



# Trade in Goods

Training Course “Challenges and Opportunities  
of the ASEAN Economic Community 2025”

Bangkok, March 10<sup>th</sup> 2016

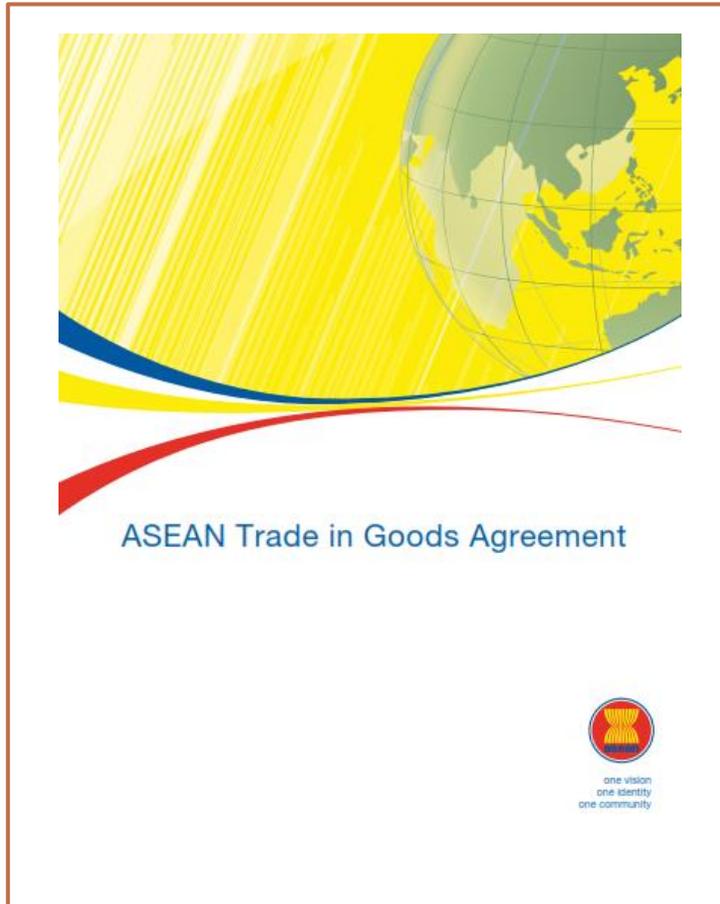
Dr. Hartmut Janus,  
RELATED

Based on material developed with  
UMI Asia

# Contents

- **ASEAN Trade in Goods Agreement (ATIGA)**
  - Topic 1: Tariff elimination under ATIGA
  - Topic 2: Rules of Origin
  - Topic 3: Non-Tariff Measures and Barriers
  - Topic 4: Trade Facilitation
  - Summary of Key Concepts

## ASEAN Trade in Goods Agreement (ATIGA) is a key document that governs the free flow of goods amongst the 10 ASEAN Member States



- **ASEAN Trade in Goods Agreement (ATIGA)** is a comprehensive agreement to promote the free flow of goods within ASEAN
- ATIGA is one of the main agreements under **Pillar 1: Single Market and Production Base** (one of four main pillars) for the ASEAN Economic Community 2015
- ATIGA is valid for **all ASEAN Member States** (10 countries)
- ATIGA also covers details in **Tariff Reduction schedules**, i.e. a pathway towards eliminating trade tariffs across the ASEAN region

*Full document can be download from the ASEC website:*

<http://www.asean.org/asean-economic-community/asean-free-trade-area-afta-council/agreements-declarations/>

## Chapters in the ATIGA

### Chapter 1

General Provisions

### Chapter 2

Tariff Liberalization

### Chapter 3

Rules of Origin

### Chapter 4

Non-Tariff Measures

### Chapter 5

Trade Facilitation

### Chapter 6

Customs

### Chapter 7

Standards, Technical Regulations, and Conformity Assessment Procedures

### Chapter 8

Sanitary and Phytosanitary Measures

### Chapter 9

Trade Remedy Measures

### Chapter 10

Institutional Provisions

### Chapter 11

Final Provisions

## **ATIGA aims to promote trade in the region by reducing barriers to intra-ASEAN trade in the following ways:**

**A**

**Eliminate import duties and tariffs** of all goods (with some exceptions<sup>1</sup>) to 0% by 2015

**B**

**Redefine Rules of Origin** to increase trade between ASEAN countries

**C**

**Standardize Customs Clearance Processes** to ensure predictability, consistency and transparency among Member States

**D**

**Facilitate Trade** through the ASEAN Single Window (ASW)

**E**

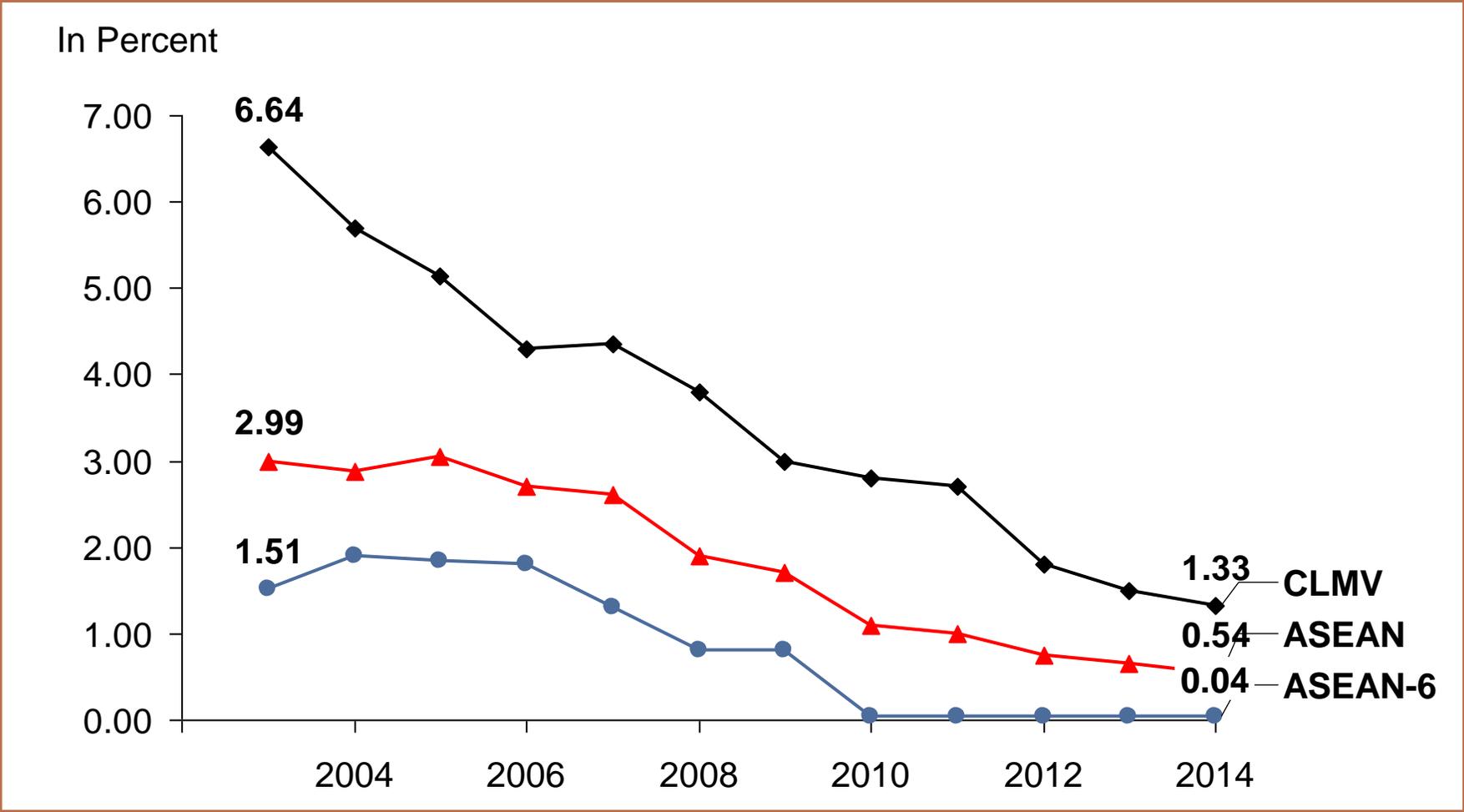
**Reduce non-tariff barriers** through harmonization of standards

