



# WHAT JAMAICAN EXPORTERS NEED TO KNOW: CONCEPTION – PRODUCTION – EXPORT

Presenter: Kelvin K. Kerr  
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# Overview

- **Understanding Competitiveness**
- **Incentives and Waivers**
- **Talking Exports**
  - **Certificates of Origin**
  - **Rules of Origin**
  - **Suspension of the CET**
  - **CARICOM and its Trade Rules**
  - **Safeguards**
- **In course Exercise – interpreting origin rules and calculating origin**
- **CARICOM Trade Agreements – CBI, CARIBCAN, GSP & (BTAs) with Colombia, Costa Rica, Cuba, Dominican Republic, and Venezuela**
- **Questions and Answers**



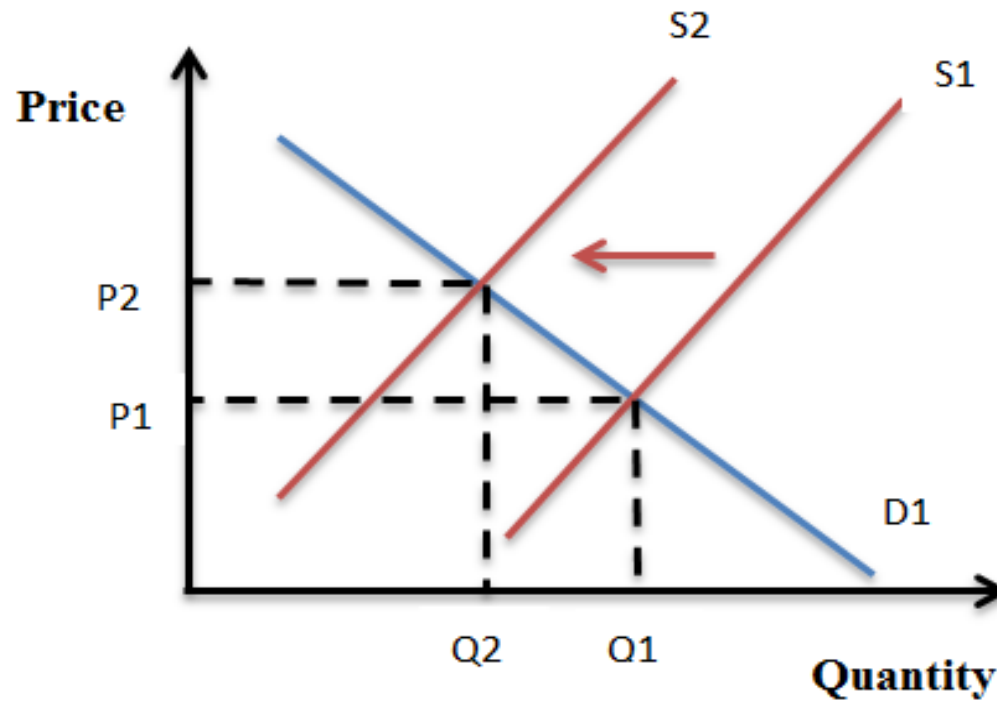
Good ideas need good strategy to realize their potential.

- Reid Hoffman, Founder LinkedIn

# Building The Competitive Edge

Supply Side Considerations & Ceteris Paribus :

When producing any product changes in **production cost** and related factors can cause an entire supply curve to shift right or left.



*Diagram 1*

The *ceteris paribus* assumption: Supply curves relate prices and quantities supplied assuming no other factors change.

# Incentives and Waivers

## 1. *Omnibus Incentives*

- *Productive Inputs Relief as outlined in the Revised Customs Tariff*

## 2. *Waiver of the CET via the CARICOM Suspension Mechanism*

# Omnibus Incentives

- The Omnibus Incentives Legislation refers to the slate of four new pieces of legislation that provide non-sectoral fiscal incentives aimed at increasing business competitiveness within the Jamaican economy.
  1. The Fiscal Incentives Act
  2. The Income Tax Relief (Large-Scale Projects and Pioneer Industries) Act
  3. Revised Customs Tariff
  4. Revised Stamp Duty Act

# Productive Inputs relief (PIR)

- This allows some producers and service providers relief from customs duty and additional stamp duty on the importation of certain 'productive inputs', in addition to capital equipment and machinery.
- Additionally for the manufacturing and agricultural sectors, relief will also be granted on certain products imported for use in the tourism, creative arts, and healthcare industries (list provided in kits).

