



MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

INTRODUCTION TO PREFERENTIAL CERTIFICATE OF ORIGIN (PCO)



Presentation Outline

OVERVIEW OF GLOBAL TRADE

FREE TRADE AGREEMENTS (FTAs)

RULES OF ORIGIN (ROO)

HARMONISED SYSTEM OF TARIFF CLASSIFICATION (HS)

ORIGIN CRITERIA DETERMINATION

PREFERENTIAL CERTIFICATE OF ORIGIN (PCO)

GENERALISED SYSTEM OF PREFERENCES (GSP)

SELF CERTIFICATION SYSTEM UNDER ATIGA

Overview of Global Trade



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Malaysia, an open economy, with a small domestic market, needs to look beyond our borders for trade, investment and economic growth...

Overview of Global Trade: The Importance of Trade



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Promoting economic growth for nations with small domestic market

Consumers: Better quality products and wider choice

Enhancing productivity through sourcing from global value supply chain

Promote FDI for trade and job creation

Overview of Global Trade: The Objectives of Global Trade Rules



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liberalise trade

reduce barriers to trade

seamless flow of goods and services

Free Trade Agreement (FTA)



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A legally binding, comprehensive agreement between two or more countries where member countries provide each other favorable treatments

Free Trade Agreement (FTA): Benefits of FTA



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Trade

- Improved Market Access : removal or reduced import duties;
- Relaxation or Removal of Non Tariff Barriers (NTBs);
- Trade Facilitation; and
- More choice of raw materials at a competitive price.

Services

- Enhance cooperation in services amongst Member States: to improve the efficiency and competitiveness and supply and distribution of services of service suppliers within and outside Member States;
- Eliminate substantially restriction to trade in services amongst Member States; and
- Liberalise trade in services.

Investment

- Increase investment;
- Investment protection: Increased predictability and increase transparency; and
- Investment liberalisation: Removal of equity restrictions and simplification of rules.

Free Trade Agreement (FTA): Purposes of Trade in Goods Chapter in FTA



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Trade in Goods Chapter:

Define the geographical area benefiting preferential market access

Establish rules to determine whether goods eligible for preferential duty rates

Define which tariff lines are eligible for preferential duty rates

Set out tariff rate reduction or elimination schedule

Prescribe approach to trade remedies

Outline procedures for Customs

Free Trade Agreement (FTA): Malaysia's FTAs Involvement



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<u>STATUS</u>	<u>REGIONAL</u>	<u>BILATERAL</u>
IMPLEMENTED	<ol style="list-style-type: none"> 1) AFTA (ATIGA) (1992) 2) ASEAN-China (2004) 3) ASEAN-Rep. of Korea (2006) 4) ASEAN-Japan (2008) 5) ASEAN-India (2009) 6) ASEAN-Australia-New Zealand (2009) 	<ol style="list-style-type: none"> 1) Malaysia-Japan (2005) 2) Malaysia-Pakistan(2007) 3) Malaysia-New Zealand (2009) 4) Malaysia-Chile (2010) 5) Malaysia-India (2011) 6) Malaysia-Australia (2012) 7) Malaysia -Turkey (2015)
TO BE IMPLEMENTED	<p>Trans-Pacific Partnership (TPP) Agreement (Note: On 4th February 2016, Malaysia signed the Trans-Pacific Partnership Agreement. Ratification is within 2 years of signing.)</p>	
UNDER NEGOTIATIONS	<ol style="list-style-type: none"> 1) ASEAN-Japan (Investment and Services) 2) Regional Comprehensive Economic Partnership (RCEP) – ASEAN, China, Japan, Korea, India, Australia, New Zealand 3) ASEAN-Hong Kong (AHKFTA) 	<ol style="list-style-type: none"> 1) Malaysia-EU 2) Malaysia-EFTA (Iceland, Liechtenstein, Norway and Switzerland)

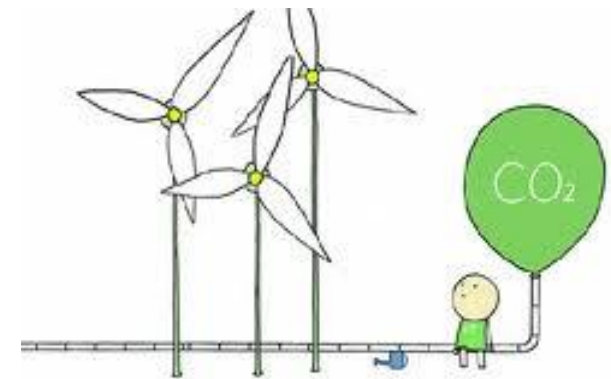


The Importance of Rules of Origin (ROO)

To determine the **country of origin** of a product for purpose of international trade.

Requirement for **applying basic trade policy** measures such as *tariffs*, *quantitative restrictions*, *antidumping* and *countervailing duties* and *safeguard measures* and etc.

Ensure that **only FTA partners** will **benefit** from the tariff concessions or preferential treatment.



Vary from **different FTA agreements**.



Types of Rules of Origin (ROO)

There are two (2) types of Rules of Origin (ROO).

Non-Preferential ROO:

Used for non-preferential commercial policy instruments / purposes i.e.: application of MFN tariff; anti-dumping and countervailing duties; safeguard measures; origin marking and labeling, discriminatory Quantitative Restrictions (QR); Government procurement; trade statistics (WTO Agreement on ROO-Article 1 of the GATT 1994)

Preferential ROO:

Determine whether a good qualifies for preferential treatment under a trading arrangement i.e. *Bilateral FTA, Regional FTAs*.

Autonomous trade regime (Developed Countries to Developing Countries- non-reciprocal) i.e., *Generalised system of Preference (GSP); Global System of Trade Preference (GSTP)*.

Ensure benefits are limited to products originated from the contracting parties.

Rules of Origin (ROO): Impact of ROO



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More stringent ROO favours intermediate goods originating in the region to inputs from outside the FTA Parties - *More trade diversion, less trade creation*



Less stringent ROO - Less industry protection, more access to cheaper inputs

Harmonised System of Tariff Classification (HS)



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Produced specific ROO are aligned to the World Customs Organization Harmonized System (HS) Nomenclature Code.

The HS systematically groups all traded goods into chapters, headings and subheadings that indicate, as concisely as possible, the categories and types of goods they cover.

The HS organizes products according to the degree of production, and assigns them numbers known as tariff classifications.

Within the HS there are 98 chapters, each of which is broken down into four digit headings identifying groups of goods

Harmonised System of Tariff Classification (HS)



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The headings are, in turn,
broken down into
subheadings, which are
assigned six digits

Companies are advised to
refer to Royal Customs
Malaysia Department
(RMCD) on the accurate HS
Code to be used for products
meant to be exported.

