

The impact on Customs of the implementation of the ASEAN-China FTA

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Abstract

This paper examines the impact of the ASEAN-China Free Trade Area (ACFTA) on regional trade facilitation. An overview of the development of ACFTA is followed by a discussion on the need for ongoing consideration of new policies and measures to further enhance economic complementarity and industry cooperation with the goal of strengthening zero tariff FTA policies. Research indicates that although utilisation of preferential concessions is increasing, it is less than the original expectations of China's Central Government. Policies are therefore being considered and other measures designed to enhance the utilisation rate. The challenges presented by these initiatives and their impact on Customs' already limited resources are outlined. The paper concludes by identifying opportunities for Customs to effectively address the growth in regional trade and contribute to the negotiation, formulation and enforcement of rules of origin.

1. History and development of ACFTA

A Free Trade Agreement (FTA) is a legally binding agreement between two or more countries to reduce or eliminate trade barriers in terms of both tariff and non-tariff, and to facilitate the cross-border movement of goods and services between the territories of the Parties.

The ASEAN-China Free Trade Area (ACFTA) is a free trade area between ten member states of the Association of Southeast Asian Nations (ASEAN) and the People's Republic of China. In November 2001, ASEAN and China launched negotiations for an ASEAN-China FTA and signed the Framework Agreement on Comprehensive Economic Cooperation (FACEC) in the following year (Sheng Lijun 2003). The Agreement on Trade in Goods was signed in 2004 and implemented on 1 July 2005 by the ASEAN countries and on 20 July 2005 by China.¹ In January 2007, the Agreement on Trade in Services was signed and entered into force in July 2007. The Agreement on Investment was signed in August 2009 and implemented on 15 February 2010.²

When ACFTA came into effect on 1 January 2010 it became the largest free trade area in terms of population, the third largest in terms of nominal GDP, and the third largest in trade volume after the European Economic Area and the North American Free Trade Area.³ Under the ACFTA agreement, 90% of all goods, or around 7,881 items traded between China and the six original ASEAN countries have been given zero tariff treatment,⁴ and the average tariff rate on goods originating in ASEAN and sold in China has decreased from 9.8% to 0.1%. As at 1 January 2010, the average tariff rate on Chinese goods sold in ASEAN countries decreased from 12.8% to 0.6% pending implementation by the four remaining ASEAN members.⁵ Since 1 January 2012, all goods except for 400 subheadings of sensitive goods between China and the six original ASEAN countries have been given zero tariff treatment.⁶

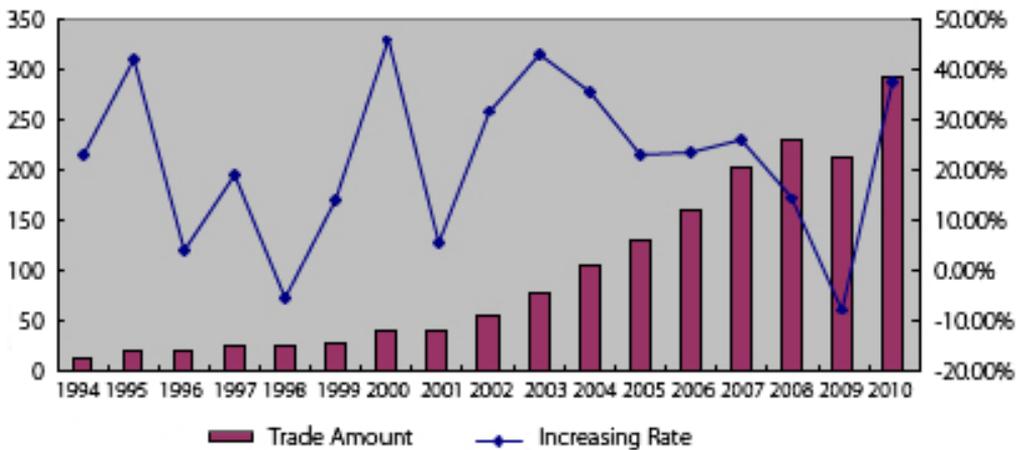
2. The impact of ACFTA on regional trade in goods

