

ASEAN TRADE IN GOODS AGREEMENT (ATIGA)

Background

1. The ASEAN Trade in Goods Agreement (ATIGA) was signed in February 2009 and subsequently entered-into-force on 17 May 2010. The ATIGA replaced the earlier Agreement on Common Effective Preferential Tariff of the ASEAN Free Trade Area (CEPT-AFTA) scheme signed in 1992.
2. The main objective of ATIGA is to establish an integrated market and production base with a free flow of goods by 2015. It is aimed to realise one of the goals of the formation of the ASEAN Economic Community (AEC) by 2015.

Key Elements of ATIGA

3. The ATIGA consolidates and streamlines all the provisions in the CEPT-AFTA and formalizes several ministerial decisions. As a result, the ATIGA has become a single legal instrument for government officials who implement and enforce the Agreement, as well as for the private sectors who are the beneficiaries.
4. The ATIGA comprises several new elements to ensure the realisation of free flow of goods within ASEAN, including the following: tariff liberalisation, removal of non-tariff barriers, rules of origin, trade facilitation, customs, standards and conformance, and sanitary and phytosanitary measures.
5. The Annex 2 (Tariff Schedules) under ATIGA provides the full Tariff Reduction Schedule (TRS) of each Member States and spells out the tariff rates to be applied on each product for each year up to 2015. This makes tariff reduction schedules transparent and predictable for the business community.

Trade Liberalisation

6. The liberalisation of trade in the region through elimination of both intra-regional tariffs and non-tariff barriers had contributed towards making ASEAN's manufacturing sectors more efficient and competitive in the global market. As a result, consumers are able to source goods from the more efficient producers in ASEAN, thus creating a robust intra-ASEAN trade.
7. To date, customs import duties have been substantially eliminated and beginning 2015, 97.3 per cent of the products traded in the region will be duty-free, subject to the products fulfilling criteria of the rules of origin.
8. Cambodia, Lao PDR, Myanmar and Viet Nam collectively are given some flexibility to maintain duties at 1 – 5 per cent on over tariff lines each or collectively accounting for 2.7 per cent of the total ASEAN tariff lines. The duties on these products will be eliminated on 1 January 2018. Details as in Annex I and II.
9. Malaysia has eliminated import duties on 98.74% of the tariff lines under the ATIGA Tariff Schedule. Duties of between 5-20% have been retained on 73 tariff lines covering tropical fruits and tobacco, rice & rice products. 82 tariff lines which comprises of alcoholic beverages and arms weapon are listed

under the General Exclusion (GE) List. These products are not subject to import duties reduction or elimination. However, Malaysia is required to study on alternative measures that are consistent with the GE provisions of the ATIGA e.g. excise duties or domestic regulation could be applied instead of imposing high import duties as suggested by the 26th AFTA Council Meeting.

Rules of Origin

- 10. In determining whether a product is of Malaysia origin, an Ordinary Certificate of Origin or a Preferential Certificate of Origin can be issued if they meet the relevant criteria of being locally manufactured under the ATIGA.
- 11. For the purpose of the ATIGA Agreement, goods imported under this scheme into the territory of a Member State from another Member State shall be eligible for preferential tariff treatment if they conform to the origin requirements under any one of the following conditions:
 - (a) A good which is wholly obtained or produced in the exporting Member State as set out and defined in Article 27 of the ATIGA; or
 - The following shall be considered as wholly obtained or produced in the exporting Member State: Plant and plant products grown and harvested, picked or gathered there; Live animals born and raised there; Goods obtained from hunting, trapping, fishing, aquaculture, gathering or capturing conducted there; Minerals and other naturally occurring substances, not included in subparagraphs etc.
 - (b) A good not wholly obtained or produced in the exporting Member State, provided that the said products are eligible under Article 28 or Article 29 of ATIGA.
 - A good shall be deemed to be originating in the Member State where working or processing of the good has taken place:
 - i. If at least 40 percent of its content (ASEAN Value Content or the “Regional Value Content (RVC)”) originates from that Member State or it has undergone a change in tariff classification at four-digit level (change in tariff heading) of the Harmonised System.
 - ii. The formula for calculating ASEAN Value Content or RVC is as follows:

Direct Method

$$RVC = \frac{\text{ASEAN Material Cost} + \text{Direct Labour Cost} + \text{Direct Overhead Cost} + \text{Other Cost} + \text{Profit}}{\text{FOB Price}} \times 100\%$$

Indirect Method

$$RVC = \frac{\text{FOB Price} - \text{Non-Originating Materials, Parts or Produce}}{\text{FOB Price}} \times 100\%$$

ASEAN Trade in Goods Agreement (ATIGA) is available on MITI's website (www.miti.gov.my)

