

ACCI Submission to JSCT:

appended document 3

International Chamber of Commerce: Supporting Position Statement

The International Chamber of Commerce (a body independent of the Australian Chamber of Commerce) has prepared a Position Statement in support of ACCI's submission to the Joint Standing Committee on Treaties regarding the MAFTA Treaty tabled 14 August 2012.



International Chamber of Commerce
The world business organization



World Chambers Federation

Position statement



Prepared by

ICC World Chambers Federation (WCF)

Certificates of Origin: A valuable supporting component of International Trade

Highlights

- Millions of Certificates of origin (CO) are issued every year, facilitating trade worldwide.
- In order to ensure credibility and better control, Governments usually rely on Chambers of Commerce for the issuance of CO and Preferential CO (PCO) as they would not compromise on integrity, neutrality and impartiality in the issuance and verification processes.
- Chambers of Commerce, as independent and impartial issuers, are more qualified than any other organisation for the issuance of preferential and non-preferential CO.
- There is a growing trend for Customs to authorise Chambers to issue PCO.
- Records show that exporters are willing to pay a fee for a reliable service by a competent Chamber.

8 October 2012



Why CO is needed?

One of the key findings of our World Survey has been the increasing importance of Chambers in the issuance of preferential CO (PCO) on behalf of Customs, as well as the rise in the number of ordinary (non-preferential) COs issued each year. Millions of COs are issued every year by Chambers of Commerce, facilitating trade worldwide.

This shows the importance of CO. Countries which have enjoyed a steady and healthy growth include:

	2011	2010
China	3.700.000	3.100.00
Dubai	698,054	644,809
France	600,000	484,700
Italy	700,000	688,555
UK	510,087	490,503
Germany	1,286,462	1,252,006
Turkey	968,450	760,100

As the number of Free Trade Agreements (FTAs) rises, there is a growing trend for Customs to authorise Chambers to issue PCO. Countries which have liberalised the issuance of PCO include:

- | | | |
|-----------|-------------|-----------|
| Argentina | Hungary | Serbia |
| Australia | Iran | Sri Lanka |
| Belarus | Japan | Sweden |
| Belgium | Korea | Turkey |
| Bulgaria | Mongolia | UAE |
| Chile | Netherlands | UK |
| China | NewZealand | Ukraine |
| Croatia | Paraguay | Vietnam |
| Hong Kong | Peru | |

Since 2004, British Chambers have acted as a partner with UK Customs in the issuing of PCOs, with authority to scrutinise and authenticate PCOs and being permitted to hold Customs stamps at local Chamber premises for this purpose, as if they were an issuing Customs Office.

The network of British Chambers issue more than double the volume of PCO issued by UK Customs despite the fact that:

1. UK Customs service is free of charge;
2. And Chambers charge a fee.

This proves that exporters are willing to pay for a reliable/speedy service by a competent Chamber.

I. Issuance of CO is an important function

The issuance of CO is a very important function and authorised organisations must have the capabilities, resources and moral obligations and conscience to undertake the responsibilities seriously.

There cannot be any compromise and the appointed organisations must be in a position to comply not only with the national issuance regulations, but also have the capabilities to meet international CO issuance standards set up by ICC WCF.

The appointed organisations must also have the integrity, responsibility and moral obligation to protect the international image of the country by ensuring the credibility of COs issued by them.

No other organisation is more qualified than Chambers of Commerce in the issuance of CO. For example, Chambers of Commerce, as independent and impartial issuers, are able to provide a verification service from confidential information held on file, in answer to any legitimate request concerning any aspect of the Certificate application in question. This could never happen with a simple declaration made by or on behalf of an exporter.

II. Why Chambers of Commerce are authorised to issue CO?

From our World Chambers CO Survey, it has been noted that the majority of governments and government agencies rely on the expertise and network of Chambers of Commerce as they have an excellent and creditable track record with the first CO issued as early as April 1898.

Chambers can also provide vital local knowledge about exporters through the profile information and data held as part of the Chamber's membership records. This type of information can be of significant help to Customs or other statutory bodies which may from time to time need assistance with authorised enquiries about companies.

Since the 1923 Geneva Convention which specifies that governments can delegate the issuance of COs to "competent authorities", Governments of developed and developing nations have delegated the issuance of CO to Chambers which are deemed to be competent organisations, as they have the following capabilities/criteria:

1. A full secretariat set-up, resources, and integrity to meet their obligations as a responsible and competent trusted third party in the issuance of COs.
2. A permanent secretariat with a dedicated trade documentation or CO Unit or Department, manned by professionally trained personnel, and with adequate facilities, which are accessible to the business community.
3. Have the expertise and experience in international commerce/trade procedures and services.
4. Have access to the domestic business community.
5. Represent a large segment of the exporting/business community.
6. Are not-for-profit organisations.