2.1 Trade expansion

Since the signing of the FACEC in 2002, regional trade has expanded rapidly (Wei Min 2002), with trade volume increasing from USD54.78 billion in 2002 to USD292.86 billion in 2010, that is, up to 37.49% on a year-by-year basis (see Chart 1). In 2010, the year ACFTA entered into full implementation, China's imports from ASEAN countries increased by 44.8% to USD154.56 billion and, for the first time, China surpassed Japan and the European Union (EU) to become ASEAN's largest trading partner. In the same year, ASEAN became China's fourth largest trading partner, after the EU, the United States (US) and Japan.

However, in 2009 China-ASEAN trade decreased 7.92% from the previous year to USD213.01 billion due to the global financial crisis that originated in US and EU markets, reflecting the fact that China and ASEAN rely significantly on those markets. The trade relationship between China and ASEAN is more competitive than complementary. The main products traded among ACFTA members still focus on labour-intensive goods, such as machinery and electronic products, and raw minerals which have low value add (see Chapters 84, 85 and 27 respectively of the HS Code) (Table 1). Statistically, only the trade between China and Singapore has a better complementary relationship compared with other ASEAN member countries. As a developed country, Singapore imports considerably more parts and components under HS8517, HS8541, HS8504, and HS8534, and exports integrated circuitry (HS8542) and refrigeration equipment (HS8418) with higher technology to China.

Chart 1: Trade volume and annual growth rate of ACFTA 1994-2010 (USD billions)



Source: China Statistical Yearbook, www.stats.gov.cn/tjsj/ndsj/.

Table 1: Top 3 Products imported into China from main ACFTA members⁷ 2005-2012 (HS Chapters)

Country	2005	2006	2007	2008	2009	2010	2011	2012
Thailand	84	84	84	84	84	84	84	84
	85	85	85	85	85	85	85	85
	39	40	40	40	40	40	40	40
Philippines	85	85	85	85	85	85	85	85
	84	84	84	84	84	84	84	84
	90	71	26	72	39	26	26	26
Malaysia	85	85	85	85	85	85	85	85
	84	84	15	84	84	84	84	84
	15	15	84	15	15	27	27	27
Singapore	85	85	85	85	85	85	85	85
	84	84	84	84	84	84	84	84
	27	27	27	27	89	27	27	27
Indonesia	27	27	27	84	27	27	27	27
	84	84	26	85	84	84	84	84
	29	15	15	27	85	85	26	85
Vietnam	27	27	27	84	27	85	84	85
	40	40	40	27	85	84	85	84
	26	26	44	85	84	27	27	27

Source: China Statistical Yearbook, www.stats.gov.cn/tjsj/ndsj/.

2.2 Trade deficit and individual performance

China's trade deficit with ASEAN (Table 2) rose from -7.61% in 2002 to -16.4% in 2003 and between 2004 and 2007, fluctuated between -14% and -20%.⁸ The bilateral trade imbalance improved in 2009 because market demand from western countries decreased sharply which directly impacted China's exports. As the 'world factory', China generally assembles and packages goods in production lines, with ASEAN being the chief source of materials, parts and spares. As a result, importations from ASEAN into China decreased (Wang Feng, Liang Chuyun & Sheng Shaoqin 2012).

Table 2: Trade amount and trade deficit of ACFTA 2002-2010⁹ (USD billions)

Year	Trade amount	Export	Import	Annual increase	Trade deficit
2002	54.78	23.58	31.20	31.64%	-7.61
2003	78.25	30.92	47.33	42.85%	-16.4
2004	105.87	42.90	62.97	35.29%	-20.07
2005	130.36	55.36	75.00	23.14%	-19.63
2006	160.84	71.31	89.53	23.38%	-18.22
2007	202.53	94.15	108.39	25.92%	-14.24
2008	231.32	114.32	117.00	14.21%	-2.69
2009	213.01	106.26	106.75	-7.92%	-0.49
2010	292.86	138.16	154.70	37.49%	-16.54

Source: China Statistical Yearbook, www.stats.gov.cn/tjsj/ndsj/.

