

ASEAN-US Technical Assistance &  
Training Facility, Phase II



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WORKSHOP SUMMARY & PARTICIPANT EVALUATION

Rules of Origin 101 Workshop: an Introduction  
Jakarta, Indonesia (November 29-30, 2007)



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**SUBMITTED BY**  
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The ASEAN-US Facility and the Asia Development Bank co-sponsored a workshop 29-30 November in Jakarta, Indonesia on basic rules of origin. Secretary-General Ong Keng Yong opened the workshop by welcoming participants and remarking that he hoped the workshop would “equip negotiators to better handle negotiations and properly manage the implementation of rules of origin.”

ASEAN is currently negotiating with Dialogue Partners, namely with China, Korea, Australia and New Zealand, India and Japan. In May 2007, the intention to negotiate an ASEAN-EU FTA was also announced. Central to these FTA negotiations is the need to define rules of origin (ROO), or those rules that determine the “nationally” of goods traded, thereby setting the conditions under which a good is eligible for preferential tariff treatment under the agreement. Recognizing the complexity of ROO negotiations, the number of such negotiations taking place and the need to ensure that these ROO are consistent, the ASEAN Secretariat requested capacity building assistance for ROO negotiators.

Drawing 27 participants from ASEAN member countries and the ASEAN Secretariat, this workshop discussed types of rules of origin, approaches to defining rules, their application, and how various rules are viewed from the different perspectives of negotiators, traders, administrators and industry. Participants also received an overview of rules of origin in ASEAN. The second day participants debated practical case studies. If Singapore imports milk from Thailand that came from a cow that was born in Laos, what is the origin of the milk for trade agreement purposes? How does one determine origin in ASEAN? How is origin calculated under different rules? Such case studies highlighted that the rules of origin are far from perfect. Language and definitions are not always clear and open to interpretation. The case studies demonstrate that negotiators must aim for rules that are trade creating rather than trade distorting. The speakers discussed various ROO “war stories” in their experience as negotiators of NAFTA and AFTA.

The workshop was moderated by Mr. Noordin Azhari, Deputy Chief of Party of the Facility and former Director of the ASEAN Secretariat Bureau of Economic Integration and Finance, where he chaired the Task Force on Rules of Origin for the ASEAN Free Trade Area (AFTA). Mr. Azhari was joined by: (1) Dr. William James, a Principal Economist at the Asia Development Bank and assistant editor of the Asia Economic Journal, he is widely published on topics such as trade agreements and rules of origin; (2) Mr. Gene Rosengarden, former Director of the Office of Tariff Affairs and Trade Agreements at the U.S. International Trade Commission (USITC) where he led U.S. negotiating teams at the World Customs Organization (WCO) and World Trade Organization (WTO) on developing rules of origin for non-preferential purposes, directed the U.S. contribution to the development of the Harmonized System (HS), and was a delegate to the North America Free Trade Area (NAFTA) negotiations; and (3) Mr. Timothy Skud, Deputy Assistant Secretary for Tax, Trade, and Tariff Policy at the U.S. Treasury where he is an advocate for trade efficiency policies and administration.

This workshop set the stage for subsequent workshops to address more advanced topics. This workshop represents the first in a series of three workshops to increase capacity of ASEAN Member Country ROO negotiators. The second workshop will cover advanced ROO for trade negotiators and the third workshop will cover ROO for Administrators (e.g. customs and trade authorities). Both follow up workshops will be held in the first half of 2008.

Participants rated the workshop highly, with all presentations scoring at least 5.0 out of a possible 6 points. They especially enjoyed the exercises and requested more such case studies in the future. Participants requested that future workshops present more specific case studies from other FTAs and other practical examples.

The Agenda and participant evaluation are attached.

