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HOW TO export from **THAILAND** while enjoying **FTAs** benefits



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Department of Foreign Trade

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Trade Preference Division
Department of Foreign Trade



“To enhance competitiveness and fairness in foreign trade professionally”



**Trade Preference Division
Department of Foreign Trade
Ministry of Commerce**

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Preface

Free Trade Agreements (FTAs) make international trade more efficient by increasing economic integration, removing barriers to trade, and improving access to new markets.

The benefits from trade under FTAs flow from the immediate commitments of tariff reduction to the removal of various trade restrictions. Also, FTAs can address some ‘next generation’ trade and investment issues. For instance, they can tackle topics on intellectual property rights, trade facilitation, government procurement, and competition policy more vigorously than the ongoing negotiation at the multilateral level.

Thailand has certainly encouraged trade liberalisation through FTAs : our first FTA was the ASEAN Free Trade Area (AFTA) signed in 1992. Since then, Thailand has engaged in 11 FTAs whereby you can enjoy its advantage and trade preference now more than ever.

Consequently, the Department of Foreign Trade (DFT) compiles this booklet with an intention to provide a useful guideline on ‘How to export from Thailand while enjoying FTAs benefits’ for foreign investors, customs brokers, importers-exporters, entrepreneurs, and everyone who are interested. It outlines the necessary processes and information to get benefits from Thailand’s FTAs, namely, step-by-step to obtain a certificate of origin, an overview of rules of origin, pre-exportation verification process, certificate of origin application and issuance process, and post-verification process.

The DFT hopes that this booklet can help you discover Thailand’s FTAs opportunities and encourage you to seize them in order to enjoy further advantages that our preferential trading schemes have to offer.

