Findings of the WCO Survey on Digitalization on Certificate of Origin

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Workshop on Rules of Origin
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1. Introduction
2. Certification of Origin
3. Electronic Certificate of Origin
4. Data Exchange on Certificate of Origin
5. Self-Certification of Origin
6. Key Findings
Annex
1. Introduction

WCO Implementation Plan 2022-2023

Methodology: Survey/Questionnaire

84 Members responded
2. Certification of Origin

Certification system practice of Members

- Authority issuance + self-certification (62 Members) 73.8%
- Only Authority Issuance System (20 Members) 23.8%
- Others (2 Members) 2.4%
2. Certification of Origin
----Types of Authority Issuance

Findings of the WCO Survey on Digitalization on Certificate of Origin

- Paper-based + electronic: 48 Members (58.54%)
- Paper-based only: 33 Members (40.24%)
- Electronic only: 1 Member (1.22%)
2. Certification of Origin

Issuance Authority of Non-preferential Certificate of Origin

Non-preferential CoO Issuance Authority

<table>
<thead>
<tr>
<th>Authority</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chamber of Commerce</td>
<td>54</td>
</tr>
<tr>
<td>Customs Authority</td>
<td>10</td>
</tr>
<tr>
<td>Ministry of Trade</td>
<td>8</td>
</tr>
<tr>
<td>Others</td>
<td>19</td>
</tr>
</tbody>
</table>
2. Certification of Origin
----Issuance Authority of Preferential Certificate of Origin

Preferential CoO Issuance Authority

<table>
<thead>
<tr>
<th>Authority</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customs Authority</td>
<td>46</td>
</tr>
<tr>
<td>Chamber of Commerce</td>
<td>26</td>
</tr>
<tr>
<td>Ministry of Trade</td>
<td>14</td>
</tr>
<tr>
<td>Others</td>
<td>20</td>
</tr>
</tbody>
</table>
3. Electronic Certificate of Origin

----Comparison on Issuance Fee

![Comparison on Issuance Fee chart]

- **Not mentioned**: 22
- **No idea of the cost**: 2
- **E-CoO (higher issuance fee)**: 3
- **Paper-based (higher issuance fee)**: 3
- **Same issuance fee**: 18
3. Electronic Certificate of Origin

----Comparison on Issuance Time

Comparison on Issuance Time

- Not mentioned: 22
- E-CoO (shorter time): 16
- Same time: 10
3. Electronic Certificate of Origin

--- Issuance Time of E-CoO

<table>
<thead>
<tr>
<th>Issuance Time</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not mentioned</td>
<td>24</td>
</tr>
<tr>
<td>1-3 days</td>
<td>3</td>
</tr>
<tr>
<td>Within 8 hours</td>
<td>5</td>
</tr>
<tr>
<td>1-4 hours</td>
<td>4</td>
</tr>
<tr>
<td>≤ 1 hour</td>
<td>12</td>
</tr>
</tbody>
</table>
3. Electronic Certificate of Origin

Types of CoO Issued Electronically

Type of CoO Issued Electronically

- Both Types: 34.6%
- Non-preferential CoO only: 32.7%
- Preferential CoO only: 32.7%

Both Types
Preferential CoO only
Non-preferential CoO only
3. Electronic Certificate of Origin

---- Acceptance of e-CoO

Acceptance of E-CoO

- Accept Non-preferential CoO Only: 5
- Accept Preferential CoO Only: 14
- Not accept Either: 22
- Accept Both: 19
- Not Mentioned: 24

Findings of the WCO Survey on Digitalization on Certificate of Origin
3. Electronic Certificate of Origin

----Irregularities/Fraud and optional Solutions

Electronic format is not a specific point on irregularity / fraud.

Potential Solution:

➢ Use a website clarification system;
➢ Use QR code;
➢ Utilize a risk-based approach supported by self-assessment by importers to encourage compliance;
➢ Implement post-clearance audit (PCA)
3. Electronic Certificate of Origin
----Challenges and success factors

- National Legislation on E-CoO
- Negotiation with Contracting Parties
- Resource Allocation
- Good Awareness
- Well developed IT System
- Others
4. Data Exchange on CoO

What is Data Exchange on Certificate of Origin?