Harmonised System of Tariff Classification (HS)



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Example

Chapter 62....Articles of apparel and clothing accessories,
not knitted

Heading 6209.....Babies' garments and clothing
accessories

Subheading 6209.10.....Of wool or fine
animal hair



Origin Criteria Determination

Originating Goods : *Goods that meet the conditions for preferential market access.*

Wholly Obtained or Produced

- Where it only applies to the natural products i.e. agriculture products; live animals; mineral etc.

Manufactured – Substantial Transformation

- Value added (VA) method;
- Change in tariff classification (CTC); and
- Specified process of manufacture.



Origin Criteria Determination

Product Specific Rules (PSR)

- A list of tariff classification of interest with its intended ROO to be abided; and
- Not necessarily it covers all tariff lines.

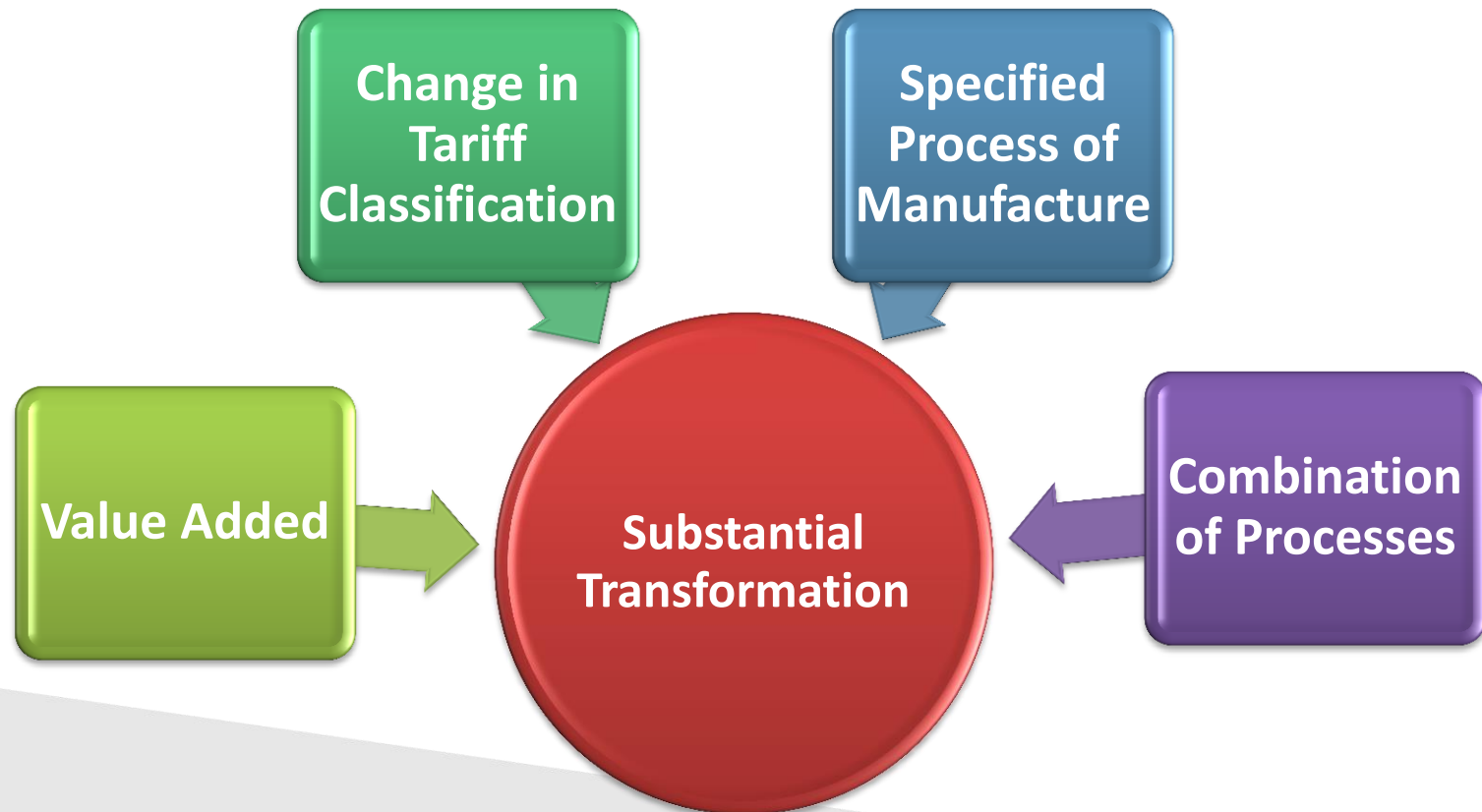
General Rule

- For Tariff Lines that do not fall under WO or PSR.

Origin Criteria Determination: Substantial Transformation



A product has undergone sufficient working or processing and has been transformed into a new and different article.

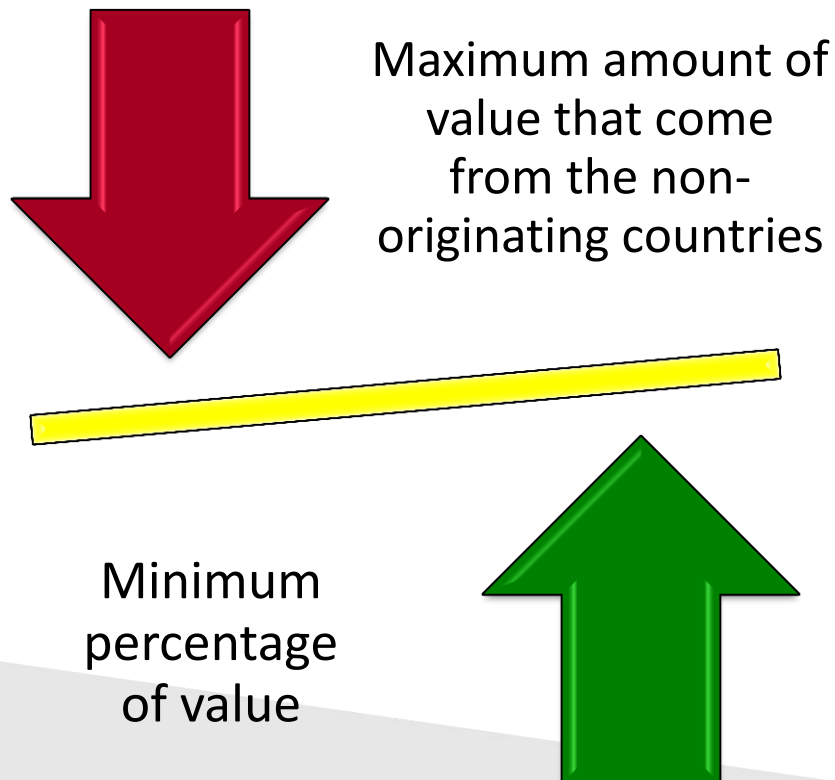


Origin Criteria Determination: Value Added Measure



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Defines the degree of transformation required in terms of:



$$\frac{RVC}{QVC} = \frac{FOB - VNM}{FOB} \times 100\%$$

RVC = Regional Value Content
QVC = Qualifying Value Content
FOB = Free on board value
VNM = Value of non-originating materials