# Agenda

## Rules of Origin 101 Workshop: An Introduction

Co-sponsored by the ASEAN-US Technical Assistance & Training Facility and the Asia Development Bank

November 29-30, 2007 at the Ambhara Hotel, Jakarta, Indonesia

<b>DAY 1</b>	
8:15 – 8:45	Arrival/Registration/Coffee
8:45 - 9:00	<b>Opening Remarks</b> <i>H.E. Ong Keng Yong , Secretary General of ASEAN</i>
9:00 – 9:15	<b>Introduction and Course Overview</b> <i>Noordin Azhari, ASEAN-US Facility</i>
<b>Session 1</b> 9:15 – 10:00	<b>What are Rules of Origin?</b> <i>William James, Asia Development Bank</i> <ul style="list-style-type: none"><li>– What is their purpose?</li><li>– Why do they matter</li></ul>
10:00 – 10:15	Coffee Break
<b>Session 2</b> 10:15 – 11:00	<b>Types of Rules of Origin</b> <i>Gene Rosengarden</i> <ul style="list-style-type: none"><li>– Non-Preferential Rules of Origin: the Kyoto Convention and the WTO Agreement</li><li>– Preferential Rules of Origin in Bilateral and Plurilateral Trade Agreements: History and Evolution</li></ul>
<b>Session 3</b> 11:00 – 12:15	<b>Different Approaches to ROO and their Application</b> <i>Gene Rosengarden</i> <ul style="list-style-type: none"><li>– Demonstrating Substantial Transformation (Specific Process)</li><li>– Value Added Rule</li><li>– Change in Tariff Classification</li><li>– Inherent Advantages and Disadvantages of the three approaches</li></ul>
12:15 – 1:30	Lunch
<b>Session 4</b> 1:30 – 2:30	<b>Guiding Principles for ROO</b> <i>Tim Skud, U.S. Treasury</i> <ul style="list-style-type: none"><li>– Policy goals for Rules of Origin</li><li>– Problems in Origin administration</li><li>– Effect of different types of Origin on administration, trade and investment</li></ul>
2:30 – 2:45	Coffee Break
<b>Session 5</b> 2:45 – 3:45	<b>Implications of these ROO</b> <i>Tim Skud</i> <ul style="list-style-type: none"><li>– To administrators, businesses</li><li>– On wider economic policies</li></ul>
<b>Session 6</b> 3:45 – 4:45	<b>ROO in ASEAN and the Status of Negotiations</b> <i>Noordin Azhari</i>
4:45 – 5:00	<b>Wrap-up/Evaluations</b>

**DAY 2: Exercises on Applied ROO**

<b>Morning</b> 9:00 – 12:00	<b>Sample Exercises on the Various Approaches</b> <ul style="list-style-type: none"><li>– Specific Processes</li><li>– Value Added Rule</li><li>– Change in Tariff Classification</li></ul>
12:00-1:15	Lunch
<b>Afternoon</b> 1:15 – 4:45	<b>Administration of the Rules of Origin</b> <ul style="list-style-type: none"><li>– Application and Issuance of Certificate of Origin</li><li>– Verification Procedures</li><li>– Advance Ruling</li></ul>
4:45 – 5:00	<b>Wrap-up/Evaluations</b>

# Evaluation

## Rules of Origin 101 Workshop: An Introduction

Co-sponsored by the ASEAN-US Technical Assistance & Training Facility and the Asia Development Bank

November 29-30, 2007

Ambhara Hotel, Jakarta, Indonesia

Your answers to this questionnaire will help us to improve our training programs. Thank you for taking the time to fill it out.

### Personal data

Country of representation:

Brunei Darussalam, Cambodia, Laos, Indonesia, Vietnam, Malaysia, Singapore, Vietnam, Thailand and the ASEAN Secretariat

Select one

Male: 14 Female: 13

### Presentations

On a scale of 1 to 6, please rate how informative each session was for you. A rating of 6 indicates that you found the session highly informative; a rating of 1 that you did not find it informative.

