



**Committee on Rules of Origin**

**CERTIFICATION OF ORIGIN AND THE UTILIZATION OF TRADE PREFERENCES  
BY LEAST DEVELOPED COUNTRIES**

NOTE BY THE SECRETARIAT<sup>1</sup>

**1 INTRODUCTION**

1.1 Previous notes by the Secretariat have shown that a significant proportion of imports originating in Least Developed Countries (LDCs) do not receive preferential tariff treatment despite being eligible for preferences under at least one preferential trade arrangement (PTA). While the overall proportion of non-utilization varies across LDCs and across arrangements, *underutilization* also affects goods subject to a simple origin criterion (i.e., "wholly obtained" goods). As a result, it is plausible that, in addition to the origin criterion, utilization is also influenced by the ability of LDC producers to comply with other factors, such as direct consignment requirements and origin certification obligations.

1.2 After a first study on consignment requirements<sup>2</sup>, this note focuses on Members' requirements related to the certification of origin (proof of origin) and explores the possible effects that such requirements have on the utilization of non-reciprocal trade preferences by LDCs.

**2 BACKGROUND: TYPES OF PROOFS OF ORIGIN (THIRD PARTY CERTIFICATION AND SELF-CERTIFICATION)**

2.1. Customs authorities in preference-granting Members will only grant tariff preferences qualifying goods. In practice, goods will deem to have qualified or "originated" in a beneficiary LDC if they simultaneously satisfy three distinct origin requirements:

- (i) Origin criteria: a good shall either be "wholly obtained" in a beneficiary country or, must be the result of a "substantial" or "sufficient transformation" if parts and components from other sources are used;
- (ii) Proof of origin: goods must carry documentary evidence that they meet the prescribed origin criteria (either a certificate or a statement/declaration of origin); and
- (iii) Transportation requirements: a good must not be altered during its transit or consignment to the preference-granting country and should, as a result, either be consigned directly (no transit) or must demonstrate that it has not been manipulated during its transportation (in case of transit).

2.2. Proofs of origin are, as a result, an essential pillar of rules of origin enforcement. Proofs of origin can be of two types:

- (i) Third-party certification: the origin of the goods and their compliance with specific origin criteria is attested by a designated or mutually recognized authority by means of a "certificate of origin";
- (ii) Self-certification: the origin of the goods and compliance with specific origin criteria is attested by the producer or exporter of the goods (or, in some cases, the importer) by means of a statement, declaration, invoice or some other commercial document.

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<sup>1</sup> This document has been prepared under the Secretariat's own responsibility and is without prejudice to the positions of Members or to their rights and obligations under the WTO.

<sup>2</sup> Secretariat note [G/RO/W/187/Rev.1](#).

2.3. As can be seen, the main differentiating factor between both types lies with who carries the responsibility for attesting origin (either an external third party or the trade operator).

2.4. In the case of third-party certification, the operator must apply for a certificate with a local certifying authority. Most often, that authority is the Ministry of Trade, Customs or, sometimes, the local chamber of commerce. There might be more or less cumbersome procedures and documentary requirements which need to be satisfied for the application and processing of the certificates (requirements of the local certifying authority in the *exporting* country). After receiving the prescribed documentation, the competent authority verifies whether the goods under consideration meet the applicable origin criteria. If so, the authority issues a certificate of origin according to the prescriptions of the *importing* country (how such a certificate should look and the minimum information it needs to contain).

2.5. In the case of self-certification, it is the economic operator who carries the responsibility for attesting the origin of goods. Different operators may be designated to carry that responsibility: the producer, the exporter, or the importer. Here too, there might be different requirements concerning the format of the declaration itself and the minimum information it must contain (requirements of the *importing* country). Sometimes, operators may need to be registered before being allowed to self-certify. In that case, additional registration procedures would also apply (according to the requirements of the local authority responsible for registration in the *exporting* country).

2.6. As described above, the two systems differ in the way they operate and, thus, both have advantages and disadvantages. There is a clear difference in the way the legal responsibility is attributed. Self-certification requires economic operators to internalize knowledge and build their capacity to identify, interpret and apply rules of origin. The operator must keep proofs and records and be prepared for a verification. The complexities involved with building this capacity or the fear of verification and penalties may cause businesses to prefer not claiming (that is, not using) a preference.

2.7. Third-party certification, on the contrary, relies on the knowledge and capacity of an external competent authority. However, third-party certification requires the application, treatment, approval, and issuance of a document. As a result, it requires businesses to deal with paperwork (commercial invoices, contracts with manufacturers, packing lists, bill of lading, etc). Oftentimes, that paperwork comes with costs (fees, prior registration or inspections and factory visits as a prerequisite). Sometimes the certifying agency may not be present throughout the territory of the exporting country, so travel time and additional costs may be incurred. Sometimes, the names, signature or stamps of the certifying authority might need to be communicated before to the importing country. As for self-certification, the operator must keep proofs and records and be prepared for a verification. The delays and costs associated with the application procedure, may cause businesses to prefer not claiming (that is, not using) a trade preference.

2.8. In addition to the complexities, delays and costs associated with each type of proof of origin, it is worth recalling that operators are likely to face with a multiplicity of different requirements because each preferential arrangement and each importing country will have its own specificity and requirements.

### **3 ESTIMATING THE COSTS OF CERTIFICATION OBLIGATIONS**

3.1. Generally, it is accepted that origin-related compliance costs consist of:

- a) distortionary costs (costs associated with possible modifications of production structure or supply chains to be able to comply with product-specific origin criteria); and
- b) administrative costs (associated with the paperwork and procedures needed to prove origin or non-manipulation during transportation)<sup>3</sup>.

3.2. While distortionary costs relate to changes in production processes induced by preferential origin criteria, administrative costs relate more directly to the costs related to satisfying procedural

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<sup>3</sup> Cadot, O., and De Melo, J., 2007, "Why OECD countries should reform rules of origin".

and documentary obligations. Certification of origin can represent a significant component of such costs.

3.3. Different research papers attempted to estimate the costs associated with the utilization of trade preferences. Table 1 summarises<sup>4</sup> some of the more recent estimates.

**Table 1: Estimating the costs of complying with rules of origin (recent studies)**

Author	Main Findings
Carrère & De Melo (2004)	A $\approx$ 10% preference margin is required to compensate for compliance costs incurred by Mexican exporters
Cadot, et al. (2005)	The border price of Mexican products has risen 12% in order to compensate the compliance costs of rules of origin under NAFTA
Anson, et al. (2005)	Average compliance costs were estimated at around 6% under NAFTA
Carrère & De Melo (2006)	NAFTA compliance costs of rules of origin were estimated to be 5.6% for textile and apparel and 3.2% for all final products on average
Manchin (2006)	Compliance costs in African, Caribbean, and Pacific (ACP) are between 4% to 4.5%
Hayakawa (2011)	Average tariff equivalent of fixed costs for the use of a free trade agreement among all existing FTAs equals to 3.2%
Cherkashin et al. (2015)	Fixed costs estimated at 4,240\$
Albert and Nilsson (2016)	Potential fixed costs range from €20 to €260.