1) Examples of exceptions: products necessary to protect public morals, import-export of silver and gold, protection of national treasures, exhaustible natural resources,

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# Trend of intra-ASEAN average tariff rate, 2003-2014



**The average intra-ASEAN tariff rate in ASEAN-6 has decreased to nearly zero percent since 2010, while the regional average is around 0.5%. In ASEAN-6 countries, more than 99% of ASEAN goods are subjected to zero percent tariff rate.**

# How do I locate the tariff rate that my product is subjected to in the tariff schedule?

To download the tariff schedules for each ASEAN Member States (amended in 2012)<sup>1</sup>, please visit: <http://www.asean.org/asean-economic-community/asean-free-trade-area-afta-council/agreements-declarations/>

No	CC	AHTN 2012	Description	Schedule	Tariffs (%) (since 2012)
<b>ANNEX 2 TARIFFS UNDER THE ASEAN TRADE IN GOODS AGREEMENT (ATIGA) IN AHTN 2012</b>					
<b>THAILAND</b>					
<b>SECTION I</b>					
<b>LIVE ANIMALS; ANIMAL PRODUCTS</b>					
Chapter 1					
Live animals					
		01.01	Live horses, asses, mules and hinnies.		
			Horses :		
1	TH	0101.21.00	- Pure-bred breeding animals	Sch-A	0
2	TH	0101.29.00	- Other	Sch-A	0
		0101.30	Asses:		
3	TH	0101.30.10	- Pure-bred breeding animals	Sch-A	0
4	TH	0101.30.90	- Other	Sch-A	0
5	TH	0101.90.00	Other	Sch-A	0
		01.02	Live bovine animals.		
			Cattle :		
6	TH	0102.21.00	- Pure-bred breeding animals	Sch-A	0
		0102.29	- Other:		
7	TH	0102.29.10	- - Male cattle (including oxen)	Sch-A	0
8	TH	0102.29.90	- - Other	Sch-A	0
			Buffalo :		
9	TH	0102.31.00	- Pure-bred breeding animals	Sch-A	0
10	TH	0102.39.00	- Other	Sch-A	0
		0102.90	Other:		

**1** Open up the tariff schedule for the country that you plan to export to

**2** Locate the AHTN code of your product

**3** Ensure accurate product description

**4** Determine current tariff rate of your product. These rates are the applied tariff for ASEAN-traded goods

<sup>1</sup> The tariff schedules provide information on the official tariff rates applied in each AMS. Individual exceptions may be made on a case-by-case basis for specific goods. For more detailed information on specific products, it is advised to contact the relevant authorities in the respective AMS

## Tariff reductions can make a significant impact on businesses as they lower the cost of trade

Consider the importation of “chocolate” into Thailand from Lao PDR vs. Switzerland<sup>1</sup>



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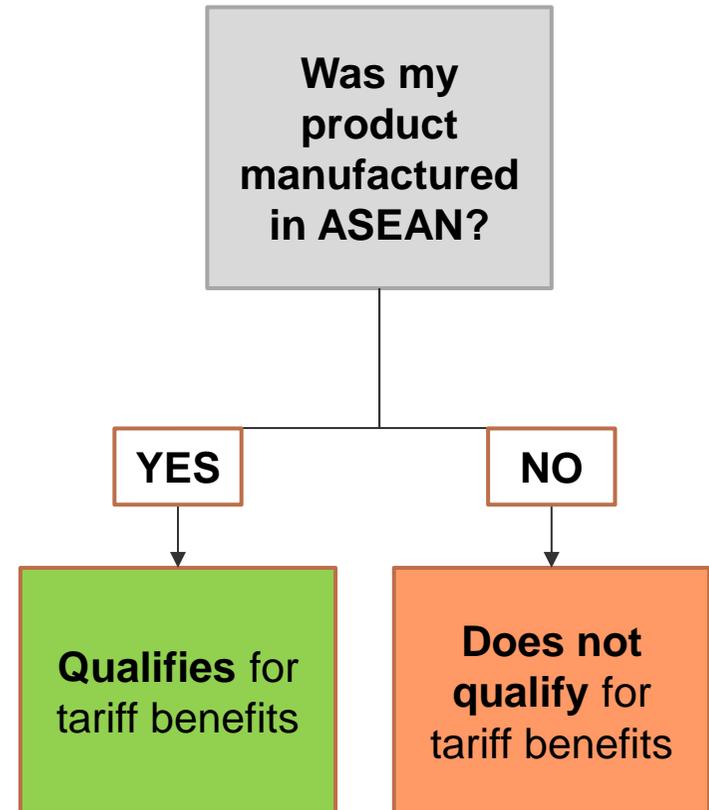
- ASEAN Trade in Goods Agreement (ATIGA)
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# The purpose of ROO is to determine whether a product originates from ASEAN – which is required in order to benefit from ATIGA tariff reductions

