Promoting FTA Utilization

WCO Origin Conference
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Panasonic Corporation
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Issues

1. Panasonic Overview
2. Problems facing FTA users
3. Future Expectations
Panasonic Overview

💎 A wide range of products to enrich people’s lives all around the world
➢ Components, equipment and finished consumer goods

Company Name: Panasonic Corporation
Foundation: In 1918, by Konosuke Matsushita
Financial Forecast: approx. $74 billion (March 2014)
Number of Employees: approx. 290,000 (as of Sept. 2013)
Global Operations

- Overseas sales account for a half of global sales
- More than 300 companies in 45 overseas countries and regions
- Customers all over the world: a global supply chain

Overseas Companies in Panasonic Group

<table>
<thead>
<tr>
<th>Numbers of Companies (countries and regions)</th>
<th>Americas</th>
<th>Europe &amp; CIS</th>
<th>Asia, ME and Africa</th>
<th>China &amp; Northeast Asia</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>(9)</td>
<td>45</td>
<td>55</td>
<td>107</td>
<td>127</td>
<td>334</td>
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<tr>
<td>(19)</td>
<td></td>
<td>(19)</td>
<td>(13)</td>
<td>(4)</td>
<td>(45)</td>
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As of October 2013
Issues

1. Panasonic Overview

2. Problems facing FTA users

3. Future Expectations
Promoting FTA Utilization at Panasonic

✧ Number of FTAs increasing rapidly all over the world
✧ Panasonic is promoting FTA utilization **proactively**

FAQs about FTA received from Panasonic Colleagues

- (1) FTA tariff rates, FTA ROO, etc. (58%)
- (2) Discrepancies in HS codes (15%)
- (3) Diversity and Complex of Businesses (12%)
- Others (15%)

134 inquiries (2013)

ROO: Rules of Origin
Manufacturers/Exporters need easier access to FTA information in export countries

1. Exporters have difficulty finding out future changes in FTA tariff rates

Example: Tariff Reduction Schedule in Vietnam for Color TV (HS8528.72)
Manufacturers/Exporters need easier access to FTA information in export countries

**Problems**

1. Manufacturers have difficulty finding out proper FTA ROO for each FTA: Different basis (VA, CTC, VA or CTC, VA and CTC), diff. interpretation, etc.

2. Troublesome for manufacturers to prepare and store documents proving origin under each different FTA rule

<table>
<thead>
<tr>
<th>Product (A)</th>
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<tbody>
<tr>
<td>FTA (1)</td>
</tr>
<tr>
<td>FTA (2)</td>
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<tr>
<td>FTA (3)</td>
</tr>
<tr>
<td>FTA (4)</td>
</tr>
</tbody>
</table>

VA: Value Added  
CTC: Change in Tariff Classification  
CTH: Change in Tariff of Heading  
CTSH: Change in Tariff Sub Heading
(2) Discrepancies in HS codes

- HS code discrepancies between export countries and import countries cause more confusion among FTA users

Problems

1. Manufactures have difficulty finding out HS codes of import countries
2. Some issuing authorities don’t issue C/Os with different HS codes of import customs *(C/O: certificate of origin)*
3. Some import customs make sudden changes in HS code interpretation and ask importers to pay tax retroactively
4. FTA rules do not keep up with the 5-year changes in HS codes

ex: Glasses for 3D Television

They are TV accessories, then 8529!

They are glasses, then 9004!

They are new products, then 8543!
(3) Increasingly diverse, complex businesses

- Goods transported from factories to importers directly, but invoices switched in third countries to control global supply chain
- This operation sometimes causes problems for using FTAs

### Problems

1. Manufacturers don’t want to disclose factory price to import customers
2. Import customs may not accept an FTA C/O if its FOB prices are different from import invoices
3. Manufacturers hesitate to reveal trade secrets: What documents are really needed for FTA utilization?
1. Panasonic Overview

2. Problems facing FTA users

3. Future Expectations
Conclusion

- Manufactures need simpler and more user-friendly FTA rules
- FTA rules must not threaten trade secrets such as price or technical information

Expectations

1. FTA database accessible by anyone, especially in exporter’s country
2. Consultation services for utilizing FTA provided by governments
3. Advance rulings on FTA origin in export countries, and sharing this information with import countries
4. No price indications on C/Os and other self-certification documents
5. Clarification of disclosure requirements to prove origin
6. Acceptance of C/O by electronic data to keep up with logistics speed (ex. air-freight shipment)
Thank you!

Panasonic