Trade Preference Division
Department of Foreign Trade
November 2014

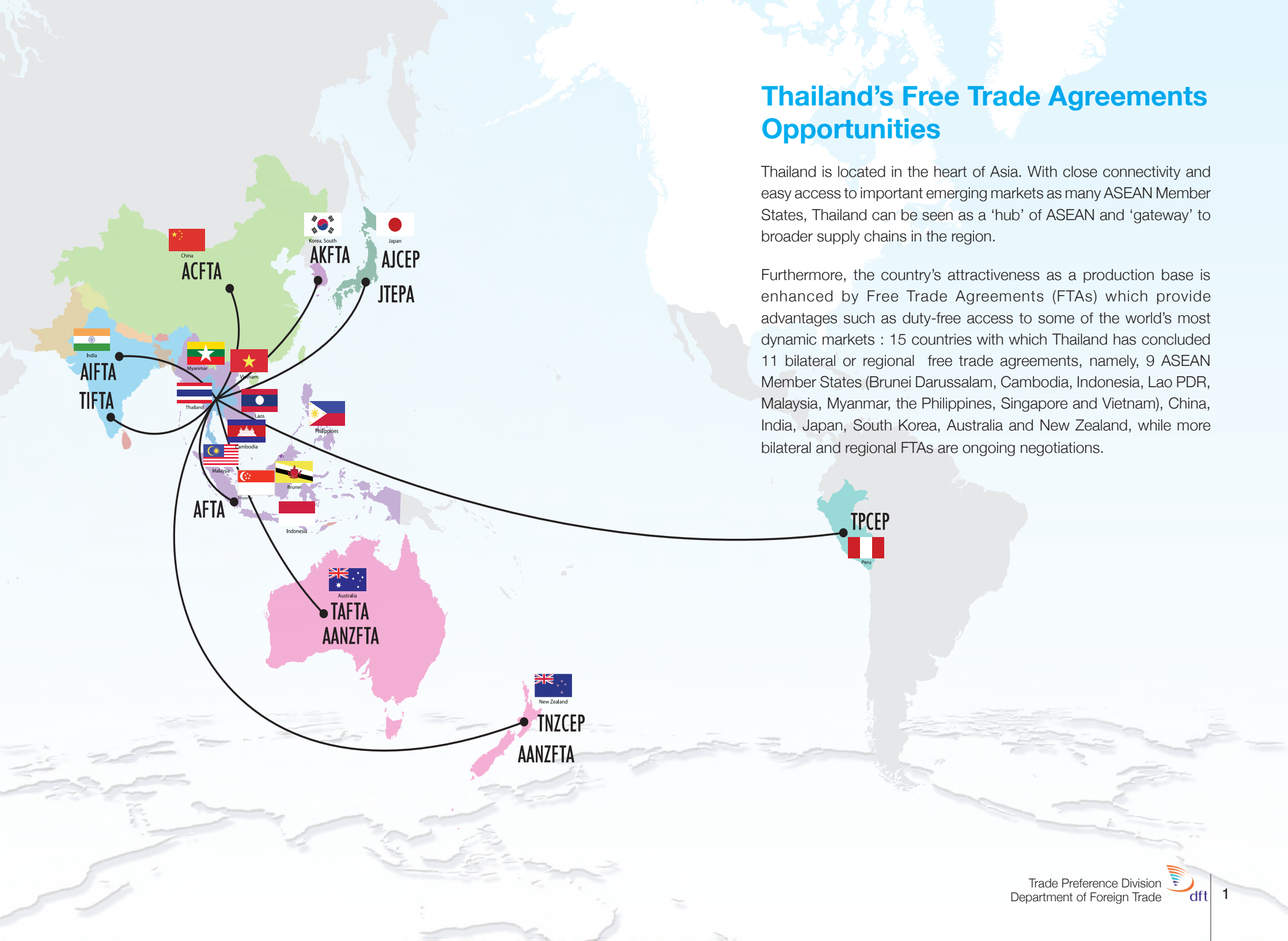


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Thailand is located in the heart of Asia. With close connectivity and easy access to important emerging markets as many ASEAN Member States, Thailand can be seen as a 'hub' of ASEAN and 'gateway' to broader supply chains in the region.

Furthermore, the country's attractiveness as a production base is enhanced by Free Trade Agreements (FTAs) which provide advantages such as duty-free access to some of the world's most dynamic markets : 15 countries with which Thailand has concluded 11 bilateral or regional free trade agreements, namely, 9 ASEAN Member States (Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore and Vietnam), China, India, Japan, South Korea, Australia and New Zealand, while more bilateral and regional FTAs are ongoing negotiations.



FTAs	Entry into force	Type of Certificate of Origin
1. ASEAN Free Trade Area (AFTA)	1 January 1993	Form D, Self-Certification*
2. ASEAN-China (ACFTA)	1 January 2004	Form E
3. Thailand-India (TIFTA)	1 September 2004	Form FTA
4. Thailand-Australia (TAFTA)	1 January 2005	Form FTA
5. Thailand-New Zealand (TNZCEP)	1 July 2005	Self-declaration
6. Japan-Thailand (JTEPA)	1 November 2007	Form JTEPA
7. ASEAN-Japan (AJCEP)	1 June 2009	Form AJ
8. ASEAN-Korea (AKFTA)	1 January 2010	Form AK
9. ASEAN-India (AIFTA)	1 January 2010	Form AI
10. ASEAN-Australia-New Zealand (AANZFTA)	12 March 2010	Form AANZ
11. Thailand-Peru (TPCEP)	31 December 2011	Form TP