**Note\*** Goods available domestically or from a manufacturer within the CARICOM Common market will not be afforded the relief.





# Suspensions

# What is a suspension ?

- Suspending the Common External Tariff (CET):
  - Reducing the CET
  - Removing completely the CET

# Where can the Items that are eligible for CET suspension be found?

- On the list of ineligibles for conditional duty exemptions (located in part I of the 4th schedule in the customs tariff)

# What are the steps involved in applying for a Suspension

## Steps

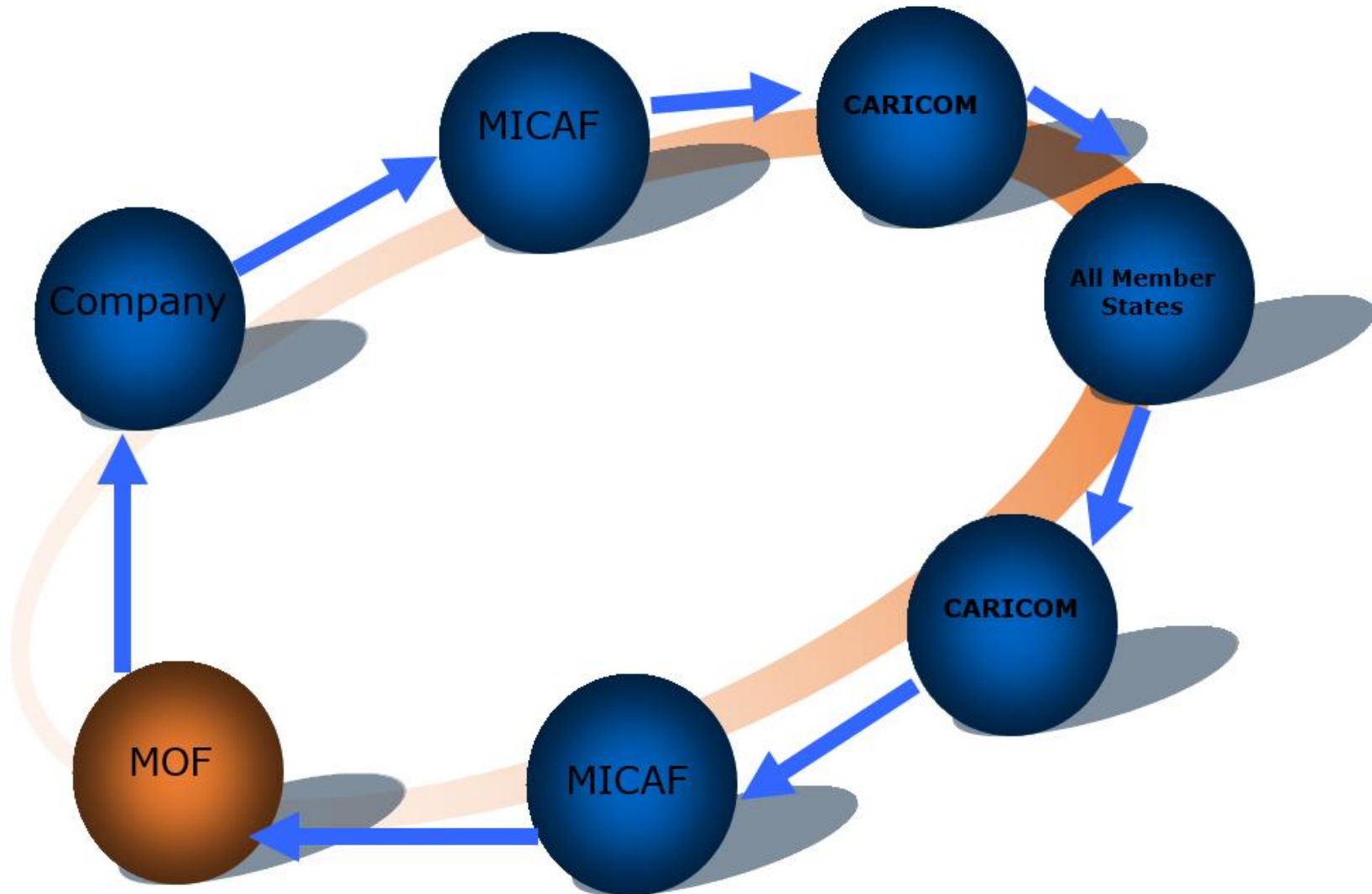
- The Entity that is unable to obtain supplies from within the Community:
  - applies to the Competent Authority (MICAF) in writing.
- The Entity must also inform the Ministry of the:
  - quantity, standard and of efforts to source supplies of the product from local and regional suppliers;