Origin Criteria Determination: Change in Tariff Classification (CTC)



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❖ Change in Tariff Chapter (CC)

- Changes at first 2 digits HS Code
- Example: **xxxx.xx.xxx**

❖ Change in Tariff Heading (CTH)

- Changes at first 4 digits HS Code
- Example: **xxxx.xx.xxxx**

❖ Change in Tariff Subheading (CTSH)

- Changes at first 6 digits HS Code
- Example: **xxxx.xx.xxxx**



Origin Criteria Determination: Change in Tariff Classification (CTC)

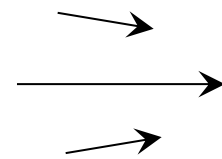
Example:

Change in Tariff Classification at first four digit level (CTH - Change in Tariff Heading) for product classified under 3903.xx.xxx:



2905	2832	3811
2903	2833	2831

Imported Raw Materials



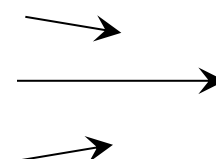
3903.xx.xxx

Finished Product



2905	2832	3811
2833	3903	2831

Imported Raw Materials
from Non-Party



3903.xx.xxx

Finished Product





Origin Criteria Determination: Change in Tariff Classification (CTC)

Example of change at CC:



Palm Nut or Kernel
HS 1207.10



Palm Oil Products
HS1511.90

Example of change at CTSH:



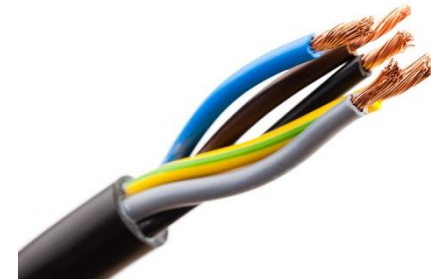
Brass wire (HS7408.11)



Plastic Gasket (HS8484.10)



Polypropylene (HS3901.20)



Wire (HS7413.00)

Origin Criteria

-Product Specific Rules (PSR)



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Product Specific Rules (PSR)

Products listed in the PSR are required to comply with the rules set out in the schedule.

PSR schedules for FTAs with dialogue partners can be downloaded from MITI's official portal at www.miti.gov.my

Origin Criteria

- Product Specific Rules (PSR)



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- **PSR: Change in Tariff Subheading (CTSH)**



Imported Raw Material HS Code: 8543.70



Finished Product HS Code: 8543.30

Origin Criteria Determination: Product Specific Rules (PSR)



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- PSR: For sub heading 1806.31 is “RVC (40) or CC”.



FOB Price : \$4.00

Value of Non-Originating Materials : \$0.80

$$\begin{aligned} \text{RVC/} \\ \text{QVC} &= \frac{\$4.00 - \$0.80}{\$4.00} \times 100\% \\ &= \mathbf{80\%} \end{aligned}$$



Origin Criteria

- Product Specific Rules (PSR)



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- PSR: For sub heading 6405.20 is “RVC (40) or CTH”.

Imported Raw Material HS Code: 6405.90



Finished Product HS Code: 6405.20



OR



FOB Price : \$32.00

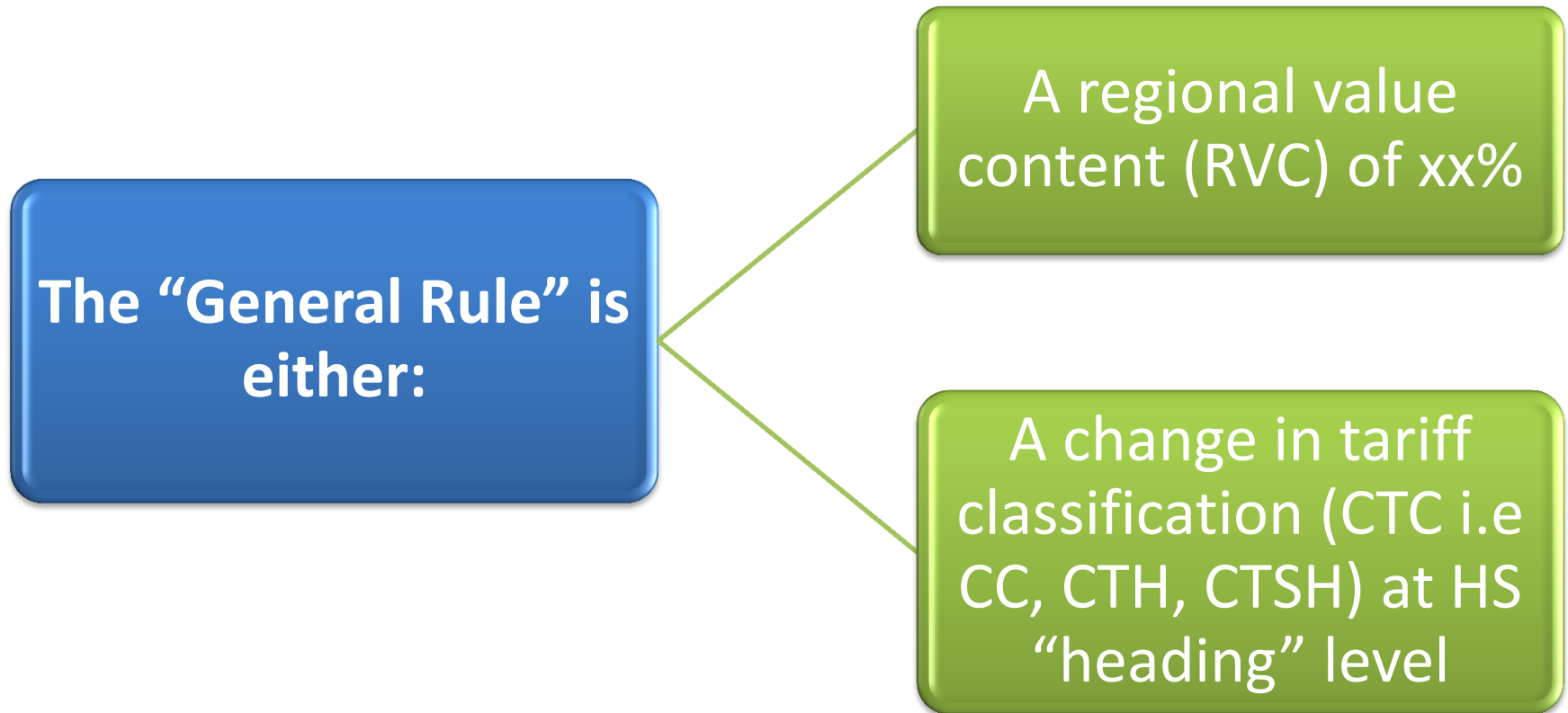
Value of Non-Originating Materials : \$27.40