Session	Presentation	
1	What are Rules of Origin? <i>William James</i>	5.3
2	Types of Rules of Origin <i>Gene Rosengarden</i>	5.3
3	Different Approaches to ROO and their Application <i>Gene Rosengardent</i>	5.0
4	Guiding Principles for ROO <i>Timothy Skud</i>	5.0
5	Implications of these ROO <i>Timothy Skud</i>	5.0
6	ROO in ASEAN and the Status of Negotiations <i>Noordin Azhari</i>	5.4

## Subject Matter

Would you like to see more, the same, or less time devoted to the following negotiation topics:

Session	Presentation	More	Same	Less
1	What are Rules of Origin?	11	12	2
2	Types of Rules of Origin	14	8	3
3	Different Approaches to ROO and their Application	20	4	1
4	Guiding Principles for ROO	15	10	0
5	Implications of these ROO	17	7	1
6	ROO in ASEAN and the Status of Negotiations	17	7	1
Day 2	Exercises	21	4	0

## General

### 1. What part of this course did you like the most?

- Exercise (8 persons)
- ROO in ASEAN and the Status of Negotiations (7 persons)
- Case Study (4 persons)
- What are Rules of Origin? (2 persons) – I like the article
- Types of ROO, Guiding Principles for ROO
- Questions and Answer period. Hopefully it will be longer for the follow up activities
- The exercise is useful, as a beginner learning theory is one thing but you learn more when you start applying the theory into practice.
- Session 3/ Session 6 / Case Study
- I like everything that were discussed, very helpful to us
- All of this course is very useful
- All

### 2. What part of this course did you like the least?

- Guiding Principles for ROO (2 persons)
- Different Approaches to ROO and their applications
- If it is too theoretical
- Some exercises is confused to the lectures of each types
- Ambiguane crafting of some exercise
- The presentation with example to clarify the points

- The lecture are knowledgeable but can improve on the presenting of the slides
- All articles, slides, and speakers are excellent
- Very few sample exercise during the discussion on the upper and different approached
- Nothing
- No comments

**3. What other topics would you like to see included?**

- ROO used in various FTAs by ASEAN and its members countries, discussion of specific rules
- ROO in other countries
- More cases under different FTA
- Comparison of ROOs used in different FTAs
- Case study ROO each Member Countries
- The update on the ASEAN (AFTA) and ASEAN with dialogue partners
- Procedure of ROO with ASEAN+3
- ROO ASEAN + Japan, ROO ASEAN, China, ROO ASEAN + Korea
- More topics about ex of AJFTA for understanding the situation where ASEAN Member are in.
- Negotiating ROO between ASEAN + JP/India/Etc
- The History of the nomenclature, if any
- For next time, it should be have more handout of reveal the ROO
- Do more exercise please
- More examples on the implication of ROO
- Guiding Principles for ROO
- Changing heading, charter
- I think the materials are enough for participants
- I think the materials is the best and very completed

**4. Did this course use a good mix of lecture and interactive discussion?**

- Yes (**16 persons**)
- Almost no interactive discussion during the presentation
- No there should be more encouragement of interactive discussion
- More interaction, please
- Sometime, it is not a good mix because some participants have not caught its meanings of this lecture
- It can be improved
- Not good but perfect
- Some how

**5. What sorts of follow-up activities for this course would you find useful?**

- Group Discussion (**2 persons**)
- Exercises (**2 persons**)
- Exercises and explanations
- More exercises in every topic.
- Exercise make perfect. Try to get more interaction between lecturer and audience and please provide simple explanation.

- More sample or practical exercises on the application of ROO to fully grasp the use of every rule being applied
- As being provided (suggested) by Tim, any inquiries thru emails. This is helpful. TQ
- If lecture could be delivered in a more systematic manner as such eventually a wrap up and easily referred to by participants
- It is more specific than that I have met before more unusual for this course, because it is more complicated
- We can practice and implementation which we get in this course for stakeholder and government official
- Sharing our experienced and acknowledgement in this course to another friends or stakeholder
- Discover the C/O issuing procedure of Member Countries
- Exchanging experiences between ASEAN Members in C/O issuing
- More training tours in Member s of ASEAN and going a little bit further to ROO and C/O issuing procedures
- Another workshop (updated one)
- More advance courses
- More training of ROO
- Discuss re implication of ROO, relevant the AMCs, more into details.
- The exchange of lessons from each country
- Deeper understanding on ROO
- The language of ROO workshop, to include: English Grammar 101, UNCCOS applicable law, Lawyers English Grammar 101, the paper crafting of a mathematical formula by mathematician and/or accountant
- All

Thank you for filling out this questionnaire. Additional comments on any aspect of this course are welcome.