

Govt frames norms for enforcement of 'rules of origin'

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The government has come out with norms for the enforcement of 'rules of origin' provisions for allowing preferential rate of customs duties on products imported under free trade agreements. The new norms have been framed with a view to checking inbound shipments of low quality products and dumping of goods by a third country routed through an FTA partner country.

The Department of Revenue has notified the 'Customs (Administration of Rules of Origin under Trade Agreements) Rules, 2020' which would "come into force on September 21, 2020". These rules "shall apply to import of goods into India where the importer makes a claim of preferential rate of duty in terms of a trade agreement," it said.

Key Highlights

- The "rules of origin" provision prescribes for the minimal processing that should happen in the FTA country so that the final manufactured product may be called originating goods in that country.
- Under this provision, a country that has inked an FTA with India cannot dump goods from some third country in the Indian market by just putting a label on it. It has to undertake a prescribed value addition in that product to export to India. Rules of origin norms help contain dumping of goods.
- India has inked FTAs with several countries, including Japan, South Korea, Singapore, and ASEAN members. Under such agreements, two trading partners significantly reduce or eliminate import/customs duties on the maximum number of goods traded between them.
- According to the notification, to claim preferential rate of duty under a trade agreement, the importer or his agent, at the time of filing bill of entry, has to make a declaration in the bill

that the imported products qualify as originating goods for preferential rate of duty under that agreement; and produce certificate of origin.

- The claim of preferential rate of duty may be denied by the proper officer without verification if the certificate of origin is incomplete or has any alteration not authenticated by the issuing authority or the certificate is produced after its validity period has expired, it said.
- The importer, it said, also has to possess all relevant information related to country of origin criteria, including the regional value content and submit the same to the proper officer on request.
- It also said that an officer may, during the course of customs clearance or thereafter, request for verification of certificate of origin from verification authority where there is a doubt regarding genuineness or authenticity of the certificate for reasons such as mismatch of signatures or seal when compared with specimens of seals and signatures received from the exporting country.

SOURCE:*Financial Express*