$$\begin{aligned} \text{RVC/} \\ \text{QVC} &= \frac{\$32.00 - \$27.40}{\$32.00} \times 100\% \\ &= \mathbf{14.38\%} \end{aligned}$$



Origin Criteria

- General Rules of ROO





Origin Criteria

	Scheme	Origin Criteria	
1.	ATIGA	<ul style="list-style-type: none"> • WO • RVC • CC/CTH/CTSH 	<ul style="list-style-type: none"> • SP – specific process • CTSH + RVC 35%
2.	ACFTA	<ul style="list-style-type: none"> • WO • Single Country Content xx% 	<ul style="list-style-type: none"> • ACFTA Cumulative Content xx% • PSR
3.	AKFTA	<ul style="list-style-type: none"> • WO • Rule 4.1 - CTH or RVC xx% • CTC • WO-AK 	<ul style="list-style-type: none"> • RVC xx% • CTH + RVC xx% • Specific Processes • Rule 6 – treatment for certain good processed outside Countries Parties with special agreement.
4.	AJCEP	<ul style="list-style-type: none"> • PE – produced entirely • WO • CTH or RVC xx% • CTC 	<ul style="list-style-type: none"> • RVC • SP • DMI – De Minimis – Non- ori Mat. <10% • ACU - Accumulation



Origin Criteria

	Scheme	Origin Criteria	
5.	AANZFTA	<ul style="list-style-type: none"> • WO • PE • RVC • CTH 	<ul style="list-style-type: none"> • PSR(CTC) • PSR(RVC) • PSR(Other)
6.	AIFTA	<ul style="list-style-type: none"> • WO • RVC xx% + CTSH 	
7.	MPCEPA	<ul style="list-style-type: none"> • X – wholly obtained • Single Country Content xx% • MPCEPA Cumulative Content xx% 	<ul style="list-style-type: none"> • CTH • PSR
8.	MNZFTA	<ul style="list-style-type: none"> • WO • PE • PSR(CTC) • PSR(QVC) 	<ul style="list-style-type: none"> • PSR(Other) • DMI • ACU
9.	MICECA	<ul style="list-style-type: none"> • WO 	<ul style="list-style-type: none"> • RVCxx% + CTSH
10	MAFTA	<ul style="list-style-type: none"> • WO • POM – produced entirely from Originating Material Only 	<ul style="list-style-type: none"> • PS – product specific Rules

Origin Criteria



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	Scheme	Origin Criteria	
11.	MJEPA	<ul style="list-style-type: none"> • A – 100% Malaysia • B – 100% Malaysia with Proc. In M'sia • B(ACU) – 100% Malaysia with Mat. Mix Malaysia-Japan • C – QVC/CTC/Material – M'sia or Japan and with Non Origin Material from Other Countries 	<ul style="list-style-type: none"> • C(ACU) • DMI • FGM – commingled goods & material under the basis of Inventory Management Method
12.	MCFTA	<ul style="list-style-type: none"> • A - WO • B – QVC 40% or CTH • C – PSR 	<ul style="list-style-type: none"> • DMI • ACU
13.	MTFTA		<ul style="list-style-type: none"> • Different HS Code might give different rules under MTFTA: <ul style="list-style-type: none"> - Requirement for certain weight of the material; - Requirement to undergo specific process; and - Requirement to have change in tariff classification or certain percentage of material in comparison with ex-work price.

Origin Criteria

- General Rules for Bilateral FTAs



MALAYSIA's BILATERAL FTAs	Wholly Obtained (WO / X)	Single Country Content / Qualifying Value Content (QVC) 40%	CTC	Back- to - back	Third Party Invoicing
MPCEPA	√	√	√	-	√
MJEPA	√	√	√	-	√
MNZFTA	√	√	-	-	√
MICECA	√	√ 35% +CTSH	-	-	√
MCFTA	√	√	√	-	√
MAFTA	√	√	√	-	√
MTFTA	√	√		-	√

Origin Criteria

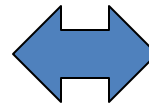
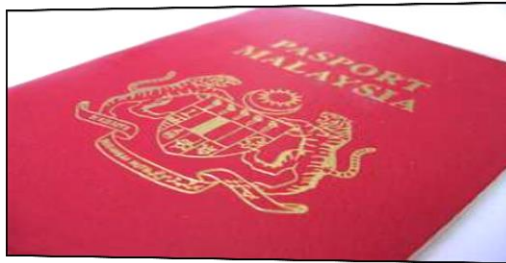
- General Rules for Regional FTAs



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ASEAN REGIONAL FTAs	Wholly Obtained (WO/ X) / Produced entirely (PE)	Regional Value Content (RVC) 40% / Qualifying Value Content (QVC) 40%	CTC	Back-to-back	Third Party Invoicing
CEPT/ ATIGA	√	√	√	√	√
ACFTA	√	√	-	√	√
AKFTA	√	√	√	√	√
AJCEP	√	√	√	√	√
AANZFTA	√	√	√	√	√
AIFTA	√	√ 35% +CTSH	-	√	√

Concept of Certificate of Origin (CO)



Human

ANNEX 7
Original (Duplicate/Triplicate)

