

Concept Note

Feasibility Study on Interconnectivity Framework for Certificates of Origin

A. Introduction

A.1 Background to the Initiative

1. The initiative on the feasibility study on an interconnectivity framework for certificates of origin (CO) was introduced with the ultimate objective of enhancing the efficiency of origin certification processes by implementing digitalization and interoperability.
2. The certificate of origin is a specific form, in which the authority or body of the exporting country empowered to issue it certifies expressly that the goods to which the certificate relates originate in a specific country. This certificate may also include a declaration by the manufacturer, producer, supplier, exporter or other competent person. In general, a claim for preferential tariff treatment is required to be supported by a proof of origin, which must be presented to the Customs authority of the importing country upon request.
3. Traditionally, origin certification processes are manual, paper-based, slow and cumbersome. Manual origin certification processes are prohibitive to trade and not in line with trade facilitation objectives. In addition, paper-based origin certification is prone to fraud.
4. There is increased interest from different stakeholders in managing origin-related procedures of international trade through digitalization. Taking into account the needs relating to digitalization of the certificate of origin, Customs administrations are strengthening both operational and organizational capacities to improve efficiencies within the cross-border trading environment. One of the key components of the digitalization of the certificate of origin is to support system interconnectivity. This will ensure that systems are interconnected in order to enhance cooperation for automated data exchange between the exporting authorities and importing Customs administrations, enabling the simplification and harmonization of border procedures, streamlining the entire process, and saving time and effort for the businesses and government agencies involved.
5. In line with the World Customs Organization (WCO) Strategic Plan 2022-2025 to enhance digitalization and Customs cooperation (FA1. Technology and innovation), as well as reinforcement of Customs cooperation and cooperation with key stakeholders (SP2), and taking into account the need to facilitate the establishment of smooth and efficient exchange of information related to CO, in 2022-2023 the WCO conducted, with the support of Members, a survey on the digitalization of the certificate of origin. The ***Study on the Digitalization of the Certificate of Origin*** was developed by the WCO Secretariat, based on 84 responses received. The survey indicated that 22 Members (26.2% of the Members responding) had implemented a data exchange system on

certificates of origin. Further 9 Members responded that they were in the process of developing or constructing a data exchange system on certificates of origin. In addition, data exchange on CO is practised in multiple regions, including Asia and the Pacific, Africa, North America, South America, and Europe.

6. As for the challenges in establishing an electronic data exchange programme: the alignment of technical standards and specifications with other contracting parties was reported as common challenges. So were mutually agreeing on the data element standards, message implementation guidelines and business process specifications.
7. In this regard, the Technical Committee on Rules of Origin (TCRO) discussed and considered the inclusion of a feasibility study on establishing an interconnectivity framework for CO in its Work Programme at its meeting in February 2023. The Work Programme was subsequently approved by the Council in June 2023.

A.2 Globally Networked Customs (GNC)

8. Globally Networked Customs (GNC) aims to enhance Customs cooperation by providing an overarching framework in which WCO Members can apply a common, disciplined and coordinated methodology to develop and perfect strategic and operational blueprints based on WCO tools and instruments. GNC facilitates interconnectedness among Customs administrations through exchange of information arrangements. This principle can be applied across all aspects of work undertaken by WCO committees and the Secretariat.
9. GNC is an interconnectivity framework containing a set of principles necessary for establishing cross-border interconnectivity. It is a voluntary arrangement between two or more Members to exchange cross-border information seamlessly using a standardized approach based on existing WCO instruments. GNC is gradually moving away from the current, individually tailored method for negotiating international agreements, towards using a disciplined and common methodology to industrialize the process.
10. The GNC concept includes the Utility Block (UB), a functional subset of the GNC offering a tangible value proposition to Customs administrations by meeting specific needs through the sharing of information. A UB addresses some of the interconnectivity aspects relevant to a specific part of Customs' business and describes what is needed for information exchange, including the reasons for following this approach, listing the specific data elements required, the alignment of processes, the necessary communication mechanisms and IT interface and message specifications.
11. GNC-UBs contain key harmonized/standardized components: 1. Business case and legal framework (name of the UB, purposes, benefits and legal basis), 2. Process alignment (business rules, trigger, entities and data cluster), and 3. Technical interoperability (service interface, communication and integration).
12. Within the context of the feasibility study, the GNC methodology will be considered as the primary reference for establishing the interconnectivity framework. A CO-specific interconnectivity could potentially be developed as a specific UB (i.e. CO-UB).

