



MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

INTRODUCTION TO PREFERENTIAL CERTIFICATE OF ORIGIN (PCO)

by:

**TRADE AND INDUSTRY COOPERATION SECTION
MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY**

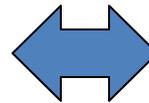
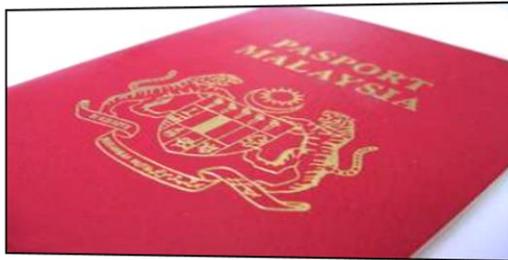


CONCEPT OF CERTIFICATE OF ORIGIN (CO)

Concept of Certificate of Origin (CO)



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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 mode (or for air transport) Departure date Vessel's name/Aircraft etc. Part 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, etc.) and HS number of the importing 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 laid out, that the declaration by the exporter is correct. Place and date, signature and stamp of certifying authority		
13. <input type="checkbox"/> Free Country Invoicing = Exhibition <input type="checkbox"/> Accumulation = De Minimis <input type="checkbox"/> Back-to-back CO = Issue retrospectively <input type="checkbox"/> Partial Cumulation					

432



Product

Concept of Certificate of Origin (CO)



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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; and
- To exporters for their importers to enjoy tariff concession.

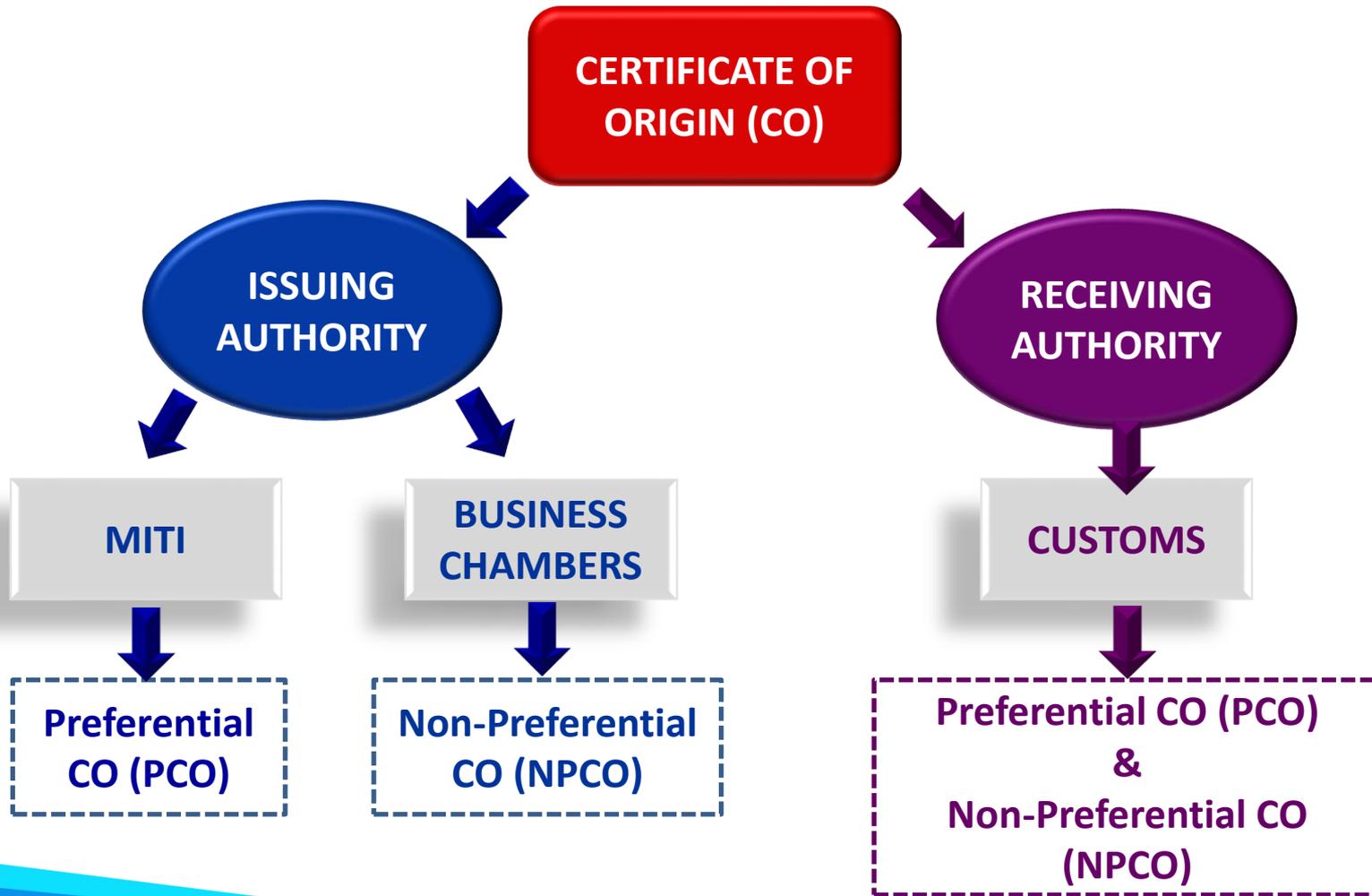
Non-Preferential Certificate of Origin (NPCO)

- Issued by MITI's appointed Chambers of Commerce/Trade Association:
- To exporters for export to non FTA member countries; and
- Will only serve as a proof of origin and no tariff concession will be enjoyed by the importers.

ADMINISTRATION OF CERTIFICATE OF ORIGIN IN MALAYSIA



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Presentation Outline: 2



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RULES OF ORIGIN (ROO)

Malaysia's Implemented FTAs



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<u>REGIONAL</u>	<u>CERTIFICATE OF ORIGIN (COO) FORM</u>
1) ATIGA (2009) *	Form D
2) ASEAN-China (2004)	Form E
3) ASEAN-Rep. of Korea (2006)	Form AK
4) ASEAN-Japan (2008)	Form AJ
5) ASEAN-India (2009)	Form AI
6) ASEAN-Australia-New Zealand (2009)	Form AANZ
7) ASEAN-Hong Kong (13 October 2019)	Form AHKFTA
<u>BILATERAL</u>	<u>CERTIFICATE OF ORIGIN (COO) FORM</u>
1) Malaysia-Japan (2005)	Form MJEPA
2) Malaysia-Pakistan(2007)	Form MPCEPA
3) Malaysia-New Zealand (2009)	Form MNZFTA
4) Malaysia-Chile (2010)	Form MCFTA
5) Malaysia-India (2011)	Form MICECA
6) Malaysia-Australia (2012)	Form MAFTA
7) Malaysia -Turkey (2015)	Form MTFTA

Rules of Origin :



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“Rules of origin are the criteria needed to determine the national source of a product. Their importance is derived from the fact that duties and restrictions in several cases depend upon the source of imports.”