3.4. Certain studies estimated the absolute value of utilization costs. Albert and Nilsson (2016) quantify the fixed costs of using preferences based on transaction level data of EU exports. By employing a regression kink model, they find that the potential fixed costs thresholds are quite heterogeneous and vary significantly (from €20 to €260)<sup>5</sup>. The authors consider that between those two thresholds, it is more likely that the value of the duty savings is higher than the fixed costs of using the preferences and therefore, that it is more likely that the preferences will be used. Cherkashin et al. (2015) apply data on the woven apparel sector in Bangladesh to estimate various fixed costs (costs of entering the industry, costs of production as well as the documentation costs) and find that the documentation costs of meeting rules of origin are relatively low and correspond to \$4,240 while the costs of entering the industry are around \$77,000<sup>6</sup>.

3.5. These studies, however, have not tried to isolate the costs associated with certification of origin only. Moreover, as can be seen in Table 1, compliance costs differ from one context to another depending on the stringency of national requirements but also on the capacity of businesses to conform with such requirements.

3.6. In addition to these studies, the International Trade Centre conducted a survey on non-tariff measures<sup>7</sup>. Businesses in different countries were asked to name the most frequent trade barriers they faced. Rules of origin were reported to be the top barrier for businesses trading in manufactured goods (35% of participating businesses reported problems in this area, whereas sanitary and phytosanitary regulations came first for businesses trading agricultural products). Interestingly, the regulations of the *exporting* country were frequently reported to be more problematic than those of the importing country. This is further confirmation that there is a link between the ease of proving origin and the decision by businesses to utilize or not trade preferences.

## 4 E-CERTIFICATES OF ORIGIN AND THE USE OF BLOCKCHAIN

4.1. Conscious about that link, several governments have been taking measures to reduce delays and costs associated with trade documents. One avenue has consisted in the wider use of automation, the Internet and digitalization (paperless trade). Such reforms are often part of wider national or regional trade facilitation strategies. Such efforts have often been initiated or accelerated during the COVID-19 pandemic to cater for restrictions on the movement of people or physical

<sup>4</sup> Adapted from Crivelli, Pramila A., 2022, "[Assessing Practices of Proof of Origin and Digitalization](#)".

<sup>5</sup> Albert, C., and Nilsson, L., 2016, "[To use, or not to use \(trade preferences\) that is the question, Estimating the fixed cost thresholds](#)".

<sup>6</sup> Cherkashin, I., Demidova, S., Kee, H., and Krishna, K., 2015, "[Firm Heterogeneity and Costly Trade: A New Estimation Strategy and Policy Experiments](#)".

<sup>7</sup> ITC 2015, "[The Invisible Barriers to Trade how businesses experience non-tariff measures](#)".

documents. In the area of origin, such efforts have translated into the introduction of "e-certificates of origin" and, sometimes, projects involving blockchains.

4.2. For instance, the Southern African Development Community (SADC) approved an "e-Certificate of Origin Framework" in 2019 to reduce the time needed for the manual processing of certificates of origin and increase intra-regional trade flows<sup>8</sup>. Similarly, the Council of Ministers of COMESA introduced the COMESA eCO system to start replacing paper documents and piloting e-certificates of origin<sup>9</sup>.

4.3. E-certificates of origin provide various advantages over their paper versions. They may speed up the processing of applications by eliminating travel and queueing time and they may eliminate the need for paperwork during the application process. Such systems can significantly reduce the paperwork involved in the manual processing of applications. In addition, e-certificates are equipped with specific security features such as optical watermarking technology to distinguish originals from copies, digital rubber stamps, 2-D barcodes, QR codes, etc.<sup>10</sup> Such features make the e-certification systems secure and trustworthy and can therefore help reduce origin related fraud.

4.4. Having said this, there is no international standard or definition of "e-certificates of origin". In reality, "e-certificates of origin" may cover very different practices. For instance, should the application for an e-certificate be fully digitalized and online? Should businesses applying for an e-certificate be registered before applying? What format and minimum-security features should e-certificates contain? Would the introduction of digital certificates require amendments to existing regional trade agreements in which paper certificates had been prescribed? Finally, how can certifying entities ensure the widest possible acceptance their own e-certificates? Such questions and the underlying technical difficulties mean that governments must be able to create a wider, enabling environment for e-certificates to operate optimally.<sup>11</sup>

4.5. An additional, more recent trend during the last few years has been the use of distributed-ledger technology (DLT) (commonly known as blockchains) in the certification process. The real revolution is to move from documents to data. A few examples include:

- a) In 2018, the world's first blockchain-based platform for electronic certificates of origin was introduced by the Singapore International Chamber of Commerce and cross-border trade facilitation solutions provider vCargo Cloud<sup>12</sup>;
- b) In 2018, a blockchain pilot project "Trade Logistics Pipeline" covered four trade related documents, including certificates of origin, to ship flowers from Kenya to the Netherlands<sup>13</sup>;
- c) In 2021, the Australian Border Force, the Infocomm Media Development Authority of Singapore (IMDA), and Singapore Customs, concluded a blockchain trial to issue and verify digital trade documents across two independent systems. QR-codes were inserted into digital Certificates of Origin, enabling immediate verification for authenticity. The trial proved that the certificates of origin could be issued and verified digitally across two independent systems<sup>14</sup>.

4.6. In summary, e-certificates, if implemented successfully, could be an avenue to reduce the delays and costs associated with the certification of origin. By doing so, e-certificates could lower compliance costs for businesses, including the increased utilization of trade preferences.

<sup>8</sup> [Southern African Development Community \(SADC\) Webpage](#).

<sup>9</sup> [Africa Business Communities Webpage](#).

<sup>10</sup> International Chamber of Commerce, "[The ICC Guide to Authentic Certificates of Origin for Chambers of Commerce](#)".

<sup>11</sup> WTO and WEF, "[The promise of TradeTech: Policy approaches to harness trade digitalization](#)".

<sup>12</sup> [Singapore International Chamber of Commerce](#).

<sup>13</sup> World Customs Organization, 2020, [Comparative Study on Certification of Origin](#)

<sup>14</sup> Infocomm Media [Development Authority of Singapore](#).

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## 5 PROOFS OF ORIGIN IN THE BALI AND NAIROBI MINISTERIAL DECISIONS

5.1. The Bali (2013) Ministerial Decision on preferential rules of origin for LDCs<sup>15</sup> build on this trade facilitation spirit and states that:

*"1.8 With regard to certification of rules of origin, whenever possible, self-certification may be recognized. Mutual customs cooperation and monitoring could complement compliance and risk-management measures."*

5.2. The subsequent Nairobi (2015) Ministerial Decision<sup>16</sup> builds on the same spirit and stipulates that:

*"3.1. With a view to reducing the administrative burden related to documentary and procedural requirements related to origin, Preference-granting Members shall:*

*[...]*

*b) Consider other measures to further streamline customs procedures, such as minimizing documentation requirements for small consignments or allowing for self-certification."*

5.3. The premise of both Ministerial Decisions is that the reduction of the administrative burden associated with origin-related documentary and procedural obligations would help the LDCs to better use trade preferences that are available to them. This is further confirmed by the April 2022 Decision by the Committee on Rules of Origin in which:

*"Members underscore the importance of identifying and addressing as appropriate specific challenges that least-developed countries (LDCs) face, as Members may agree, in complying with preferential rules of origin and origin requirements to effectively use trade preferences.*

*Towards that end, [...] The work of the CRO could include identifying and agreeing upon best practices by all Members on preferential rules of origin and related administrative requirements and further analysing existing origin requirements and the utilization of trade preferences..."*

5.4. Against that context, there could be three distinct commitments contemplated in the Decisions, that is: (i) to consider possible measures to simplify customs procedures; (ii) to consider allowing for self-certification whenever possible and (iii) to consider using facilitated procedures for low value consignments.