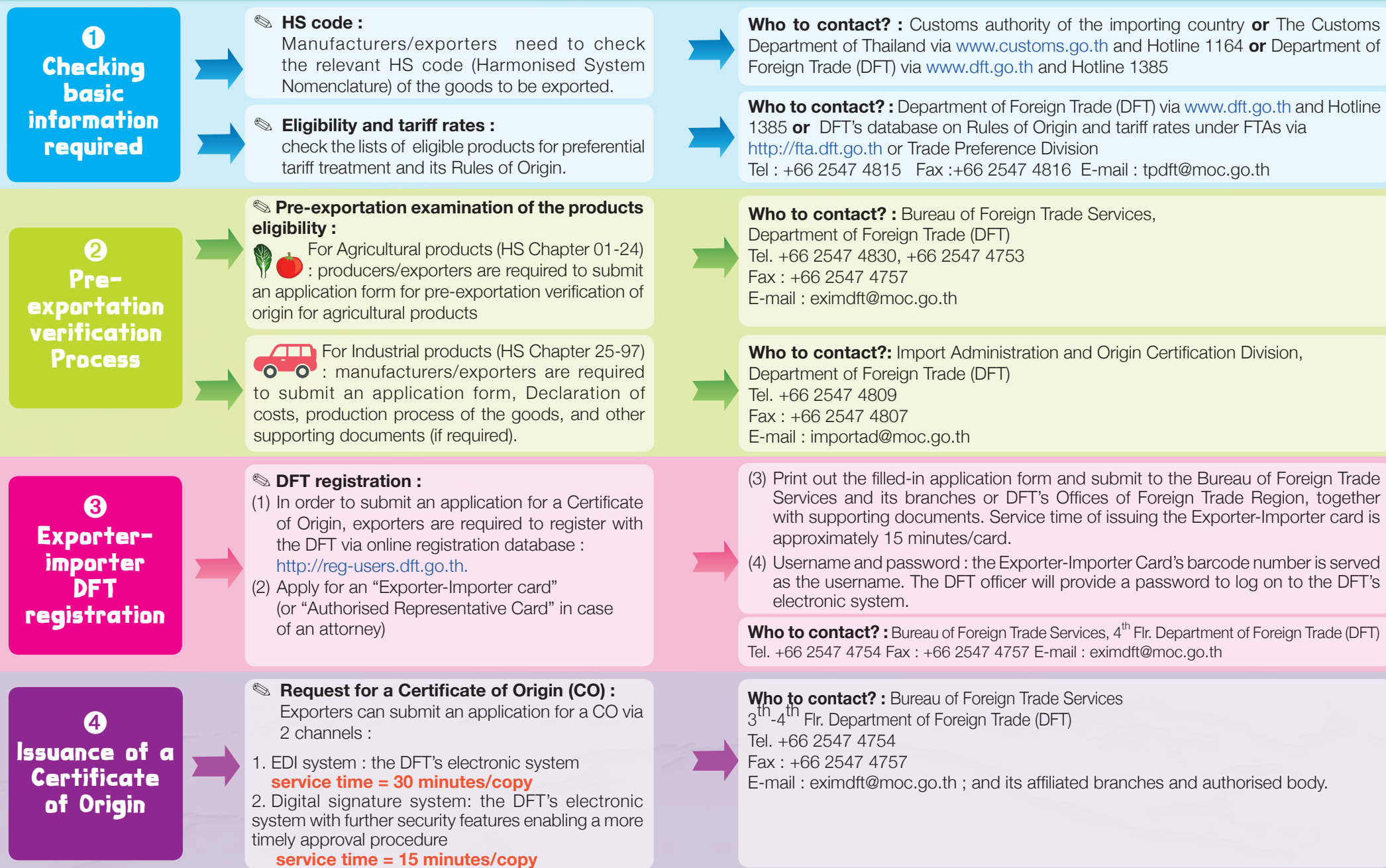
* Pilot project



These FTAs not only contribute to a more stable and predictable trade and investment environment by creating greater clarity and regulatory certainty for business, they also enhance the expansion of global value chains and production network as they allow participating countries (the Parties) to aggregate their manufacturing operations and materials in different stages of production within the Parties' territories. Moreover, these 11 FTAs bring about the access to consumer markets of 3,430 million people: nearly half of the year 2014 world's population accounting for 2 trillion USD of GDP.

The Department of Foreign Trade (DFT), as an international trade administrator, is committed to strengthen sustainable trade and facilitate trade by reducing associated costs of doing business. Therefore, one of our ambition is to deliver services and consultations in an efficient and timely manner. This booklet in your hand is hence a guideline offered for you to explore our services and information you need in order to enjoy trade preference under Thailand's FTAs.

