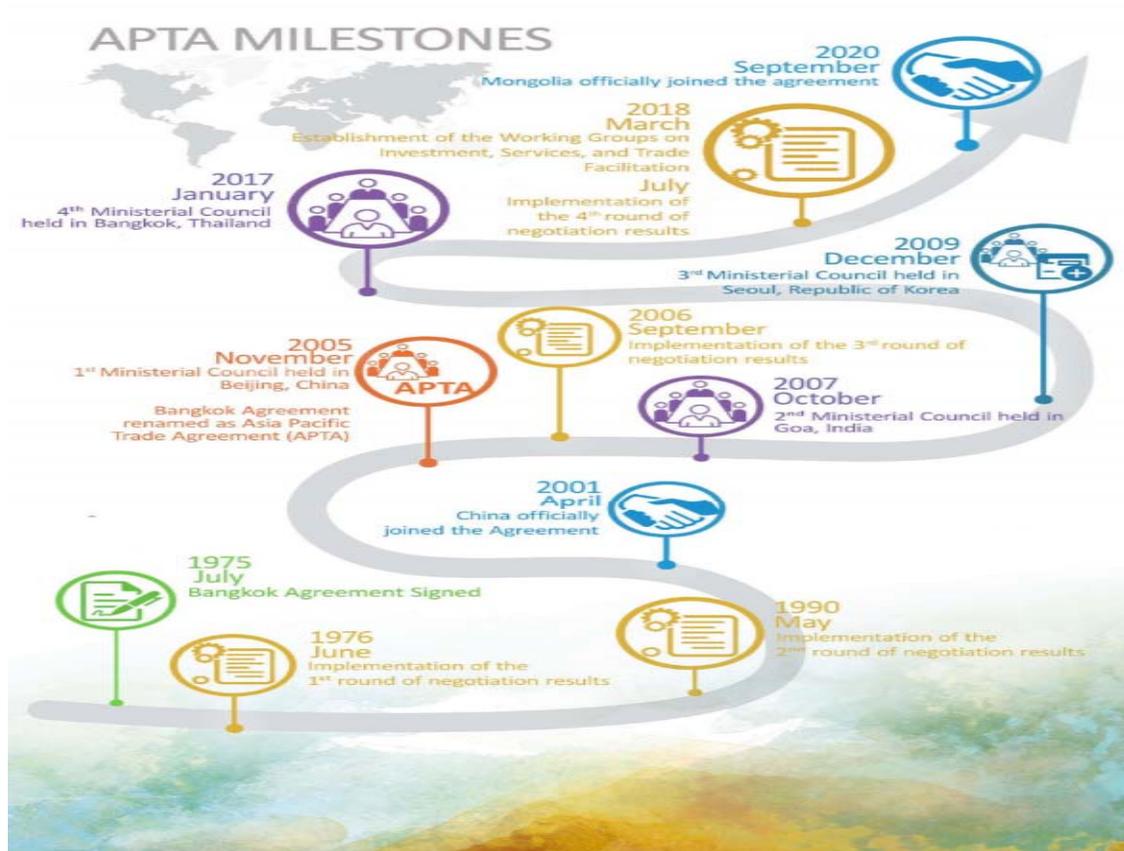




Asia-Pacific Trade Agreement (APTA)

Background:

Asia Pacific Trade Agreement (APTA), a preferential regional trade agreement formerly known as the Bangkok Agreement was signed in 1975. Its current members are Bangladesh, China, India, South Korea, Lao and Sri Lanka. On 29 September 2020, Mongolia acceded to the Asia Pacific Trade Agreement as its seventh member.



Tariffs

Currently, APTA is a goods only agreement. Therefore, the goods covered under APTA can be exported under tariff preferences provided the rules of origin are satisfied. The APTA is based on margin of preference (MOP) which means that the customs duty is reduced by a specific percentage. Therefore, if a product has say 10% customs duty, a 30% MOP would mean that the duty is reduced to 7% (i.e. a 30% reduction). Each of the APTA countries has its own schedule of concessions namely the list of products on which it grants tariff preferences.

Rules of Origin

Rules of origin is the criteria used for ascertaining the origin of a product. The rules are important in the context of ensuring that there is substantial transformation happening in the APTA country of export and the chances of diversion of 3rd party products is minimal.

To qualify for preference, products must:

- Fall within a description of products eligible for preference in the list of concessions of an Asia-Pacific Trade Agreement country of destination;
- Comply with Asia-Pacific Trade Agreement rules of origin. Comply with the consignment conditions specified by the Asia-Pacific Trade Agreement rules of origin.

Originating products

The key criteria for ensuring that products are originating in a country are

- i. Wholly obtained: this occurs in the case where all products and their inputs are originating in the exporting country.
- ii. Substantial transformation: for goods not wholly obtained, these criteria are applicable and could include various parameters like change in tariff classification (CTC), value addition, technical specifications etc.