## Basic concept of Rules of Origin:

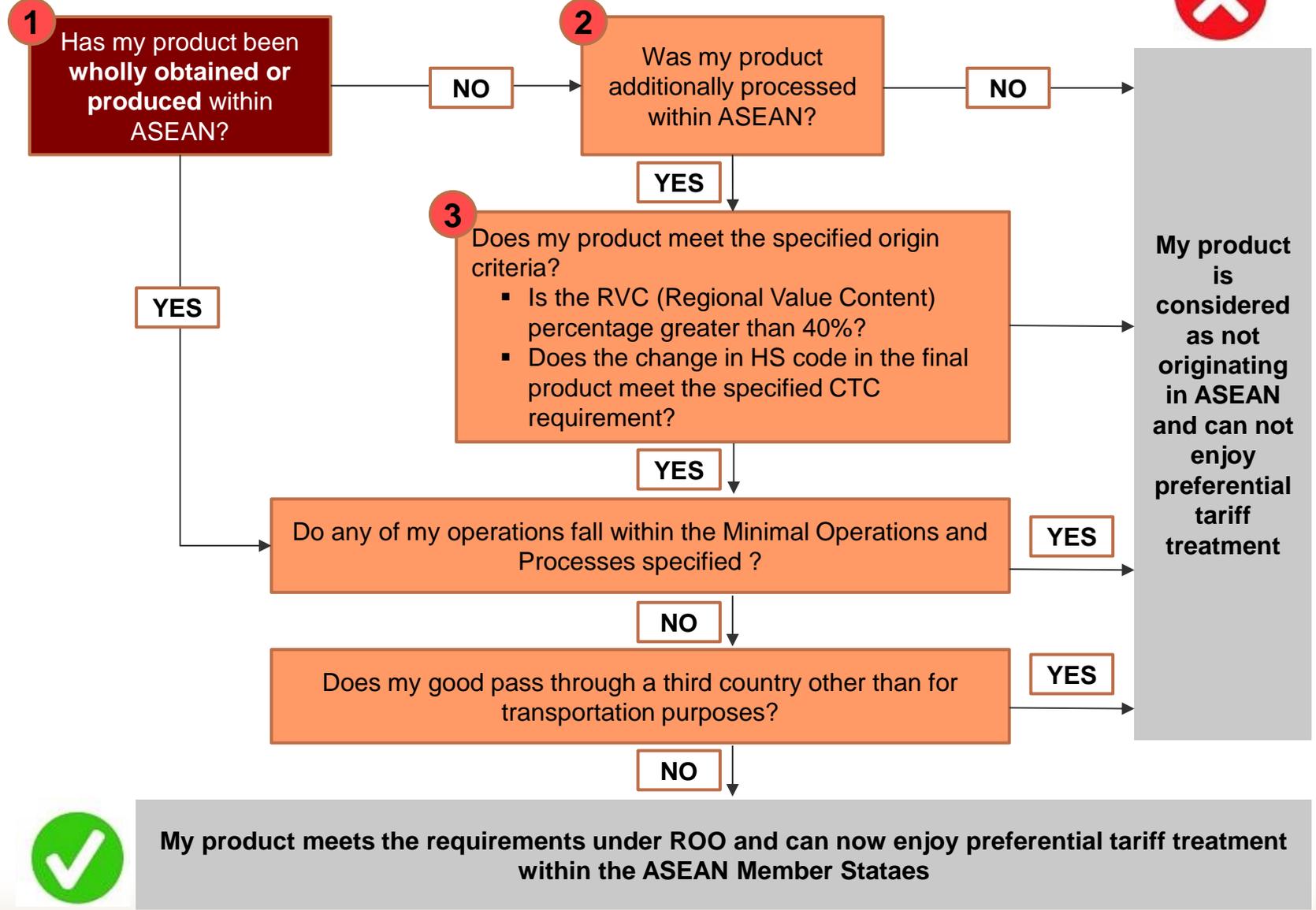
- **Only goods manufactured within an ASEAN member state** can benefit from the tariff reduction / elimination. This is known as “Rules of Origin”.
- A product is said to be **manufactured from a particular country if it meets one of two conditions:**
  - 1) It was wholly produced in that country, or
  - 2) It was partially produced in that country, provided it meets certain conditions

## Tariff reduction rules:



# ROO Qualification Map:

## How do I determine if my product originates in ASEAN?



## 2 If a product was not wholly obtained or produced, it can still qualify under ROO, if it has been additionally processed in AMS

### Rules for “additionally processed” items in the AEC:

- Goods not wholly obtained or produced refer to goods **manufactured** in at least one ASEAN Member State which **may contain materials imported from outside ASEAN**
- The product will be **considered ‘manufactured in a country’** if it is **processed and substantially transformed** in the exporting country
- The country of origin is the **last country** where **substantial transformation** took place
- There are **three different methods to determine if/whether “substantial transformation”** has taken place
  - (1) (2) Regional Value Content (RVC), and
  - (3) Change in Tariff Classification (CTC).
- According to ATIGA, unless otherwise stated in **Product Specific Rules**, an exporter can choose between these two criteria to determine if their good qualifies as originating from a member state

### 3 There are three different methods to determine if a substantial transformation of product has occurred in a Member State

#### Method 1:

##### Regional Value Content (Direct method)

- If a good contains non-originating materials, it **must contain at least 40% of regional value content** to qualify as an ASEAN-originating good
- The 40% threshold may be different for certain products under **Product Specific Rules**<sup>1</sup>

#### Method 2:

##### Regional Value Content (Indirect method)

- If a good contains non-originating materials, it **must contain at least 40% of regional value content** to qualify as an ASEAN-originating good
- The 40% threshold may be different for certain products under **Product Specific Rules**<sup>1</sup>

#### Method 3:

##### Change in Tariff Classification

- The **final product must have a different tariff classification** (HS Code) from that of imported or non-originating raw materials used in its manufacture
- This change in tariff classification **must** (1) be in the four-digit level (tariff heading) and (2) occur in an ASEAN Member State

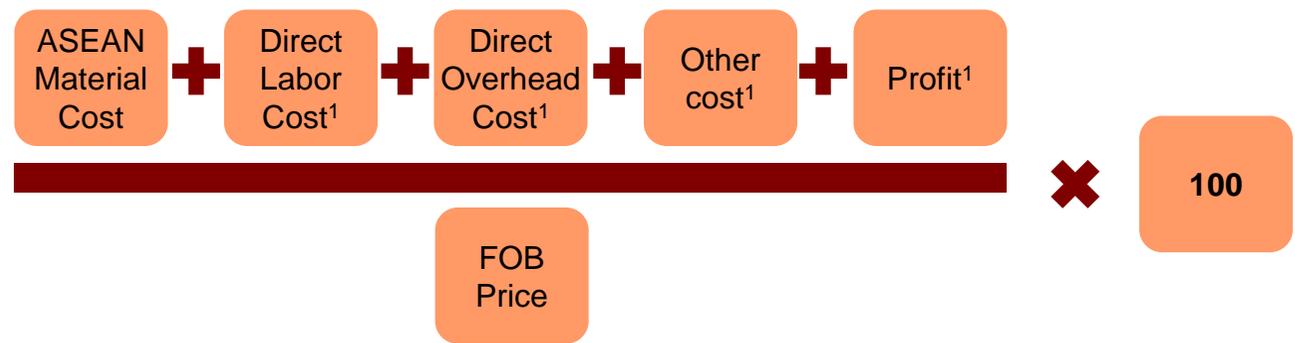
1) For more details on Product Specific Rules, see next section

### 3 Method 1: Regional Value Content (RVC) – Direct Method

There are two methods to calculate your product’s Regional Value Content – it is up to the discretion of the exporter to decide which method to apply

#### Method 1: The Direct Method

Regional Value Content (%) =



#### Definitions

- **ASEAN Material Cost** – CIF value of originating materials, parts, or goods in the production of the goods
- **Direct Labor Cost** – wages, remuneration, employee benefits associated with manufacturing
- **Direct Overhead cost** – real property process associated with production, leasing and interest for plant and equipment, utilities, R&D, inspection and testing of materials
- **FOB Price** – shall be determined by adding value of material, production cost, profit and other cost

#### Example:



Consider that for each bicycle a company produces, the manufacturer imports \$100 worth of material from Thailand, and \$200 worth of material from France. Labor cost is \$50, while overhead cost comes to \$75. The manufacturer makes a profit of \$25 a bike, and shipping and all other cost comes to \$50. The FOB value of the bicycle is \$500 apiece.