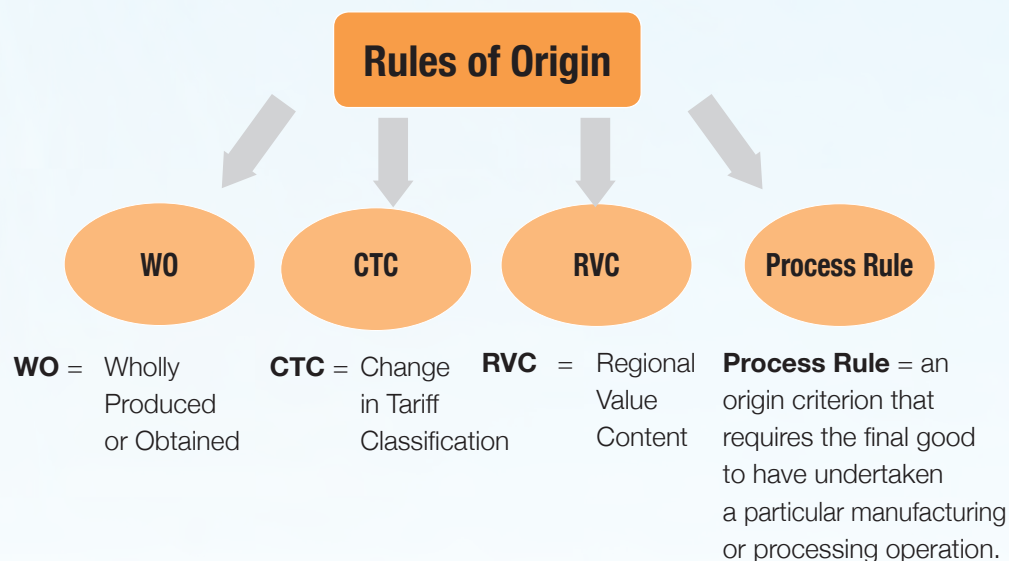
“Step-by-Step to Obtain a Certificate of Origin”



“What are Rules of Origin?”

Rules of origin are a set of criteria used to determine the country of origin of goods as the preferential tariff treatments under FTAs only apply to goods which comply with its rules of origin provisions and are supported by a Certificate of Origin issued by the country's competent authorities.

Common origin criteria



PSRs = Product Specific Rules (PSRs) are origin criteria that prescribe specific manufacturing or processing operation which confers preferential origin to the goods. They can be WO rule, CTC rule, RVC rule, process rule, or the combination of these rules.

Cumulative Rules of Origin or Accumulation/cumulation

Cumulative Rules of Origin or Accumulation/cumulation permits the production or transformation of a product in two or more specified countries in order to satisfy the access rules of the importing country. Hence, it allows different stages of production of a good to be aggregated: originating materials of a Party used in the production of a good in another Party shall be considered as originating materials of the latter where the working or processing of the good has taken place. Consequently, the cost of those materials can be accumulated in the calculation of RVC criterion.

If your production takes place in Thailand, you can enjoy even more flexibility under the ASEAN Trade in Goods Agreement (ATIGA) under the FTA between ASEAN Member States - AFTA - as “partial cumulation” is allowed. In applying partial cumulation, the cost of a material that does not meet the 40 per cent threshold of RVC criterion under ATIGA but has 20 per cent or more of local content can be accumulated towards the RVC calculation of the finished good in another Party. Materials imported under partial cumulation are, however, ineligible for preferential tariff treatments.

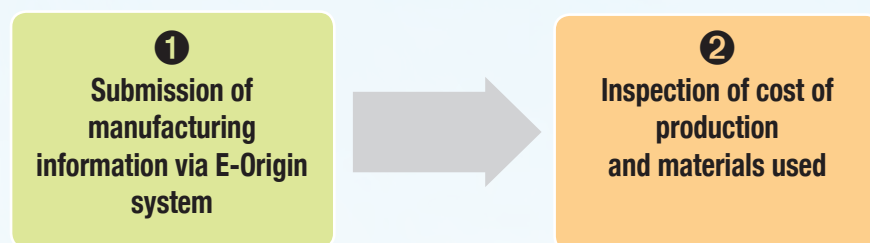
Example : cumulation under AANZFTA



“Pre-exportation Verification Process”

Required documents :

