



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

Ministry of Finance
Customs Department

No.03782/CD
Vientiane Capital, dated 16 February 2016

Instruction on
Rules of Origin and Preferential

- Pursuant to the Customs Law, No. 04/PM, dated 20 December 2011 and revised some articles of Customs Laws, No.0057/NA, dated 24 December 2014;
- Pursuant to the Notification of Ministry of Finance on implementation of Tariff Reduction Schedules under ASEAN Trade in Goods Agreement (ATIGA) for year 2016-2018, No. 4161/MOF, dated 10 December 2015;
- Pursuant to the Notification of Ministry of Finance on implementation of Tariff Reduction Schedules under Trade in Goods of ASEAN + 1 (ACFTA, AKFTA, AIFTA and AANZFTA) with ASEAN Harmonized Tariff Nomenclature (AHTA2012), No.2110/MOF, dated 26 June 2015;
- Pursuant to the Notification of Ministry of Finance on implementation of Tariff Rate MFN under WTO, No. 4134/MOF, dated 10 December 2015;
- Pursuant to the Notification of Customs Department, No. 00700/CD, dated 30 October 2015 on Trade Agreement of Lao-Vietnam;
- Pursuant to the Order of Customs Department, No. 1362/CD, dated 14 June 2006 on Implementation of Tariff Reduction Schedules between Lao PDR and United States.

To ensure the implementation of the Tariff Reduction Schedules and certified preferential of tariff rate to consistent with Trade Agreements and Agreements that Lao PDR is a Party and can be implemented accordingly across the country.

Customs Department issues the Instruction as follow:

1. to implementation of Tariff Reduction Schedules shall do as Free Trade Agreements that Lao PDR is a Party with includes:

1.1 ASEAN Trade in Goods Agreement (ATIGA)

ASEAN Trade in Goods Agreement is an agreement of preferential on tariff rate of ASEAN Free Trade which determined criterion for preferential of tariff rates for import and export originating of goods from ASEAN Member States. For Lao PDR is implemented on Tariff Reduction Schedules which reduction rate step by step until 2018; after that, full implemented of ASEAN Harmonized Tariff Nomenclatures.

The granted of tariff rates under ASEAN Trade in Goods Agreement is based on criterion to determine in the Certificate of Origin or Form D . Sample of Form D as Annex 1.

1.2 ASEAN-China Free Trade Agreement (ACFTA)

ASEAN-China Free Trade Agreement is an agreement of preferential on tariff rate for import and export originating of goods from ASEAN and China.

The granted of tariff rates under ASEAN-China Free Trade Agreement is based on criterion to determine in the Certificate of Origin or Form E. Sample of Form E as Annex 2.

1.3 ASEAN-Korea Free Trade Agreement (AKFTA)

ASEAN-Korea Free Trade Agreement is an agreement of preferential on tariff rate for import and export originating of goods from ASEAN and Korea.

The granted of tariff rates under ASEAN-Korea Free Trade Agreement is based on criterion to determine in the Certificate of Origin or Form AK. Sample of Form AK as Annex 3.

1.4 ASEAN-Japan Comprehensive Economic Partnership (AJCEP)

ASEAN-Japan Comprehensive Economic Partnership is an agreement of preferential on tariff rate for import and export originating of goods from ASEAN and Japan.

The granted of tariff rates under ASEAN-Japan Comprehensive Economic Partnership is based on criterion to determine in the Certificate of Origin or Form AJ. Sample of Form AJ as Annex 4.

1.5 ASEAN-India Free Trade Agreement (AIFTA)

ASEAN-India Free Trade Agreement is an agreement of preferential on tariff rate for import and export originating of goods from ASEAN and India.

The granted of tariff rates under ASEAN-India Free Trade Agreement is based on criterion to determine in the Certificate of Origin or Form AI. Sample of Form AI as Annex 5.

1.6 ASEAN-Australia and New Zealand Free Trade Agreement (AANZFTA)

ASEAN-Australia and New Zealand Free Trade Agreement is an agreement of preferential on tariff rate for import and export originating of goods from ASEAN and India.

The granted of tariff rates under ASEAN-Australia and New Zealand Free Trade Agreement is based on criterion to determine in the Certificate of Origin or Form AANZ. Sample of Form AANZ as Annex 6.

1.7 Lao-Viet Nam Bilateral Trade Agreement (Lao-Viet Nam BTA)

This Agreement is a special bilateral cooperation between Lao PDR and S.R Viet Nam, which has been in operation since 2009, with a consultation meeting to amend and revise this agreement every two years. The current agreement is the revised 2015, which has been effective since March 2015.

The granted of tariff rates under Lao-Viet Nam Trade Agreement is based on criterion to determine in the Certificate of Origin or Form S. Sample of Form S as Annex 8.