Rules of origin are used:

- *to implement measures and instruments of commercial policy such as anti-dumping duties and safeguard measures;*
- *to determine whether imported products shall receive most-favoured-nation (MFN) treatment or preferential treatment;*
- *for the purpose of trade statistics;*
- *for the application of labeling and marking requirements; and*
- *for government procurement.”*

Source: WTO website https://www.wto.org/english/tratop_e/roi_e/roi_info_e.htm

Origin Criteria Determination



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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



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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.
- Either Regional Value Content (RVC) of XX% or a change in tariff classification at HS “heading” level i.e. CTH.

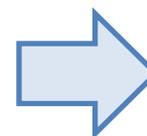
Origin Criteria Determination: Wholly Obtained or Produced



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Durian are grown and harvested in the orchard in Malaysia. Are they qualified as originating goods of Malaysia under ASEAN-Japan Comprehensive Economic Partnership?

Material	HS Code	Note
Durian	08.10	Grown and harvested in Malaysia



Japan



Durian
HS 08.10

Origin Criteria Determination: Wholly Obtained or Produced



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Article 24: Originating Goods

For the purpose of this Agreement, a good shall qualify as an originating good of a Party if it:

- (a) is wholly obtained or produced entirely in the Party as provided for in Article 25.
- (b) satisfies the requirements of Article 26 when using non-originating materials .
- (c) is produced entirely in the Party exclusively from originating materials of one or more of Parties and meets all other applicable requirements of this Chapter.

Article 25: Goods Wholly Obtained or Produced

For the purposes of paragraph (a) of Article 24, the following goods shall be considered as wholly obtained or produced entirely in a Party:

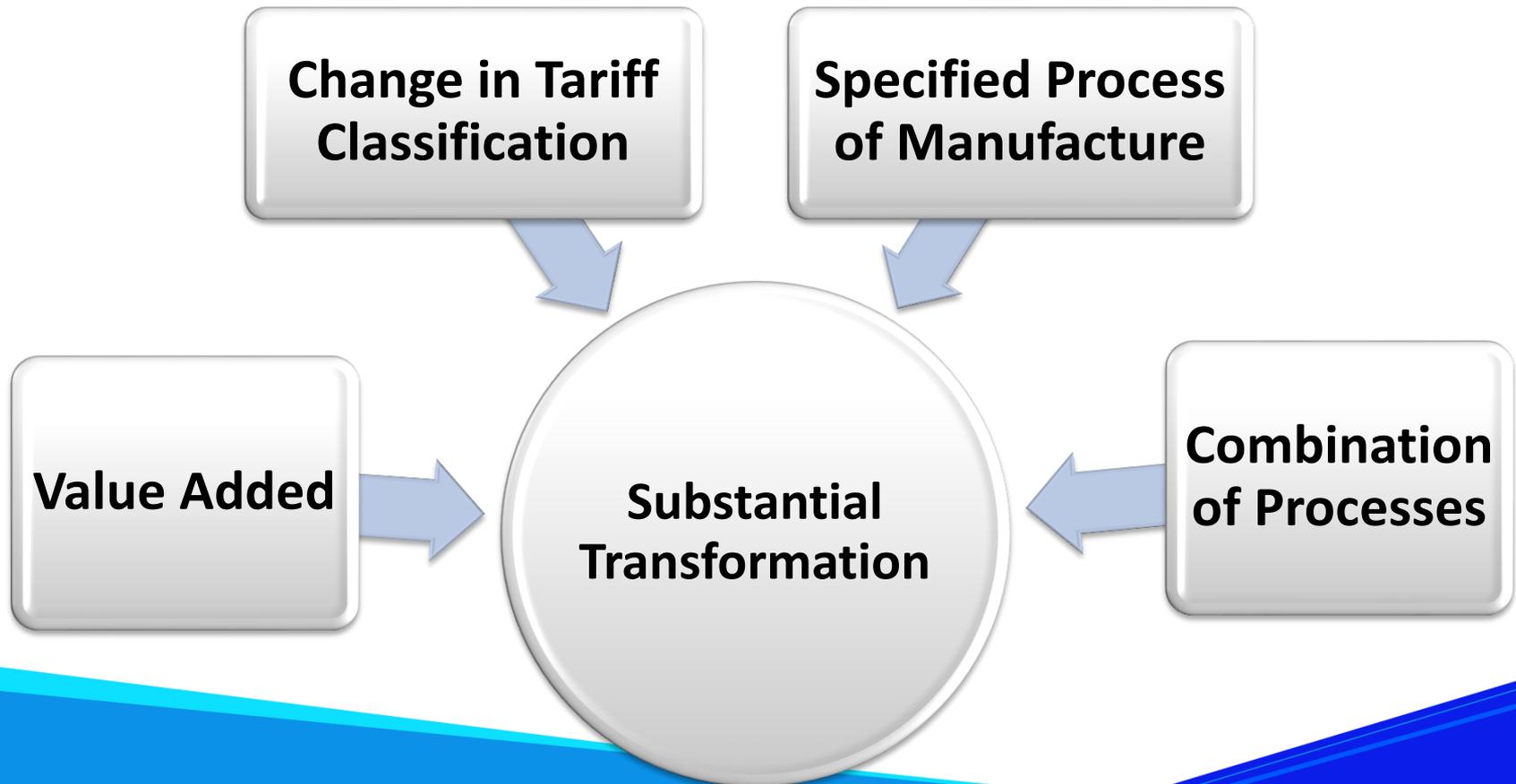
- (a) Plant and plant products grown and harvested, picked or gathered in the Party;**
- (b) Live animals born and raised in the Party;