RVC =  $[100+50+75+25+50/500] \times 100\%$   
**RVC = 60%**

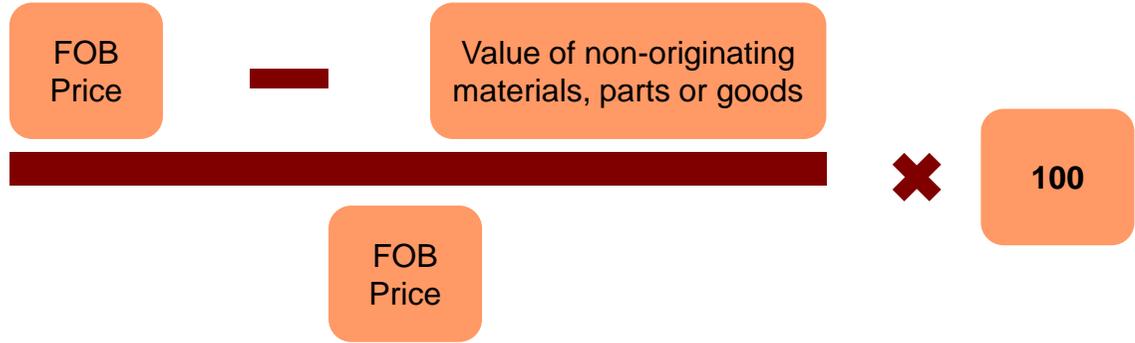
1) Refers to cost and profit that are incurred in ASEAN Member States only

### 3 Method 2: Regional Value Content (RVC) – Indirect Method

There are two methods to calculate your product’s Regional Value Content – it is up to the discretion of the exporter to decide which method to apply

#### Method 2: The Indirect Method

#### Regional Value Content (%) =



#### Definitions

- **FOB Price** – shall be determined by adding value of material, production cost, profit and other cost
- **Value of non originating materials, parts of goods** – CIF value at the time of importation or the earliest price paid for goods of undetermined origin in territory of ASEAN member state

#### Example:



Consider that for each bicycle a company produces, the manufacturer imports \$100 worth of material from Thailand, and \$200 worth of material from France. Labor cost is \$50, while overhead cost comes to \$75. The manufacturer makes a profit of \$25 a bike, and shipping and all other cost comes to \$50. The FOB value of the bicycle is \$500 apiece.

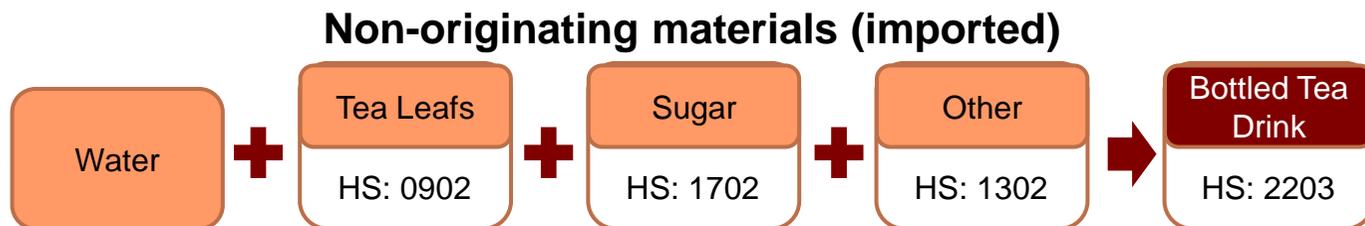
RVC = [(500-200)/500]x100%  
**RVC = 60%**

### 3 Method 3: Change in Tariff Classification Method (CTC)

#### *In a nutshell...*

- A good is considered originating when the **final product has a HS Code that is different at a four-digit level** from that of the non-originating materials used to produce the good
- The **country of origin** of the product is the **country in which the change in tariff classification occur**, or in other words, the country doing the processing or manufacturing

#### *Example:*



In the production of a bottled tea drink, the **final product undergoes a change in tariff classification (at the four-digit level)** from the HS code of the non-originating materials. Therefore, this product has been **substantially transformed** and is deemed to be **originating from the country of production**.

## The ATIGA Form D is a Certificate of Origin used to show customs authorities that the product originates from an AMS

### What is the ATIGA Form D used for?

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- ATIGA Form D is now used by all AMS to apply for the Certificate of Origin
- Form D serves a dual purpose:
  - Initially, it is an application form which needs to be pre-filled by companies
  - Once signed and stamped by the respective authorities, the Form D becomes “Certificate of Origin” for the product it features
- The Certificate of Origin is an essential document used to prove that your product is produced within ASEAN and can qualify for tariff reductions under ATIGA
- Traders can submit the completed form to relevant authorities together with appropriate supporting documents proving that the product to be exported qualifies for the issuance of a Certificate of Origin
- The form with its overleaf notes can be downloaded from:  
<http://www.asean.org/asean-economic-community/asean-free-trade-area-afta-council/agreements-declarations/>

# The importer must submit the Import Declaration and Certificate of Origin to the customs authority in the country of import

Import Declaration Form of the country the goods are imported to

Certificate of Origin (= ATIGA Form D with stamp from Issuing Authority in the exporting country)

1 Importer (Firm's Name, Address & Tel. No.)		2 CR No.		SINGAPORE INWARD DECLARATION/ IMPORT PERMIT			
3 If declared by Agent (Agent's Name, Address & Tel. No.)		4 CR No.					
5 Carrier's Agent		6 CR No.		16 CUSTOMS INWARD/TRANSHIPMENT/ REMOVAL/PAYMENT DECLARATION			
7 Freight Forwarder/NVOCC/Cargo Agent/Consolidator		8 CR No.		17 Port of Shipment			
9 Supplier's Name/Code		10 Vessel's Name/Flight No.		18 Code			
11 Vessel Location		12 Voyage No.		13 Arrival Date		19 Customs Permit No.	
14 OBL/MAWB No.		15 HSL/HAWB No.		20 Type of Trade			
28 Ser No.		29 Marks & Number		30 Number & Kind of Packages Description of Goods Brand Name Country of Origin Product Code		31 Container No./ Lot No. (or Licence No.)	
32 Commodity Codes (HS Codes)		34 Quantity		36 Duty 1 Rate		39 Duty 1 Amt in S\$	
33 CIF/LSP in S\$ (for each item & total)		35 Unit Code		37 Duty 2 Rate		40 Duty 2 Amt in S\$	
38 GST Rate		41 GST Amt in S\$		21 Code			
22 Transport Mode		23 Code		24 Gross Weight			
25 Total Outer Pack		26 Total Dutiable Outer Pack		27 IMPORT PERMITTED subject to conditions stated hereon and/or endorsed by all authorities. Valid for 1 month from date of approval.			
43 Remarks		42 Total Amount Payable		NO UNAUTHORISED ADDITION/AMENDMENT MAY BE MADE AFTER APPROVAL.			
44 I We declare that all the particulars are true and correct.		45 REMOVAL PERMITTED subject to conditions stated overleaf		This form will take you 25 minutes to fill in. To fill in the form, you need invoice, packing list, B/L or AWB and other documents relevant to the Controlling Agency. (See Notes on Page 2)			
Signature: Name: Designation: Date:		From: To: On date: By (Carrier & Agent): Reg. Code: Departure Date: Proper Officer of Customs		46 FOR CUSTOMS PURPOSE: Total Invoice Value: (Dutiable/Non-dutiable) Total Freight Charges: Total Insurance Charges:			
		47 Duty/GST paid goods must be removed within 2 days (14 days if direct release) from payment date. DUTY/GST PAID will be machine receipted below.		IP			