1. Application form
2. Declaration of cost and production process of the goods
3. Supporting evidences: copy of business registration, copy of factory license, invoice, letter of attorney or other required evidences



Cost of production comprises of the following components :

1. Local materials (Originating materials)
2. Imported materials (Non-originating materials)
3. Production cost & other expenses e.g.
 - Labour/Maintenance/Quality Control
 - Depreciation/Equipments
 - Research & Development
4. Profit

Declaration of cost and production of goods

1. Exporter's name _____
Address _____
Description of goods _____
Tariff no. (4-digit) _____
Model _____

2. Name of manufacturer _____
Factory address _____
Factory license no. _____

3. Procedures and process of manufacturing/Production flow-chart

4. Cost of originating materials (per unit in EUR)

Item No.	Description	Price per unit	Quantity for manufacturing	Total cost

[illegible]

Section IV Details of manufacturing (per unit in US\$)

(I) Originated materials

Description	Name of supplier	Address	Invoice no. & Dated	Value per unit	Quantity for manufacturing per unit	Total cost
Total local amount						

(II) Non-originated materials

Description	Country of origin	Tariff no. (6-digit)	Invoice no. & Dated	CIF cost	Quantity for manufacturing per unit	Total cost
Total imported amount						

(III) Cumulative materials

Description	Country of origin	Tariff no. (6-digit)	Invoice no. & Dated and movement certificate*	CIF cost	Quantity for manufacturing per unit	Total cost
Total cumulative amount						

* Form A is required for ASEAN accumulation while EUR 1 and invoice declaration are necessary for goods originated within the Community/Nonmember and Mainland.



Have some maths!

- **Ex-work price** = Material costs + Production cost + Profit
- **FOB** (Free-on-board value of the goods) = Ex-work price + all costs of handling the goods to the port or site of final shipment abroad
- **CIF** (Costs, Insurance and Freight) = Price of a good + Cost of insurance + Freight to the port of destination

RVC calculation

- **Direct Formula :**

$$\text{RVC} = \frac{\text{Originating Material cost} + \text{Production Cost} + \text{Profit} + \text{other costs}}{\text{FOB}} \times 100 \%$$

- **Indirect Formula :**

$$\text{RVC} = \frac{\text{FOB} - \text{Value of Non-originating Materials (VNM)}}{\text{FOB}} \times 100 \%$$

“Application for a Certificate of Origin”

Required documents :

1. Original invoice or duplicate or a photocopy of the original invoice
2. Transport documents (e.g. Bill of Lading, Air Way Bill etc.) or duplicate or a photocopy of the original transport documents
3. Origin approval evidence

For Agricultural Product (HS 01-24) :

an application form for pre-exportation verification of origin for agricultural products

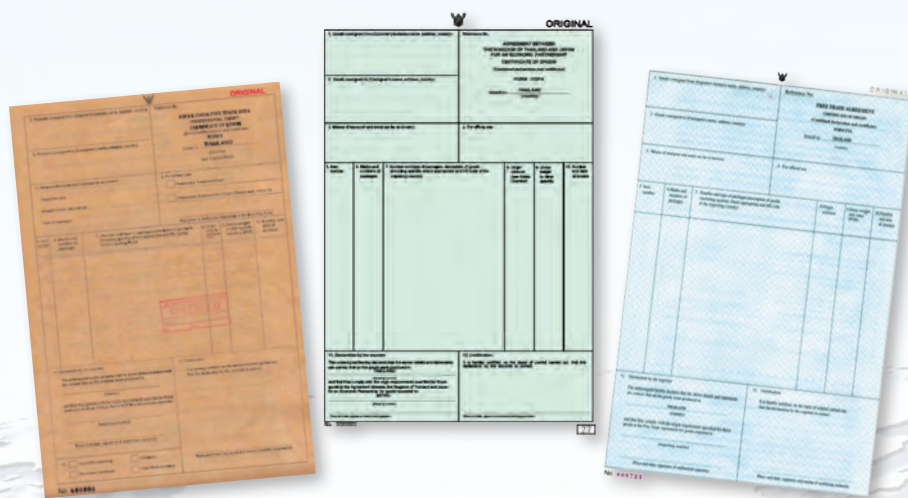


For Industrial Products (HS 25-97) :