Origin Criteria Determination: Manufactured: Substantial Transformation



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

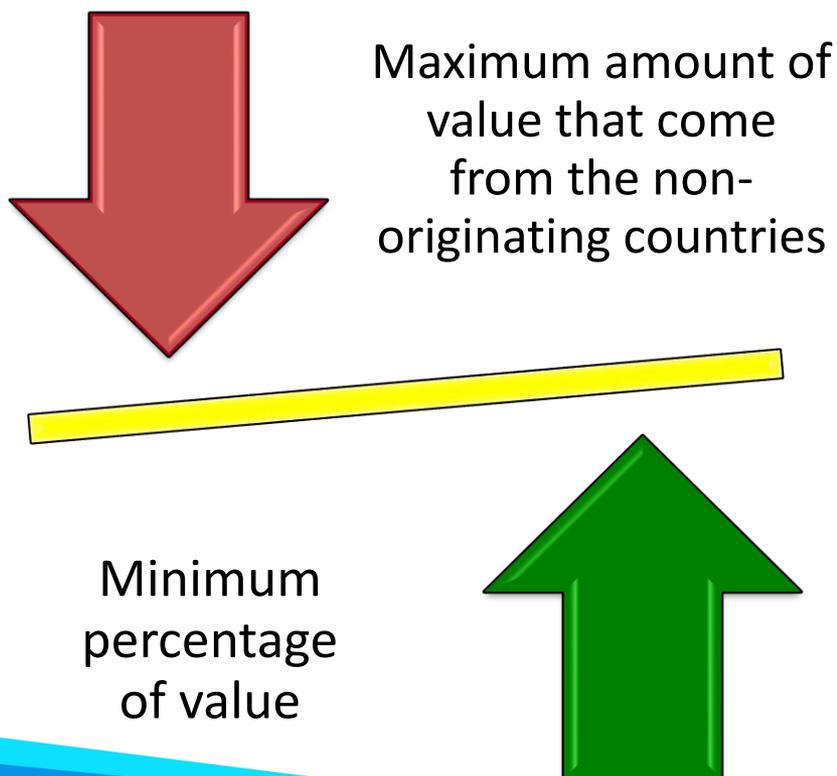


Origin Criteria Determination: Value Added Measure



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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: **XX**xx.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)



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Example:

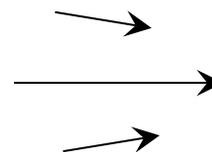
Change in Tariff Classification at first four digit level (CTH - Change in Tariff Heading) for product classified under 3903.xx.xxx:



2905 2832 3811

2903 2833 2831

Imported Raw Materials



3903.xx.xxx

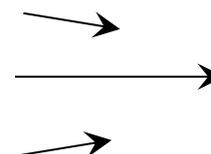
Finished Product



2905 2832 3811

2833 **3903** 2831

Imported Raw Materials
from Non-Party



3903.xx.xxx

Finished Product



Origin Criteria Determination: Based on 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 Determination - 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

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



Determination of Origin

- 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**

Origin Criteria Determination: - Cost Analysis Application (CA)



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- The implementation of the ROO to determine the origin of the product will be done through Cost Analysis (CA) application submitted by exporter.
- Important information required in the CA application:

Raw Materials

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

Production

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

Company Details

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

- ... and other information deem necessary

Origin Criteria Determination: - Cost Analysis Application (CA)



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Exporter' Responsibilities

- To get the accurate HS Code for the product and the raw materials used from Royal Malaysian Customs Department (RMCD) before submitting the CA application.
- To ascertain the origin of the raw materials from the suppliers.
- To submit valid and genuine supporting documents.
- To make sure that every declaration made in the CA application is true and correct.



PREFERENTIAL CERTIFICATE OF ORIGIN (PCO)

Preferential Certificate of Origin



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Preferential Certificate of Origin (PCO)

Similar to the function of passport as proof of citizenship for human, CO is the proof of origin for products.

To be categorized as originating and to be eligible for PCO, products must fulfill the requirements set under each of the FTAs' Rules of Origin (ROO).

PCO is only applicable for exports to the FTA member countries.

Valid for one year from the date of issuance.

Not a mandatory document for export.

Application for PCO



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- Exporters may apply for PCO once CA has been approved.
- Important information required in the CO application :

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

Preferential Certificate of Origin (PCO)

- Types of PCO



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1. Normal

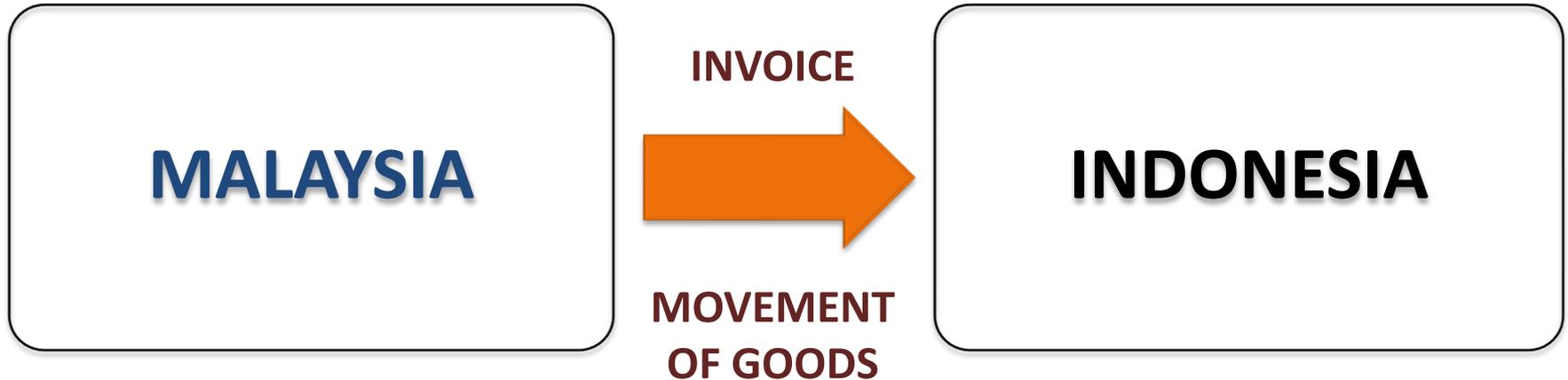
**2. Third Country / Party
Invoicing**

3. Back – To – Back

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.

