

ALERT ON TRADE AND CUSTOMS

Circular No. 11/2020/TT-BCT on Rules of Origin under the EVFTA

26 June 2020



Context

The Ministry of Industry and Trade has just released **Circular No. 11/2020/TT-BCT** (“**Circular 11**”) dated 15 June 2020 to provide guidance on the rules of origin of goods trading under the EU-Vietnam Free Trade Agreement (“EVFTA”) between Vietnam and the European Union (who are both a “party” to the EVFTA).

Circular 11 will come into effect on 01 August 2020, and will have a significant impact on Vietnam enterprises who either:

- Purchase finished goods from European suppliers, for sale in domestic market; and/or
- Buy raw materials (for production activities) from, and sell finished products/parts/components to European customers.

Main Contents

1. Concept of “originating products”
2. Proofs of origin
3. Information presented on the Certificate of Origin (“COO”)
4. Transit and splitting of consignments
5. Cumulation of origin and insufficient working or Processing

For more details of the Rules of Origin under the EVFTA, please refer to the following pages of this alert.

Should you have any questions or seeking information on detailed content of Circular 11 and its impact on your business, please contact our Tax, Customs and Global Trade specialists for assistance.



Main Contents

1 Concept of “originating products”

The following products shall be considered as “originating” in a party – and therefore eligible for preferential duty treatment under the EVFTA – where the:

- i. Products that are “wholly obtained” in a party – e.g. agricultural products grown in Vietnam; or
- ii. Products (typically manufactured products) that are not wholly obtained, but where “non-originating materials” have undergone sufficient working or processing in a party.

Note: Specific guidance on the sufficient working or processing that needs to be carried out on non-originating materials are specified in “product specific rules” and “Cumulative rules” under the EVFTA.

2 Proof of origin status

In order for the importer to evidence that the goods have met their required “origin” criteria and therefore entitled to preferential tariff treatment under the EVFTA, one of the following proofs of origin need to be submitted to the Customs authorities of the importing country:

- i. **COO Form EUR.1** issued by a competent authority of the exporting country; or
- ii. **Self-certification of origin** status issued by the exporter on their invoices, delivery notes or other commercial documents that have sufficient information of the goods (*).

➤ For goods exported from the EU :

- For consignments which total value up to EUR 6,000, any exporter can self-certify the origin status.
- For consignments which total value more than EUR 6,000, only “approved exporters” can self-certify the origin status.

➤ For goods exported from VN:

- Vietnam has not officially implemented the mechanism for self-certification of origin; therefore, upon the effectiveness of Circular 11 on 01 August 2020, only COO Form EUR.1 will be used as proof of origin. In the upcoming time, when Vietnam officially applies the mechanism for self-certification of origin, competent authorities will issue relevant domestic regulations and notify the EU before implementing such mechanism.

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3 Information shown on the Certificate of Origin

Regarding the information declared on the Form EUR.1, the Parties agreed to allow the exporter to:-

- i. choose whether or not to declare information of importer, itinerary of the shipment, ref. number of commercial invoice; and
- ii. not present the origin criteria, HS codes of goods on Form EUR.1.

Note: The description of the goods on the Form EUR. 1 must be sufficiently detailed to enable Customs in the importing country to confirm that they are covered in the tariff reduction schedules and therefore entitled to preferential duty rates.

4 Transit and splitting of consignments

The two parties agree to allow the products to be transited, stored and split in a third country not included in the EVFTA, provided that:

- i. The products shall not have been altered, transformed in any way or subjected to operations other than operations to preserve them in good condition or other than adding or affixing marks, labels, seals, etc.;
- ii. The splitting of the consignments is allowed where carried out by the exporter or under its authorization; and
- iii. The goods are under Customs supervision in the countries of transit or countries of splitting.

5 Cumulation of origin and insufficient working or processing

Products shall be considered as originating in the exporting party if such products are obtained there by incorporating materials originating in the other party, including those sourced from ASEAN countries and South Korea that have existing free trade agreements with the EU and Vietnam provided that the working or processing carried out in the exporting party goes beyond the insufficient working or processing, e.g. preserving, breaking-up, washing, ironing, simple painting, husking or peeling.

For more details of the cumulation of origin and insufficient working or processing, please refer to our alert on “European Union - Vietnam Free Trade Agreement EVFTA” issued on 09/06/2020 in the [link](#) for more information.

Deloitte Vietnam's Customs and Global Trade specialists can provide practical and hands-on support in the following areas:

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Advise
on **rules of origin** under the EVFTA and other agreements, especially applying "new" or specific rules of each agreement

Advise
on **preferential Import/Export duty rates** according to the EVFTA implementation milestones, and required steps to apply for preferential duty treatment

Review
export products that meet the requirements of rules of origin and certification of origin under the EVFTA, and **advise on strategies** to meet necessary standards

Advise
on **business models, supply chain planning** and opportunities to take advantage of preferential tariffs in targeted export markets

Advise
on **procedures for obtaining Form EUR. 1, or self-certification** of origin status under the EVFTA, and support in registration process

Advise
on **other matters** related to the practical application of the EVFTA



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