## 6 PREFERENCE GRANTING MEMBERS' PRACTICES REGARDING PROOFS OF ORIGIN

6.1. This section describes the practices of preference-granting Members related to proofs of origin. The information is sourced from the notifications submitted to the CRO (G/RO/LDC/N/ series) and complemented with national legislation and other official publications. Annex I summarises the requirements for each preference-granting Member according to specific features:

- a) Whether self-certification or third-party certification is used and whether there is one or more entities designated to issue proofs of origin;
- b) Whether there is a prescribed format for the document;
- c) Whether there are specifications about the language to be used;
- d) Whether the proof of origin should be paper-based or digital; and
- e) Whether there are exemptions from certification obligations in certain cases (such as low value consignments).

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<sup>15</sup> [WT/L/917](#)

<sup>16</sup> [WT/L/917/Add.1](#)

6.2. This is, by no means, an exhaustive list of all features which have a bearing on the stringency or leniency of a certification system. It would indeed be useful to gather more detailed information about these requirements. On the basis of the practices reviewed<sup>17</sup>, two groups of PTAs were established:

- i. Group 1 – PTAs allowing self-certification (in all or most cases): Australia; Canada; European Union; Switzerland; Norway; US (LDC); US (AGOA); and
- ii. Group 2 – PTAs requiring a certificate of origin: Chile; China; India; Japan; Republic of Korea; Chinese Taipei.

6.3. The purpose of establishing these groups is to examine whether certain practices are associated with higher levels of preference utilization.

## **7 ASSESSING THE ROLE OF CERTIFICATION ON PREFERENCE UTILIZATION**

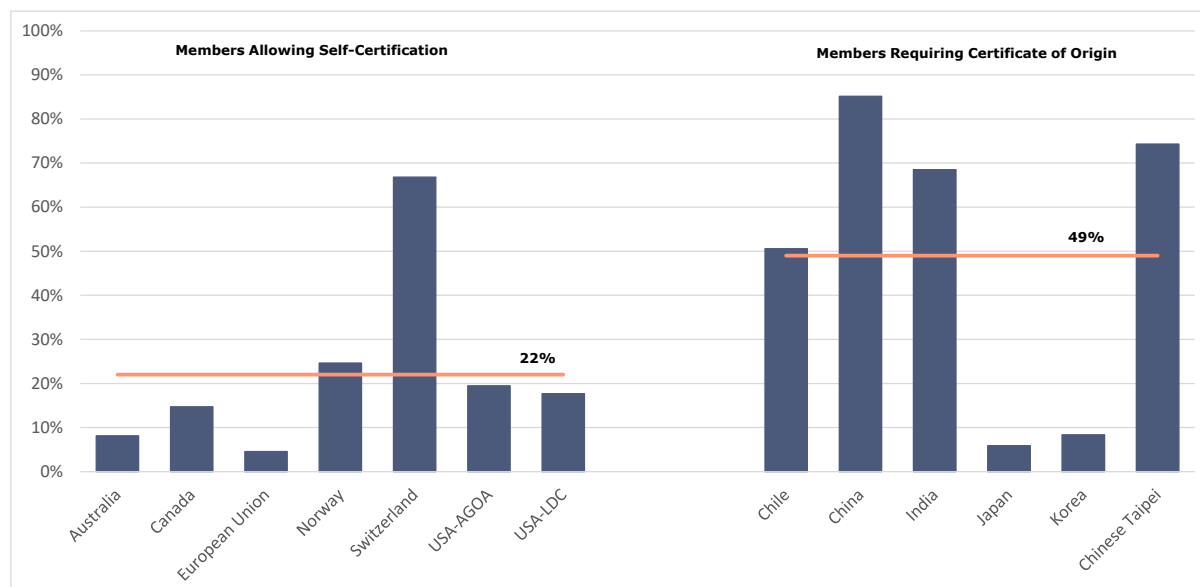
7.1. Import statistics for six years (2015-2020) were considered for preference-granting Members who have submitted complete statistical notifications to the WTO<sup>17</sup>. This multi-year analysis shows that the average *underutilization* rate for Members allowing self-certification (Group 1) is 22%, while the average *underutilization* for Members requiring certificates of origin (Group 2) is much higher at 49% (Graph 1). This seems to indicate that LDC exporters find it easier to utilize preferences when proofs of origin are based on self-certification. However, these figures and this conclusion need to be interpreted with caution since it is not possible to conclude that an overall rate of utilization is exclusively or mainly attributable to the type of certification used. As discussed in previous notes by the Secretariat, a number of additional factors could simultaneously influence businesses' decision to use or not preferences (origin criteria, conditions of consignment and also preference margins, awareness about preferences, value of the consignments, etc.).

7.2. An additional observation about these calculations is that both groups are not entirely homogeneous: Japan and Korea (Group 2) have, in general, low levels of *underutilization* unlike other Members in that group and Switzerland (Group 1) has much higher *underutilization* than other Members of that group.

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<sup>17</sup> The practices of the following preference-granting Members were reviewed: Australia; Canada; Chile; China; European Union; India; Japan; Korea; Norway; Switzerland; Chinese Taipei and US (LDC-GSP and AGOA). The LDC-PTAs of the following preference-granting Members could not be considered since preferential import statistics have either not been notified or are not yet fully integrated yet in the WTO databases: Eurasian Economic Union (Armenia; Kazakhstan; Kyrgyz Republic; and the Russian Federation); Iceland; Montenegro; New Zealand; Tajikistan and Türkiye.

**Graph 1: Average preference *underutilization* (2015-2020) for preference-granting Members requiring a certificate of origin vs preference-granting Members allowing self-certification**