Preferential Certificate of Origin (PCO)

- Normal



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Documentation Requirement for Normal PCO Application

Documents From Malaysian Exporter / Consignor (Mandatory)

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

Preferential Certificate of Origin (PCO) - Normal



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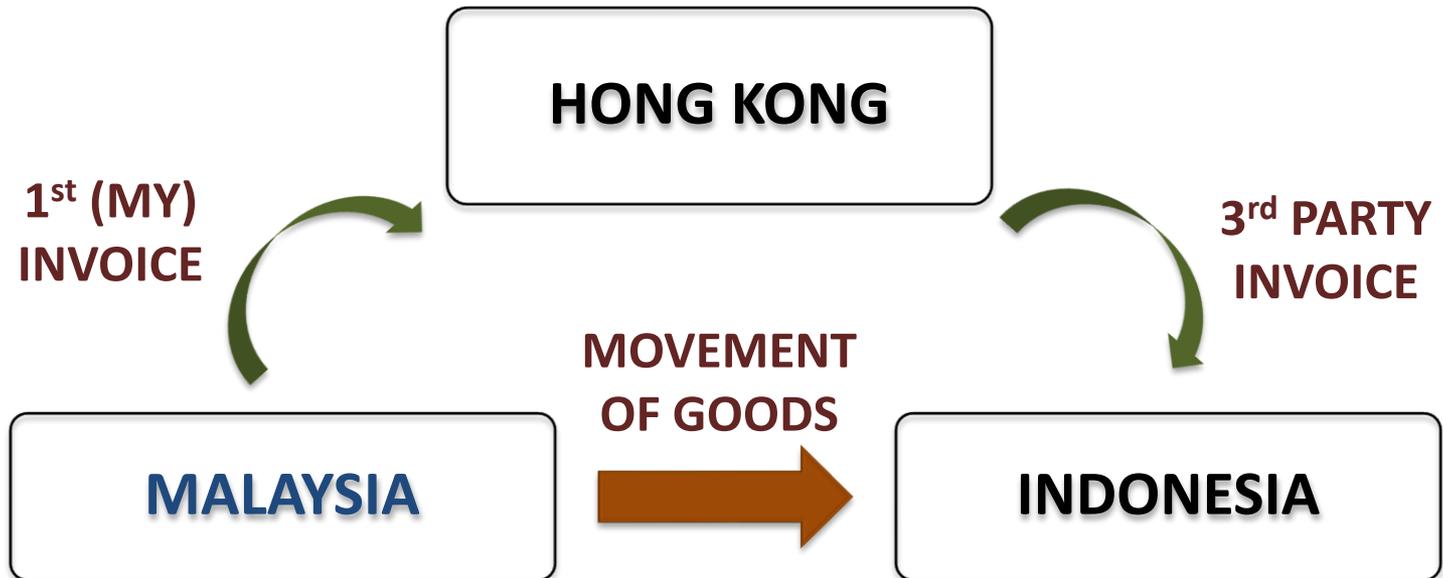
Exporters' Responsibilities

- The exporter and consignee must be located in the countries of the agreement.
- The invoice number and date must be indicated in the PCO (Box 10).
- To indicate the FOB price in Box 9* (where RVC) is applied (best to clearly indicate the FOB price in the invoice).
- To submit valid and genuine supporting documents. Declarations made must tally the details in the supporting documents.
- To make sure that every declaration made in the PCO application is true and correct.

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



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**What is Third Country /
Party Invoicing?**

- Where the sales invoice of the Third Party is issued by a company located in a third country, whether or not the country is a respective FTA 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 Malaysian Exporter / Consignor (Mandatory)

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

Documents From the Third Party (Optional)

- Invoice
- Packing List
- * Although the documents are optional to be submitted, the invoice reference number and date are mandatory to be declared in the PCO

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



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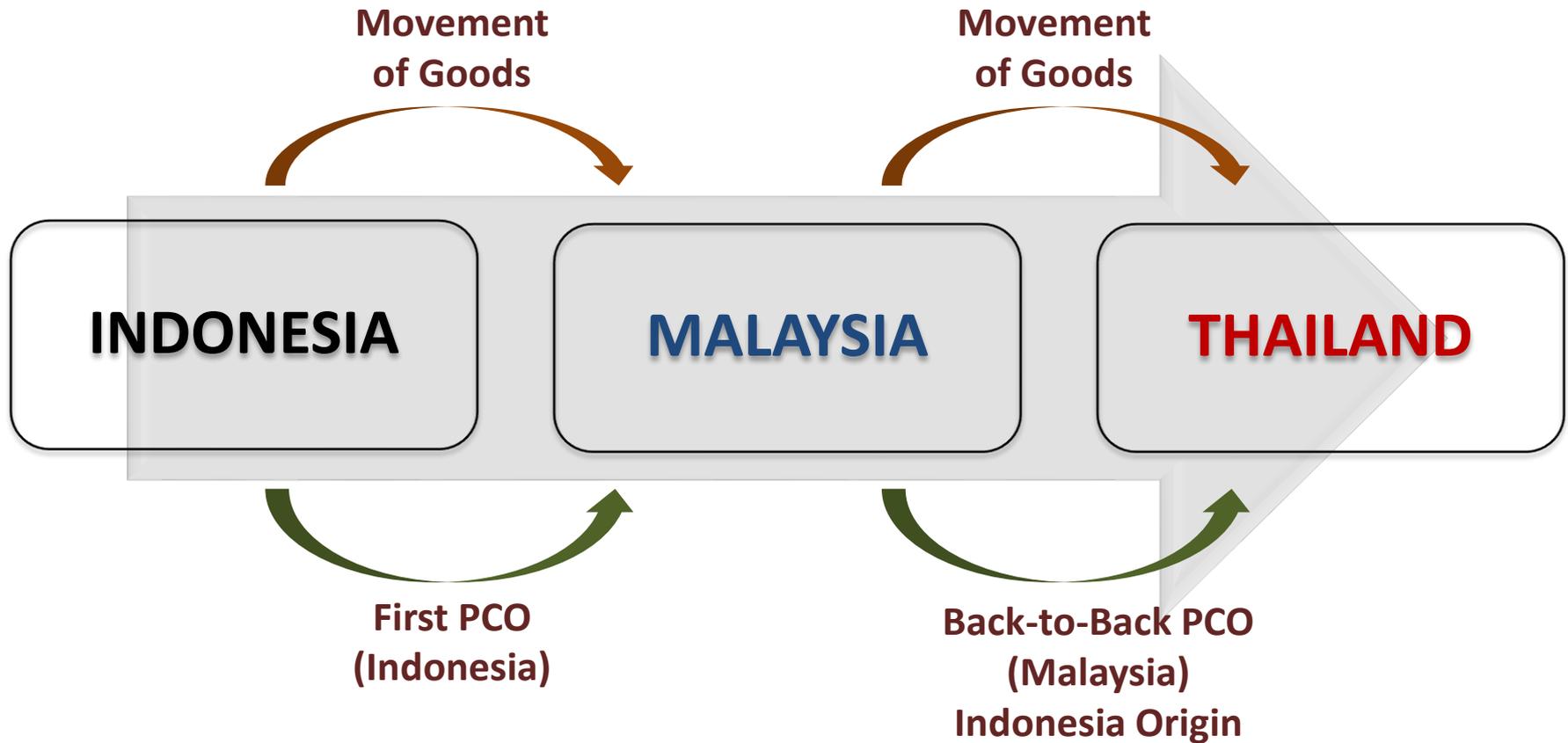
Exporters' Responsibilities