Chambers of Commerce are also:

1. Reliable and would not compromise on integrity, neutrality and impartiality in the issuance of CO. This could be achieved because Chambers of Commerce are not exporters and they also do not provide services to exporters such as freight forwarding.
2. By the nature of their operation, Chambers are also the eyes and ears of Customs administrations as they have the commercial intelligence of the business community. As such, they are well placed to detect fraud and false declaration because of their wide network of contacts. They are the trusted third Party in the issuance of CO.
3. They also have the credibility, respect and trust of government agencies and the business community because of their neutrality and integrity in the issuance process.
4. Most government agencies authorise Chambers of Commerce to issue CO because Chambers exist in every country all over the world. By the nature of their operation, Chambers have a wide network, are linked by long-standing relations and trust, built over the years. The oldest Chamber is more than 400 years.

They are also linked by long-standing co-operative relations based on the spirit of co-operation, solidarity and mutual respect. They are, therefore, in a position to co-operate with each other to ensure that their role as a creditable and trusted third party organisation in the issuance of CO is firmly established through mutual co-operation. Moreover, they can keep each other informed on developments in the issuance of CO.

5. Chambers of Commerce have the legal status of a corporate entity and their moral obligations/authority are such that Customs authorities and the business communities have full trust and confidence in them in protecting the international image of the country by ensuring the credibility of COs issued by them.
6. By the nature of their operation, Chambers of Commerce maintain adequate and accessible office facilities and have a dedicated certification department managed by professionals who have the expertise to train qualified staff in the complexity of Customs formalities and procedures. This allows them to enjoy the confidence of Customs administrations as well as the business community as a creditable and trusted third party in the delivery of CO services. Chamber staff is, therefore, able to discharge their responsibility in the issuance of CO in a professional and efficient way.
7. They also have in place a mechanism for periodic external audit and inspection of working practices by government or other appropriate national agency.
8. In every country, the network of Chambers of Commerce is very extensive since Chambers exist in almost all the main cities of the world, and many of these Chambers of Commerce have branches and subsidiaries. It is, therefore, very convenient for businessmen to obtain CO from the Chambers nearest to their offices.
9. By the nature of their Operation, Chambers have vested interest to protect their reputation as the trusted 3rd Party in ensuring that CO are issued in strict accordance to procedures to give credibility and assurance of acceptance.



III. Reinforcement of the Global Integrity of CO Issued by Chambers of Commerce

The role played by Chambers in the issuance of CO should be supported as the global integrity and trust of the CO network is reinforced by the work and initiatives of ICC WCF.

ICC WCF International Certificate of Origin Guidelines

Strongly supported by members, the ICC WCF International Certificates of Origin Guidelines have established international best practice for the issuance of CO. The ICC WCF International Certificate of Origin Guidelines have been implemented by Chambers around the world.

These Guidelines:

- a. Give credibility to CO issued by Chambers.
- b. Raise level of acceptance by Customs Administrations.
- c. Support transparent issuance standards.
- d. Fight possible false declarations.
- e. Provide assurance on independence of issuance and assurance on responsible and accountable issuance.
- f. Provide an important and yet independent tier of check in the Supply Chain.

Widely accepted, the Guidelines have been translated into six languages, with the WCO acknowledging its contribution to the harmonisation of issuance procedures and as “a most welcome promotion to trade facilitation and contribution to a more efficient and effective trade environment, both for governments and the trading society”. Our standard also receive the support of the International Federation of Freight Forwarders Association (FIATA), the Asociación Iberoamericana de Cámaras de Comercio (AICO), the Confederation of Asia Pacific Chambers of Commerce and Industry (CACCI), the Pan African Chamber of Commerce and Industry (PACCI), the Caribbean Association of Industry and Commerce (CAIC), the Federacion de Camaras de Comercio (FECAMCO), the Chamber of Commerce of the Russian Federation and the American Chamber of Commerce Executives (ACCE).

The ICC WCF International CO Chain

Based on these International Guidelines, ICC WCF has created an International CO Accreditation Chain: the ICC WCF International Certificate of Origin Chain, to which chambers can adhere on a voluntary basis. By joining the accreditation chain, chambers agree to follow these internationally applicable and widely accepted standards.