Among the ten ASEAN member countries, trade performance with China has differed. Prior to 2008, Singapore was China’s most significant ACFTA trading partner, (USD47 billion), followed by Malaysia and Thailand. Since 2008, Malaysia has overtaken Singapore as China’s largest FTA trading partner, followed by Singapore and Thailand (Table 3).

Compared to other original members, Malaysia and Thailand exported more goods to China and their exporters thus benefited more from preferential concessions (Table 4). Generally, the four new members imported more goods from China than they exported, representing an adverse trade balance.

Table 3: The top four trading partners with China 2004-2010 (USD billions)

Year	First	Second	Third	Fourth
2004	Singapore (26.68)	Malaysia (26.26)	Thailand (17.34)	Indonesia (13.47)
2005	Singapore (33.15)	Malaysia (30.70)	Thailand (28.11)	Philippines (17.56)
2006	Singapore (40.86)	Malaysia (37.11)	Thailand (27.73)	Philippines (23.41)
2007	Singapore (47.14)	Malaysia (46.39)	Thailand (34.64)	Philippines (30.62)
2008	Malaysia (53.56)	Singapore (52.48)	Thailand (41.30)	Indonesia (31.52)
2009	Malaysia (51.97)	Singapore (47.86)	Thailand (38.20)	Indonesia (28.39)
2010	Malaysia (74.22)	Singapore (57.06)	Thailand (52.95)	Indonesia (43.75)

Source: China Statistical Yearbook, www.stats.gov.cn/tjsj/ndsj/.

Table 4: The six original members’ performance in trade deficit 2002-2010 (USD billions)

Year	Malaysia	Thailand	Philippines	Brunei	Indonesia	Singapore
2002	-4.32209	-2.64225	-1.17492	-0.22079	-1.08190	-0.06234
2003	-7.84552	-4.99893	-3.21414	-0.27848	-1.26508	-1.62108
2004	-10.08868	-5.73893	-4.79072	-0.20317	-0.95925	-1.30687
2005	-9.48686	-6.17259	-8.18206	-0.15459	-0.08659	0.11766
2006	-10.03536	-8.19836	-11.93642	-0.11568	-0.15603	5.51267
2007	-11.01691	-10.69006	-15.61563	-0.12943	0.21390	1.211923
2008	-10.71891	-10.04209	-10.42380	0.04069	2.86184	1.216481
2009	-12.70414	-11.61980	-3.35782	-0.14155	1.05230	12.24800
2010	-26.64476	-13.45487	-4.68171	-0.29672	1.15685	7.61848

Source: China Statistical Yearbook, www.stats.gov.cn/tjsj/ndsj/.

3. Utilisation of FTA preferential concessions

In general, the utilisation rate of FTA preferential concessions has increased steadily year by year since the Agreement on Trade in Goods came into force. However, this is still below China Central Government’s anticipated utilisation (Chen Siyuan 2011).