A.3 Project Timeline

13. The initiative was introduced as part of the TCRO Work Programme at its 41st Session on 8 February 2023. On 25-27 April 2023, the Permanent Technical Committee (PTC) took note of the initiative and the TCRO Work Programme. Subsequently, the Council approved the Work Programme in June 2023, with strong support from Members.
14. Following Council approval of the TCRO Work Programme, the feasibility study is planned to be conducted by interested Members in an Informal Working Group (IWG) which will meet virtually (without interpretation (see D)). The IWG will submit its progress report and its final outcomes to the relevant WCO working body, namely, the TCRO, Data Model Project Team (DMPT) and PTC.
15. The work of the IWG will be based on an Action Plan (annexed to this Concept Note). The Action Plan consists of two main stages: the first stage will address the Business Process Models and dataset of CO. The second stage will address the interconnectivity framework, focusing on legal frameworks and the business case for interconnectivity.
16. The first stage is planned to be concluded by the end of 2023, which allows for the submission of its results to the TCRO in February 2024. The second stage will commence following the first stage and is planned to be completed by mid-2024.
17. The overall feasibility study is planned to be completed by the end of 2024, allowing for the submission of the final outcomes to the TCRO for endorsement at its meeting in 2025, and subsequently to the PTC, Policy Commission, and Council.

B. Objective and Methodology

B.1 Purpose

18. The objective of the initiative is to examine the feasibility of establishing an interconnectivity framework for certificates of origin as a means of enhancing the efficiency of origin certification processes.

B.2 Methodology

19. The feasibility study will be conducted by interested WCO Members, who will convene virtually in an intersessional IWG (without interpretation (see D)). The IWG will examine, among other things:
 - current practices of origin certification processes;
 - data elements of CO;
 - data exchange of CO; and
 - legal framework of CO data exchange.
20. The IWG will conduct its study based on the information collected via questionnaires, experience sharing (presentations) and discussion (i.e. question and answer sessions) during the IWG's meetings.
21. The IWG will also examine how an interconnectivity framework could be established based on the GNC methodology.
22. Noting the type of topics and tasks that would be handled by the IWG, the IWG would be expected to be composed of experts/teams of experts with the following expertise:

- policy-making relating to Rules of Origin;
- legal expertise in the area of Free Trade Agreements, data exchange and data protection;
- business process management on origin certification;
- data exchange and data harmonization; and
- information and communication technology.

C. Goals and Deliverables

23. In undertaking the study, the IWG will examine current practices, with the objective of identifying a common Business Process Model for e-CO exchange. The IWG will also examine and compare data elements of different certificates of origin. Subsequently, the IWG will examine different aspects of an interconnectivity framework based on GNC-UB components.
24. The IWG would be expected to produce a feasibility study report, which would contain, among other things:
 - a common Business Process Model (BPM) for electronic origin certification and data exchange (as is, and in the future);
 - a common dataset of CO, noting the existing WCO Data Model (WCO DM) Derived Information Package (DIP);
 - recommendations for updating the WCO DM DIP on CO;
 - a template for the interconnectivity framework based on the GNC-UB format; and
 - a recommendation on the feasibility of establishing an interconnectivity framework on CO.

D. Funding

25. The Study is open to donor funding to allow for enhancements, such as in-person meetings or interpretation.

*

*

*