Chambers joining the CO Chain will be able to use the attached instantly recognizable international quality label on the COs they issue.

In addition to the use of the quality stamp being found on certificates of origin issued by members of the Chain, the attached international quality label will have a unique reference number assigned to the participating and approved chamber.



This label confirms for chambers, customs and businesses alike that the chamber CO issuance procedures conform to the procedures outlined in ICC WCF International Certificate of Origin Guidelines. The participating chambers shall also be publicly listed on the ICC website, allowing Customs agencies to check on the authenticity of issued CO.

This CO Chain reinforces the unique position of Chambers as the competent, trusted third party in the delivery of CO.

This ICC WCF initiative also reinforces the global integrity and trust of the CO network. The instantly recognisable international quality label will give assurance to businesses, traders, banks and Customs administrations, of independent, transparent, responsible and accountable issuance. No other organisation is more qualified than ICC WCF in setting international standards for the accreditation of Chambers for the issuance of CO.

We are well placed as we have the unrivalled authority to undertake this function because the issuance of CO is a function which Chambers not only have the creditable track record, but also the expertise built over the years as Chambers have been issuing CO as early as April 1898.



IV. Conclusion

No other organisation is more qualified than Chambers of Commerce to be authorised for the issuance of preferential and non-preferential CO as Chambers have:

- i) not only the unrivalled creditable track record but also the expertise built over the years.
- ii) capabilities and resources to provide professional, convenient, effective and accessible services.
- iii) accessibility to the business community.
- iv) represent a large segment of the business community.
- v) by nature of their operation, they are well placed to protect the international image of the country by ensuring the credibility of COs issued by them.
- vi) vested interest to protect their reputation as a credible, independent and trusted third party in the issuance of CO.
- vii) independence and neutrality and, therefore, have the integrity and moral conscience to deliver credible CO.
- viii) commercial intelligence and are well placed to detect fraud and false declaration because of their wide network.
- ix) "Not-for-Profit" organisation status and consequently are well placed to deliver credible CO,
- x) as well as having the capabilities to provide an important yet independent tier of check in the supply chain.

As such, in order to ensure credibility and better control, Governments usually appoint the leading Chamber with those capabilities listed above for the issuance of CO and PCO as they would not compromise on integrity, neutrality and impartiality in the issuance of CO.

They are also well connected through the network of Chambers of Commerce and are linked by long-standing co-operative relations based on the spirit of co-operation, solidarity and mutual respect.

The ICC WCF International CO Chain has reinforced the unique position of Chambers as the competent, trusted third party in the delivery of CO.

The CO Chain brings Chambers the recognition that they are mutually responsible and globally interconnected with their peers, bringing reassurance to business, traders, banks and Customs Administrations that COs are issued according to internationally accepted best practices.



International Chamber of Commerce

The world business organization

The International Chamber of Commerce (ICC)

ICC is the world business organization, a representative body that speaks with authority on behalf of enterprises from all sectors in every part of the world.

The fundamental mission of ICC is to promote open international trade and investment and help business meet the challenges and opportunities of globalization. Its conviction that trade is a powerful force for peace and prosperity dates from the organization's origins early in the 20th century. The small group of far-sighted business leaders who founded ICC called themselves "the merchants of peace".

ICC has three main activities: rule setting, dispute resolution, and policy advocacy. Because its member companies and associations are themselves engaged in international business, ICC has unrivalled authority in making rules that govern the conduct of business across borders. Although these rules are voluntary, they are observed in countless thousands of transactions every day and have become part of the fabric of international trade.

ICC was founded in 1919. Today it groups hundreds of thousands of member companies and associations from over 120 countries. National committees work with ICC members in their countries to address their concerns and convey to their governments the business views formulated by ICC.

The **World Chambers Federation (WCF)** brings together the chamber members of the International Chamber of Commerce (ICC), facilitating exchange among the worldwide community of more than 12,000 chambers. WCF activities foster personal relationships and collaboration to help chambers strengthen the range of services they provide to their business constituency, particularly small- and medium-sized enterprises (SMEs).

For more than 50 years, WCF has provided chamber leaders and senior executives with a global forum to exchange best practices and experiences. WCF strengthens links between chambers, enabling them to improve performance as well as discover new products and services to offer to their members.

WCF works with all chambers, using this network of expertise to create and support partnerships and projects at a local and international level.

WCF activities and projects involve local, regional, national, bilateral and transnational chambers from all over the world.

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