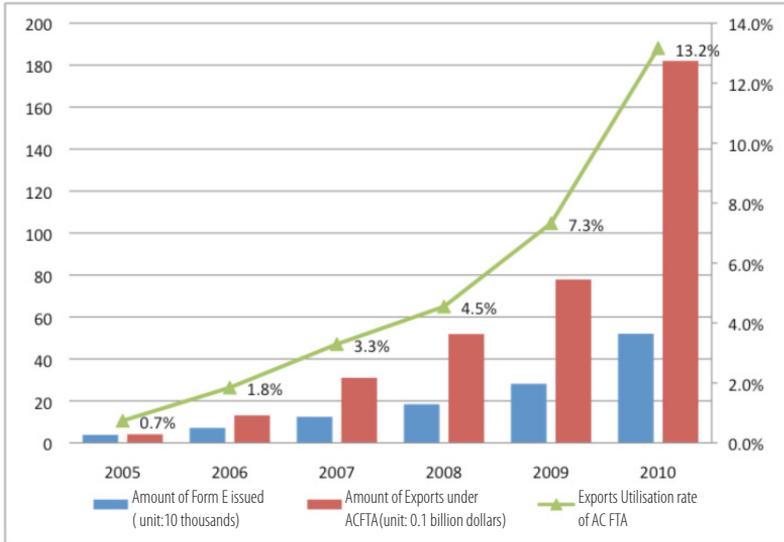
In regard to China’s exports, the number of Origin Certificates (Form E) issued increased from 38,000 in 2005 to 52,000 in 2010 and in the same period, the volume of trade under ACFTA rose from USD0.4 billion to USD18.2 billion, with export utilisation rate also increasing, from 0.7% to 13.2% (Chart 2).

Compared to the utilisation rate in the US, ACFTA still has some way to go. In 2010, around 41% of US goods were exported to FTA member countries,¹⁰ which is more than three times the utilisation rate of ACFTA. In the US, FTAs have proved to be one of the most effective ways to open up foreign markets

to its exporters. The establishment of a more stable trading environment with fewer barriers makes it easier and cheaper for US firms to export their products to FTA regional markets. As a result, from 2009 to 2010, US exports to FTA countries grew faster than to the rest of the world: 23% versus 20%, about twice the rate of increase in ACFTA in the same period.¹¹

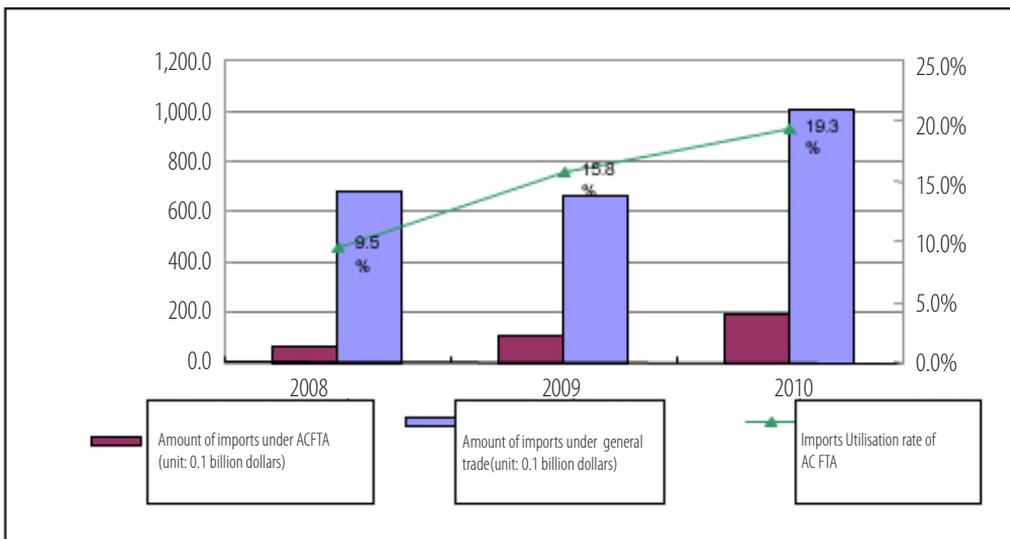
In terms of import utilisation of ACFTA, performance was more positive. Goods under a preferential tariff rate increased from 9.5% in 2008 to 19.3% (USD19.31 billion) in 2010 (Chart 3).

Chart 2: Export utilisation of ACFTA 2005 to 2010 (USD billions)



Source: General Administration China Customs and General Administration of Quality Supervision, Inspection and Quarantine.

Chart 3: Import utilisation of ACFTA 2008 to 2010 (USD billions)



Source: General Administration China Customs Statistics.