22 Members responded: YES
9 Members responded: ON THE PROCESS

Type of CoO Implementing Data Exchange

- Data Exchange on Preferential CoO Only: 1
- Data Exchange on Non-preferential CoO Only: 2
- Data Exchange on Both Types: 19
4. Data Exchange on CoO
----Data Standard and Technology used

• Data Standard
  ➢ 18 Members responded on Data Standard
  ➢ 10 Members (55.6%) were using WCO Data Model (DM) or Regional data models which are compatible with the WCO DM.

• Technology used
  ➢ One Member responded the implementation on data exchange of non-preferential certificate of origin, using blockchain technology.
  ➢ Others were using IBM MQ server technology, SOAP (Simple Object Access Protocol), InterPlanetary File System (IPFS) technology with Verifiable Credentials (VC), etc.
### 4. Data Exchange on CoO

--- Challenges and Success factors

<table>
<thead>
<tr>
<th>Before establishment</th>
<th>Mutual agreement with contracting parties</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Alignment of the technical standards and specifications with the contracting party</td>
</tr>
<tr>
<td></td>
<td>Domestical challenges: legal basis, system improvement, exporters and Customs’ awareness, etc.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>After establishment</th>
<th>Conduct system monitoring</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Harmonize different Agreements</td>
</tr>
<tr>
<td></td>
<td>Advance the system with other FTA contracting parties</td>
</tr>
</tbody>
</table>
5. Self-certification of origin

--- Type of self-certification

<table>
<thead>
<tr>
<th>Types of Self-certification of Members</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Approved exporter based</td>
<td>48</td>
</tr>
<tr>
<td>Registered exporter based</td>
<td>38</td>
</tr>
<tr>
<td>Full exporter based</td>
<td>31</td>
</tr>
<tr>
<td>Importer based</td>
<td>32</td>
</tr>
<tr>
<td>Other</td>
<td>10</td>
</tr>
</tbody>
</table>
5. Self-certification of origin ---- Procedure of Self-certification

- Authorization of the entity
- “Authorization / Registration” of the self-certifying goods (NOT Mandatory)
- Making out Self-declaration document
- Administrative Management
5. Self-certification of origin
----IT system for self-certification

On Commercial documents
(commercial invoice, packing list, delivery note, bill of lading...)

Develop Specific IT system for self-certification
5. Self-certification of origin
----Irregularities and optional solutions

Fraud
- The declaration on preferential origin in the invoice was added at a later stage;
- Using a self-made/forged authorization number or an invalid REX number;
- Certified goods didn’t comply with originating status
- etc.

Irregularity
- Non-accurate self-declaration documents were made. (for example, issued by improper operators, issued in improper formats; indicating wrong/incorrect origin criteria; not in accordance with Minimum Information Requirements, etc.)
- Irregularities are detected in the course of verification process.

Optional Solutions
5. Key Findings

Majority of the Members (more than 75% from the survey) have implemented both competent authority issuance system and self-certification, within the country.

More than half of the Members (58% from the survey) indicated the implemented electronic certificate of origin issuance.

E-CoO certificate of origin is not a specific point on irregularities/fraud. However, with e-CoO IT system, the authenticity of the certificate of origin can be verified more easily.

Origin data exchange programmes are reported in multiple regions, some Members reported that they have started pilot on data exchange system of certificate of origin.
5. Key Findings

WCO Data Model is commonly recognized and utilized as the basis for message format by COO data exchange.

Mutual agreement with contracting parties is the key challenge and success factor for the establishment of digitalization on CoO, especially on data exchange standard and business process specification.

Data exchange of origin relating to both certificate of origin, and self-certification were reported.

Because of the low level of knowledge on self-certification of the certifying entities, higher irregularity/error rate on self-certification have been detected.
THANK YOU!

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