PLEASE CHECK YOUR DECLARATION FOR ACCURACY AND COMPLETENESS BEFORE SUBMISSION. OTHERWISE IT WILL AFFECT THE APPROVAL AND THE CLEARANCE OF YOUR GOODS.

Page 1 of 2

1. Goods consigned from (Exporter's business name, address, country) JSP FOAM PRODUCTS PTE LTD 19 TUJULINK 2 JURONG INDUSTRIAL ESTATE SINGAPORE 638564		Reference No. 776151		ORIGINAL	
2. Goods consigned to (Consignee's name, address, country) JEBSEN & JESSEN BROADWAY (M) SDN BHD LOT 3297 JALAN PERMATA 2/1, ARAB MALAYSIAN IND PARK/NILAI, NEGERI SEMBILAN/MALAYSIA 71800		ASEAN TRADE IN GOODS AGREEMENT / ASEAN INDUSTRIAL COOPERATION SCHEME CERTIFICATE OF ORIGIN (Combined Declaration and Certificate) FORM D		Issued in Singapore	
3. Means of transport and route (as far as known) BY ROAD		4. For Official Use		See Overleaf Notes	
Departure Date 01/05/2011		<input checked="" type="checkbox"/> Preferential Treatment Given Under ASEAN Trade in Goods Agreement		Signature of Authorised Signatory of the exporting country	
Vessel's Name/Aircraft etc.		<input type="checkbox"/> Preferential Treatment Given Under ASEAN Industrial Cooperation Scheme		Signature of Authorised Signatory of the importing country	
Port of Discharge JOHORE BHARU		<input type="checkbox"/> Preferential Treatment Not Given (Please state reason's)			
5. Item number	6. Marks and numbers on packages	7. Number and type of packages, description of goods (including quantity where appropriate and HS number of the importing country)	8. Origin Criterion (see Overleaf Notes)	9. Gross weight or other quantity and value (FOB)	10. Number and date of invoices
1	JSP (MADE IN SINGAPORE)	SAID TO CONTAIN: EXPANDED POLYPROPYLENE BEADS 40 BAGS PB0319 (4TP) S HS CODE : 39021090	RVC 43 %	1,040.00 KGM 4,370.00 USD	I-11050169P 30/05/2011
11. Declaration by the exporter The undersigned hereby declares that the above details and statement are correct; that all the goods were produced in SINGAPORE		12. Certification It is hereby certified, on the basis of control carried out, that the declaration by the exporter is correct.			
		(Country) and that they comply with the origin requirements specified for these goods in the ASEAN Trade in Goods Agreement for the goods exported to MALAYSIA (Importing Country)			
		SINGAPORE 31052011			
		Place and date, signature of authorised signatory		Place and date, signature and stamp of certifying authority	
13. <input type="checkbox"/> Third-Country Involving		<input type="checkbox"/> Exhibition			
<input type="checkbox"/> Accumulation		<input type="checkbox"/> De Minimis			
<input type="checkbox"/> Back-to-Back CO		<input type="checkbox"/> Issued Retroactively			
<input type="checkbox"/> Partial Cumulation					

Once stamped by the Issuing Authority, ATIGA Form D becomes the "Certificate of Origin"

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## What are non-tariff measures?

“**Non-tariff measures** are generally defined as **policy measures other than ordinary customs tariffs** that can potentially have an economic effect on international trade in goods, changing quantities traded, or prices or both...”

*UNCTAD, 2012*

- Non-Tariff **Measures** (NTMs) cover a wide array of regulations that can affect trade
- Primary objective of these measures may or may not be to regulate trade
- For example, maximum tolerance levels of pesticides in fruits and vegetables
  - Objective of this measure is to protect consumers and the environment
  - Affects both domestic producer and importers
- **United Nations Conference on Trade and Development (UNCTAD)** is leading in the compilation and classification of NTMs.
  - The classification of **NTMs covers 16 chapters** (A to P)
  - Ranges from technical and non-technical import-related to export-related measures that are considered relevant in today’s situation in international trade (2012 version)

# Classification of Non-Tariff Measures – 16 Chapters

## Imports

### Technical Measures

- A** Sanitary and Phytosanitary Measures
- B** Technical Barriers to Trade
- C** Pre-Shipment Inspection and Other Formalities

### Non Technical Measures

- D** Contingent Trade-Protective Measures
- E** Non-Automatic Licensing, Quotas, Prohibition and Quantity-Control Measures other than for SPS or TBT Reasons
- F** Price-Control Measures, Including Additional Taxes and Charge
- G** Finance Measures
- H** Measures Affecting Competition
- I** Trade-Related Investment Measures
- J** Distribution Restrictions
- K** Restrictions on Post-Sales Services
- L** Subsidies
- M** Government Procurement Restrictions
- N** Intellectual Property
- O** Rules of Origin