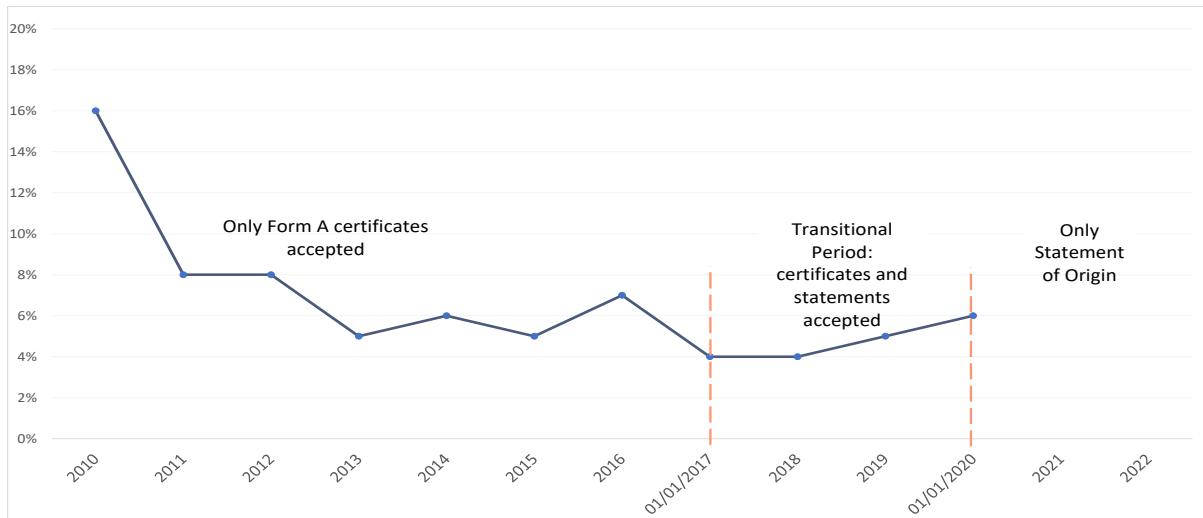
**Note:** The trade weighted *underutilization* rate for each preference-granting Member is calculated, the horizontal line is then the simple average within each group.

**Source:** WTO Integrated Database, 2022.

7.3. To further test the hypothesis that self-certification improves the ability of LDC exporters to utilize trade preferences, three additional calculations were made. The first focused on the EU, the second on the US and Canada and the third one concerned agricultural goods.

7.4. First, the Secretariat analysed the evolution of utilization rates for the EU before and after the introduction of self-certification (EU REX System). In fact, the EU moved away from a third-party certification system (only "Form A" certificates of origin were accepted) and gradually introduced self-certification (only statements on origin by registered exporters are accepted since 1 January 2020). Since all other parameters were kept constant (i.e., the origin criteria and consignment obligations have not changed during that period), one could have attributed any improvement in utilization to the new self-certification system.

7.5. As can be seen in Graph 2, however, the staged shift to self-certification does not seem to have had any significant impact on the overall EU GSP *underutilization* rates. This could be a confirmation that other factors play a larger role in explaining utilization.

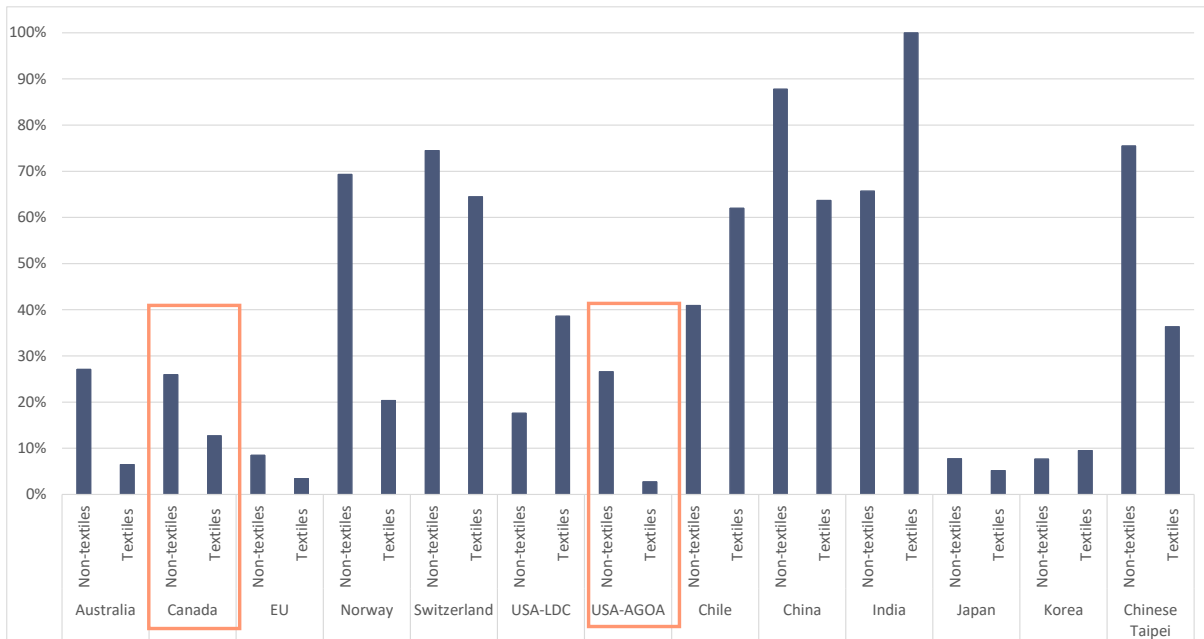
**Graph 2: Preference *underutilization* in the EU (2010-2020)**

**Source:** WTO Integrated Database, 2022.

7.6. The second analysis on self-certification and third-party certification involved an examination of the USA AGOA and Canada GSP schemes. Under both PTAs, exporters of textile and apparel goods must submit a certificate of origin to benefit from preferences whereas exporters of other goods qualify for preferences with self-certification. One could therefore expect to observe better utilization rates for goods for which self-certification is allowed and, on the contrary, higher *underutilization* for textile goods with a third-party certification requirement.

7.7. Calculations revealed the opposite, nonetheless: even though the importation of textile and apparel goods require third-party certification, those products have a better record of preference utilization when compared to other goods. In fact, the *underutilization* rate for textiles and garments is lower than for other goods under almost all PTAs, irrespective of the type of proof of origin used (Graph 3). Ten out of 13 PTAs show better utilization for textiles and garments than for other goods, even though certification procedures are identical for both product groups most of the time. This could confirm, as noted above, that other factors play a more significant role in utilization. In the case of textiles and garments this could be relatively higher MFN tariff rates, small profit margins or better business capacity, for instance.



**Graph 3: Underutilization: textile products vs non-textile products (2015-2020 average)**

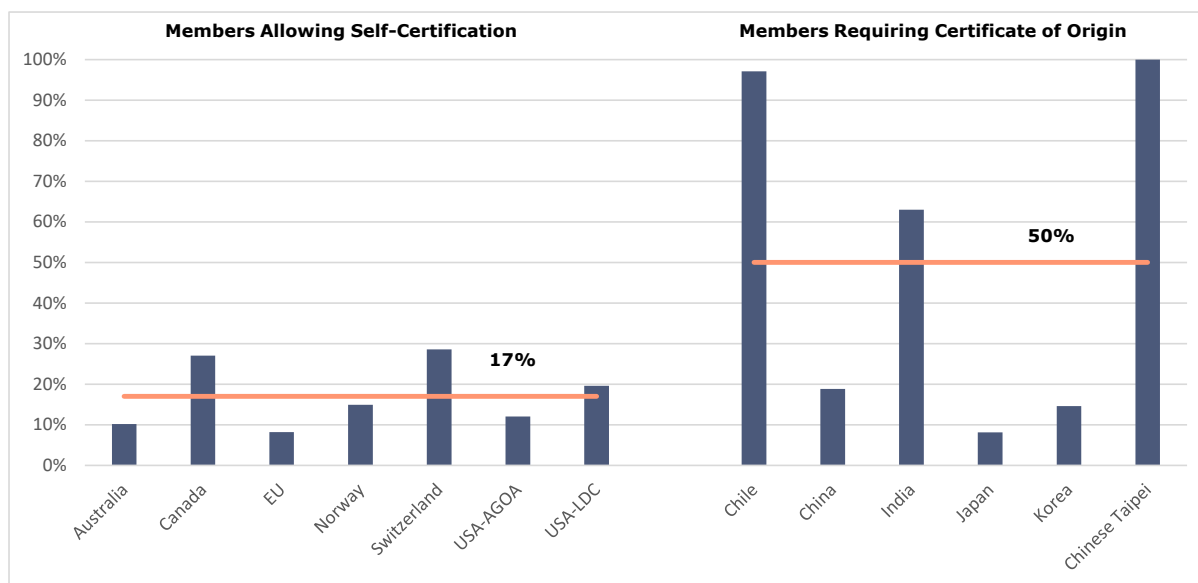
**Note:** In this Graph, the term textiles refers to all goods in HS Chapters 50 to 63.

