

April 20, 2022

POLICY RECOMMENDATION FOR THE AANZFTA ROO UPGRADE

The Asia Business Trade Association (ABTA) is pleased to note that discussions are underway to upgrade the rules of origin (ROO) under the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA) agreement. The AANZFTA has truly been a transformative trade agreement, benefitting large and small companies alike located in the 12 member economies. Upgrading the ROO by taking into account relevant developments to the AANZFTA will expand the benefits of the agreement for all enterprises in the member economies.

One such development is the updated Harmonized System Nomenclature 2022 (HS 2022). The preamble of the ***First Protocol to Amend the Agreement Establishing the ASEAN-AUSTRALIA-NEW ZEALAND Free Trade Area*** underscores “the importance of a timely updating of the Product Specific Rules and the Schedules of Tariff Commitments to take account of periodic amendments of the HS code.”

As the World Customs Organization (WCO) noted, the new HS 2022 introduces several major changes to the Harmonized System with a total of 351 sets of amendments on a comprehensive range of goods moving across borders.¹ The WCO further stressed that adaption to current trade through recognition of new product streams is a major feature of the HS 2022 amendments.²

Thus, an upgraded ROO that is based on the new HS 2022 will result in a modern and more beneficial AANZFTA. The interpretation of the origin of covered goods based on the new HS 2022 will ensure that the said goods will benefit from a uniform treatment and interpretation by the 12 member economies to the AANZFTA. This would be in line with previous practice, where the AANZFTA was already effectively upgraded to HS 2012 and HS 2017.

¹ World Customs Organization (WCO), *HS Nomenclature 2022 Edition, Amendments effective from 1 January 2022*, available at <http://www.wcoomd.org/en/topics/nomenclature/instrument-and-tools/hs-nomenclature-2022-edition/amendments-effective-from-1-january-2022.aspx>.

² *Id.*