REQUEST FOR SUSPENSION OF THE COMMON EXTERNAL TARIFF UNDER PARAGRAPH 3 OF ARTICLE 83 OF THE REVISED TREATY – Page 2 of 2

<p><b>(h)</b> <b>CERTIFICATION OF GREAT URGENCY</b></p>	<p><b>(i)</b> <b>REASON FOR REQUEST FOR SUSPENSION OF RATE</b></p>	<p><b>(j)</b> <b>EVIDENCE OF INABILITY TO SUPPLY:</b></p>	<p><b>(k)</b> <b>EVIDENCE OF CONSULTATION</b></p>
<p>Critically Low supplies needed for continuity in production</p>	<p><b>Under Article 83 (2)</b></p> <p>(a) Not being produced regionally <input type="checkbox"/></p> <p>(b) Does not satisfy demand <input type="checkbox"/></p> <p>(c) Quality below regional standard <input type="checkbox"/></p>	<p><b>INCLUDING:</b></p> <p>i. Unfulfilled Orders</p> <p>ii. Transportation Logistics</p> <p>iii. Efforts made to obtain regional supplies</p>	<p><b><u>LOCAL</u></b> <b>No Known Supplier</b></p> <p><b><u>REGIONAL</u></b> <b>No Known Supplier</b></p>

# Suspension Process Map







# Exports & Preferential Exports



# Certificates of Origin

## *What is a Certificate of Origin?*

- *An important international trade document attesting that goods in a particular export shipment have been wholly obtained, produced, manufactured or processed in a particular country in accordance with the prescribed rule of origin.*

*(International Chamber of Commerce -ICC)*

- *Also a declaration by the exporter*

# Types of CO's

- **Non-preferential:** issued for goods which will not enjoy any preferential treatment
- **Preferential:** issued in the context of preferential trade agreements which will enable exporters to benefit from tariff exemption or reduction for eligible exports

*NOTE: CO's may be requested by Customs administration, importers, freight forwarders or banks for clearance of letters of credit*

# Application for a Certificate of Origin

- *Goods to be exported must be analyzed by the Certification Unit of the Trade Board to determine qualification for duty free entry.*
- *Exporters are required to complete a Product Analysis Form for each product to determine the origin criterion. (Forms along with instructions for its completion are available on the TBL website - <http://www.tradeboard.gov.jm>)*
- *There is a re-verification period of three (3) years*

# PRODUCT ANALYSIS FORM



## TRADE BOARD PRODUCT ANALYSIS FORM

### PART A

#### Manufacturer Information

Name of Manufacturer: \_\_\_\_\_

Address of Manufacturer: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

#### Product Information

Product: \_\_\_\_\_

Manufactured Goods H.S. Number: \_\_\_\_\_

Brand Name: \_\_\_\_\_

F.O.B. Export Price of Goods: \_\_\_\_\_

### PART B

#### Production Process(es) Information

Method of production: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Materials and components of Non-Common Market or undetermined origin used in the manufacture of the good listed in part A.