**Source:** WTO Integrated Database, 2022.

7.8. Finally, in an effort to isolate the effect of certification over other factors, Graph 4 below presents *underutilization* rates for agricultural goods. Focusing exclusively on this group of goods offers the advantage of removing or reducing the influence that other factors, such as different origin criteria, could have on the calculations (goods compared are in most cases subject to the same "wholly obtained criterion"). This multi-year analysis shows a similar pattern as Graph 1 above: *underutilization* rates for Members allowing self-certification (Group 1) is lower (17%) than for Members requiring third-party certification (Group 2, at 50%).

7.9. Interestingly, however, the results for agricultural products in certain cases indicate reverse patterns to those observed above. Specifically, even though China requires third-party certificates of origin for agricultural goods, *underutilization* rates for agricultural goods are quite low. In practice, the *underutilization* rates for almost all PTAs in both Group 1 and Group 2 are very similar with the exception of Chile, India and Chinese Taipei. Also, Switzerland's *underutilization* rate for agricultural goods (29%) is also relatively low compared to its overall *underutilisation* rate for all products (67%).

7.10. While these results confirm that self-certification is associated with lower *underutilization* rates, they could also be influenced by the composition of the groups or data vulnerabilities. In addition, they could be an indication that different sectors respond differently to the same documentary requirements. Hence, it is not clear that self-certification necessarily or always lead to higher levels of preference utilization.

**Graph 4: Preference *underutilization* for agricultural goods (2015-2020)**

Source: WTO Integrated Database, 2022.

## 8 BENEFICIARY COUNTRIES' PRACTICES RELATED TO PROOFS OF ORIGIN

8.1. As mentioned above, compliance with certification requirements entails obligations and procedures imposed both by the *importing* and by the *exporting* country. As a result, it would be useful to complement this analysis with an examination of the requirements in LDC exporting countries and an assessment of how such requirements affect the ability of local businesses to utilize or not utilize preferences.

8.2. Reviewing such practices, however, requires compiling and examining information which is not readily available. Members are currently not required to submit standardized notifications to the WTO describing their practices related to certification of origin. Data available from public sources is summarized in Table 3 below (Annex II). The information shown was corrected and validated by some LDCs (Afghanistan, Benin, Cambodia, Myanmar, Malawi, Mozambique, Nepal, Togo). The Table reviews elements that could have a bearing on the leniency or stringency of certification practices. It compares the requirements based on the following criteria:

- a. Name(s) of the authority(ies) responsible for the issuance of certificates of origin;
- b. Documents needed to complete an application for a certificate of origin;
- c. Method of application (whether applications are paper-based or can be completed electronically);
- d. Application fees;
- e. Processing times for the issuance of certificates; and
- f. Additional relevant information.

8.3. In addition to the challenges related to gathering the necessary detailed information, an additional hurdle to carry out that analysis is that there are no internationally agreed standards of what constitutes best practices related to applying, processing or issuing preferential certificates of origin. As a result, categorizing national requirements in groups from more strict to more lenient would constitute a complex exercise.

8.4. One alternative could be to use a standardized indicator as a proxy for the leniency or stringency of national requirements. For instance, the OECD Trade Facilitation Indicators<sup>18</sup> cover the full spectrum of border procedures such as information availability, involvement of the trade community, advance rulings, appeal procedures, fees and charges, documents, automation, procedures, internal border agency co-operation, external border agency co-operation, governance, and impartiality. While the indicators do not focus specifically on certificates of origin, they cover

<sup>18</sup> [OECD Trade Facilitation Indicators](#)

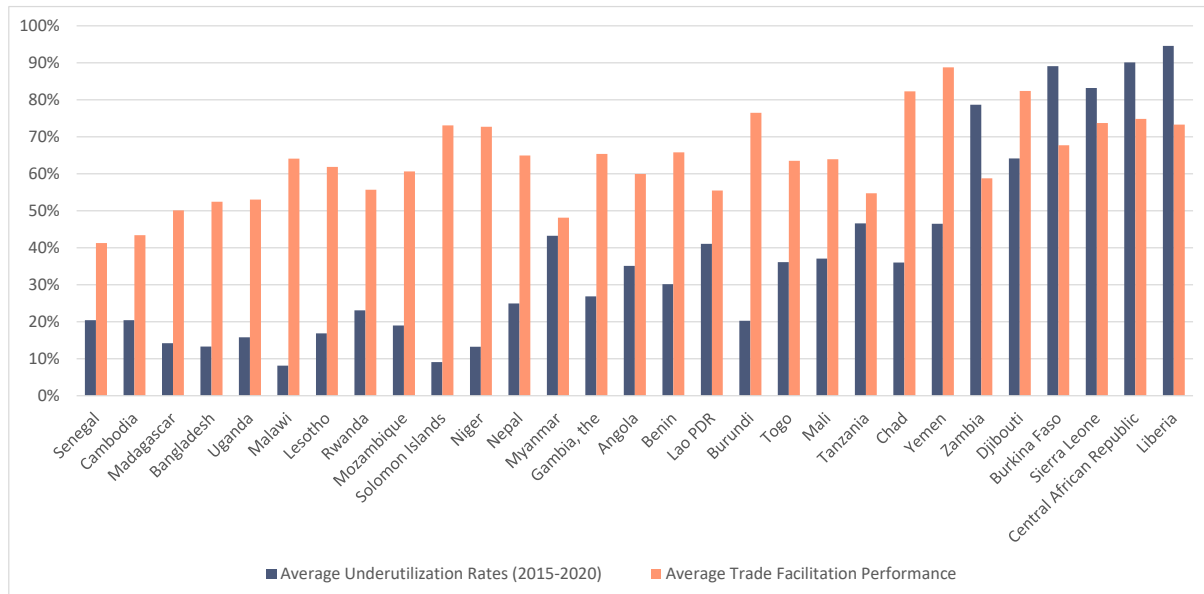
several aspects that are directly relevant and influence the ability of businesses to interact with local administration to obtain trade documents. The indicator ranges from 0 to 2, where 2 designates the best possible performance.