## Exports

- P** Export-Related Measures

## **Non-Tariff Barriers (NTBs) – when does a measure become a barrier?**

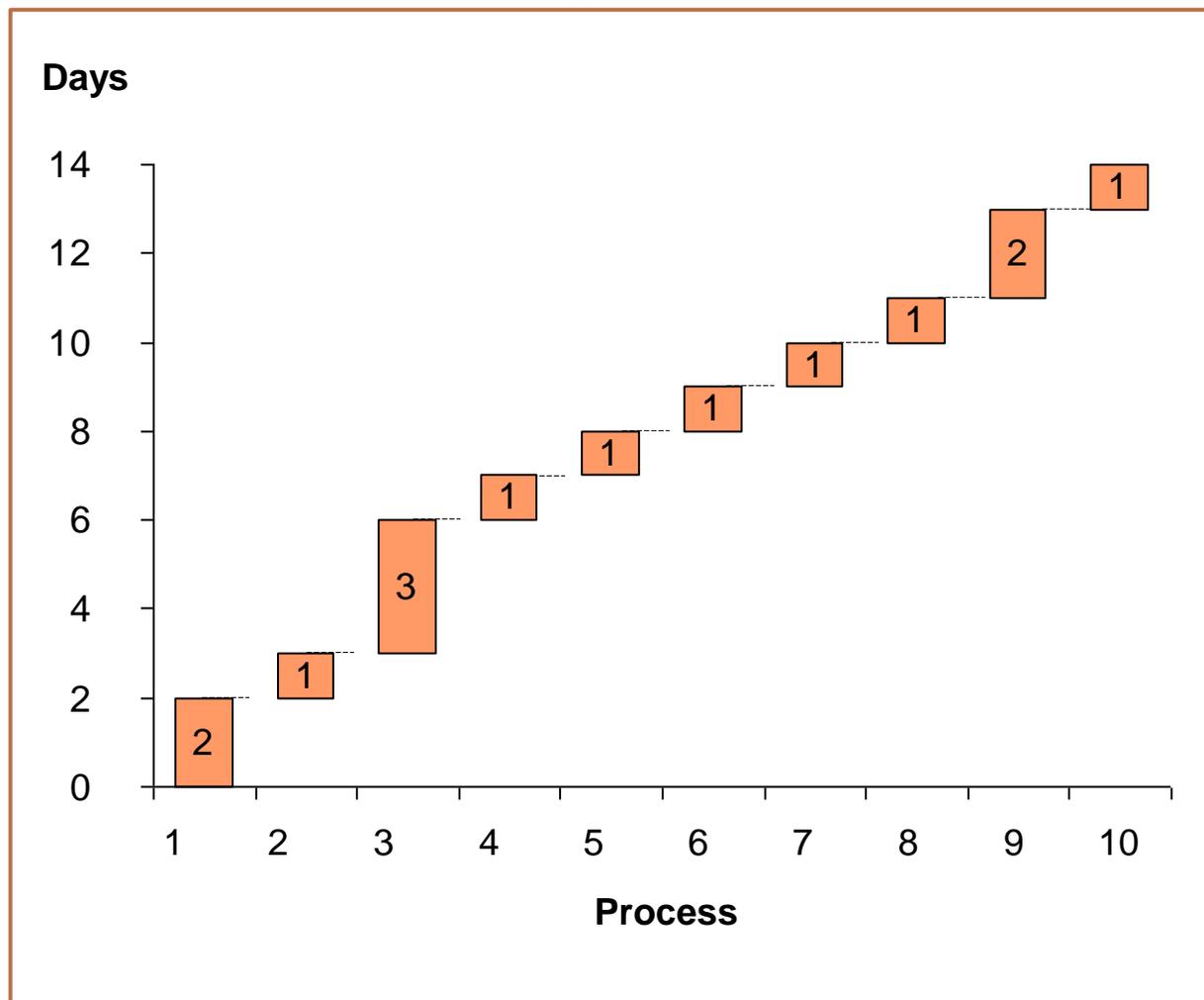
**Non-Tariff Barriers (NTBs)** are a subset of NTM that **are intended to protect or favor domestic producers** by making importation or exportation difficult or costly.

### **Examples of Non-Tariff Barriers (NTBs) include:**

- Import licensing
- Prohibition
- Labeling, packaging, testing and quarantine requirements
- Pre-shipment inspection
- Tariff rate quota
- Other administration and documentation requirements

# Time-Procedure Chart for Trade

## Time-Procedure Chart for the import of animal feed into Lao PDR



1. Concluded Import (buying) contract and trade terms
2. Request to Vientiane Livestock and Fishery Division for getting import of animal feed quota and import permission
3. Inspect the site by VCLFD, VCCD and VCTD for certifying of demand of import of animal feed
4. Certify of Import documents by head of Customs Office at check point
5. Inspect of import goods by Agriculture quarantine inspectors at check point
6. Inspect of import goods by Customs inspector at the checked point
7. Truck transport of all goods to destination places
8. Import documents clearing with customs office at the Lodgment 5 and border check point
9. Establish payment guarantee
10. Claim the payment for goods

## Impacts of trade-restrictive measures and policies



Protect domestic players from import competition



Primary objective may or may not be to regulate trade, although may impact trade flows



Also introduced for public-policy reasons including protecting public health, security and environment



Decrease benefits of integration such as specialization, economies of scales, innovation fostered by competition



Countries affected may also impose countermeasures of protectionism

## ASEAN's Approach to Addressing Non-Tariff Measures

- Elimination of the identified NTBs shall be dealt with by:
  - The Coordinating Committee for the Implementation of the ATIGA (CCA) as the focal point
  - The ASEAN Consultative Committee on Standards and Quality (ACCSQ)
  - The ASEAN Committee on Sanitary and Phytosanitary (AC-SPS)
  - Other relevant ASEAN working bodies, including working bodies under ASEAN Directors-General of Customs
  
- Process for addressing NTM: **Identify – Negotiate – Eliminate**
  1. Member State or private sector notify or report Non-Tariff Measures (e.g. ASEAN Trade Repository and National Trade Repositories)
  2. CCA and relevant working bodies review if reported NTMs constitutes as Non-Tariff Barriers
  3. If identified as NTBs, Member State shall eliminate such NTB in accordance to the ATIGA

## Harmonization of Standards in ASEAN

**Differing product standards in each AMS** is a major obstacle for achieving free flow of goods and services in the region. Therefore, AMSs have established **mutual recognitions agreements (MRA)** to harmonize the standards **in priority sectors**.

- The ASEAN Consultative Committee for Standards and Quality (ACCSQ) along with relevant working groups have made significant progress in harmonizing standards in their sectors
  - Electrical appliances (58 harmonized standards)
  - Electrical safety (71 harmonized standards)
  - Electromagnetic component (10 harmonized standards)
  - Rubber-based products (3 harmonized standards)
- The harmonization of standards in other sectors are also progressing, with priority placed on sectors key for regional economic integration:
  - (1) Agro-based products, (2) cosmetics, (3) fisheries, (4) pharmaceuticals, (5) rubber-based products, (6) wood-based products, (7) automotive, (8) construction, (9) medical devices, (10) traditional medicine and health supplement sectors

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  - **Overview of trade facilitation in ASEAN**
  - Initiatives to improve trade facilitation
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## Trade Facilitation - Definitions

“The **simplification and harmonization of international trade procedures** where trade procedures are the activities, practices and formalities involved in **collecting, presenting, communicating and processing data** and other information required for the movement of goods in international trade”

WORLD TRADE  
ORGANIZATION



“The avoidance of unnecessary trade restrictiveness...achieved by **applying modern techniques and technologies**, while improving the **quality of controls in an internationally harmonized manner.**”

