

## The Importance of Rules of Origin (ROO) in Facilitating AANZFTA Trade and Its Utilization

### Why are Rules of Origin Important under AANZFTA?

Like other free trade agreements, AANZFTA provides for the progressive reduction and elimination of tariffs. However, AANZFTA's preferential tariff commitments only apply to those goods exported from an AANZFTA Party and imported into another AANZFTA Party that meet the AANZFTA Rules of Origin. AANZFTA Rules of Origin (ROO) establish the criteria that will determine whether goods will be given preferential tariff treatment under the AANZFTA.

### How can awareness and understanding on ROO contribute to the AANZFTA and ASEAN Economic Community (AEC) goals of regional economic integration?

Stakeholders can better utilize and benefit from AANZFTA when they understand AANZFTA ROO, including how to access and navigate its procedures. Clear criteria for preferential tariff eligibility help businesses to plan their production and importation strategies. This encourages more trade amongst businesses in the AANZFTA region, fostering broader regional economic integration.

Delays in processing shipments can be avoided if customs and frontline authorities issuing, receiving, and processing Certificates of Origin (COs) have a good understanding of the ROO under AANZFTA. Authorities who are aware of the AANZFTA ROO can quickly assess products and correctly apply AANZFTA preferential tariff to importers and exporters who meet the AANZFTA ROO.

### What has the AANZFTA Economic Cooperation Support Program (AECSPP) done to assist countries' understanding of ROO under AANZFTA?

AECSPP supported a project on Development of Training Modules and Training for Trainers on AANZFTA Rules of Origin to enhance the knowledge, understanding, and skills of relevant agencies directly implementing the provisions of AANZFTA ROO (e.g. issuing authorities, customs authorities, and other authorized entities). The project implemented planned steps to ensure sustained improvements in the capacities of each AANZFTA Party to conduct training in ROO using their own staff. It successfully delivered the following:

- Developed AANZFTA ROO train-the-trainer modules in 2012 and, thereafter, translated these modules in Indonesian, Lao, Thai, and Vietnamese languages from 2013 to 2015. Translation to Khmer and Myanmar languages is ongoing.
- Conducted a regional training-for-trainers workshop for government officials from ASEAN Member States. Following this workshop, trainers were able to use the AANZFTA ROO training modules to run in-country training in their respective countries.
- New trainers conducted in-country training to about 400 frontline actors and end-users, including exporters and chambers of commerce, in Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Thailand, and Viet Nam (2014 to 2015), with the project providing mentoring and support for the trainers.



Future trainers during the in-country AANZFTA Rules of Origin train-the-trainer sessions.

### What are examples of outcomes from the ROO training?

- Thailand and Malaysia are using the ROO training modules in their respective in-house training programs for customs officials. ROO training has been rolled-out to provinces and customs officials in Cambodia. In Myanmar, an internal workshop for 50 participants was conducted immediately after the trainees attended the regional training-for-trainers workshop.
- Trainees improved their understanding and confidence in using ROO in their work. Knowledge and skills learned from the ROO training allowed Indonesian and Cambodian trainees to contribute in developing their country positions during trade negotiations with AANZFTA Parties.
- In Thailand, the participation of both government and private sector representatives during the in-country training helped establish a common understanding on ROO. This led to a smoother working relationship between government and the private sectors, and expedited resolution of ROO problems and issues.

### For more information, visit:

#### AANZFTA Website (Chapter on ROO):

<http://aanzfta.asean.org/index.php?page=chapter3>

#### AANZFTA Tariff and ROO Product Specific Rules (PSR) Finder:

<http://aanzfta.asean.org/>

#### AANZFTA Primer on ROO (in English, Khmer, Lao, Myanmar, and Vietnamese):

<http://aanzfta.asean.org/index.php?page=guides>

#### First Protocol to Amend the Agreement Establishing the AANZFTA:

[http://aanzfta.asean.org/uploads/docs/AANZFTA\\_1st\\_Protocol/2014.08.26\\_AANZFTA\\_First\\_Protocol\\_%28body%29\\_-\\_signed.pdf](http://aanzfta.asean.org/uploads/docs/AANZFTA_1st_Protocol/2014.08.26_AANZFTA_First_Protocol_%28body%29_-_signed.pdf)