Materials/Components in Manufactured Product	HS. No.	Supplier/Manufacturer	Country of Origin	Landed Cost C.I.F. or Invoice Value \$JA	Total \$JA	Quantity & Unit Cost Where Applicable	
						Unit of Measure	\$
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							

Materials and components of Common Market origin used in the manufacture of the good listed in part A.

Materials/Components in Manufactured Product	HS. No.	Supplier/Manufacturer	Country of Origin	Landed Cost C.I.F. or Invoice Value \$JA	Total \$JA	Quantity & Unit Cost Where Applicable	
						Unit of Measure	\$
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							

Retail containers or other forms of interior packing, sold with the goods when sold by retail or the materials used in their manufacture and their C.I.F. values and origin as below:

- (i)
- (ii)

The cost of exterior packaging

sdsadasda

Custom Invoice examined for use in analysis

Import Entry & Invoice No.	Date	Material

Labour	
Direct Overheads	
Administrative Expense	
Other cost	
Profits	
F.O.B Selling Price	

Please note that Other Costs include the cost of carriage or any other charges incurred in respect of the goods after manufacture up to the point of putting the goods aboard ship.

The wholesale price of goods in the country of manufacture

\_\_\_\_\_

# Application Process: Certificate of Origin

- *The completed form along with supporting documents i.e. Import Entries (C87 Forms) and supporting invoices etc. must be submitted to the Certification Unit for vetting and verification.*
- *Additionally an officer will visit your facility to verify that the production process is in conformity with the analysis submitted.*

# Application for a Certificate of Origin

- *After verification of the analysis and examination of the production process, exporters are advised in writing whether or not the product qualifies for preferential treatment and the origin criterion if applicable.*
- *All exporters making application for a certificate of origin must be duly registered by JAMPRO.*



# Exporting to the World

## **Documentation**

- *Certificate of Origin*
- *Commercial Invoice*

## ***Certificates applicable to the various schemes***

- *CARICOM – CARICOM Certificate of Origin*
- *Caribbean Basin Initiative – GSP Form A*
- *CARIBCAN = GSP Form A*
- *Generalised System of Preferences – GSP Form A*
- *Spanish Agreements\**

# Spanish Trade Agreements

- *CARICOM/Venezuela*
- *CARICOM/Dominican Republic*
- *CARICOM/Colombia*
- *CARICOM/Cuba*
- *CARICOM/Costa Rica*



# How Do I Qualify for Preference

By meeting the prescribe rule of origin:

“Goods that are given preference through the issuance of a certificate of origin must comply with the rules of origin as set in a particular trade agreement.”

# Rules of Origin - Definitions

- Rules of origin requirements lay down the conditions of production that a good should fulfil to qualify for the tariff preferences negotiated in a trade agreement.
- Requirements that a good produced in a FTA must fulfill in order to be considered originating and benefit from the preferential tariff treatment.
- ROO define the requirements that each negotiated product must meet for it to be regarded as originating.

# Rules of Origin

- Rules of origin have grown in importance over the past decade...due to globalization of production and growth of international trade in goods manufactured in multiple countries.” (Esteuadeoral & Suominen, 2005, p. 66)
- The product-specific rules of origin set forth specific conditions for production using inputs from third countries specifying whether they qualify for use in the manufacture of an originating good.

# Rules of Origin

- “Rules of origin” are criteria used to define where a product was made
- Form essential part of trade rules
- Some policies discriminate between exporting countries
  - ❖ quotas
  - ❖ preferential tariffs
  - ❖ anti-dumping actions,
  - ❖ countervailing duty (charged to counter export subsidies)

# WTO ROO Agreement

- Negotiated during the Uruguay Round, on the grounds that the expected international consistency and standardisation.
- This Agreement did not encompass preferential rules of origin set out in Trade Agreements falling outside the scope of the Most-Favoured-Nation (MFN)
- ROO Agreement sought to achieve international harmonisation of non-preferential trade.