- The exporter and consignee must be located in the countries of the agreement.
- The third party invoice number and date must be indicated in the CO.
- To submit valid and genuine supporting documents. Declarations made must tally the details in the supporting documents.
- To make sure that every declaration made in the PCO application is true and correct.

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



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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 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 must be retained in Customs Control Area (CCA) or in any area/premise under monitoring and control of the Royal Malaysian Customs Department/ Port Authority/Port Operator.
- 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:

- Storing, break-bulking, repacking, relabelling, preserving and transportation/logistics activities such as unloading and reloading.

Preferential Certificate of Origin (PCO)

- Back-to-Back PCO



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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.

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 (Mandatory)

- A valid original first PCO;
- K8 Chit / ZB Import Declaration Form

Documents From Malaysian Exporter (Mandatory)

- Invoice;
- Packing List (Optional)
- Bill of Lading (BL); and
- Export Declaration Form (K8 / ZB)

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



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Exporters' Responsibilities

- The first exporter (origin country) and consignee must be located in the countries of the agreement.
- The Malaysian invoice number and date should be indicated in the CO.
- The number of goods re-exported from Malaysia must not exceed the number of goods received from the origin country.
- The goods must not be mixed with goods from other origin for re-exportation.
- To submit valid and genuine supporting documents. Declarations made must tally the details in the supporting documents.
- To make sure that every declaration made in the PCO application is true and correct.

Preferential Certificate of Origin (PCO)

- Types of Application Cases



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Issued Retroactively

Cumulation

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



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

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.
- Must be supported with the Certificate of Origin – to be included in the RVC calculation.

Preferential Certificate of Origin (PCO) - Record Keeping



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MINIMUM YEARS REQUIREMENT FOR RECORD KEEPING/VERIFICATION PCO

SCHEMES

AIFTA

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

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).

Application for PCO



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Eligibility to Apply for PCO

A Malaysia registered company under SSM as a local entity.

The manufacturer of the product must be a locally registered and licensed manufacturer operating locally in Malaysia (for PCO Normal and TCI).

The product must be produced in Malaysia and fulfill the requirements under the ROO (for PCO Normal and TCI).

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

Online Registration Process Flow



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PROCESS FLOW	DESCRIPTION
<pre> graph TD START([START]) --> APPLY[APPLY REGISTRATION] APPLY --> MITI{MITI PROCESS} MITI -- "Queried" --> APPLY MITI -- "Application Approved" --> STATUS[APPLICATION STATUS] STATUS --> END([END]) </pre>	<ol style="list-style-type: none"> Applicants log on to iCAMS system: https://registration.dagangnet.com.my/#/login_icams <ul style="list-style-type: none"> - Fill out all mandatory fields; and - Submit all required documents (in PDF) as listed in iCAMS system. DagangNet (DNT) checks whether all required documents have been submitted through the system. Complete applications will be send out to MITI’s Registration Account for MITI Process.
<p style="text-align: right;">Awaiting MITI Approval</p>	<p>MITI PROCESS:</p> <ol style="list-style-type: none"> MITI Checkers perform first layer checking on all the declarations made and documents submitted in the applications received. MITI Approvers perform second layer checking on the checked applications. Incomplete submission will be queried and pending approval until applicants are able to fulfill all the requirements.
<p style="text-align: right;">Application Approved</p>	<p>MITI APPROVAL:</p> <ol style="list-style-type: none"> Status will be updated in the system. Applicants with approved applications will be given status, “Pending Payment to DNT”.
	<p>DNT ACTION:</p> <ol style="list-style-type: none"> Communicate with applicants for registration payment process. To create User ID and password for ePCO system.

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 -- 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 (PCO) Process Flow



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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.

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 (CEs) will be forwarded to ASEAN Secretariat and shared among PMS.
- Total number of active CEs for the year 2020: 183



Self Certification System under ATIGA

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>

ASEAN Wide Self- Certification

- ASEAN is currently working on the implementation of ASEAN Wide Self-Certification (AWSC) Scheme to replace the current Self-Certification Scheme. Once the AWSC initiatives is implemented, CEs are able to make Invoice Declaration for the export of goods to all ASEAN Member States.

ASEAN Single Window (ASW) Under ATIGA



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What is ASW Initiative?

- A unique regional initiative that connects and integrates National Single Windows (NSWs) of ASEAN Member States.

Objectives of ASW

- To expedite the cargo clearance process, reduce cost and time of doing business, and enhance trade efficiency and competitiveness.
- Simpler and faster processing time, and a more transparent way of doing business.

Participating Member States (PMS):

- All 10 ASEAN Member States participate in ASW. Lao and the Philippines recently joined on 23 December 2019.

ASEAN Single Window (ASW) Under ATIGA



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Implementation of ASW

- The implementation of ASW was divided into 4 phases namely: Pilot Testing; Parallel Testing; Live implementation; and Live operation.
- Currently, the ready PMS are already in the Live Operation phase (where e-Form D ATIGA data would be exchanged through ASW and **no more manual Form D** is needed for preferential treatment to be given).

Data Exchange

- The ASW currently supports the exchange of the intra-ASEAN certificate of origin (**ATIGA Form D**) and will be expanded to exchange other types of data.
- The exchange data would be exactly the same data as manual Form D.