8.5. Graph 5 below correlates the OECD Trade Facilitation Indicator<sup>19</sup> with average *underutilization* rates for selected LDCs. As can be seen, the LDCs with best trade facilitation scores tend to have lower *underutilization* rates (Senegal, Cambodia, Madagascar, Bangladesh, Uganda).

8.6. However, this is not a clear or a universal pattern. Some LDCs illustrate the opposite correlation: Myanmar displays one of the best trade facilitation performances, but its *underutilization* rate is on the higher end (more than 40%). The same pattern can be observed for Tanzania and Zambia.

8.7. Possible explanations for these counterintuitive results could be that trade facilitation reforms have not yet been fully translated in better trade opportunities, or that local businesses have limited knowledge about preferential opportunities. Another possibility is that a narrow composition of exports for some countries could influence the results.

**Graph 5: The relation between trade facilitation and preference utilization rates (2015-2020 average)**



**Source:** WTO Integrated Database, 2022.

## 9 CONCLUSION/RECOMMENDATIONS

9.1. This note explained the relevance of proofs of origin for preference utilization, reviewed examples of trade-facilitating practices related to proofs of origin and recalled the relevant language contained in the Bali and Nairobi Ministerial Decisions. It then described the practices of preference-granting Members and assessed preference utilization rates in light of those practices.

9.2. It showed that self-certification is associated, in general, with better preference utilization. *Underutilization* rates for Members allowing self-certification (22%) was less than half the *underutilization* for Members applying third-party certification (49%). As explained, nevertheless, these findings need to be interpreted with caution because of certain limitations of the methodology

<sup>19</sup> The OECD Trade Facilitation Indicators are composed of a set of variables measuring the actual extent to which countries have introduced and implemented trade facilitation measures in absolute terms, but also their performance relative to others. The TFIs take values from 0 to 2, where 2 designates the best performance that can be achieved. In Graph 5 of this note, the scale has been normalized from 0% (best score) to 100% (worst score) so that it can be compared more easily with *underutilization* rates.

and data used as well as the difficulties in isolating the impact of origin certification from other factors. Moreover, the possible positive impact of self-certification was not confirmed by additional and more detailed calculations (focusing on the EU, the US, and Canada). However, the calculations focusing exclusively on agricultural goods did associate self-certification with better preference utilization. In sum, self-certification seems to have a trade-facilitating impact although this is not clearly or universally observed in the case of non-reciprocal preferences for LDCs. Self-certification remains, in any event, a recommended benchmark of the Bali and the Nairobi Ministerial Decisions.

9.3. Finally, this note recalled the importance of simple procedures in beneficiary exporting countries too. Exporting businesses are primarily confronted with local authorities and local requirements when applying for a certificate of origin. In this sense, there is a clear but not universal correlation between trade facilitation reforms and better preference utilization.

9.4. Going forward, it would be useful to gather more detailed information about local requirements for the application for and issuance of certificates of origin in LDCs. It would be useful to compare costs, processing times, and the paperwork involved in different LDCs to assess whether differences in such requirements also translate in differences in preference utilization. For that, additional standardized and updated information would be needed.

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**ANNEX I**

**1.1 TABLE 2**

<b>Preference granting member</b>	<b>Proof of origin</b>	<b>Designated entity to issue proof of origin</b>	<b>Prescribed template/free</b>	<b>Language</b>	<b>Acceptable format of proof of origin: paper version/electronic version</b>	<b>Exemption from certification/self-certification</b>
1. AUSTRALIA	→Certificate Of Origin or →Declaration of origin made by the overseas manufacturer	No designated authorities in LDCs	→No prescribed form of certificate of origin or declaration of origin →Form A of GSP may be used to claim preferences	Possible templates are in English	Paper? (The declaration could be done on the commercial documents or form a separate document)	N/A
2. CANADA	→Exporter's Statement of Origin or Certificate of Origin "Form A" →Certificate of Origin for textile and apparel good	Exporter	Prescribed Template (Form A, Exporter's Statement, B255 for textile)	English or French	Paper? →(No requirement the Form A to be stamped and signed.) →(The statement may be written out on a Canada Customs Invoice, or a commercial invoice or provided as a separate document)	N/A
3. CHILE	Certificate Of Origin	Competent Authority, producer or exporter of the goods or importer of the goods	Prescribed template	Spanish, English, French, or Portuguese	Paper?	N/A
4. CHINA	→Certificate Of Origin	→Bodies Authorized by the Beneficiary Country		English	Paper or Electronic (?)	Goods with a dutiable value below RMB 6,000 are

Preference granting member	Proof of origin	Designated entity to issue proof of origin	Prescribed template/free	Language	Acceptable format of proof of origin: paper version/electronic version	Exemption from certification/self-certification
	→ Declaration Of Origin (For advance ruling goods, importers may submit a Declaration of Origin rather than a Certificate of Origin)	→ Importer	Prescribed Template	Chinese	(If Customs has received the electronic data information of a Certificate of Origin of a beneficiary country via electronic data exchange system, it is not compulsory for importers to submit a Certificate of Origin for goods of that beneficiary country).	exempted from the obligation to present a certificate of origin or self-declaration <sup>1</sup>
5. EUROPEAN UNION/ NORWAY/TÜRKIYE/ SWITZERLAND	→ Statement of origin	Registered Exporter  (Unregistered exporters make out statements on origin for consignments of originating goods having a value which is below €6,000)	Prescribed text for Statement	English, French, Spanish	REX system	The following items are exempt from the obligations to deliver a statement on origin: → small packages with the value less than €500, → products of which the total value does not exceed €1,200 or → those items that are part of travellers' personal luggage
6. INDIA	→ Certificate Of Origin	Government authority/Agency	Prescribed Template	English	Paper?	N/A

<sup>1</sup> [Committee on Rules of Origin Minutes G/RO/M/78](#)

Preference granting member	Proof of origin	Designated entity to issue proof of origin	Prescribed template/free	Language	Acceptable format of proof of origin: paper version/electronic version	Exemption from certification/self-certification
7. JAPAN	→Certificate Of Origin	Customs, other government entities, Chamber of Commerce, or similar organization	Prescribed template	English or French	Paper?	(1) Products for which the origin is regarded by the Director General of Customs as being clearly ascertainable from their nature and form (2) Products for which the total amount of the customs value is not more than 200,000 yen (3) Products which are designated ones relating to a special declaration
8. KOREA, REP. OF	→Certificate Of Origin	The authority designated by the government of the exporting country	Prescribed template	Korean or English	Paper? (210mm ´ 297mm)	(1) The products for which customs is able to confirm the country of origin by their kind, nature, form, trademark, producing country name, manufacturer, etc (2) Importation of non-commercial consignments having a low value, on condition that the products are general postal materials, the dutiable value of such consignments is not more than 150,000 won or consignments and unaccompanied goods sent to individuals without compensation or personal effects of travellers <sup>2</sup> .
9. NEW ZEALAND	→Exporter declaration or other evidence supporting the claim for preference	Exporter/Manufacture	No prescribed form	?	Paper?	N/A

<sup>2</sup> [UNCTAD, 2020, Handbook on the Preferential Tariff Scheme of Republic of Korea.](#)