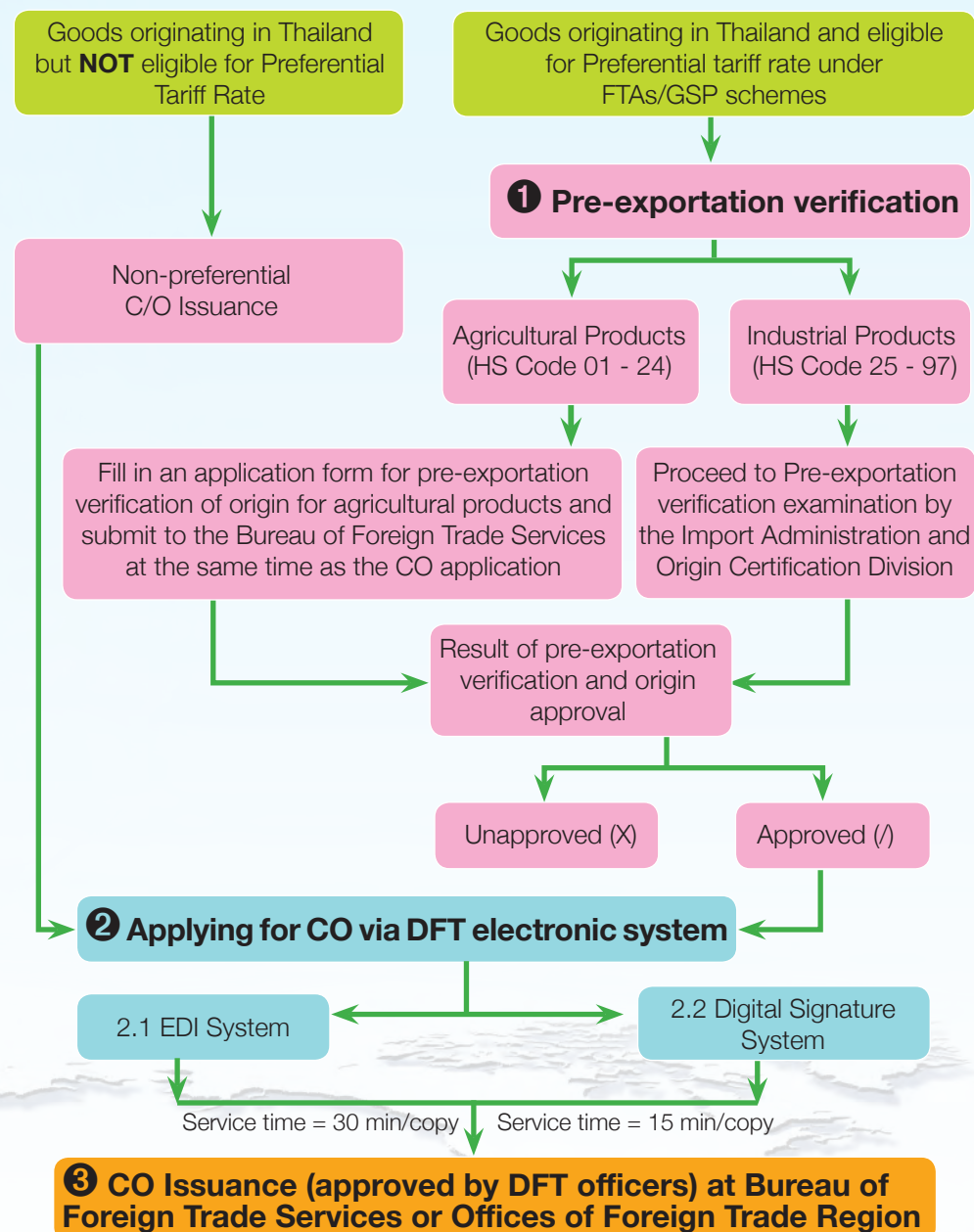
an original copy of the result of pre-exportation verification of the origin of the goods issued by the DFT or duplicate or photocopy of the original copy