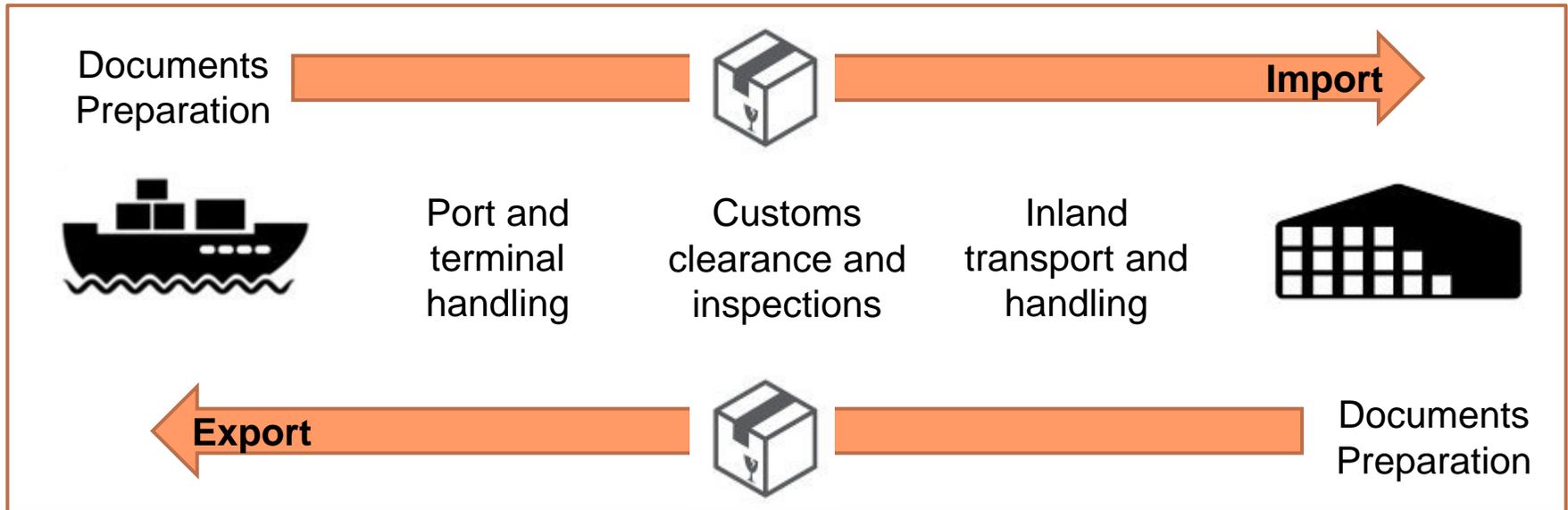


WORLD CUSTOMS ORGANIZATION

# Trading Across Borders

## Key stages

- The process of trading across borders can be broken down into four key stages:
  - (1) Documents preparation
  - (2) Port and terminal handling
  - (3) Customs clearance and inspections and
  - (4) Inland transport and handling
- The export-import procedures for each AMS varies slightly although there are regional initiatives to integrate procedures



## According to the Doing Business Survey, customs procedures amongst member states are time consuming, especially in preparing documentation

(Data as of June 2014)	Export Procedures		Import Procedures		Average % time spent in processing
	Document preparation and customs clearance (days)	Time to export (days)	Document preparation and customs clearance (days)	Time to import (days)	
<b>Brunei</b>	13	19	12	15	74.21%
<b>Cambodia</b>	17	22	18	24	76.14%
<b>Indonesia</b>	13	17	17	26	70.93%
<b>Lao PDR</b>	17	23	20	26	75.42%
<b>Malaysia</b>	6	11	4	8	52.27%
<b>Myanmar</b>	15	20	14	22	69.32%
<b>Philippines</b>	10	15	10	14	69.05%
<b>Singapore</b>	3	6	2	4	50.00%
<b>Thailand</b>	9	14	10	13	70.60%
<b>Vietnam</b>	16	21	16	21	76.19%

- The **time** for importing and exporting goods is mostly **spent on preparing documentation and customs clearance and inspections**
- With the exception of Singapore and Malaysia, **time spent on processing of goods exceeds 60% of total time**
- The longer time it takes for goods to cross border, the more **costly trade** becomes
- This highlights that customs procedures amongst member states are time consuming and a barrier to trade

1 Total time for export/import includes days for (1) document preparation, (2) customs clearance and inspection, (3) ports and terminal handling, and (4) inland transportation and handling

## The following is a list of documents required to accompany the shipments of products across borders:

	<u>Exportation</u>	<u>Importation</u>
<b>Common Documents</b> (at least 5 AMS)	<ul style="list-style-type: none"> <li>▪ Bill of Lading</li> <li>▪ Commercial Invoice</li> <li>▪ Customs Export Declaration</li> <li>▪ Packing List</li> <li>▪ Technical Standards / Health Certificate</li> </ul>	<ul style="list-style-type: none"> <li>▪ Bill of Lading</li> <li>▪ Commercial Invoice</li> <li>▪ Customs Import Declaration</li> <li>▪ Packing List</li> <li>▪ Terminal Handling Receipt</li> </ul>
<b>Country-Specific Documents</b>	<ul style="list-style-type: none"> <li>▪ Terminal Handling Receipt</li> <li>▪ Certificate of Origin</li> <li>▪ Export Permit</li> <li>▪ Inspection Report</li> <li>▪ Insurance Certificate</li> <li>▪ Customs Transit Document</li> <li>▪ Bank Certificate</li> <li>▪ Sales Contract</li> <li>▪ Shipping Instruction</li> </ul>	<ul style="list-style-type: none"> <li>▪ Cargo Release Order</li> <li>▪ Technical Standard/Health Certificate</li> <li>▪ Certificate of Origin</li> <li>▪ Import Permit</li> <li>▪ Pre-shipment inspection report</li> <li>▪ Insurance Certificate</li> <li>▪ Delivery Order</li> <li>▪ Tax Certificate</li> <li>▪ Proof of payments of customs, excise and tax</li> <li>▪ Customs Transit Document</li> <li>▪ Gate Pass</li> </ul>

The number of documents a country requires for export/import procedures directly reflects the complexity of clearance procedures. **The greater the number of documents needed, the more complex, time consuming and costly cargo clearance procedures are in that member state.**

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- **Topic 4: Trade Facilitation**
  - Overview of trade facilitation in ASEAN
  - **Initiatives to improve trade facilitation**
- Summary of Key Concepts

## To better facilitate trade throughout the entire region, two key initiatives have been agreed upon while another one is currently being tested

	Description of Initiatives	Expected Benefits for Traders
<b>Harmonization of Documentation</b>	<ul style="list-style-type: none"> <li>▪ Two trade documents have been harmonized across AMS               <ul style="list-style-type: none"> <li>– <b>ASEAN Customs Declaration Document (ACDD)</b> used for customs declaration and clearance</li> <li>– <b>ATIGA Form D</b> used as a Certificate of Origin</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Decrease time and complication in the preparation of documentation when exporting to multiple ASEAN countries</li> <li>▪ Ability to reuse data / forms, translating to cost savings for businesses</li> </ul>
<b>Electronic linkage through the ASEAN Single Window</b>	<ul style="list-style-type: none"> <li>▪ The ASEAN Single Window will be a linkage between each AMS's National Single Window</li> <li>▪ The National Single Window is an electronic platform to connect traders to all relevant authorities when obtaining documentation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Electronic exchange of information allows for a cheaper and faster customs clearance process</li> <li>▪ Greater convenience for traders as information / forms are shared online</li> </ul>
<b>Facilitation of the movement of goods in transit (currently tested)</b>	<ul style="list-style-type: none"> <li>▪ The ASEAN Customs Transit System (ACTS) will be a complete Customs-to-Customs Network</li> <li>▪ Goods in transit can move seamlessly across different borders via a single declaration</li> </ul>	<ul style="list-style-type: none"> <li>▪ Goods can flow through the region to reach its destination country faster</li> <li>▪ High cost savings and lower risk for damages as goods are transported with less interruptions</li> </ul>

