

# Promoting FTA Utilization

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Panasonic Corporation  
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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)



- ✧ 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

	Americas	Europe & CIS	Asia, ME and Africa	China & Northeast Asia	Total
Numbers of Companies	45	55	107	127	334
(countries and regions)	(9)	(19)	(13)	(4)	(45)

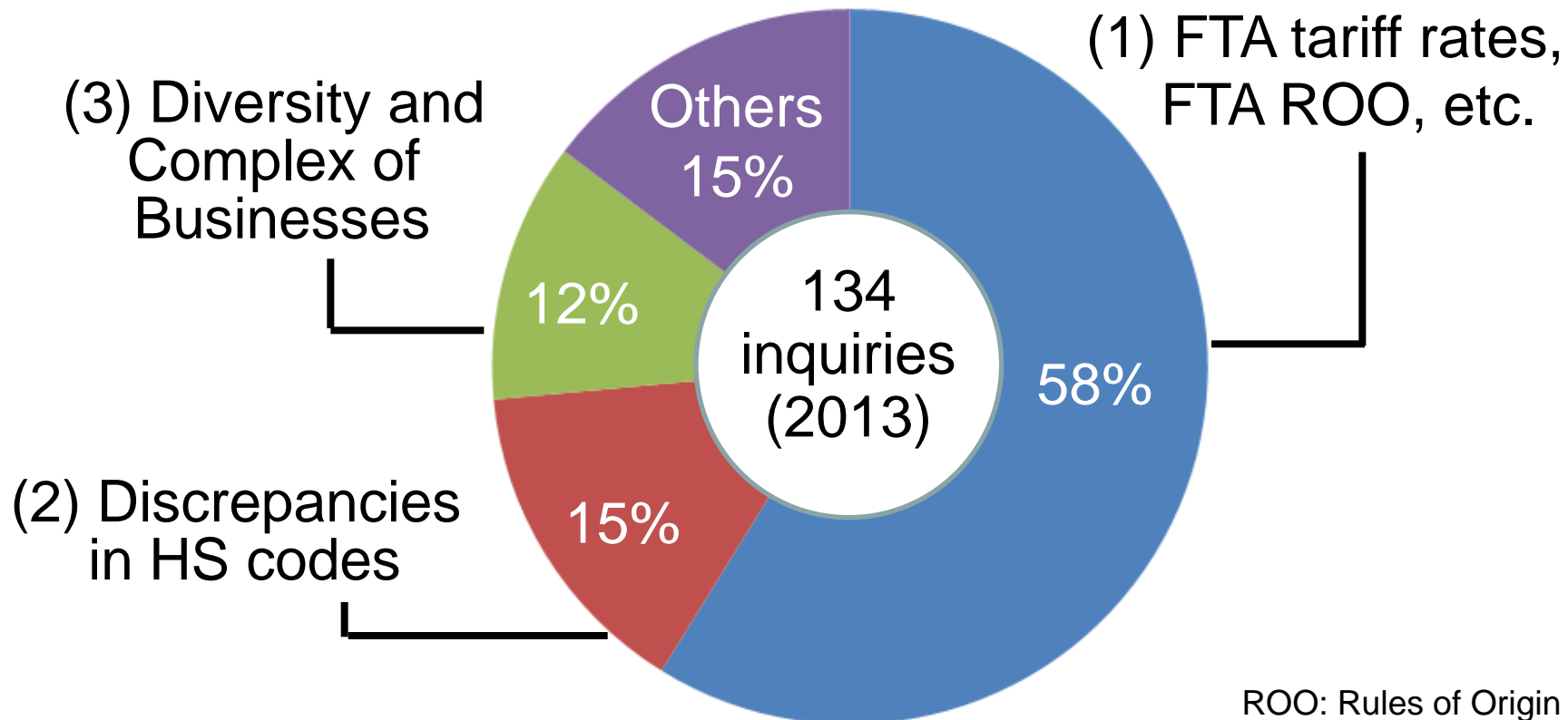
As of October 2013

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# 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