1. Goods consigned from (Exporter's business name, address, country)			Reference No. ASEAN TRADE IN GOODS AGREEMENT/ ASEAN INDUSTRIAL COOPERATION SCHEME CERTIFICATE OF ORIGIN (Combined Declaration and Certificate) FORM D Issued in _____ (Country) See Order of Issues			
2. Goods consigned to (Consignee's name, address, country)			4. For Official Use <input type="checkbox"/> Preferential Treatment Given Under ASEAN Trade in Goods Agreement <input type="checkbox"/> Preferential Treatment Given Under ASEAN Industrial Cooperation Scheme <input type="checkbox"/> Preferential Treatment Not Given (Please state reasons)			
3. Means of transport and route (or for air transport) Departure date Vessel's name/Aircraft etc. Port of Discharge			Signature of Authorized Signatory of the Issuing Country			
5. Marks and numbers	6. Marks and numbers on packages	7. Number and type of packages, description of goods (including quantity, weight, volume and HS number of the issuing country)	8. Origin criterion (see Order of Issues)	9. Gross weight or other quantity and value (FOB)	10. Number and date of invoices	
11. Declaration by the exporter: The undersigned hereby declares that the above details and statements are correct; that all the goods were produced in _____ (Country) and that they comply with the origin requirements specified for these goods in the ASEAN Trade in Goods Agreement for the goods exported to _____ (Importing Country) Place and date, signature of authorized signatory			12. Certification: It is hereby certified, on the basis of evidence furnished, that the declaration by the exporter is correct. Place and date, signature and stamp of certifying authority			
13. Trade Country Invoicing = Accumulation = Back-to-back CO = Partial Cumulation			= Exhibition = De Minimis = Issue retrospectively			

432



Product

Preferential Certificate of Origin (PCO)



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Certificate of Origin (CO) is a document to prove the origin of a product. There are two (2) types of Certificate of Origin (CO).

Preferential Certificate of Origin (PCO) issued by MITI based on the requirements under the FTAs to exporters for their importers to enjoy tariff concession

Non-Preferential Certificate of Origin (NPCO) issued by MITI's appointed Chambers of Commerce / Trade Association to exporters for export to non FTA member countries. The NPCO will only serve as a proof of origin but no tariff concession will be enjoyed by the importers.

Preferential Certificate of Origin (PCO)

- Types of Application



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Normal

Third Country / Party
Invoicing

Back – To - Back

Exhibition

Preferential Certificate of Origin (PCO)

- Types of Application Cases



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Issued Retroactively

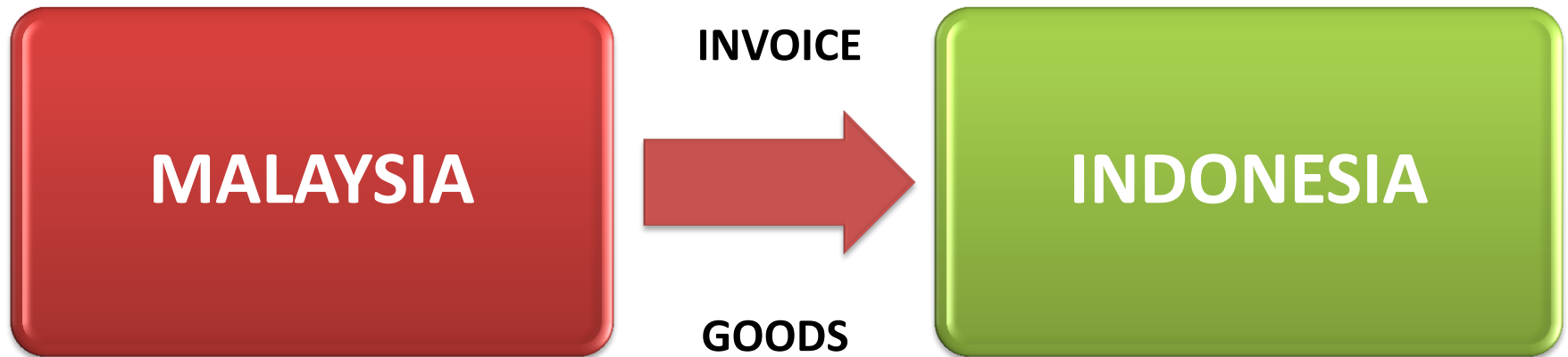
Tolerance or De Minimis

Cumulation

Preferential Certificate of Origin (PCO) - Normal



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Documents:

Invoice, Bill of Lading, Packing List, Export Declaration

Preferential Certificate of Origin (PCO)

- Normal



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What is Normal business arrangement?

- Where the sales invoice is issued directly by Malaysian exporter to the consignee in a country that is a respective FTA Party.