New Initiatives: Trade Facilitation

Self-Certification

12. The Self-Certification Scheme is a system which enables the Certified Exporter (CE) to make out an invoice declaration for the exports of goods. The CE will no longer be required to apply for ATIGA Form D. The invoice declaration is sufficient to obtain preferential tariff concession under ATIGA. The information in the invoice declaration is less than what appears in ATIGA Form D.
13. The implementation of the Self-Certification Scheme is aimed at facilitating intra-ASEAN trade; reduce costs and time of doing business; and maximise the efficiency of the government limited resources.
14. Currently, there are two pilot projects for the Self-Certification that has been approved by the ASEAN Economic Ministers and ASEAN Free Trade Area Council. The First Self-Certification Pilot project (1st SCPP) is participated by Malaysia, Brunei Darussalam, Singapore and Thailand. Meanwhile Cambodia and Myanmar will be joining the 1st SCPP and are in the midst of getting their domestic approvals. The Second Self-Certification Pilot project (2nd SCPP) between Indonesia, Lao PDR and the Philippines was implemented beginning 1 January 2014.
15. The criteria's for appointing Certified Exporters are:
 - a) Manufacturers who are also exporters;
 - b) Good past track record;
 - c) Not blacklisted by any agency i.e. Customs or MITI; and
 - d) Be able to comply with the Rules of Origin (ROO).
16. Efforts are being undertaken by ASEAN Member States to implement a single ASEAN Wide Self Certification by 2015 towards facilitating intra-ASEAN trade.
17. Companies are encouraged to apply to become a CE. Interested companies can contact:

Trade Cooperation & Industry Coordination Section
Trade Cooperation Division
Ministry of International Trade and Industry (MITI)
Tel : 03-6200 0140 / 133 / 131
Email : marissa.malek@miti.gov.my / aizul@miti.gov.my
Website : www.miti.gov.my

ASEAN Single Window

18. The ASEAN Single Window (ASW) is a unique regional initiative that connects and integrates National Single Windows (NSWs) of Member States. The ASW objective is to expedite cargo clearance within the context of increased economic integration in ASEAN. ASW implementation ensures compatibility of Member States NSWs with international open communication standards while also ensuring that each of those Member States can then exchange data securely and reliably with any trading partners that use international open standards. Simpler and faster processing time, and a more transparent way of doing business – these are the main goals of the ASEAN Single Window initiative.
19. The ASW currently supports the exchange of the intra-ASEAN certificate of origin (ATIGA Form D) and ASEAN Customs Declaration Document (ACDD). There are six Member States that have their NSW in place and operational namely Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore, and Thailand, while Cambodia, Lao PDR, Myanmar and Viet Nam are in process of developing its NSWs.
20. At a later stage, other documents will also be electronically exchanged via ASW. An engagement has been made with trade players through a certain mechanism such as workshop. The outcome of such engagement has led to identification of four other documents that has a potential to later use the ASW platform. That is the Ocean Booking Confirmation (House/Master), Loading Confirmation, Pre-Departure Export Manifest Summary (House/Master) (Pre-Departure Cargo Report), and Sanitary and Phytosanitary Certificate (including phytosanitary, veterinary, and health certificate).
21. On the institutional side, ASW development is managed by the ASW Steering Committee and supported by technical and legal working groups, which have been developing the technical and legal architectures. Consultations with the private sector have been initiated on data to be exchanged in the ASW architecture, as have been other complementary initiatives, such as the ASW sustainability study, which provided recommendations on governance, business model, and financial feasibility.

For Further Information, please contact:

ASEAN Economic Cooperation Division
Ministry of International Trade and Industry (MITI)
Tel : 03 - 62000564
Email : allasean@miti.gov.my
Website : www.miti.gov.my / www.asean.org

Number of Tariff Lines at 0% in the ATIGA Tariff Schedule of 2013

Country	Number of Tariff Lines				Percentage			
	0%	>0%	Other **)	Total	0%	>0%	Other	Total
Brunei D. (AHTN 2012)	9,844	-	72	9,916	99.27	-	0.73	100
Indonesia (AHTN 2012)	9,899	17	96	10,012	98.87	0.17	0.96	100
Malaysia (AHTN 2012)	12,182	73	82	12,337	98.74	0.59	0.66	100
Philippines (AHTN 2012)	9,685	109	27	9,821	98.62	1.11	0.27	100
Singapore (AHTN 2012)	9,558	-	-	9,558	100.00	-	-	100
Thailand (AHTN 2012)	9,544	14	-	9,558	99.85	-	-	100
ASEAN-6	60,712	213	277	61,202	99.20	0.35	0.45	100
Cambodia (AHTN2012)*	5,700	3,858	-	9,558	59.64	40.36	-	100
Lao PDR (AHTN2012)	7,525	1,946	87	9,558	78.73	20.36	0.91	100
Myanmar (AHTN2012)	7,614	1,882	62	9,558	79.66	19.69	0.65	100
Vietnam (AHTN 2012)*	6,905	2,463	190	9,558	72.24	25.77	1.99	100
CLMV	27,744	10,149	339	38,232	72.57	26.55	0.89	100
Total ASEAN	88,456	10,362	616	99,434	88.96	10.42	0.62	100

Source: ASEAN Secretariat

* as of 15 December 2013, these TRSs are still tentative because it has not been endorsed by the AFTA Council

** Products in the Schedule H (General Exclusion List)

Flexibility on seven per cent (7%) of tariff lines for CLMV

ASEAN Member States	Number of tariff lines (AHTN 2012)	Percentage	Remarks
Cambodia	663	6.94	Cambodia's list of products subject to 7% flexibility has been incorporated in final draft of her AHTN 2012 TRS for 2012-2026.
Lao PDR	669	6.99	Lao PDR has submitted the final list of products subject to 7% flexibility which consists of 669 tariff lines, or 6.99% of her total tariff.
Myanmar	645	6.75	Myanmar's list of products subject to 7% flexibility has been incorporated in her AHTN 2012 TRS, which has been uploaded on the ASEAN Secretariat website.
Viet Nam	na	na	Viet Nam informed that her list of products subjected to 7% flexibility was in the final stage of approval, but she was unable to provide a definitive date.

Source: ASEAN Secretariat