4. Other supporting evidences (if required)

Example of Certificate of Origin



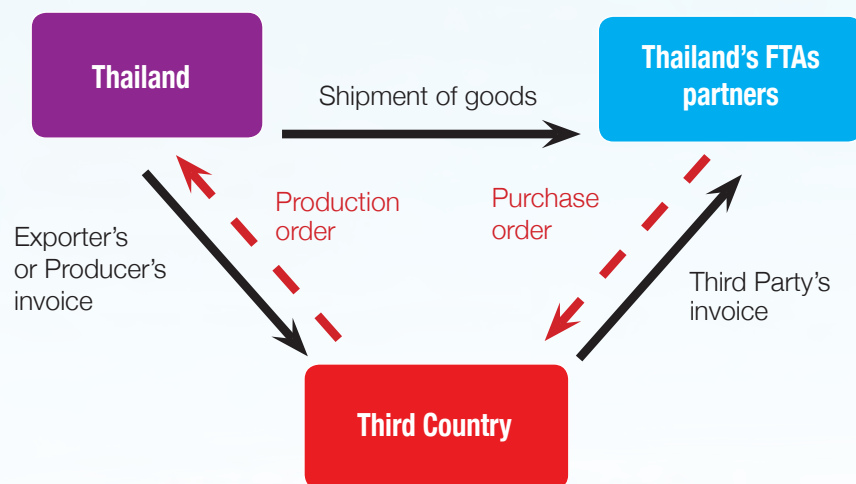
Issuance of a Certificate of Origin



Third Party Invoicing Certificate of Origin

What is third-party invoicing?

Third-party invoicing is the scenario where the invoice attached with the CO application form is issued by a company located in a third country. This provision allows originating goods, which are exported to a Party with a preferential CO, to qualify for preferential tariff treatment even if the accompanying sales invoice is issued by a company located in a non-FTA partner country or by an exporter in a Party on behalf of that company. This provision facilitates trade among FTA partner countries and it helps improving market access for manufacturers. Third-party invoicing is allowed under all the 11 FTAs Thailand currently has engaged.



Back-to-Back Certificate of Origin

What is a back-to-back Certificate of Origin?

An exporter can request a back-to-back Certificate of Origin (CO) for an originating good that is passing through one FTA Party but is subsequently exported to another Party (on condition that it has not undergone further processing in the intermediate Party).

The back-to-back CO provision, therefore, gives more flexibility to business as they can ship their goods to an intermediate FTA Party for logistical or trading purposes, before re-exporting the goods to other FTA Parties. The back-to-back CO provision is provided under the AFTA, AKFTA, AJCEP, ACFTA and AANZFTA. It is also noteworthy that the back-to-back CO under ACFTA is called a Movement Certificate.

Required documents

1. CO issued by the first party country
2. Supplier's invoice from the first party country
3. Inward/Outward Bill of Lading or other transport documents
4. Import Entry (Import Declaration)
5. Exporter's invoice
6. Other necessary evidences (if required)

Example of issuance of Back-to-Back CO



CONTACT US

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And DFT's Offices of Foreign Trade Region in 10 provinces : Chiang Mai, Hat-Yai, Chonburi, Sra Kaew, Nongkhai, Chiang Rai, Sisaket, Tak, Mukdahan, and Kanchanaburi.

Pre-exportation verification :



For Agricultural Products (HS 01-24): **Bureau of Foreign Trade Services**

Tel. +66 2547 4830, +66 2547 4753
E-mail : eximdft@moc.go.th

Fax : +66 2547 4757



For Industrial Products (HS 25-97) : **Import Administration and Origin Certification Division**

Tel. +66 2547 4809
E-mail : importad@moc.go.th

Fax : +66 2547 4807

Certificate of Origin Issuance : Bureau of Foreign Trade Services

Tel. +66 2547 4830, +66 2547 4753
E-mail : eximdft@moc.go.th

Fax : +66 2547 4890

Post-verification : Import Administration and Origin Certification Division

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