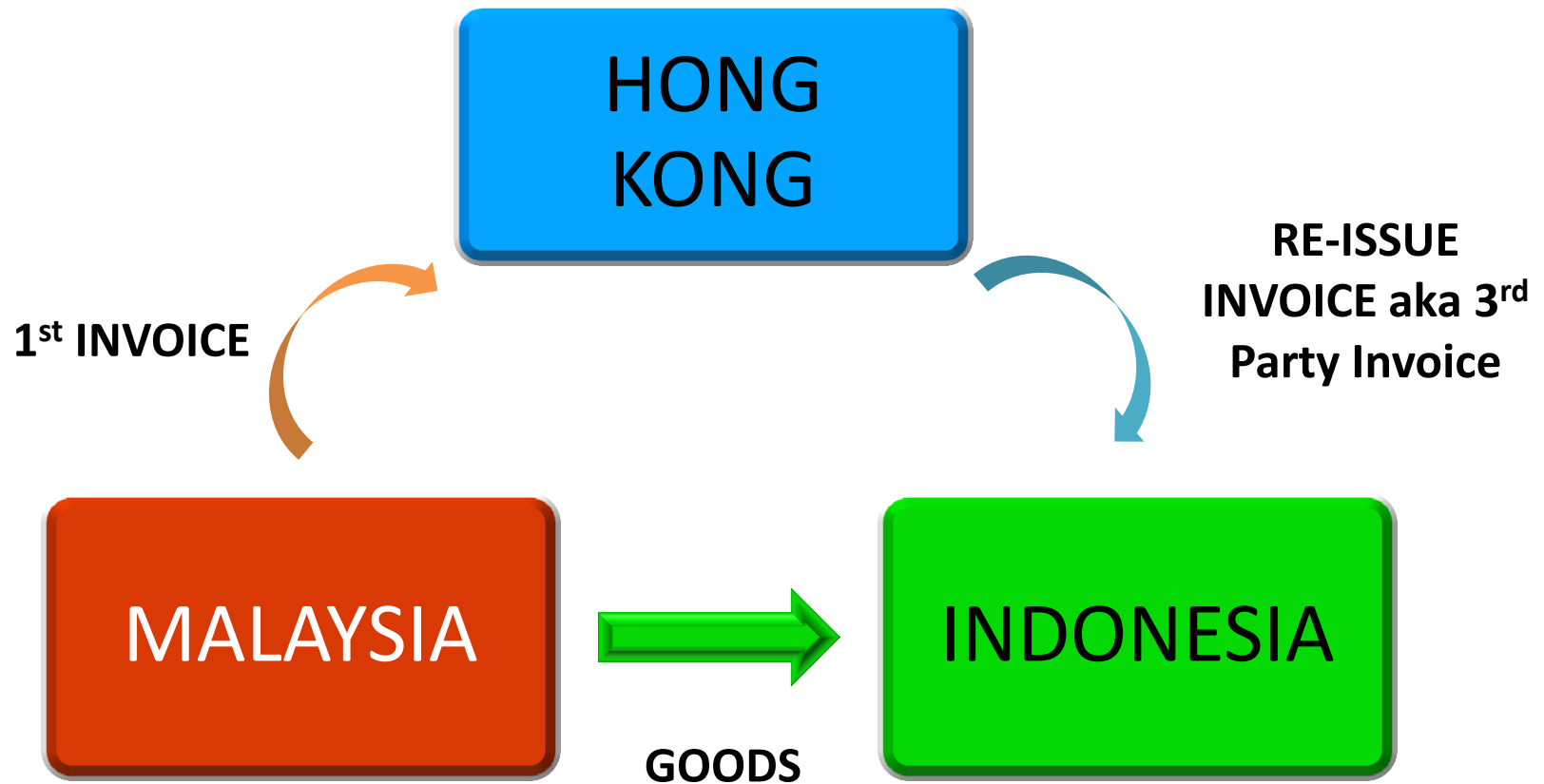
Exporters' Responsibilities

- The invoice number and date should be indicated in the PCO.
- The exporter and consignee must be located in the countries of the agreement.
- The invoice shall be attached to the PCO when presenting to the Customs Authority of the importing Party.

Preferential Certificate of Origin (PCO) - Third Country / Party Invoicing



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Documents:

Invoice, Bill of Lading, Packing List, Export Declaration

Preferential Certificate of Origin (PCO) - Third Country / Party Invoicing



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What is Third Country / Party Invoicing?

- Where the sales invoice (**1st invoice**) is issued either by a company located in a third country, whether or not the country is a respective FTA Party

Exporters' Responsibilities

- The third party invoice number and date should be indicated in the CO.
- The exporter and consignee must be located in the countries of the agreement.
- The third party invoice shall be attached to the PCO when presenting to the Customs Authority of the importing Party.

Preferential Certificate of Origin (PCO) - Third Country / Party Invoicing



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Documentation Requirement for Third Country / Party Invoicing PCO Application

Documents From Consignor (Malaysian Exporter)

- Invoice;
- Packing List;
- Bill of Lading (BL)*; and
- Customs / Port Authority Declaration Form*

Documents From the Third Party

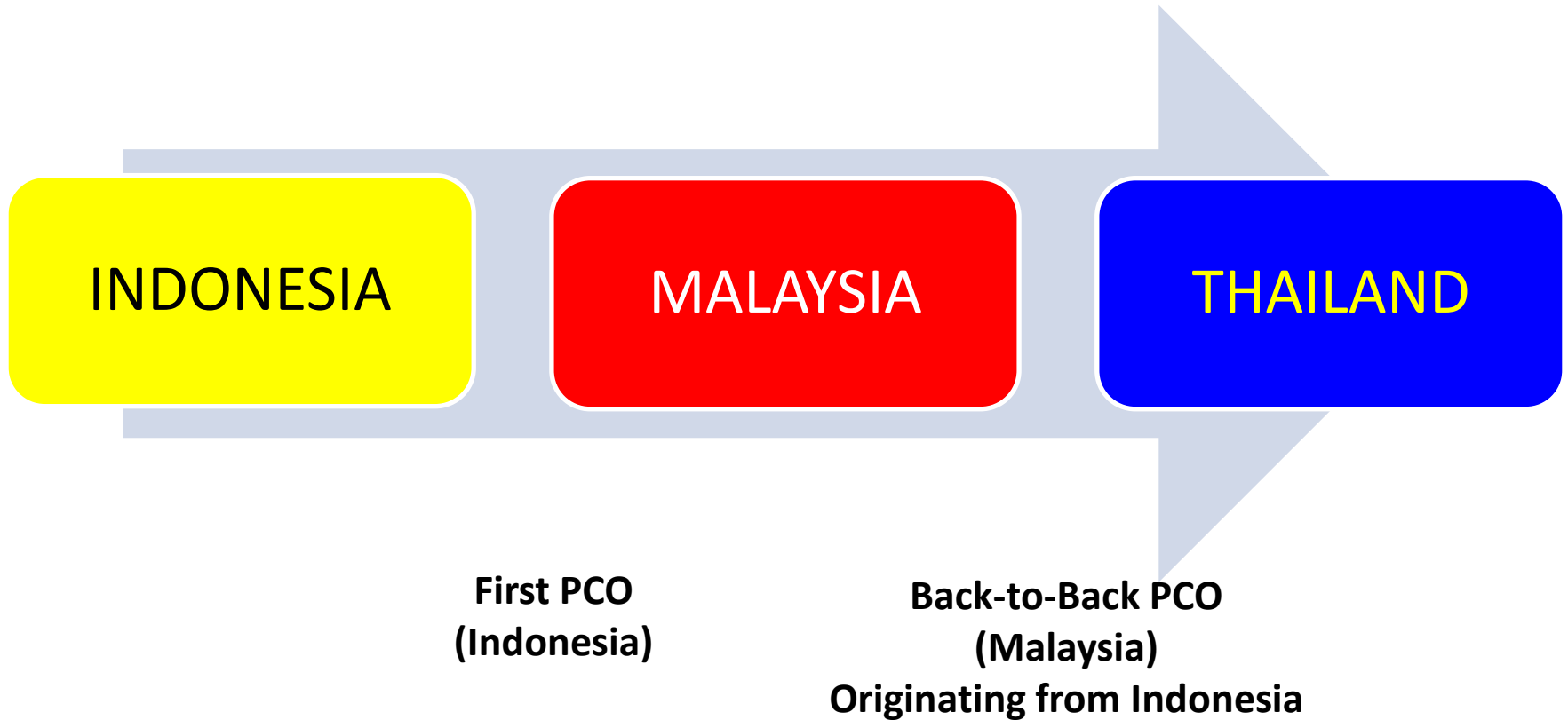
- Invoice

Malaysia's FOB Value to be declared in Box 9 FTAs Form

Preferential Certificate of Origin (PCO) - Back-to-Back PCO



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Note: No Cost Analysis (CA) application is required

Preferential Certificate of Origin (PCO) - Back-to-Back PCO



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What is Back-to-Back PCO?

- A PCO issued by an intermediate exporting Party's Issuing Authority/ Body based on the PCO issued by the first exporting Party.
- No Cost Analysis (CA) is required for Back-to-Back PCO application.

