Medium Enterprises \(ACCMSME\) launched the ASEAN Access MATCH on 25 January 2022](#). The ASEAN Access MATCH is a business matching platform that aims to boost trade and investment opportunities within and beyond the ASEAN region. It is a new feature recently added on the [ASEAN Access](#), the online portal for business information on trade and market access in ASEAN launched in June 2021. The ASEAN Access MATCH offers registered members of the ASEAN Access platform the opportunity to be a part of the international business community and creates visibility for their businesses beyond the region. Regional and international business organisations are invited to join the network of the ASEAN Access as regional partners to organise internationalisation activities for businesses through the ASEAN Access platform. Interested organisations may

reach out to info@aseanaccess.com. The ASEAN Access and, by extension, MATCH is an initiative spearheaded by the Office of SMEs Promotion of Thailand and supported by the Federal Government of Germany through the German Agency for International Cooperation (GIZ).

The Fourth Industrial Revolution Webinar

[ASEAN held a webinar to discuss the Consolidated Strategy on the Fourth Industrial Revolution \(4IR\) for ASEAN](#) which was adopted by the ASEAN Leaders at the 38th Summit in October 2021. The Consolidated 4IR Strategy provides a clear narrative on how the ASEAN Community intends to progress digital transformation and embrace new technologies in a comprehensive manner, for the benefit of ASEAN Economy and the wider society. The Development of the Consolidated Strategy was inclusive, involving all relevant sectoral bodies and broader stakeholders across the three pillars of ASEAN Community and supported by the ASEAN-Australia Development Cooperation Program Phase II (AADCP II). The webinar can be viewed on this [link](#).

The 7th ASEAN Economic Community (AEC) Dialogue.

[ASEAN held the 7th ASEAN Economic Community \(AEC\) Dialogue on 17 February 2022](#). The Dialogue discussed the findings and recommendations in the ASEAN Business Sentiment Study 2020/202 that gauged the ongoing sentiment of the ASEAN indigenous enterprises towards the AEC, particularly the implementation of the AEC Blueprint 2025. The dialogue consisted of three key sessions which discussed the specific findings of the study with the focus on two areas including Tourism Services and Financial Services. The study was conducted by Ipsos Strategy 3 and supported by the ASEAN Australia Development Cooperation Programme Phase II (AADCP II). The dialogue was attended by total of 90 participants from government agencies, business councils, and individual companies.

Upcoming Events

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|---|--|
| 12 th Meeting of the Committee of the Whole for the ASEAN Economic Community (CoW) | Virtual, 3-4 March 2022 |
| 28 th ASEAN Economic Ministers' (AEM) Retreat | Virtual, 16-17 March 2022 |
| 80 th ASEAN Coordinating Committee on Investment Meeting | Virtual, 22-24 March 2022 |
| 4 th Meeting of the Economic Officials of Permanent Missions of ASEAN Member States to ASEAN in 2022 | Virtual, 20 April 2022 |
| 36 th Coordinating Committee on Customs (CCC) | Virtual, 26-28 April 2022 |

ASEAN Notional Calendar

Full ASEAN Notional Calendar 2022 as of February 2022 can be accessed in this [link](#).