Among all ASEAN countries, Thailand’s utilisation rate was the highest. In 2010, Thailand’s export trade under FTA preferential treatment accounted for almost one-third of total exports to China. Vietnam also showed a good utilisation rate. Their main exports to China are raw minerals (HS Chapter 27) (Table 5). Malaysia, as China’s largest ACFTA trading partner, nevertheless presented a comparatively low utilisation rate. Laos had the lowest utilisation rate overall, and Myanmar’s and Cambodia’s decreased.

From a research questionnaire and sample visits,¹² it was concluded that there were two reasons for low utilisation. On the one hand, the complexity of the rules of origin (Baldwin 2006; Carrere & de Melo 2006), together with low predictability of preferential treatment in the import country reduced traders’ intention to spend money and time to apply for Form E. On the other hand, certain products are not covered in the ACFTA tariff concession list, such as the smoked sheets from Laos and technically specified natural rubber from Cambodia which are not included in China’s tariff reduction list. Also, as mentioned above, hundreds of cargo subheadings under sensitive goods have not been given tariff concessions.

Table 5: Different performance of the import utilisation rate of ASEAN countries

Import utilisation rate	2008	2009	2010
ASEAN	9.5%	15.8%	19.3%
Countries			
Thailand	11.7 %	25.8 %	33.2 %
Vietnam	12.0 %	26.5 %	27.7 %
Indonesia	10.4 %	15.8 %	23.7 %
Myanmar	28.5 %	20.7 %	21.9 %
Singapore	11.7 %	15.9 %	18.9 %
Malaysia	8.7 %	10.2 %	11.2 %
Cambodia	0.4 %	13.9 %	9.2 %
Philippines	2.5 %	4.3 %	8.3 %
Brunei	0.00008%	0.4 %	6.1 %
Laos	---	---	0.4 %

Source: General Administration China Customs Statistics.

4. Challenges for Customs

Interest in establishing Regional Trade Agreements (RTAs) and FTAs has increased worldwide (Estevadeordal & Suominen 2006) and by 31 July 2013, the Secretary of the World Trade Organization (WTO) had been notified of 575 RTAs (including goods, services and accessions), 379 of which were in force.¹³ As a result of this trend, China’s Central Government promoted ‘FTA Implementation’ as the National Strategy in 2007 and accelerated steps to enforce their implementation in the following years.¹⁴ This increase in the number of FTAs and RTAs has added to Customs’ administrative and capacity building costs. Even so, it is essential that Customs supports the negotiation and promotion of FTAs, and facilitates the inclusion of goods that meet compliance requirements. At the same time, as proposed by Widdowson and Holloway (2011), Customs should establish an effective risk analysis system in order to identify goods that originate in a third country and fraudulently claim FTA tariff rates.

4.1 Rules of Origin negotiations

Rules of Origin are at the core of FTA negotiations on goods and also represent an area in which capacity building is urgently required (Li 2012) due to their complexity and potential applicability to a multitude

of products across various industries and sectors. In theory, the rules of origin should not be too strict or too loose (Inama 2009). Further, consideration of the North American Free Trade Agreement (NAFTA) and EU models (Estevadeordal 2008; Jones & Martin 2012) often results in confusion about which model would be more appropriate for China or ACFTA, and which origin criteria are more applicable and feasible in relation to developing countries, and to fully understand the likely impact of negotiated rules of origin, Customs must clearly understand industries' production and development requirements.

In this context, a change in the formulation of origin criteria, by combining the '40% Regional Value Content (RVC)' criteria of the EU Model with the 'Change of Tariff Classification + 40% RVC' mixed criteria for certain products of the NAFTA model may serve to reduce the restrictiveness of some related goods and offer more flexibility in complying with the rules of origin.

4.2 Rules of origin formulation

In addition to selecting a 'rules of origin' model, certain existing origin rules require amendment.