ASW Under ATIGA: Benefits of ASW



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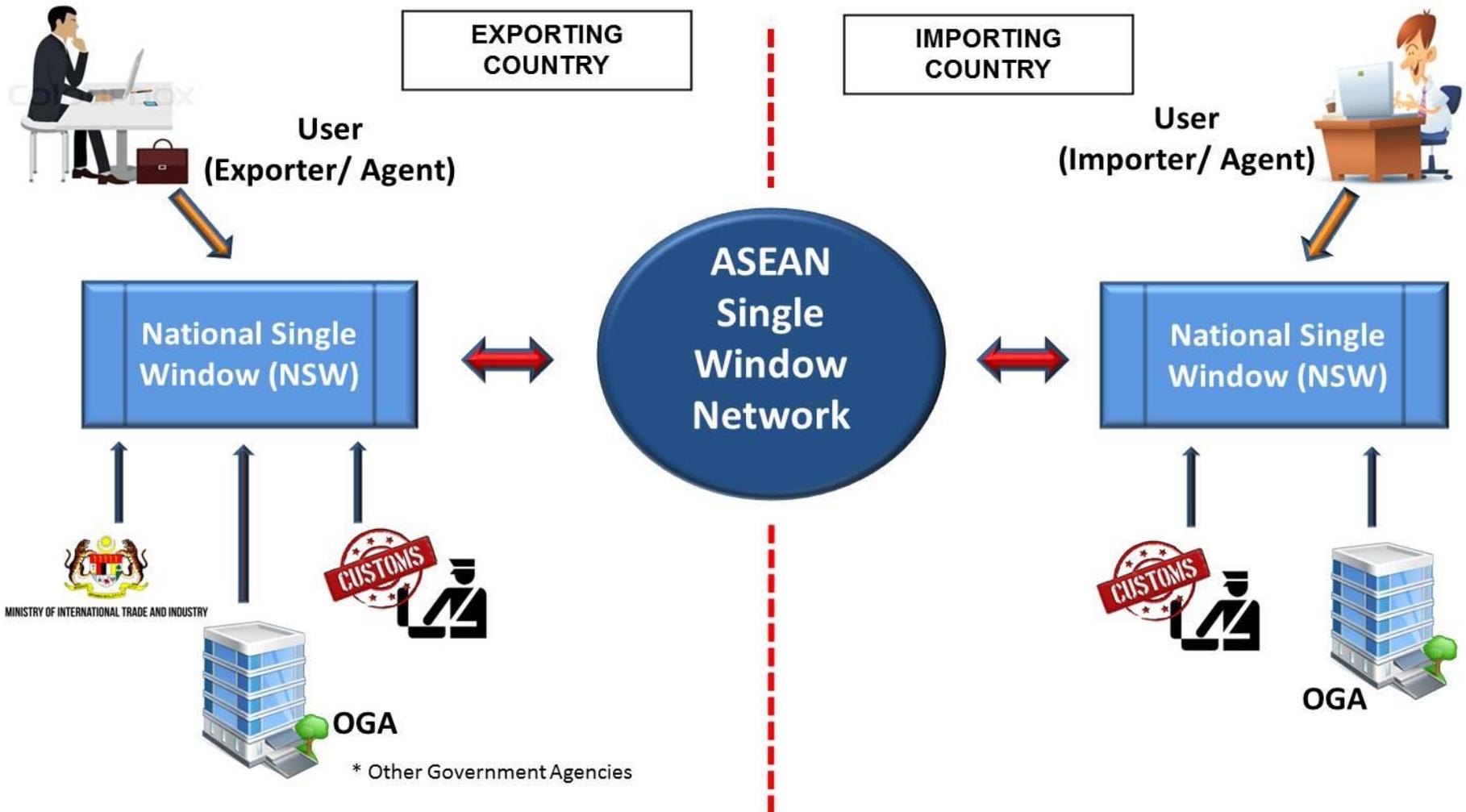
BENEFITS OF ASW

- **Simpler and faster** processing time, and a more **transparent way** of doing business.
- Mechanism to **eradicate forgery** of ATIGA Form D
- **Lessen** the verification issue relating to specimen signature and authenticity of the issuance of ATIGA Form D

ASW Under ATIGA: How e-FORM D ATIGA Works



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e-FORM D ATIGA Live Operation



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	e-Form D Live Operation
Implementation	<ol style="list-style-type: none">1. Started on 1 January 2018 (replacing the Live Implementation phase);2. Electronic Form D data exchanged via ASW from exporting national system to importing customs' system; and3. Preferential treatment claim during importation:<ul style="list-style-type: none">• Only the e-Form D ATIGA reference number is required to claim for the preferential treatment under ATIGA.
Exchanged Ready ASEAN Member States (AMS)	<ol style="list-style-type: none">1. Brunei;2. Cambodia;3. Indonesia;4. Lao5. Malaysia;6. Myanmar7. Philippines8. Singapore;9. Thailand;10. Viet Nam



Form D (hardcopy) vs. e-Form D ATIGA

Comparisons	Form D (Hardcopy)	E-Form D
Data Elements	<ol style="list-style-type: none">1. Exporter2. Importer3. Shipment4. Packaging5. Goods descriptions6. Importing HS Code7. Origin Criteria / Percentage8. Gross Weight	<ol style="list-style-type: none">1. Exporter2. Importer3. Shipment4. Packaging5. Goods descriptions6. Importing HS Code7. Origin Criteria / Percentage8. Gross Weight
Application Processes	<ol style="list-style-type: none">1. Online through ePCO system.2. Once approved, Exporters:<ul style="list-style-type: none">• Print on pre-printed Form D;• Get endorsement at MITI service counters; and• Send hardcopy Form D to importer.	<ol style="list-style-type: none">1. Online through ePCO system.2. Once approved:<ul style="list-style-type: none">• Form D electronic data will be sent directly to Importing Customs' system; and• Exporter provide importer with the e-Form D ATIGA reference number.