## What is the ASEAN Single Window?

**“The ASEAN Single Window is the environment where the National Single Window of member countries operate and integrate”**

*--Agreement to Establish and Implement the ASEAN Single Window  
Kuala Lumpur, 9 December 2005*

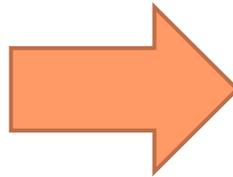
- Single submission of data and information
- Single and synchronous processing of data and information
- Single decision-making for customs release and clearance

# The key success factor for the ASEAN Single Window is the implementation of the National Single Windows in member states

## National Level

### Implementation of a National Single Window

Establish a single window in each member states for custom clearance to enable a **single point for submission of information, processing of information, and decision-making**



## Regional Level

### Realization of an ASEAN Single Window

**Integrate the National Single Windows** of all member states into **one unified system** to better facilitate trade across the region

# How does the National Single Window work?

**In summary**

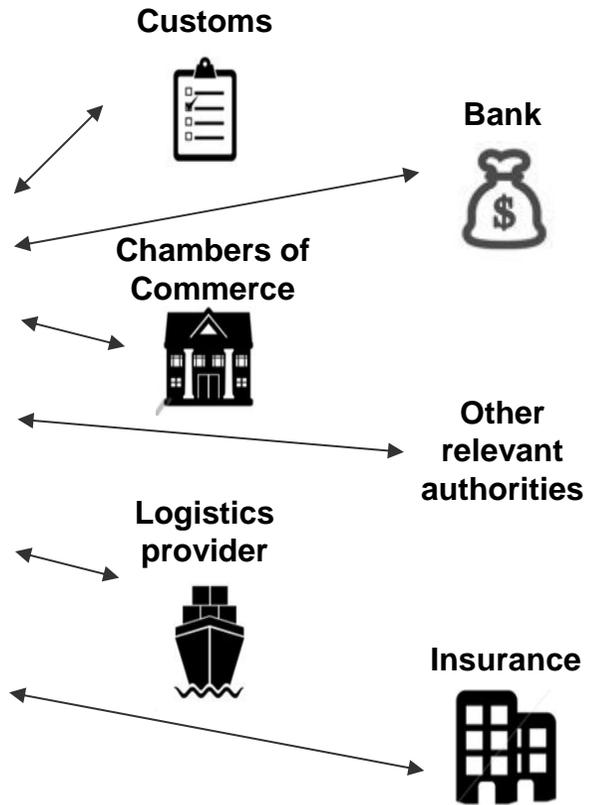
Instead of submitting different forms and information to multiple agencies to get a shipment of goods cleared, a trader would **only need to submit all the information to one agency**

Trader **submits all shipment information once** to the Single Window

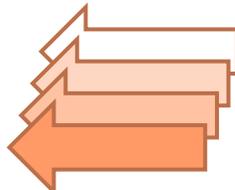


**National Single Window**

- Select, sort, filter information
- Route information to relevant agencies
- Return responses to traders



Single Window **pushes back all responses** from relevant agencies. **All-positive response means cargo is cleared**



## How can NSW expedite customs procedure – Singapore Case Example

Characteristics	Previous Manual Process	With TradeNet (Singapore NSW)
<b>Submission of documents</b>	<ul style="list-style-type: none"> <li>▪ By dispatch clerks</li> <li>▪ During office hours only</li> </ul>	<ul style="list-style-type: none"> <li>▪ From anywhere (online)</li> <li>▪ 24 hours daily</li> </ul>
<b>Copies of documents</b>	<ul style="list-style-type: none"> <li>▪ Multiple copies and documents (up to 35 forms)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Single copy printed</li> <li>▪ Electronically stored</li> </ul>
<b>Processing time for approval</b>	<ul style="list-style-type: none"> <li>▪ Varies from 4 hours to 2 days</li> </ul>	<ul style="list-style-type: none"> <li>▪ Within 10 minutes</li> </ul>
<b>Dutiable goods handling</b>	<ul style="list-style-type: none"> <li>▪ Separate documents for Customs processing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Same electronic document routed to Customs through NSW for processing</li> </ul>
<b>Controlled goods handling</b>	<ul style="list-style-type: none"> <li>▪ Separate documents to relevant authorities for processing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Same electronic document routed to relevant authorities</li> </ul>
<b>Fees charged</b>	<ul style="list-style-type: none"> <li>▪ SGD 10 – SGD20</li> </ul>	<ul style="list-style-type: none"> <li>▪ SGD 2.88</li> </ul>
<b>Customs duties collection</b>	<ul style="list-style-type: none"> <li>▪ By cheque</li> </ul>	<ul style="list-style-type: none"> <li>▪ Automated bank deductions</li> </ul>

- ✓ **Greater convenience**
- ✓ **Faster processing time of documents**
- ✓ **Less paperwork**
- ✓ **Lower cost associated to preparation of documents**
- ✓ **Lower business costs**

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# REVIEW OF KEY CONCEPTS – TARIFF REDUCTIONS

- Currently for trade of goods amongst ASEAN member states, **the tariff of more than 99% of all products have been reduced to 0 - 5%**, as stipulated under ATIGA
- The “**Harmonized Commodity Description and Coding System**” or **HS code** classifies goods to a certain set of 6-digit numbers and is used when trading with partners outside of ASEAN
- The **ASEAN Harmonized Tariff Nomenclature (AHTN)** is used for trade amongst AMS and is harmonized at an 8-digit level
- A **Tariff Schedule** is a document that contains the tariff rate of traded goods for each country

# REVIEW OF KEY CONCEPTS – RULES OF ORIGIN

- **Only goods originating from an ASEAN member state can benefit from the tariff reduction / elimination** as stipulated under ATIGA. This is known as “Rules of Origin”
- If products are not wholly produced in an AMS, they must either have a **regional value content of at least 40%** or have undergone a **change-in-tariff-classification**
- Traders must fill out the **ATIGA Form D**, which is used as the Certificate of Origin to prove origin of the products

## REVIEW OF KEY CONCEPTS – NTMs/NTBs

- **Non-tariff measures** are policy measures other than ordinary customs tariffs that can potentially have an economic effect trade in goods (although it may not be intended to affect trade)
- **Non-Tariff Barriers (NTBs)** are a subset of NTM that **are intended to protect or favor domestic producers** by making importation or exportation difficult or costly

# REVIEW OF KEY CONCEPTS – TRADE FACILITATION

- **Trade facilitation** is the simplification and harmonization of trade procedures to expedite export and import processes
- In ASEAN, key trade facilitation initiatives include:
  - **Harmonization of trade documents:** ATIGA Form D and the ASEAN Customs Declaration Document
  - **Implementation of the ASEAN Single Window** for electronic exchange of documents, trade data and approvals (in-progress)