1.8 Lao-US Trade Relations Agreement (Lao-US TRA)

Lao-US Trade Relations Agreement is an agreement of preferential on tariff rate for import and export originating of goods between Lao and US.

The granted of tariff rates under Lao-US Trade Relations Agreement is based on export declaration of the exporting country, replace the certificate of origin.

1.9 WTO Applied MFN Tariff Rates

The WTO Agreement on Tariff Rate is a binding treaty for all WTO member countries. The tariff rate in the WTO Agreement is the MFN rate, which replaces the normal tariffs used before the Lao PDR as a full member of the World Trade Organization.

The granted of tariff rate under WTO agreement is based on the certificate of origin. In case the country of origin cannot be issued certificates of origin as inconsistent with the internal regulations is to use references to reliable another sort as export declaration of the exporting country or certificate produced from factory for consideration to the preferential tariff rate.

2. Regulations for determining rules of origin under Free Trade Agreements

The regulations for determining rules of origin under Free Trade Agreements are defined as the criteria for determining different origins. The overall principles of determining the originating of goods are includes:

2.1 Conditions for determining the goods originated

2.1.1 Wholly Obtained (WO) Goods are WO conditions are production from natural, produced or processed in the country origin 100%. Most of the products are agricultural products and natural products. For example: fresh vegetables, fresh fruits, wild fish and so on;

2.1.2 Produced Exclusively

Goods are PE conditions are produced products or processed products in the country of origin, most of which are imported animal products from none party of this Agreement. For example: importing cattle breed meat from Brazil for feed big in Lao PDR and exporting beef to one of the ASEAN Member States to considered that beef was originated from Lao PDR under PE criteria;

2.1.3 Regional Value Content (RVC)

Goods are RVC conditions are produced products or processed include labors cost, raw material, mix materials, services and other cost from partner countries which RVC at least 40% of FOB price of the product. For example: the company A in Lao PDR has imported motorbike parts from overseas to in-cooperatein Lao PDR. Some parts produced in Lao PDR, including the cost of domestic spare parts, labors cost and other cost is 41\$/unit. After produced FOB price of motorbike is 100\$/unit is considered to be origin of the motorbike in Lao PDR with RVC 41%;

2.1.4 Product Specific Rules (PSR)

The goods is complied with PSR is product under PSR of the agreement such as: textiles, clothing, and chemical industrial, electronic devices ... with RVC not applied to 40%.

2.1.5 Product through process until Change in Chapter (CC)

The goods complied with CC mean imported raw material from outside come to produced products for export which that products have origin when its change in chapter (two digits) to any chapter. For example: the company A imports sugar in Chapter 17, powders in Chapter 11, cream in Chapter 21, processed into Cake classified in Chapter 19, considered to be changed chapter can be considered that Cake got origin from the country of manufacture;

2.1.6 Product through process until Change in Tariff Heading (CTH)

Products that meet the requirements of CTH are similar to CC, more precisely because of the need to Change in Tariff Heading (four digits);

2.1.7 Product through process until Change in Tariff Sub-Heading (CTSH)

Products that meet the requirements of CTSH are similar to CTH, more precisely because of the need to Change in Tariff Sub-Heading (six digits);

2.2 Type of certification of origin

Certification of origin in generally is unit responsible for certifying the origin of exporting country of the manufacture or processing of the products is issuing a certificate of origin to the exporter for a reference to customs importing authority for granted of tariff rate under Free Trade Agreements. But there are some cases where issuance of certificates of origin are subject to the following conditions:

2.2.1 Third Party invoicing is Certification of origin under conditions of manufacturers and sellers of goods (exporters) is not the same. In this case, the certificate of origin must provide information about the issuer (the invoice).

2.2.2. Back-to-Back is certification of origin by the entity responsible for verifying the origin of non-originating goods. Under the Free Trade Mechanism, goods are migrated and marketed freely from the first country to the second country and may be sent to third and fourth countries. In order to facilitate this type of free trade, countries 2, 3, or 4 can issue additional certificates of origin from originals issued by countries of origin. In this case, the broker/exporter must submit two originating certificates of origin: 1. The original CO issued by the country of origin may be a copy certified by the exporting country of CO by the "Certified True Copy" and 2. The second issued CO certificate issued by the exporting country with details of the goods, such as the type, commodities and other details corresponding to the CO 1st edition he weight and weight of the goods must not exceed the number specified in CO original 1;

2.2.3 Issued retroactively is a certification of Origin after the goods have been exported, usually the exporter must process the CO Form before shipping. However, in the case of exporting goods before receiving a CO certificate for business reasons, the exporter may request a return CO certificate in accordance with the requirements set out in the domestic regulations of the country of originating goods.