ASEAN-CHINA FREE TRADE AREA (ACFTA)

- implementation of ACFTA Upgrading Protocol with effective date **15 August 2019**
- revised Rules of Origin (ROO), Operational Certification Procedures (OCP) and Product Specific Rules (PSR)

Origin Criteria



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Old Origin Criteria	Revised Origin Criteria	Remarks
WO	WO	Good is wholly produced or obtained in the country of origin.
	PE	Good produced in a Party exclusively from originating materials from one or more of the Parties
SCC ACC	RVC (x%)	Good satisfying the “Regional Value Content” origin criterion
	CTH	Good produced from non-originating materials in a Party, satisfying the “Change in Tariff Classification at four-digit level”
PSR	PSR	Good satisfying the PSR in Attachment B of Annex 1 ROO



Not Wholly Produced or Obtained

**Current
Rule**

**Rule 4 : Not Wholly
Produced or
Obtained**

**RVC 40%
PSR**

**Revised
Rule**

**Article 4: Goods Not
Wholly Produced or
Obtained**

* For Chapter 29.01, 29.02,
31.05, 39.01, 39.02, 39.03,
39.07, 39.08, CTH not
applicable, only RVC 40%

**Article 5:
Calculation of RVC**

**Product Specific
Rules**

RVC not less than 40%

**Change in Tariff
Heading (CTH)**

(applicable only for
Chapter 25, 26, 28, 29*,
31*, 39*, 42-49, 57-59, 61,
62, 64, 66-71, 73-83, 86,
88, 91-97)

**RVC = [(FOB-
VNM)/FOB] x 100%**



Upgraded General Rules



Finished Product
WATCH
HS 7015.9010

New Rules : [RVC 40% **OR** CTH]

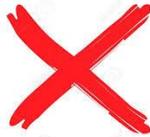
CTH



Old Rules : Not less than RVC 40%

$$\text{RVC} = \frac{\text{FOB} - \text{NVM}}{\text{FOB}} \times 100\%$$

$$= 37.5\%$$



Raw Materials

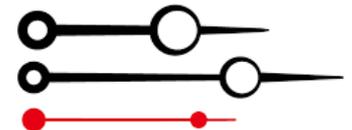
Leather
HS 4202.2100



Gearing
HS 8714.1040



Needle
HS 9018.3200



***for illustration purpose only**

Operational Certification Procedure (OCP)



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Rules	Amendments
Rule 3	Adding the need for all Parties to confirm receipt of list of names of Authorized Persons, specimen signatures, official seals, and correction stamps, if any, received from ASEC.
Rule 8	Changes in the Format of Form E, from 3 ply carbon copy to ISO A4 size white paper.
Rule 18	Extension of verification respond time upon request by issuing authority from 180 days to maximum of 270 day.
Rule 23	Clarification that the 3 rd party invoicer can be from an ACFTA Party or non-ACFTA Party.
Rule 26 (new)	Adding the need for each Party to designate contact points for the purpose of the implementation of the OCP.



Printing of the new Form E

To print on ISO A4 size white paper in 3 copies (Original/Duplicate/Triplicate)

Overleaf notes must be printed at the back of each of the CO copies

Get it endorsed by MITI

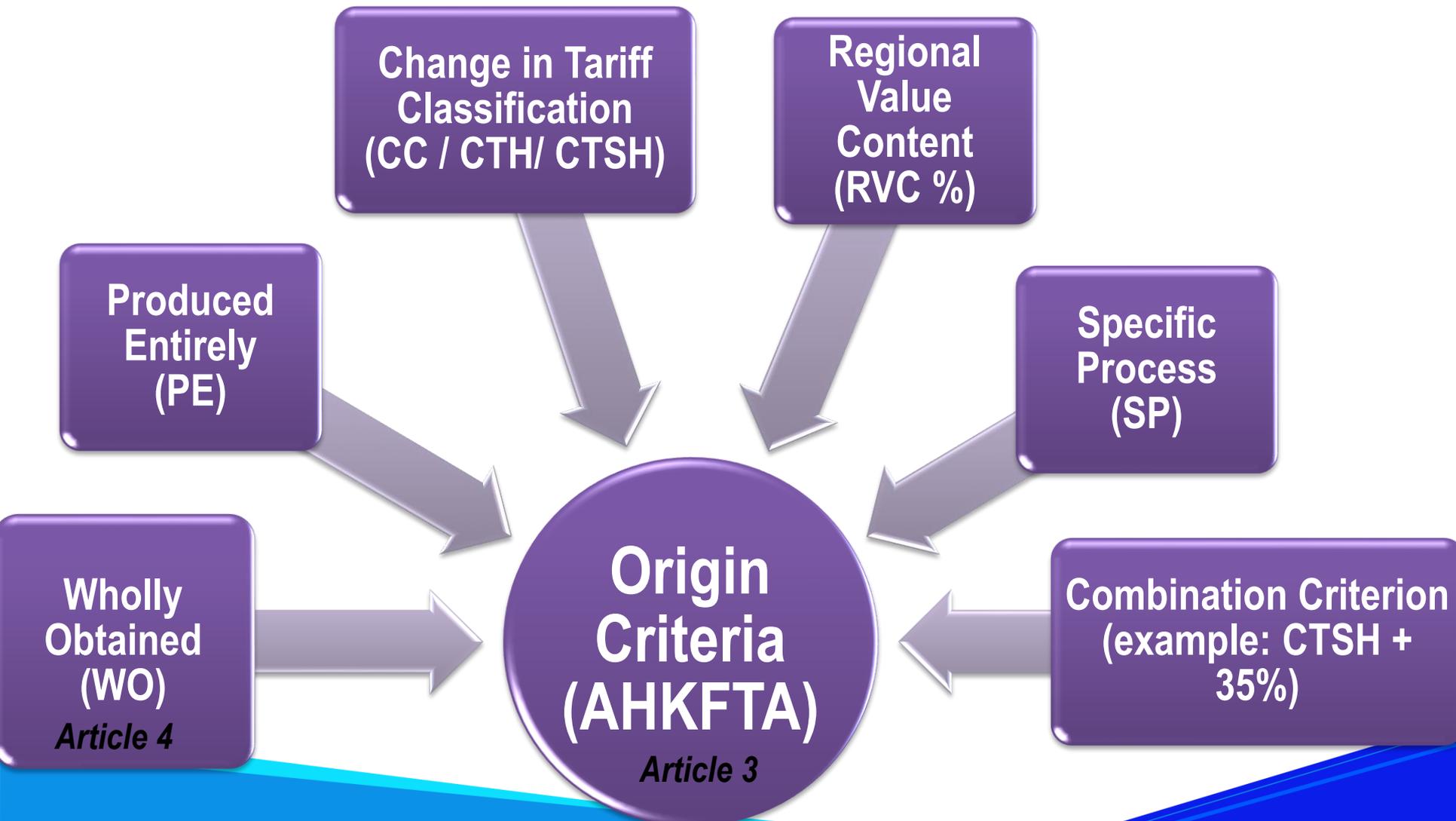


Implementation of AHKFTA

- AHKFTA is ASEAN's 6th FTA with external partners after China, Korea, Japan, India and Australia-New Zealand.
- The implementation of Agreement Establishing The **ASEAN-Hong Kong, China Free Trade Agreement (AHKFTA)** will enter into force for Malaysia on **13 October 2019**.
- Exporters may start applying for Cost Analysis starting **1 August 2019**, however CO Form AHK will be issued beginning **13 October 2019**.