Preference granting member	Proof of origin	Designated entity to issue proof of origin	Prescribed template/free	Language	Acceptable format of proof of origin: paper version/electronic version	Exemption from certification/self-certification
10. RUSSIAN FEDERATION	→Certificate of origin	Authorised body	Prescribed template		Paper or Electronic?	
	→Declaration of Origin (in case the value of the goods is less than €5,000)	Declaration of Origin should be approved by the authorized representative of producer, seller, or consignor		English or French	Paper (hard copy) If there is an arrangement between a customs authority and the authorized body on the use of an electronic verification system allowing to verify the issuance of Certificates of origin, the original certificate of origin may be not submitted	If the value of goods is less than €5,000, declaration of origin could be submitted instead of a certificate of origin
11. CHINESE TAIPEI	→Certificate Of Origin	The government of the exporting country or the agency/institute authorized by the government of the exporting country	Format of the certificate shall be established and announced by the Ministry of Finance	?	Paper?	N/A
12. THAILAND	→Certificate Of Origin	Government authority or other entity authorized to issue a Certificate of Origin	Prescribed template	English	Paper? (ISO A4 size white paper; one original and two copies)	N/A
13. UNITED KINGDOM	→Certificate Of Origin or →Statement of Origin	Exporter	Prescribed template	Prescribed template is in English	Paper?	Personal goods and those imported by way of trade shall be exempted from the obligation to produce an origin declaration if: →their total value does not exceed £1,000 →they have been declared as meeting the conditions for benefiting from the Origin Regulations →there is no doubt as to the veracity of that declaration



Preference granting member	Proof of origin	Designated entity to issue proof of origin	Prescribed template/free	Language	Acceptable format of proof of origin: paper version/electronic version	Exemption from certification/self-certification
14. USA (GSP)	<p>→The importer is responsible for claiming the preference by placing the symbol "A" as a prefix.</p> <p>→Declaration of origin (when the article is not wholly the growth, product, or manufacture of a single beneficiary country)</p>	Exporter of the merchandise or other appropriate party	Prescribed text for declaration	Prescribed template is given in English	Paper?	N/A
15. USA (NEPAL)	<p>→The importer is responsible for claiming the preference by placing the symbol "A" as a prefix.</p> <p>→Declaration of origin (when the article is not wholly the growth, product, or manufacture of a single beneficiary country)</p>	Exporter of the merchandise or other appropriate party	Prescribed text for declaration	Prescribed template is given in English	Paper?	N/A
16. USA (AGOA)	<p>→The importer is responsible for claiming the preference by placing the symbol "A" as a prefix.</p> <p>→Declaration of origin (when the article is not wholly the growth, product, or manufacture of a single beneficiary country)</p> <p>→Certificate of Origin for textile and apparel goods</p>	<p>Exporter of the merchandise or other appropriate party</p> <p>The Certificate of Origin for textile and apparel goods must be prepared in the beneficiary country by the exporter or producer or by the exporter's or producer's authorized agent</p>	Prescribed template	Prescribed template is in English	Paper?	N/A

## ANNEX II

**1.2 TABLE 3**

LDC Member	Responsible authority to issue certificate of origin	Mandatory documents to get certificate of origin	Additional documents to get certificate of origin	Method of application to get certificate of origin (Paper application/ electronic application)	Fees to get certificate of origin	Waiting time to get certificate of origin	Additional relevant information
1. AFGHANISTAN	Afghanistan Chamber of Commerce and Investment (ACCI)	<ol style="list-style-type: none"> <li>1. Copy of business license</li> <li>2. Commercial Invoice</li> <li>3. Afghan custom documents (ACD)</li> </ol>	<ol style="list-style-type: none"> <li>1. A written request to Afghan chamber of commerce and investments, as well as the Packing List is required for agribusiness products, animal products, carpet and handicraft.</li> <li>2. A permission from National Museum is required for antique commodities.</li> <li>3. A permission from Ministry of Mines is required for stones and gemstones.</li> <li>4. Saffron Quality Test from Herat Directorate of Agriculture, Irrigation &amp; Livestock is required for Saffron.</li> </ol>	Paper Application	GSP certificate of Origin: 600 Afs	Max. 15 minutes	For verification of certificates, the Afghanistan Chamber of Commerce and Investment uses an online system
2. BANGLADESH <sup>1</sup>	Export Promotion Bureau	<ol style="list-style-type: none"> <li>1. Application Form</li> <li>2. Original bank slip for the payment of the fee</li> </ol>	<ol style="list-style-type: none"> <li>1. Copy of Short Shipment Certificate</li> <li>2. Phytosanitary certificate/Cost Sheet/Bill of</li> </ol>	Paper Application	<b>1) Textile Unit:</b>  1. Urgent procedures (within 12	12-48 Hours	Mandatory prior registration with Export Promotion Bureau

<sup>1</sup> [Standard Operating Procedure for Issuing Preferential Certificate of Country of Origin.](#)

LDC Member	Responsible authority to issue certificate of origin	Mandatory documents to get certificate of origin	Additional documents to get certificate of origin	Method of application to get certificate of origin (Paper application/ electronic application)	Fees to get certificate of origin	Waiting time to get certificate of origin	Additional relevant information
		3. Copy of filled EXP form of Bangladesh Bank 4. Copy of Bill of Lading/Airway Bill/ Truck Invoice 5. Copy of Bill of Export/ Bill of Entry 6. Copy of Commercial Invoice	Entry/Import Invoice		hours): BDT 400/500 2. Normal procedure: ▪ Option 1 (within 24 hours): BDT300/400 ▪ Option 2: (within 48 hours): BDT200/300  <u>2) Non-Textile Unit: BDT700</u>		(Required Processing Time 7 working days (maximum)  <u>1) Textile Unit:</u> Registration: BDT 5,000; Renewal: BDT3,000; Late Submission: BDT2,000 as fine  <u>2) Non-Textile Unit:</u> Registration: BDT 2,000; Renewal: BDT1,000; Late Submission: BDT500 as fine
3. BENIN	Foreign Trade Department	1. Invoice 2. The valid card of an importer 3. Bill of lading 4. L'engagement de change si la facture dépasse 10,000,00 FCFA	-	Paper Application	1. Certificate of origin for China: 1,000 FCFA 2. Certificate of origin for India: 2000 FCFA 3. Tax stamp of 500 FCFA on the certificate of origin for India	72 working hours	1. Certificate of origin for China and India are issued in paper format (72 working hours).  2. The Certificate of Origin form A is dematerialized through the REX system
4. BURUNDI <sup>2</sup>	1. Ministry of Trade, Transport, Industry and Tourism 2. Revenue Office 3. For goods with a value between [1; 2,000\$]	1. Payment receipt 2. Customs clearance declaration 3. Export Declaration 4. Commercial Invoice	-	Paper application	10 \$	20-40 min	An applicants has to get a status of an exporter and be registered at the Ministry of Trade

<sup>2</sup> [Trade Information Portal of Burundi; Portail d'Informations Commerciales.](#)