Minimal operations and processes. The current Minimal Operations and Processes provision applies only to 'Wholly obtained' goods due to the interim rules of origin for the Early Harvest Program (EHP). This provision is not well expressed compared to other FTAs¹⁵ and is therefore not easy to interpret or implement.

De minimis. Currently there is no *de minimis* provision in ACFTA rules. This continues to restrict the change of tariff classification (CTC) criteria and impede the ability of certain industries to comply with the requirements and to utilise the ACFTA preferential arrangements. Some ACFTA members have suggested adding a *de minimis* provision with an 8% to 10% threshold. For the textile industry, a *de minimis* provision pertaining to weight has been suggested and discussion about this is ongoing.

Also, to implement the 'Accumulation' provision more efficiently and accurately, it has been recommended that consideration be given to including an 'Indirect Materials' provision in the ACFTA rules of origin.

4.3 Issuing certificates of origin

In some ACFTA member countries Customs is not responsible for issuing certificates of origin and the agency with that responsibility has insufficient knowledge and expertise in the fields of the HS code, customs valuation or the rules of origin. This leads to errors in issuing Form E, through incorrect HS classification, applying incorrect formulae to calculate Regional Value Content, or not following the 'Operational Certification Procedures for the Rules of Origin' correctly. Moreover, some issuing authorities may issue Form E in respect of goods for which preferential tariff treatment should not be given in accordance with the tariff reduction schedule, and consequently there is a clear need for officials with responsibility for issuing certificates to be better trained to ensure that goods identified on Form E are entitled to the relevant preferential tariff treatment under ACFTA.

Self-certificate issue is not permitted under current ACFTA rules. However, with the implementation of the WCO SAFE Framework and Authorised Economic Operator (AEO) regimes, an amendment to enhance facilitation for approved operators may soon be considered by ACFTA.¹⁶

4.4 Verifying rules of origin

Unintentional irregularity. Actual cases of irregularity can be classified into two main categories:

Misuse in good faith. Sometimes traders may present Customs with a Form E certificate that does not comply with the requirements of the rules of origin, but not with the intention of evading trade control. For example, a certificate may be submitted in the wrong format or in an out-of-date format, or for which incorrect origin criteria have been used for the declared goods, or by entering HS codes and units of weight in the wrong column by mistake.

Counterfeiting and fraudulence. Illegal traders may submit fraudulent certificates with the intention of evading most favoured nation (MFN) tariff rates and anti-dumping taxes. Examples of this type of fraud include counterfeiting Form E for goods that originated in a third party country, modifying HS codes of products from the codes of non-preferential policies applied to the codes covered by FTA concessions, adding illegal goods that do not satisfy the origin criteria, or increasing the authentic import weight of the goods approved by the issuing bodies.

Difficulty in verifying origin. Verifying origin through physical examination is a challenge for customs administrations in the country of import. For example, identifying whether the origin of a coat is Member Country A or Third Party B can prove to be quite difficult. While ‘Origin Marks’ may assist physical verification, such marks are not compulsory for all imported goods. Furthermore, the legal basis for origin marks lies in the non-preferential rules of origin based on the WTO Agreement on Rules of Origin, but not the ACFTA preferential origin rules. Consequently, even if certain goods are entitled to be marked ‘Made in Member Country A’, it does not mean the goods satisfy the ACFTA preferential rules of origin and are therefore eligible to enjoy tariff concessions. As an electronic verification system has not been established among ACFTA members, certificate verification relies mainly on manual checking which, as we know, is time consuming, often ineffective and inefficient.