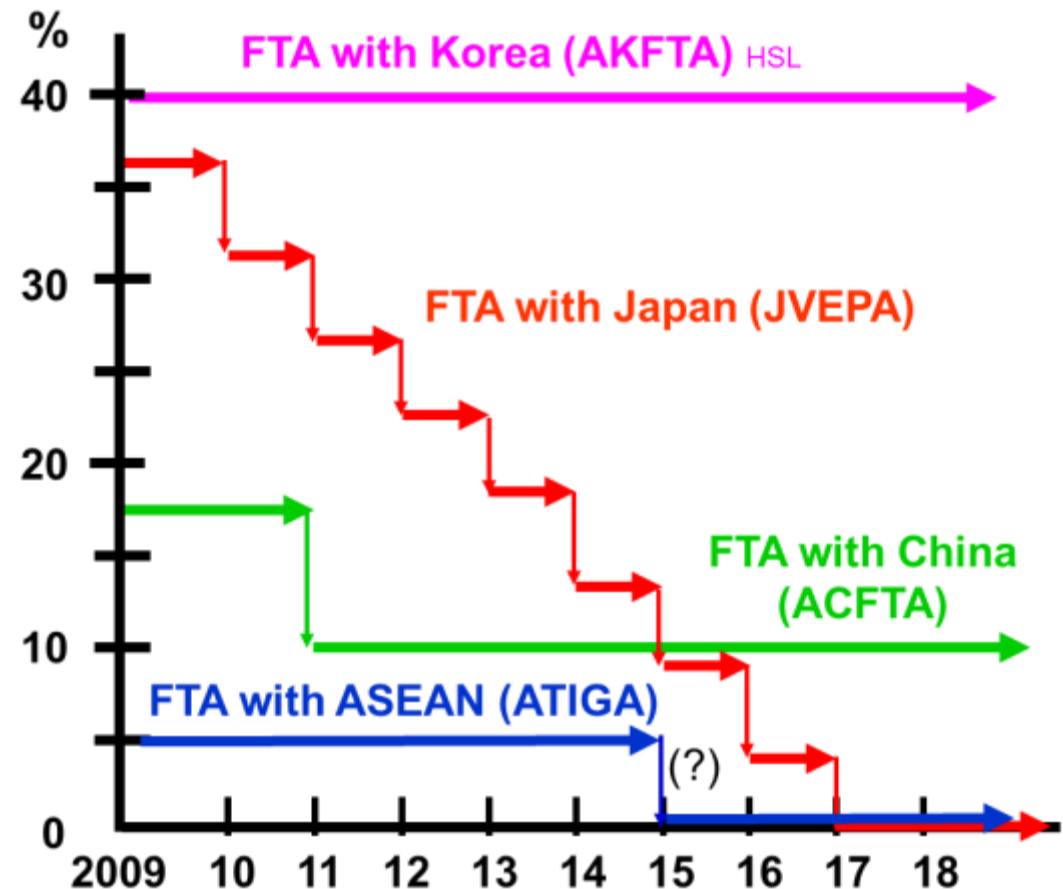
# (1) -1 FTA Tariff Rates

- ✧ Manufacturers/Exporters need easier access to FTA information in export countries

## Problems

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

ex. Tariff Reduction Schedule in Vietnam for Color TV (HS8528.72)



# (1) -2 FTA Rules of Origin (ROO)

- ✧ 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

ex. Differences of ROO by FTA

	Product (A)
FTA (1)	VA 40%
FTA (2)	CTH
FTA (3)	VA 60% or conditional CTH
FTA (4)	VA 35% and CTSH

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

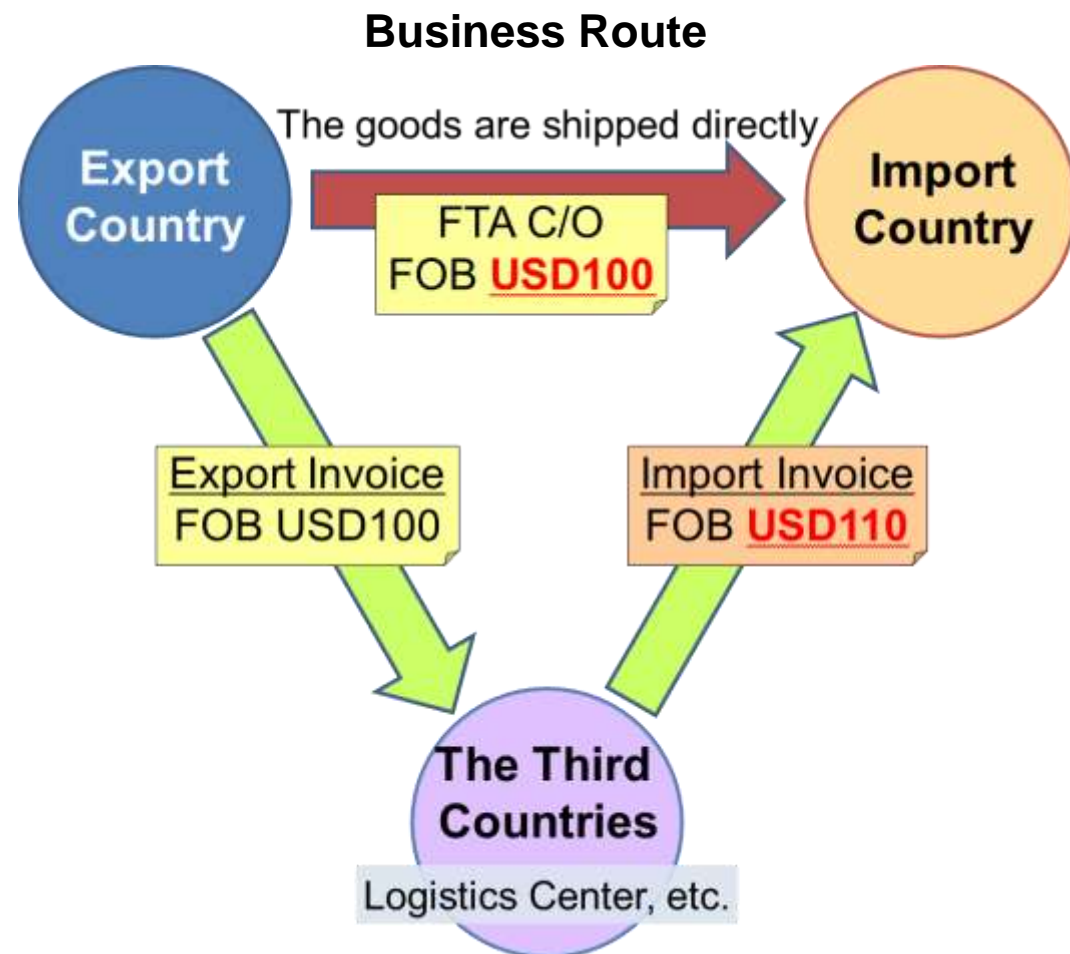


### (3) Increasingly diverse, complex businesses

- ✧ 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?



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# 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**