Situation where Back-to-Back PCO can be issued

- The goods from the first exporting Party are stored at any customs-bounded warehouses of the intermediate Party.
- A valid original first PCO or its certified true copy is presented. (The first PCO and the back-to-back PCO must be issued under the same FTA scheme).

Preferential Certificate of Origin (PCO) - Back-to-Back PCO



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Period of Validity

- Does not exceed the period of validity of the original first PCO.

Consignment to be re-exported must not undergo any further processing in the intermediate Party, except for :

- Repacking or logistics activities such as unloading, reloading, storing;
- Any other operations necessary to preserve them in good condition; or
- To transport them to the importing Party.

Preferential Certificate of Origin (PCO) - Back-to-Back PCO



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Documentation Requirement for Back-to-Back PCO Application

Documents From the First Exporting Party

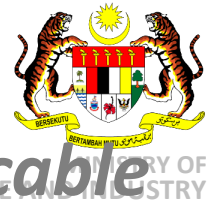
- A valid original first PCO;
- Invoice;
- Bill of Lading (BL);
- Packing List; and
- Import Declaration Form (K8 and ZB)

Documents From the First Exporting Party (Malaysian Exporter)

- Invoice;
- Bill of Lading (BL);
- Packing List; and
- Customs (K8) / Port Authority (ZB) Declaration Form

Preferential Certificate of Origin (PCO)

- Scenarios Where Back-to-Back PCO Are Applicable



Normal and direct back-to-back business arrangement

- Application by Malaysian exporter for re-exportation to final buyer in FTAs member countries

Back-to-back + Third Country / Party Invoicing

- Application by Malaysian exporter for re-exportation to final buyer in FTAs member countries with arrangement of third country / party invoicing.

Back-to-back + Third Country / Party Invoicing (with ownership under foreign company)

- Application by Malaysian exporter for goods under the ownership of a foreign company for re-exportation to final buyer in FTAs member countries using the arrangement of third country / party invoicing.

Preferential Certificate of Origin (PCO) - Issued Retroactively / Retrospectively



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After Shipment Date	After (3) three days from the date of shipment
ISSUED RETROACTIVELY	
Form AK (stamped)	Form D
Form AJ	Form E
Form MPCEPA (stamped)	Form AI (stamped)
Form MJEPA (stamped)	Form AANZ
Form MNZ	Form MICECA
Form MCFTA	
Form MAFTA	
ISSUED RETROSPECTIVELY	
Form A(stamped)	

Preferential Certificate of Origin (PCO) - Tolerance or De Minimis



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What is
Tolerance or De
Minimis

- To allow a certain percentage of non-originating materials to be used without affecting the origin of the final product

The Tolerance /
De Minimis rules

- Affect the value added rules; and
- Act to lower the limitation on the value of imported materials.

Preferential Certificate of Origin (PCO)

- Cumulation



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Instrument allowing producers to import materials from a specific country or regional group of countries without undermining the origin of the final product.

Preferential Certificate of Origin (PCO) - Non Qualifying Operations



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Non Qualifying Operations

Operations to ensure the preservation of products in good condition during transport and storage and other similar operations

Changes of packaging and breaking up and assembly of packages

Disassembly

Placing in bottles, cases, boxes and other simple packaging operations

Mere making-up of sets of articles

Preferential Certificate of Origin (PCO) - Origin Verification



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The importing country may conduct a verification through its customs authority, by means of:

- Request information from the Issuing Authority of the exporting member state.
- Request information from the exporter or producer.

Verification issues:

- The authenticity of the PCO
- The origin

Preferential Certificate of Origin (PCO) - Record Keeping



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MINIMUM YEARS REQUIREMENT FOR RECORD KEEPING/VERIFICATION CoO

SCHEMES

AIFTA

**ATIGA/ACFTA/AKFTA/AJCEP/
AANZFTA/MCFTA**

GSP

MICECA/MJEP/MAFTA/MPCEPA

MNZFTA

YEARS

2

3

4

5

6

Preferential Certificate of Origin (PCO): MITI as Issuing Authority



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Online Application

No hardcopy for cost analysis application;
Only CoO Form to be endorsed by MITI;
Operated by **DagangNet Technologies S/B**

epco.dagangnet.com.my
CARELINE at 1 300 133 133



Ministry of International Trade and Industry (MITI) is the sole Issuing Authority for preferential Certificate of Origin (CoO).

Preferential Certificate of Origin (PCO): Application Procedures



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Register online at www.dagangnet.com

Once approved, DagangNet will provide companies with User ID and Password

Companies to study the online tutorial provided or attend classes conducted by the Service Provider (DagangNet)

Make Cost Analysis (CA) and Preferential Certificate of Origin (PCO) application respectively

Get endorsements of the PCOs at MITI's counter

Preferential Certificate of Origin (PCO): Cost Analysis (CA) - Important Information



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Raw Materials

- Origin of raw materials proven by Invoices and Certificate of Origin (for ASEAN originating)

Production

- Production Flow Chart
- Production Costing
- Profit Margin
- Details in the invoice
- Date of invoice
- FOB Price

Company Details

- Validity of Manufacturing License
- Address of factory
- Product Photo/Catalogue
- Authorised applicant details

... and other information deem necessary

Preferential Certificate of Origin (PCO): PCO - Important Information



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Parties

- Exporter details
- Importer details
- Address

Exportation

- Vessel details, date of departure and Port of Discharge
- Exporter declaration
- Export Declaration
- Currency Exchange

Goods

- HS Codes and Goods Descriptions
- Packaging information
- Gross Weight and Quantity
- FOB Price
- Date and Invoice number

... and other information deem necessary

Cost Analysis (CA) Process Flow



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PROCESS FLOW	DESCRIPTION
<pre> graph TD START([START]) --> APPLY[APPLY CA] APPLY --> MITI{MITI PROCESS} MITI -- "Awaiting MITI approval" --> START MITI -- "Rejected" --> START MITI -- "Application Approved" --> ONLINE[ONLINE APPLICATION STATUS] ONLINE --> END([END]) </pre>	<ol style="list-style-type: none"> Applicant logs on to: http://newepco.dagangnet.com.my/dnex/login <ul style="list-style-type: none"> fills out all mandatory field; and submit to MITI. Documents to be uploaded (in pdf. format): <ul style="list-style-type: none"> Identified HS Code slips (Finished Product and Raw Material); Manufacturing/ Operation License; Invoice(s) for Raw Material(s); Catalogue of Product; Production Flow Chart; and Letter of Appointment (from Manufacturer to Trader)
	<p>MITI Process</p> <ol style="list-style-type: none"> Status will be updated in system. Incomplete applications will be automatically rejected.
	<p>MITI APPROVAL</p> <ol style="list-style-type: none"> Check the application approval/status via online system: http://newepco.dagangnet.com.my/dnex/login MITI processes CA application within the Client Charter is 5 working days.