Administrative cooperation. Of the four methods proposed by the WCO to verify the origin of goods (importer investigation, exporter direct investigation, administrative cooperation, and field inspection), administrative cooperation has emerged as the most popular way of checking the authenticity of the origin of goods. However, the deposit that is required to be paid by importers and the waiting time for a response from the issuing agency, impact negatively on the value of obtaining a concession and inconvenience importers. For example, a deposit must first be paid and only on a positive response from the export issuing agency can an importer request that the deposit be refunded. Sometimes the issuing agency in the export country does not provide feedback within the required time limit¹⁷ which can lead to considerable inconvenience to importers, as preferential treatment will be denied by the import customs administration and importers have to pay the tariff at the MFN rate. Moreover, there is the likelihood of possible criminal or administrative penalties, including anti-smuggling litigation. The increasing trade risk and cost may also impede traders taking the initiative to seek the benefits of FTA policies.

Export control. Generally, customs authorities in ACFTA member countries rarely exercise controls on exported goods. To date, no fraud cases have been detected in the export phase. This is, in part, because customs officials are not sure whether or not the purchaser of the goods will seek FTA benefits in the country of import, and in part due to the export encouragement policies that exist in all the member countries. Weaknesses in export control also result in inaccuracies in member countries’ FTA utilisation statistics because customs authorities are unable to confirm the amount of exported goods that enjoy preferential concessions in the importing countries. Export/import statistics and utilisation rates will therefore be inaccurate.¹⁸

5. Challenges and opportunities

To effectively implement ACFTA, several issues need to be considered. Not only are less duties and taxes collected under the FTA zero-tariff policies but at the same time, customs authorities require additional resources to ensure an effective and ongoing capacity to administer the policies. This includes, for example, additional costs of training customs officials, especially those field-based officials who are responsible for origin certificate verification and physical inspection. Appropriate infrastructure, particularly the introduction of a risk analysis and management system, is also required in order to select high-risk goods in terms of origin irregularity and to ensure that trade is facilitated under the FTA. An independent branch comprising experts in the fields of FTAs and origin rules may need to be established and funded in order to ensure competent FTA negotiation and implementation.

These additional costs to customs administrations will be amplified by the concurrent loss in revenue under FTAs. Nevertheless, there is a need for Customs to be more involved in national strategy formulation, industry policy amendment, and protection of community interests. In the short term, as the utilisation rate is relatively low (on average no more than 20% of ASEAN-China's total trade, with 80% of ASEAN-China trade remaining under MFN tariff rates), revenue collections are likely to be maintained in view of the anticipated dramatic growth in regional trade. In the long term, Customs will need to adjust its attitude to regional and national FTA strategies, recognising that FTA policies are designed to encourage trade facilitation and greater freedom of trade among contracting members, and are not focused on tariff collection. This means that Customs, particularly the administrations of developing countries, should accept their new role and recognise the opportunities that flow from the development of FTAs.

Customs should also become more involved in developing national trade policies by taking part in aspects of FTA negotiations such as rules of origin and simplified customs procedures. Traditionally this has not been the case, with Customs' role being restricted to that of the trade policy enforcement agency, acting as the 'gatekeeper'¹⁹ and having little input to national policymaking. The rules of origin provide opportunities for Customs to contribute to the national interest through community protection and domestic industry support. Loosely formed origin rules result in greater external competition whereas rules that are capable of effective administration can provide greater industry assistance. Research into key industries' development and use of processing technology would, for example, provide guidance in adjusting origin rules, enhance domestic inter-agency relationships and facilitate trade by lowering MFN tariff rates.

6. Findings and conclusions

Regional trade under ACFTA is expanding rapidly. China has surpassed Japan and the EU to be ASEAN's largest trading partner. However, China-ASEAN trade still relies heavily on US and European markets and the trade relationship between China and ASEAN is currently more competitive than complementary.

An increasing number of traders is making use of ACFTA preferential concessions, even though the utilisation rate is still low compared to other mature and developed FTAs (EU and NAFTA). This is partially because of the complexity, restrictiveness and unpredictability of the origin rules and weaknesses in government service mechanisms. Industrial cooperation between China and ASEAN is still developing and is an important factor in common economic growth via duty-free policies, and ACFTA governments should take steps to enhance regional industry supply chains and complementarity among bilateral traders.

