

Rules of origin blocking the growth of trade, particularly for SMEs

PRESS RELEASE, Brussels, 6th September 2018: Speaking at a conference organised today by amfori and EuroCommerce on rules of origin, the heads of both associations warned that, unless rules of origin for products were improved, they would continue to discourage European companies, particularly small ones, to take advantage of hard-won concessions in trade agreements. Rules of origin determine the “nationality” of a product. To benefit from global value chains, companies need clear rules, but the complexity of rules of origin – preferential and non-preferential – continues to discourage trade, in particular for SMEs. The often very different rules in each of the many bilateral trade agreements signed in recent years adds to what is already a confusing picture.

EuroCommerce Director General Christian Verschueren said:

“Even the most beneficial trade agreements have little effect if the rules of origin are too complicated. There is definitely something wrong when small companies, but also some big enterprises prefer to pay import duties rather than dealing with a set of different rules of origin. There is an urgent need for a modernised system which recognises that we are operating in a world of global supply chains, where complex products are made up of parts from all over the world.”

amfori President, Christian Ewert, noted that

“amfori and EuroCommerce have been saying for many years that origin rules need to be simplified, harmonised – ideally at the global level – and regularly updated, so that they properly reflect modern global value chains. This should include wider rules for cumulation and less stringent rules for granting preferential origin. Without these improvements there is a definite risk that the benefits of trade agreements will continue to be only partially adopted and even a risk to the future of new trade agreements entirely.”

These problems, including those connected to cumulation, which should allow production across more than one country, mean that companies will only partially be able to take up the benefits of trade agreements. On top of these difficulties, under the recently-adopted Registered Exporters System (REX), that replaces the certificate of origin Form A, importers now run the risk of being held liable for any incorrect information provided by the exporter on the origin of a product. This approach should be revisited to find a more balanced set of rules on an importer’s burden of proof when dealing with customs authorities in the EU.

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EuroCommerce is the principal European organisation representing the retail and wholesale sector. It embraces national associations in 31 countries and 5.4 million companies, both leading multinational retailers such as Carrefour, Ikea, Metro and Tesco, and many small family operations. Retail and wholesale provide a link between producers and 500 million European consumers over a billion times a day. It generates 1 in 7 jobs, providing a varied career for 29 million Europeans, many of them young people. It also supports millions of further jobs throughout the supply chain, from small local suppliers to international businesses. EuroCommerce is the recognised European social partner for the retail and wholesale sector. www.eurocommerce.eu

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