Preferential Certificate of Origin (CA) Process Flow



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INTERNATIONAL TRADE AND INDUSTRY

PROCESS FLOW	DESCRIPTION
<pre> graph TD START([START]) --> APPLY[APPLY CO] APPLY --> MITI{MITI PROCESS} MITI -- "Awaiting MITI approval" --> APPLY MITI -- "Approved by MITI" --> PRINT[PRINT & MITI SIGNATURE] PRINT --> END([END]) </pre>	<p>Application of Preferential Certificate of Origin (PCO)</p> <ol style="list-style-type: none"> 1. Upon Cost Analysis (CA) approval, applicant log on to: http://newepco.dagangnet.com.my/dnex/login <ul style="list-style-type: none"> - Key in mandatory fields required; and - Submit to MITI for approval. 2. Documents to be uploaded (in pdf. format): <ul style="list-style-type: none"> • <u>Application of PCO before export:</u> <ul style="list-style-type: none"> - Invoice; and - Packing List. • <u>Application of PCO After Export:</u> <ul style="list-style-type: none"> - Invoices; - Packing List; - Bill of Lading; and - Customs Form K2.
	<p>MITI Process</p> <ol style="list-style-type: none"> 3. MITI will process the PCO and the Client Charter is 24 hours (within working days only) 4. Status will be updated in system: http://newepco.dagangnet.com.my/dnex/login
	<p>Printing and Endorsement of PCO</p> <ol style="list-style-type: none"> 5. The approved PCO need to be printed on PCO Form (Form AJ, D, AANZ, AK, E, AI, MNZ, MPCEPA, MAFTA, MCFTA, MJEPA and MICECA) by applicant and submitted to MITI for endorsement with specimen signature.

Preferential Certificate of Origin (PCO) - Implementation Issues



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Cost Analysis Application

- For raw materials which are of ASEAN originating, declaration for ASEAN originating must be supported with Form D. If Form D is not available, to be declared as 'UNDETERMINE'.
- Manufacturing License (MIDA) must indicate clearly the signature and the name of the Signatory.
- Process Flow must indicate the Manufacturer's name; or with Manufacturer's stamping and signature.
- CJ Form issued by Customs as manufacturing license is no longer acceptable as the form is no longer applicable with the implementation of GST by Customs.

FOB Value

- FOB Value in MYR: Must be the same with the FOB Value (MYR) declared in K2.
- For other FOB Value (foreign currency) , it should be the same with the FOB Value stated in the invoice.

Preferential Certificate of Origin (PCO) - Implementation Issues



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Invoices

- Commercial invoice (with Company's stamping and signature).
- Invoices with Multiple Items: Each product / item must be declared separately per item as *each product (item) qualifies in its own right*.
- Multiple invoices for the same product: Declaration must be made as per 1 product, 1 invoice (reference no & date).

Pre-exportation PCO application

- Application is made not more than 14-days prior to the actual exportation date.
- Required documents are commercial invoice and packing list.
- The Bill of Lading (BL) and K2 must be submitted through the ePCO system within the period of 2 weeks from the date of approval. Failure to do so, future pre-exportation PCO application may be rejected by MITI.

Preferential Certificate of Origin (PCO) - Implementation Issues



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Exportation by hand-carry

- For commercial purposes: required documents are commercial invoice; packing list / company's declaration letter; K2; and airline ticket.

Customs Documentation

- K2 Chit in itself is not acceptable. Companies are required to submit the K2 form or K2 Chit together with the K2 receipt.
- Any amendment made to the K2 form must be approved or endorsed by Customs (Amendment Form from Customs Department must be attached).

Preferential Certificate of Origin (PCO) - Implementation Issues



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Letter of Credit (LC)

- LC must be submitted together with the PCO application if Company is using LC for export.

Exporting & Importing HS Code

- Exporters to first consulted Bahagian Penjenisan, Kastam on the accurate exporting HS Code to be used for their products.
- Exporting HS Code used in CA and CO applications must be the same with Exporting HS Code used in K2.
- Exporters to communicate with their Importers to obtain the accurate importing HS Code as required by the Importing Customs for the goods to be exported.

Preferential Certificate of Origin (PCO) - Implementation Issues



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Cancellation of Approved and Endorsed PCO

- The complete set of the approved and endorsed PCO (ORIGINAL & TRIPLICATE copy) must be returned to MITI for cancellation purposes;
- The said PCO must not yet been surrendered to the Importing Customs and is yet to be utilized;
- No new PCO application (as replacement) is allowed if Company fails to return the said PCO;
- Once returning the said PCO, Company is to apply for cancellation through the ePCO system and to make new PCO application (as replacement); and
- Actions as mentioned above must be done to avoid the issuance of 2 PCO for the same shipment.

Self Certification System under ATIGA



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What is Self Certification System?

- A system which enables the certified exporter to make an Invoice Declaration for the export of goods on their own.

Self Certification System vs. Conventional ATIGA Form D

- The information in the invoice declaration is less than what appears in ATIGA Form D.
- It will gradually replace the conventional ATIGA Form D which is currently being issued by the Issuing Authority i.e. MITI

Implementation of Self Certification System?

- A separate Operational Certification Procedure (OCP) has been formulated for the purpose of the ASEAN Self Certification System Pilot Project.
- The list of Certified Exporters will be forwarded to ASEAN Secretariat and shared among PMS.
- Currently, Malaysia has appointed 173 Certified Exporter (CE).

Self Certification System under ATIGA



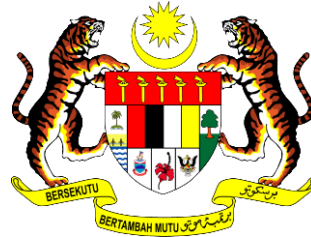
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Participating Member States (PMS) :

- **Pilot Project 1 Group:** Brunei, Cambodia, Malaysia, Singapore, Thailand and Myanmar.
- **Pilot Project 2 Group:** Laos, Indonesia, Philippines, Thailand, Vietnam.
- *Invoice declaration can only be used with Members in the same pilot project group

How to Become a Certified Exporter?

- Application to MITI (ATIGA Self-Cert Secretariat, SKPI, MITI KL)
- More information and applications documents can be obtained from the webpage below:
<http://www.miti.gov.my/index.php/pages/view/1803?mid=100>



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Thank you



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