# WTO ROO Agreement Requirements

- ❖ WTO members must ensure that their rules of origin are transparent
- ❖ that they do not have restricting, distorting or disruptive effects on international trade
- ❖ that they are administered in a consistent, uniform, impartial and reasonable manner
- ❖ that they are based on a positive standard

# Caribbean Common Market (CARICOM)

## List of CARICOM Countries

Antigua & Barbuda 

Barbados 

Belize 

Dominica 

Grenada 

Guyana 

Jamaica 

Montserrat 

St. Kitts & Nevis 

St. Lucia 

St. Vincent & the Grenadines 

Trinidad & Tobago 

Suriname 



# CARICOM Rules of Origin

- **Wholly Produced**

*Goods must either be grown in a CARICOM country or produced from raw materials which originated in a CARICOM country. Examples of these include ground provision, citrus products, limestone and fish.*

- **Change of Tariff Heading**

*This condition specifies that the extra-regional materials used in the working or processing must be classified in a four-digit heading of the Harmonized Commodity Description and Coding System (HS), which is different from the four-digit heading in which the finished product is classified. (Extra-regional materials are those materials which do not themselves qualify for Common Market treatment or originated outside of CARICOM).*

*Majority of the products manufactured in Jamaica qualify using this rule. Examples include Adhesives, Paints, Detergents & Apparel.*



# CARICOM Rules of Origin Cont'd

- **Produced from materials of Specific Heading** *Where the finished product is produced from raw materials of a specific tariff heading of Common Market Origin. For example, for wooden carvings to qualify they must be made from wood originating within CARICOM*

# CARICOM Rules of Origin Cont'd

- **Produced from Certain Materials not included in a Specific HS Heading**
- *The qualifying condition to be complied with specifies the material which may **not** be used if the item is to qualify for Common Market treatment.*

*E.g. For spirits falling under heading 22.08, they must be manufactured from materials not included in heading 22.07*

# CARICOM Rules of Origin Cont'd

- **The Percentage Value-added Condition**

*The value of extra-regional materials which may be used in production of an item is limited to a specified percentage of the export price of the item produced. The percentage varies from item to item. E.g. Milk & Cream Concentrate under heading 04.02 and Cheese under heading 04.06, where a 65% limit applies.*

# CARICOM Rules of Origin

- **Produced by Specific Processes**

*The qualifying condition is expressed as a process – chemical transformation in the case of certain chemical products and plastics, sawing in the case of marble and retreading/remolding in the case of tyres.*

# CARICOM Rules of Origin

- **Produced from Certain Regional Materials**  
*For a number of items certain stated regional materials must be utilized in the process of production. This applies to mostly food products. E.g. Ham (16.02) must be done using regional pork that is wholly produced (02.03).*

# Minimal Processing

## List on Minimal Processes

*Under the Origin Rules a product would be ineligible for duty free treatment if it is produced by one or more of the minimal processes.*

- 1. Operations to ensure the preservation of goods during transport and storage*
- 2. Simple operations consisting of sifting, sorting, washing painting etc.*
- 3. Changes of packaging, placing in bottles or other simple packaging operations*

# Minimal Processing

## List on Minimal Processes (continued)

4. *Affixing marks, labels or other like distinguishing signs*
5. *Simple mixing of extra regional materials*
6. *Operations which consist solely of welding, soldering, fastening or putting together finished parts*



# Safeguard Mechanism

- *Under the Safeguard Mechanism, the CARICOM Secretary General is authorised by the Common Market Council in the situation where there are inadequate **supplies** or inadequate **quality** of regional material, to permit producers to use extra-regional materials in production but still be eligible for Common Market treatment.*





# In Course Exercise

Interpreting rules

And

Calculating Origin



# Other Agreements

# The Caribbean Basin Initiative (CBI)

- Broad programme to promote economic development through private sector initiative in Central American and Caribbean countries.
- The major goal of the CBI is to expand foreign and domestic investment in non-traditional sectors to diversify CBI economies and expanding exports.