2.3 Method of certification of origin

Certification of origin have two method such as:

2.3.1 Method 1: Certification of origin by government or entities that are authorized by government. Method of issuance CO by government in the Free Trade Agreements, as outlined in paragraph 1.

2.3.2 Model 2: Self-Certification of origin in ASEAN

Lao PDR has participated in the Phase II pilot project of self-certification of origin in ASEAN. Currently, there are 5 ASEAN countries participating in the project such as: Indonesia, the Philippines, Lao PDR, Thailand and Vietnam. Authentication of origin is that the exporter certifies the originating price without the request of the CO from the government responsible unit. Countries participating in this project must submit details of a company authorized to certify its own origin, such as the name of the company, the type, the exporting code, the name and the signature of the authorized person signing the Certificate of Origin to the Secretariat and forwarding to the countries participating in the project so that the customs inspector shall be valid at the declaration of import duties.

3. Management, inspection of origin

In order to ensure documentation and enforcement of laws and regulations, management and inspection are central to the Customs Department and delegate responsibility for:

3.1 The Division of Regulations and Procedures are mandated by the Customs Department to investigate, supervise and issue customs declaration certificates for all types imported of goods, except for certain types of goods, the Customs Department advising the border customs authority as a specially supervised authority.

3.2 The Customs Border of goods imported must be the owner of the goods, check the originating certificates (original), check the certificate of preferential of tariff rate base on real of goods (for the goods which division of regulation and procedures for issuing certified letter) to legal and regulatory compliance.

4. Procedure of preferential on tariff rate

4.1 Importers who are required to receive a duty free tariffs under the Free Trade Agreement must submit a proposal to the Customs Department whose documents include:

4.1.1 The request letter (details of the name, address, and phone number on the import)

4.1.2 Certificates of Origin or other Certification Documents as set forth in Articles 1 or 2

4.1.3 Invoice

4.1.4 Packaging and shipping documents

4.1.5 Annual Certificate of Taxation

4.2 For those who importer have difficulty accessing documents by themselves, they can send a fax file at 021-285294 or scan the PDF file and send it via email at originunit@customs.gov.la.

4.3 In the case of imported goods at which the Customs Department delegates responsibility to the border customs offices to oversee the inspection, importers may

request granted tariff rate at the time of customs declaration in detail as provided in the laws and regulations.

4.4 In the case that the country of origin is a multi-party free trade agreement or many, importers may choose to use a granted tariff rate in accordance with the terms of trade and requirements set out in the framework presented.

5. Preferential of the tariff rate

5.1 Preferential of the tariff rate are subject to the following principles:

5.1.1 The goods proposed for import must be goods that are included in the Tariff Reduction Schedules under the Free Trade Agreement as stated in paragraph 1;

5.1.2 Shipment or transportation of goods must comply with the Direct Consignment requirements set forth in the Trade Agreement;

5.1.3 The goods proposed for import must comply with the conditions for the determination of origin in the Trade Agreements; and

5.1.4 Other conditions set forth in the laws and regulations.

5.2 When consideration requested granted of tariff rate, customs officials may request information or other relevant documents from the importers if deemed necessary.

5.3 The import duty authorities may deny the tariff rate in the case date of CO and other evidence if they do not comply with these guidelines and the conditions set forth in the Free Trade Agreement.

5.4 For imports of goods originating in non-member countries of the free trade agreements specified in paragraph 1 or from Member States, but not requiring a granted of tariff rate, it is necessary to comply with the normal rates.

5.5 In cases where the importing party submits a request to the Customs Department via fax or e-mail in the manner specified in paragraph 4.2, after completing the consideration and issuance of a written certification, the Department of Regulations and Customs Procedures shall submit such documents as the frontier border checkpoints through fax or e-mail to carry out a detailed customs declaration process suddenly.

The delivery of the original document to the importing company by post, the company shall be responsible for the postal service delivery of the document at the destination with regulations.

6. Conduction of HS Code

6.1 The HS Code of conduct must comply with the tariff rate and Tariff Reduction Schedules according to the Trade Agreements. Currently, the ASEAN Harmonized Tariff Nomenclature (AHTN) for 2012 for all free trade agreements, except for the ASEAN-Japan Agreement on AHTN 2002. Currently, Lao PDR and Japan are conducting negotiations on transposition. After completed of transposition, Customs Department will propose to the Ministry of Finance consider announcement in accordance with those Agreements.

6.2 The Customs Department publishes and distributes the product according to the Tariff Reduction Schedules of the agreement yearly which is effective 1st January of every year. Except ASEN-China is effective 1st July of every year.

7. Assigned to the Customs Department, Customs border, inspectors customs of provincial and the Vientiane capital advertisement to disseminate and implement this instruction effectively and uniformly across the country.

8. This instruction has the effect from the date of signature.

Director General
Athsaphangthong Siphandone