



Permanent Technical Committee

PC0750Ea

-  
243<sup>rd</sup>/244<sup>th</sup> Sessions

-  
23-26 April 2024

Brussels, 7 March 2024.

### **WCO ORIGIN-RELATED STUDIES**

#### **Study on the Digitalization of the Certificate of Origin, Study on Accumulation/Cumulation**

**(Item XIII. b on the Agenda)**

#### **SUMMARY**

##### **Purpose of document**

The purpose of this document is to provide an update on the works carried out by the Secretariat regarding the “Study on the Digitalization of the Certificate of Origin” and “Study on Accumulation/Cumulation”. The Permanent Technical committee (PTC) will be invited to take note of and endorse the “Summary Findings of the Study on the Digitalization of the Certificate of Origin” and the “Study on Accumulation/Cumulation”, attached as the annexes to this document.

##### **Action required of the Permanent Technical Committee**

The PTC is invited to:

- take note of and to endorse the “Summary Findings of the Study on the Digitalization of the Certificate of Origin”, attached as PC0750EA1Ea Annex to this document.

- take note of and to endorse the “Study on Accumulation/Cumulation”, attached as PC0750EA2Ea Annex to this document.

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## **I. Introduction**

1. The 139<sup>th</sup>/140<sup>th</sup> Session of the World Customs Organization (WCO) Council, held in June 2022, endorsed the WCO Implementation Plan for 2022/2023. Among other

things, the following activities were included in area of revenue collection: development of a study for the establishment of inter Customs cooperation on information exchange and the digitalization of origin-related procedures and a tool on cumulation over multiple Free Trade Agreements (FTAs).

2. Following the Council's endorsement, the WCO Secretariat initiated the development of two studies: the Study on the Digitalization of the Certificate of Origin and the Study on Accumulation/Cumulation.

## **II. Development of the "Study on the Digitalization of the Certificate of Origin"**

3. As an initial step towards the development of the Study on the Digitalization of the Certificate of Origin, the WCO Secretariat conducted a survey in Autumn 2022 to assess the state of play in digitalization regarding certificates of origin. This survey, which garnered 84 responses from WCO Members, collected information on practices concerning issuance of electronic certificates of origin (e-COs) and systems for exchanging origin data. The findings have been thoroughly analysed and compiled into the "Study on the Digitalization of the Certificate of Origin."
4. The Study consists of six Sections. Section 1 to 5 outline the state of play regarding WCO Members' practices in origin certification, particularly focusing on the digitalization of the origin-related procedures. These sections also identify the success factors, challenges and difficulties encountered by Members. Section 6 presents a summary finding of the Study.
5. The 239th/240th Sessions of the PTC in April 2023 examined the "Study on the Digitalization of the Certificate of Origin" and endorsed the document up to and including Section 5 as set out in Annex V; and took note that Section 6 of the "Study on the Digitalization of the Certificate of Origin" would be returned for further discussion to the Technical Committee on Rules of Origin (TCRO) as a separate commentary document.
6. Subsequent to the endorsement of the document up to and including Section 5 during the 239th/240th Sessions of the PTC, the Study was published, and is available on the WCO website in both English<sup>1</sup> and French<sup>2</sup>.
7. In accordance with the PTC's guidance, Section 6 of the Study was prepared and presented to the 42<sup>nd</sup> Session of the TCRO in February 2024 as a draft commentary document titled "Summary Findings of the Study on the Digitalization of the Certificate of origin" set out as an Annex to this document.
8. The 42<sup>nd</sup> Session of the TCRO appreciated the work done by the Secretariat, further examined the Section 6 of the Study, and expressed its support to make the Study a complete Study, incorporating the Section 6 as the "Summary Finding of the Study on the Digitalization of the Certificate of origin".

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<sup>1</sup> Study on the Digitalisation of the Certificate of Origin, June 2023. Available at: [Available at: Available at \[study-on-the-digitalization-of-the-certificate-of-origin-en.pdf \\(wcoomd.org\\)\]\(https://www.wcoomd.org/study-on-the-digitalization-of-the-certificate-of-origin-en.pdf\).](https://www.wcoomd.org/study-on-the-digitalization-of-the-certificate-of-origin-en.pdf)

<sup>2</sup> Available at: [study-on-the-digitalization-of-the-certificate-of-origin-fr.pdf \(wcoomd.org\)](https://www.wcoomd.org/study-on-the-digitalization-of-the-certificate-of-origin-fr.pdf).

### III. Development of the “Study on Accumulation/Cumulation”

9. In 2017, the WCO developed a "Comparative Study on Preferential Rules of Origin" that analysed the Rules of Origin (RoO) provisions of Free Trade Agreements among major trading states. Additionally, preliminary research into cumulation rules across 47 FTAs was conducted. However, the 2017 version primarily focused on the provisions of 47 FTAs and did not address the challenges of administrative management and implementation, which were considered one of the most complicated areas. Consequently, the WCO Secretariat continued further research on cumulation and provided technical tools to assist in this area.
10. The Study was conducted in two steps as follows:
  - Step One - Document Review: As an initial step towards this goal, the WCO Secretariat undertook a document review of 396 FTAs in force based on the origin database in WCO Trade Tools. The review was carried out during the period from October 2022 to March 2023.
  - Step Two – Case Studies: Based on the preliminary findings from the document review, the WCO Secretariat approached to the WCO Members to collect implementation practices. The Case Studies were conducted during the period from July 2023 to November 2023.
11. This Study aims to provide an overview of the use of cumulation provision in existing Free Trade Agreements (FTAs) and the related procedural requirements. Additionally, the study collected Member practices relating to the implementation of cumulation rules, including certification requirements and verification practices. To this end, the Study consists of three key elements:
  - An explanation of Accumulation/Cumulation;
  - A Document Review; and
  - Case Studies collected from Members.
12. The explanation of Accumulation/Cumulation is aligned to the terminology of contained in the WCO Origin Compendium categorized by “whose elements can be cumulated” and “which elements can be cumulated”. Under “whose elements can be cumulated”, the concepts of bilateral cumulation, diagonal/regional cumulation and cross/extended cumulation explained and illustrated with examples of provisions. Under “which elements can be cumulated”, the concept of full cumulation and partial cumulation were explained and elaborated.
13. Concerning the Document Review, the WCO Secretariat conducted a review of the 398 FTAs in effect, utilising the WCO Trade Tools (the origin database). The aim of the review was to provide an overview of the categorisation of existing FTAs using cumulation, focusing on cumulation rules and procedural requirements indicated in the legal text of the FTAs. Furthermore, the "Categorisation List on Cumulation of the FTAs" was annexed to the study to provide additional information.
14. With regards to the Case Studies, the WCO Secretariat reached out to the WCO Members to collect implementation practices related to certification and verification on cumulation in September 2023. A total of 29 responses from Member Customs administrations were collected and have been thoroughly compiled into the "Study on Accumulation/Cumulation".

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15. During the 42<sup>nd</sup> Session of the TCRO in February 2024, the Study was presented by the Secretariat, and delegates were invited to examine and discuss the Study. The TCRO expressed the appreciation to the work done by the Secretariat, provided inputs and supported the Study on Accumulation/Cumulation.

**IV. Action required of the PTC**

16. The PTC is invited to:

- take note of and to endorse the “Summary Findings of the Study on the Digitalization of the Certificate of Origin”, attached as PC0750EA1Ea Annex to this document.
- take note of and to endorse the “Study on Accumulation/Cumulation”, attached as PC0750EA2Ea Annex to this document.

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