Wholly obtained:

The products wholly produced or obtained in the exporting participating state under APTA are

- i. raw or mineral products extracted from its soil, its water or its sea beds
- ii. agricultural products harvested there
- iii. animals born and raised there
- iv. products obtained from animals born and raised there
- v. products obtained by hunting or fishing conducted there
- vi. products of sea fishing and other marine products taken from the high seas by its vessels
- vii. products processed and/ or made on board its factory ships exclusively from products of sea fishing from high seas by its vessels
- viii. parts or raw materials recovered there from used articles which can no longer perform their original purpose nor are capable;
- ix. used articles collected there which can no longer perform their original purpose there nor are capable of being restored
- x. waste and scrap resulting from manufacturing operations conducted there

- xi. goods produced there exclusively from the products mentioned above

Substantial Transformation:

The term used in APTA for substantial transformation is goods not wholly produced or obtained.

Under this, there is a general rule wherein worked on or processed as a result of which the total value of the materials, parts or produce originating from non-Participating States or of undetermined origin used does not exceed 55% of the f.o.b. value and not exceed 65% in case of Least Developed Participating States of the products produced or obtained.

This would effectively mean that the domestic value addition for exports by China, India, Sri Lanka and South Korea is 45% while for exports by Bangladesh, Lao, it is 35%.

Cumulative rules of origin –

Products which comply with origin requirements and which are used by a Participating State as input for a finished product eligible for preferential treatment by another Participating State shall be considered as a product originating in the territory of the Participating State where working of the finished product has taken place provided that the aggregate content originating in the territory of the Participating States is not less than 60% of its f.o.b. value and not less than 50% in case of LDPS

The following shall in any event be considered as insufficient working or processing to confer the status of originating products, whether or not there is a change of heading:

- i) Operations to ensure the preservation of products in good condition either for transportation or storage (ventilation, spreading out, drying, chilling, placing in salt, sulphur dioxide or other aqueous solutions, removal of damaged parts, and like operations);
- ii) Simple operations consisting of removal of dust, sifting or screening, sorting, classifying, matching (including the making-up of sets of articles), washing, painting, cutting up;
- iii) Changes of packaging and breaking up and assembly of consignments;
- iv) Simple slicing, cutting or repacking or placing in bottles, flasks, bags, boxes, fixing on cards or boards, etc.
- v) The affixing of marks, labels or other like distinguishing signs on products or their packaging;
- vi) Simple mixing;
- vii) Simple assembly of parts of products to constitute a complete product;
- viii) Slaughter of animals;
- ix) Peeling, unflaking, grain removing and removal of bones; and
- x) A combination of two or more operations specified above.

Product Specific Rules

HS Code	Description	PSR
2201	Water without sweetening matter	CTH
2707-2715	Mineral Fuel	CTH
2852	Inorganic Chemicals	CTH
2901-15, 2932-42	Organic Chemicals	CTH
3002, 3006	Pharmaceuticals	CTH
3817	Mixed alkyl benzenes	CTH
3901-06, 3916-26	Plastics	CTH
4002	Synthetic rubber	CTH except from 4001
6401-06	Footwear	CTH
6801-03	Stone/ slate	CTH

HS Code	Description	PSR
7201-06, 7218, 7224	Iron & steel	CTH
7307-26	Articles of iron & steel	CTH
7401-15, 7418-19	Copper and its articles	CTH
7601-16	Aluminium and its articles	CTH
7801-2,7804,7806	Lead and its articles	CTH
7901-05,7907	Zinc and its articles	CTH
8001-03,8007	Tin and its articles	CTH
8536	Switching/ protection electrical apparatus < 1000 volts	CTH
9619	Sanitary towels, tampons, napkins	CTH
9620	Monopods, bipods, tripods etc	CTH

CTH – Change of tariff heading i.e change at the 4 digit HS level

The Products eligible for preferential concessions for APTA shall be supported by a certificate of origin issued by an authority designated by the government of the exporting Participating State and notified to the other Participating States.

Agencies authorised to issue certificate of origin under APTA

There are 38 agencies authorised to issue certificate of origin under APTA. These are listed in Appendix 2D of the Foreign Trade Policy.

Noida SEZ is also an authorised agency for issuing certificates of origin.

SAMPLE CERTIFICATE OF ORIGIN

Asia-Pacific Trade Agreement
(Combined declaration and certificate)

1. Goods consigned from: (Exporter's business name, address, country)		Reference No.			
		Issued in (Country)			
2. Goods consigned to: (Consignee's name, address, country)		3. For Official use			
4. Means of transport and route:					
5. Tariff item number:	6. Marks and number of Packages:	7. Number and kind of packages/ description of goods:	8. Origin criterion (see notes overleaf)	9. Gross weight or other quantity:	10. Number and date of invoices:
11. Declaration by the exporter :			12. Certificate		
<p>The undersigned hereby declares that the above details and statements are correct: that all the goods were produced in</p> <p>..... (Country)</p> <p>and that they comply with the origin requirements specified for these goods in the Asia-Pacific Trade Agreement for goods exported to</p> <p>..... (Importing Country)</p> <p>..... Place and date, signature of authorized Signatory</p>			<p>It is hereby certified on the basis of control carried out, that the declaration by the exporter is correct.</p> <p>..... Place and date, signature and Stamp of Certifying Authority</p>		