# Caribbean Basin Initiative (CBI)

## Beneficiary Countries

- *Antigua and Barbuda*
- *Aruba*
- *Bahamas*
- *Barbados*
- *Belize*
- *British Virgin Islands*
- *Costa Rica*
- *Dominica*
- *Dominican Republic*
- *El Salvador*
- *Guatemala*
- *Guyana*
- *Haiti*
- *Honduras*
- *Jamaica*
- *Monteserrat*
- *Netherlands Antilles*
- *Nicaragua*
- *Panama*
- *St. Kitts-Nevis*
- *St. Lucia*
- *St. Vincent*
- *Trinidad and Tobago*

# CBI

- *Goods excluded from the duty provisions of the CBI*
- *Most textiles and apparel*
- *Canned tuna*
- *Petroleum and petroleum products*
- *Footwear except disposable items and footwear parts such as uppers*
- *Certain leather, rubber and plastic gloves*
- *Luggage, handbags, and flat goods*
- *Certain leather wearing apparel*
- *Watches and watch parts*

# CBI Rules of Origin

- *Goods should be wholly grown in a CBI beneficiary country or manufactured from materials, which originate in a CBI beneficiary country or,*
- *The cost of raw materials originating in any beneficiary country plus the direct cost of processing must be equal to at least thirty-five percent (35%) of the ex- factory price of the finished product. In addition, the value of materials produced in the United States may be counted, but only to a maximum of fifteen percent (15%) of the price of the finished product*

# CARIBCAN

- CARIBCAN is an economic and trade development assistance program for the Commonwealth Caribbean countries and territories established as a result of a commitment by Canada at the Commonwealth Heads of Government meeting in Nassau in October 1985.
- The objectives of CARIBCAN are to enhance Commonwealth Caribbean trade and export earnings, improve the trade and economic development prospects of the region, promote new investment opportunities, and encourage enhanced economic integration and co-operation.



# CARIBCAN

- Beneficiary Countries

- Anguilla
- Antigua & Barbuda
- Bahamas
- Barbados
- Belize
- British Virgin Island
- Cayman Island
- Tobago

Guyana  
Jamaica  
Montserrat  
St. Kitts & Nevis  
St. Lucia  
St Vincent  
Trinidad &

# CARIBCAN

- **Goods not included in the duty free provisions of CARIBCAN**
- *Textiles and Clothing*
- *Footwear*
- *Luggage and Handbags*
- *Leather Garments*
- *Lubricating Oils*
- *Methanol*

# CARIBCAN Rules of Origin

## Rules of Origin

- *Goods should be grown in a CARIBCAN beneficiary country or manufactured from materials, which originate in a beneficiary country or*
- *The cost of local input which includes raw materials originating in any beneficiary countries or in Canada must equal to a minimum of sixty percent (60%) of the ex-factory price of the finished product.*

# GENERALISED SYSTEM OF PREFERENCES (GSP)

- The GSP is a system whereby developed countries grant preferential treatment to eligible products imported from developing countries. The preference-giving country is also known as the donor country, and the preference receiving country as the beneficiary country.
- Generalised Scheme of Preferences(GSP) allows developing country exporters to pay less or no duties on their exports to the EU. This gives them vital access to EU markets and contributes to their economic growth.

## THREE MAIN VARIANTS OF (GSP)

- Standard/general GSP arrangement, which offers generous tariff reductions to developing countries. This means partial or entire removal of tariffs on two thirds of all product categories.
- "GSP+" enhanced preferences means full removal of tariffs on essentially the same product categories as those covered by the general arrangement. (international conventions, human & labour rights, environment)
- (EBA) arrangement for least developed countries (LDCs), which grants duty-free quota-free access to all products, except for arms and ammunitions.

# GENERALISED SYSTEM OF PREFERENCES (GSP)

## Donor Countries

*Australia  
Slovak*

*Belarus*

*Bulgaria*

*Canada*

*European Union*

*Hungary*

*Japan*

*New Zealand*

*Norway*

*Republic of Czech &*

*Russian Federation*

*Switzerland*

*United States of America*

# GSP

## Rules of Origin

- *Wholly Produced* - Goods should be grown in a GSP beneficiary country or manufactured from materials, which originate in a beneficiary country.
- *Percentage Value-added* - Value of imported materials, parts and components used should not exceed a given percentage of the value of the finished product (35 percent value-added)
- *Process Criterion* – Imported materials and components can be used if they have been substantially transformed resulting in a change in the tariff heading.