Rules of Origin (Chapter 3)





Rules of Origin (Chapter 3)

Not Wholly Obtained or Produced

• **Article 5**

to refer to

Product Specific Rule

• **Annex 3-2**

If goods not in the PSR list

to refer to

RVC 40%

• **General Rule**

Article 6: RVC calculation

(a) *Direct /Build-up Method*

AHKFTA Material Cost	+	Direct Labour Cost	+	Direct Overhead Cost	+	Other Costs	+	Profit		X	100%
RVC =									_____		
									FOB Price		

or

(b) *Indirect /Build-down Method*

FOB Price	-	Value of Non-Originating Materials, Parts or Produce		X	100%
RVC =		_____			
		FOB Price			

Operational Certification Procedures (OCP) - Highlights



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Back-to-Back arrangement is allowed using Movement Confirmation (MC)

CO Form AHK to be printed on ISO A4 white paper (1 original, 2 copies)

FOB value to be indicated in Box 9 when RVC is applied only for exports to ASEAN Member States

CO can be issued retroactively when approved after 3 working days from the shipment date but no longer than 1 year from the shipment date

PCO Form AHK

For more information on Preferential Certificate of Origin (PCO) application procedures, please refer to MITI website at <http://www.miti.gov.my/> under 'Our Services'

1. Goods Consigned from (Exporter's name, address and Country/ Party)			Certificate No.			Form AHK		
2. Goods Consigned to (Consignee's name, address and Country/ Party)			ASEAN - HONG KONG, CHINA FREE TRADE AGREEMENT CERTIFICATE OF ORIGIN (Combined Declaration and Certificate) Issued in (Country/ Party) (see Overleaf Notes)					
3. Means of transport and route (as far as known) Shipment Date: Vessel's name/Aircraft etc.: Port of Discharge:			4. For Official Use <input type="checkbox"/> Preferential Treatment Given Under ASEAN - Hong Kong, China Free Trade Agreement <input type="checkbox"/> Preferential Treatment Not Given (Please state Reason(s)) Signature of Authorised Signatory of the Importing Country/Party					
5. Item number	6. Marks and numbers on packages	7. Number and kind of packages; description of goods including HS Code (6 digits); and, if applicable, brand name. Names and country/party of the company issuing third party invoice, if applicable.	8. Origin-Conferring Criterion (see Overleaf Notes)	9. Quantity (Gross or Net weight or other measurement) and value (FOB) where RVC is applied (see Overleaf Notes)	10. Invoice Number(s) and date of invoice(s)			
11. Declaration by the exporter The undersigned hereby declares that the above details and statements are correct; and that all the goods were produced in (Country/ Party of origin) and that they comply with the rules of origin, as provided in Chapter 3 (Rules of Origin) of the ASEAN-Hong Kong, China Free Trade Agreement for the goods exported to (Importing Country/ Party) Place and date, signature of authorised signatory			12. Certification On the basis of control carried out, it is hereby certified that the information herein is correct and that the goods described herein comply with the origin requirements specified in the ASEAN-Hong Kong, China Free Trade Agreement. Place and date, signature and name, stamp of authorised issuing authority					
13. <input type="checkbox"/> Movement Confirmation			<input type="checkbox"/> Third-party invoicing			<input type="checkbox"/> Issued retroactively		
<input type="checkbox"/> De Minimis			<input type="checkbox"/> Accumulation			<input type="checkbox"/> Exhibitions		

Updates on AKFTA



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TRANSPOSITION OF PRODUCT SPECIFIC RULES (PSR) IN HS 2017

**PSR
HS 2012**



ASEAN-Korea FTA



**PSR
HS 2017**

Number of
Chapters

94

Number of
Lines

529

Starting 1 January 2020,
all Cost Analysis is
evaluated based on
PSR in HS 2017

Number of
Chapters

94

Number of
Lines

575

Number of
Split Lines

59

Number of
Merge Lines

16

Number of
NEW Lines

14

FINISHED PRODUCT	PSR HS 2012	PSR HS 2017
8539.30 - Light-emitting diode (LED) lamps	General Rule RVC 40% or CTH	Change to Subheading 8539.50 from any other Subheading; <u>OR</u> A regional value content of not less than 40 percent of the FOB value of the good

Updates on GSP SCHEME [REX System]



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REGISTERED EXPORTERS SYSTEM (REX) FOR NORWAY AND SWITZERLAND

MITI ASSIGNS
TRADER
IDENTIFICATION
NUMBER (TIN)
AND REX
NUMBER FOR
EXPORTER

A system of self-certification of origin by exporters with Statements on Origin (replacing certificates of origin Form A)

Exporters are registered in a database by their Competent Authorities, to be entitled to apply the system

No change on rules for determining the Origin

BEFORE

EFFECTIVE 1 JULY 2020

AFTER

DECLARATION PROOF OF ORIGIN ON ANY COMMERCIAL DOCUMENT

The exporter ... (Number of Registered Exporter (2), (3), (4)) of the products covered by this document declares that, except where otherwise clearly indicated, these products are of ... preferential origin (5) according to rules of origin of the Generalised System of Preferences of the European Union and that the origin criterion met is ... (6).

Frequent Mistakes



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- **Wrong declaration of HS Codes for raw materials and finished product.**
- **Different HS Codes declared for exporting & importing.**
- **Finished product details declared during Cost Analysis application differs with actual exported product.**
- **Costing were made by shipment, not per unit.**
- **Multiple items declared as single product in PCO.**
- **Tick for CO forms not in box.**

Need more information?



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- Visit our Website
 - <http://www.miti.gov.my/index.php/pages/view/3911?mid=95>
 - <https://fta.miti.gov.my/>
- Drop by at our Business Advisory Center (BAC), MITI Tower

CONSULTATION TIME:

Monday – Thursday : 10.30am – 12.30pm / 2.30pm – 4.30pm

Friday : 10.30am – 12.00noon / 3.00pm – 4.30pm



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Thank You

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