LDC Member	Responsible authority to issue certificate of origin	Mandatory documents to get certificate of origin	Additional documents to get certificate of origin	Method of application to get certificate of origin (Paper application/ electronic application)	Fees to get certificate of origin	Waiting time to get certificate of origin	Additional relevant information
	certificates are issued on border posts <sup>3</sup>						
5. CAMBODIA	Export-Import Department, Ministry of Commerce	<u>Online Application attachments:</u> 1. Invoice 2. Packing list 3. Breakdown cost (If required) 4. Inspection report (If require)  <u>Documents to be submitted after the export:</u> 1. Bill of lading 2. Customs Declaration	1. Company's relevant documents that can prove origin of goods 2. Export license/Permission Letter is required if the goods are under the list of domestic regulation 3. Other documents if required by importing country or Rules of Origin under FTAs	Online application (But hard copy of the certificate could be printed out)	Public Service Fee (Online payment)	Maximum 16 Hours	1. Exporter is required to sign up for the Certification of Origin Automation system  2. Different procedures and fees for General Goods and Agricultural Products
6. LAO <sup>45</sup>	Department of Import and Export, Ministry of Industry and Commerce	1. E-Certificate system Form 2. Copy of invoice 3. Copy of packing list 4. Detailed customs declaration 5. Transport bill	-	Electronic Certificate of Origin Issuing System  (After receiving an electronic confirmation letter from the system, the applicant shall print out the e-Certificate form to sign and stamp on the form)  (Applicant can select the method of issuing	?	After receiving a set of original documents with the signature and a seal of a company, the e-Certificate issuing body shall issue an e-	To register for a right to apply for e-Certificate, the business shall electronically submit the following documents to the e-Certificate management office: Duly filled registration form, Copy of business license, Certificate of annual custom payment, notification letter on sample of signature and stamps; and a notification letter on the

<sup>3</sup> [Revenue Service of Burundi.](#)

<sup>4</sup> [LAO trade portal; E-Certificate of Origin Issuing Management System.](#)

<sup>5</sup> [Decision on the issuance of Electronic Certificate of Origin, Ministry of Industry and Commerce.](#)

LDC Member	Responsible authority to issue certificate of origin	Mandatory documents to get certificate of origin	Additional documents to get certificate of origin	Method of application to get certificate of origin (Paper application/ electronic application)	Fees to get certificate of origin	Waiting time to get certificate of origin	Additional relevant information
				Certificate of Origin, electronically or manually)		Certificate immediately or not later than 1 working day.	annual export capacity of the company
7. MALAWI	1. Malawi Revenue Authority 2. Malawi Confederation of Chambers of Commerce and Industry	Invoice Declaration	Licence	Paper Application	SADC MK1461	Once exporters pay, they get a certificate	To benefit from Preferential Agreements, exporters must register with Malawi Revenue Authority or any other competent Authority
8. MOZAMBIQUE	Customs Authority	1. Copy of Export License 2. Commercial invoice 3. Letter indicating the product and the destination for export 4. Proof of Registration of Exporters and Producers and their products with the Ministry of Industry and Commerce.	-	Paper Application  (Exporters submit a paper application, other required documents in a PAPER format and get a PAPER/PRINTED certificate of origin)  Electronic Issuance System on Certificate of Origin for Special Preferential Treatment Duty-free treatment for LDCs - China	no fees	?	1. National Fisheries Administration, issues the Simplified Catch Certificate of the Republic of Mozambique for fishery products 2. The certificate of origin may be issued on the invoice, delivery note or any other commercial document 3. REX System for certification of origin of goods applied exclusively to the EU GSP
9. MYANMAR	Department of Trade, Ministry of Commerce	1. Letter of Credit or Sales contract 2. Commercial invoice 3. Bill of Lading /Airway Bill	1. Export licence (copy) or export declaration form (original/copy) 2. Complete Certificate of origin application	1. Online Application 2. Paper Application	1. 300 MMK - to obtain the blank form of preferential certificate 2. 3,000 MMK - for processing	One day	

LDC Member	Responsible authority to issue certificate of origin	Mandatory documents to get certificate of origin	Additional documents to get certificate of origin	Method of application to get certificate of origin (Paper application/ electronic application)	Fees to get certificate of origin	Waiting time to get certificate of origin	Additional relevant information
10.NEPAL	1.Trade and Export Promotion Centre 2.Federation of Nepalese Chambers of Commerce and Industry 3.Nepal Chamber of Commerce 4.Confederation Nepalese Industries	Third country/India:  1. Company/Firm registration Certificate 2. EXIM Code 3. Tax Registration Certificate 4. VAT/PAN Registration Certificate 5. Mode of Payment 6. Commercial Invoice	License if required for export of specific goods	Paper Application	9 Paise per 100 Nepalese Rupees of the Commercial Invoice	Within the same day or next day	In case of new or enhanced capacity industry, recommendation of Technical Committee of Department of Industry is required. For traders, every time it requires to submit the conformity documents that the products meet Rules of Origin of the exporting destination
11. RWANDA <sup>6</sup>	e-Single Window (And Customs Service Department Office in case of AGOA)	Invoice and Packing list	In case of Coffee and Tea, National Agriculture Export Development Board Issues Certificate of Origin (based on export contract and Certificate fees payment receipt) <sup>7</sup>	Online Application	Free of charge	10 min. – 4 h 30 min.	Certificate of origin can be obtained online
12. SENEGAL <sup>8</sup>	1. Agency of Senegalese Export Promotion (ASEPEX) 2. Directorate of Industry	1. Duly completed certificate of origin form 2. Commercial invoice (proforma or final) 3. Packing list 4. Customs declaration duly	1. Phytosanitary certificate for food products 2. Certificate of origin and healthiness for fishery products 3. Certificates of conformity and packaging for peanuts	?	Free of charge	?	-

<sup>6</sup> [Rwanda Trade Portal.](#)

<sup>7</sup> [Rwanda Trade Portal Information.](#)

<sup>8</sup> [Guide sur les Procédures d'exportation au Sénégal.](#)

LDC Member	Responsible authority to issue certificate of origin	Mandatory documents to get certificate of origin	Additional documents to get certificate of origin	Method of application to get certificate of origin (Paper application/ electronic application)	Fees to get certificate of origin	Waiting time to get certificate of origin	Additional relevant information
		signed by customs	4. CITES permit for protected species				
13.TANZANIA <sup>9</sup>	Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA)	1. Verification form 2. Consignment 3. Packing list 4. Commercial invoice 5. TCCIA account numbers 6. Bank deposit slip 7. Stamped bank deposit slip	1. Raw cashew nuts export permit for cashew nuts 2. Tea export permit for tea or Phytosanitary certificate for Plant and plants products	Online Application	Various fees depending on the products (Average: 25 000 TZS for CoO plus 2000 TZS for printing)	1h. 25mn - 1d 1/2	-
14.TOGO	Industry Development Department (DDI)/ OTR (CDDI)	1. Filled Certificate of Origin 2. Invoice 3. Export declaration	-	Online Application	Free of charge	Less than 2 hours	-
15.UGANDA <sup>10</sup>	e-Single Window Online Uganda Revenue Authority	1. ASYCUDA world user registration application 2. Commercial invoice 3. Packing list	-	Online Application	Free of charge	25 minutes - 1d 1/2	Certificate of origin is sent online by the single window system-

<sup>9</sup> [Tanzania Trade Portal](#).

<sup>10</sup> [Uganda Trade Portal](#).