# “SPANISH” TRADE AGREEMENTS

- *CARICOM/Venezuela (Partial Preferential Agreement)*
- *CARICOM/Colombia (Partial Preferential Agreement)*
- *CARICOM/Costa Rica*
- *CARICOM/Dominican Republic*

# CARICOM/Venezuela

- **CARICOM-Venezuela Free Trade Agreement - A Partial Scope Agreement** - signed in October 1992 and entered into force on 1<sup>st</sup> January 2000.
- This trade and investment agreement seeks to promote economic cooperation by granting duty free treatment to a selected list of goods originating in CARICOM .
- It is primarily focused on trade in goods but provides for a framework for parties to work together for the promotion of services and investment. The Agreement has been fairly dormant as there have been varied technical problems affecting its implementation.

# CARICOM/Venezuela

- **Wholly produced** - Items wholly produced in the territories of CARICOM Member Countries, when such items are exclusively produced with materials from any of said Countries
- **Change in tariff heading** - Items manufactured using materials from third countries provided that they result from a process of substantial transformation, carried out in the territory of CARICOM Member Countries, which creates a different product characterised by the fact of being classified within the Harmonised Commodity Description and Coding System in a heading different from that of such materials

# CARICOM/Venezuela

- **Percentage value added** - *Items that are the result of assembly operations which constitute a process of substantial transformation, carried out in the territory of a CARICOM Member Country and in the production of which materials from such countries, from Venezuela and from third countries are used, when the destination port c.i.f. value or the maritime port c.i.f. value of the materials from third countries does not exceed 50 per cent of the f.o.b export value of such products.*

# CARICOM/Colombia

- **CARICOM-Colombia Trade, Economic and Technical Co-operation Agreement**
- A Partial Scope Agreement - signed on 24 July 1994 and entered into force on 1 June 1995.
- This trade and investment agreement seeks to promote economic cooperation by granting duty free access for a selected list of goods originating in CARICOM.
- This Agreement has not been very active and is also focused on trade in goods, while providing a framework for future collaboration among contracting parties in the areas of services and investment.

# CARICOM/Colombia

- **Wholly produced** - they must be wholly produced in one of the Parties
- **Change in tariff heading** - by the goods being classified in a six-digit subheading of the Harmonised Commodity Description and Coding System different from that in which any of the materials imported from countries other than the Parties are classified
- **Percentage value added**

# CARICOM/Costa Rica

- *CARICOM/Costa Rica Agreement was signed in 2004 and phased liberalization of tariffs should have been completed by 2008.*
- *Jamaica has now fully implemented the Agreement therefore this means that goods can now be*



# CARICOM/Costa Rica

- **Change in tariff heading** - each of the non-originating materials used in the production of the good undergoes an applicable change in tariff classification as set out in Annex IV.03 as a result of production occurring entirely in the territory of one or both of the Parties, or the good otherwise satisfies the applicable requirements of that Annex where no change in tariff classification is required, and the good satisfies all other applicable requirements of this Chapter.
- **Produced from regional materials** - it is produced entirely in the territory of one or both Parties exclusively from originating materials under this Chapter

# CARICOM/Dominican Republic

- *Under this agreement all goods except three lists of products are eligible for Duty Free Entry.*
- *The exception lists to the Agreement:*
- *Goods which shall be subject to phased reduction of Most Favoured Nation (MFN) rate of duty;*
- *Goods which shall be subject to Most Favoured Nation (MFN) rate of duty;*
- *List of selected agricultural products which shall be subject to Special Trade Arrangements.*

# CARICOM/Dominican Republic

## Qualifying Criteria

- *Wholly Produced*
- *Change of Tariff Heading*
- *Change of Sub-heading*
- *Change of Chapter*
- *Chemical Reaction or Purification*



**Questions?**

# Contact Information

*Kelvin K. Kerr*

*Office: 968-8687*

*Cell: 405-0676*

*Email: [kkerr@micaf.gov.jm](mailto:kkerr@micaf.gov.jm)*

*Website: [kelvin.kerr22@gmail.com](mailto:kelvin.kerr22@gmail.com)*



***THANK YOU!!!***