In addition to challenges on implementation and administration, FTAs also provide opportunities for Customs to contribute more to the national interest and industrial assistance by negotiating effective origin rules under FTAs. A key issue is the restrictiveness of certain goods' origin rules. Therefore, to better contribute to national trade policymaking, Customs should invest more effort on researching industry needs and requirements and establishing more efficient inter-agency cooperation.

Customs should adjust the relevant rules and procedures in order to promote trade facilitation and the FTA utilisation rate (Li 2011). In addition to establishing more appropriate and transparent rules criteria through FTA negotiation and formulation, Customs should seek to establish clearer and more predictable guidelines under which traders may claim FTA treatment for their imports. Advance rulings for FTAs origin decisions, an AEO regime, and e-Verification systems between import and export countries should also be considered and implemented.

Capacity building is urgently needed to ensure customs officials are proficient in regard to origin implementation and administration. Sufficient resources are required to guarantee the effective negotiation and implementation of FTA origin rules, and to develop a risk analysis and management infrastructure that properly addresses the administrative functions required to determine origin.

Training is also necessary for international traders and issuing bodies, in order to reduce instances of incorrectly issued certificates of origin through misunderstanding and misapplication of the origin criteria.

Finally, the WCO Guidelines on Preferential Origin Verification are designed to assist Member customs administrations by providing practical examples of effective implementation and administration. These Guidelines should form the basis of developing an effective risk-managed system of preferential origin and Customs' role in the verification process.

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Notes

- 1 The Agreement on Trade in Goods was implemented in July 2005 for the two parties. ASEAN implemented the agreement 19 days before China.
- 2 See information supplied in the China FTA Network, <http://fta.mofcom.gov.cn/topic/chinaasean.shtml>.
- 3 This information is available from the website of Chinaviews. Additional information is available at http://news.xinhuanet.com/english/2010-01/01/content_12740470.htm.
- 4 According to the agreement, the remaining ASEAN members including Cambodia, Lao PDR, Myanmar and Vietnam have until 2015 to do so.
- 5 See the Free Trade Agreement between China and ASEAN.
- 6 The remaining ASEAN members including Cambodia, Lao PDR, Myanmar and Vietnam have until 2018 to do so.
- 7 Chapter 15: Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetables waxes; Chapter 26: Ores, Slag and Ash; Chapter 27: Mineral fuels, mineral oils and products of their distillation; Bituminous substances; Mineral waxes; Chapter 39: Plastics and articles thereof; Chapter 40: Rubber and articles thereof; Chapter 84: Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof; Chapter 71: Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin; Chapter 72: Iron and steel; Chapter 85: Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles.
- 8 Because China imported more cargo from ASEAN than it exported since the establishment of ACFTA, the trade deficit column shows a negative figure for the previous years.
- 9 Data from China Statistics Yearbook, www.stats.gov.cn/tjsj/ndsj/.
- 10 Data from the US Department of Commerce, International Trade Administration, and the Census Bureau.
- 11 See <http://trade.gov/fta/>.
- 12 Some aspects of the research results on low FTA utilisation were presented and discussed at the WCO Regional Workshop on Rules of Origin (ROO) for the Asia-Pacific Region, 11-15 June 2012, RTC Shanghai, China.
- 13 See www.wto.org/english/tratop_e/region_e/region_e.htm. A database of those RTAs is also available online.
- 14 See www.wto.org/english/tratop_e/region_e/region_e.htm.
- 15 This information is from the WCO Regional Workshop on Rules of Origin (ROO) for the Asia-Pacific Region, 11-15 June 2012, RTC Shanghai, China.
- 16 In the FTA between China and Switzerland, Swiss-approved exporters are allowed to self-certificate.
- 17 In ACFTA, the time limit for a response is 180 days.
- 18 In the author's opinion, for a certain member country, the import utilisation rate of CAFTA is more reliable than that of export. To increase the accuracy of the statistics, customs cooperation and data exchange are necessary.
- 19 See Widdowson 2005.

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