

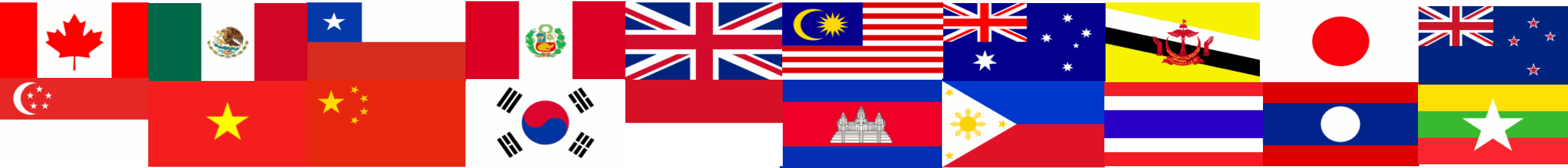


**MINISTRY OF
INVESTMENT, TRADE AND INDUSTRY**

HOW TO APPLY FOR FORM CPTPP AND RCEP

8 August 2023

Member Parties



CPTPP 12

**CPTPP member parties will need to ratify the UK's accession to the CPTPP before it takes effect*

Canada
Mexico
Chile
Peru
United Kingdom*

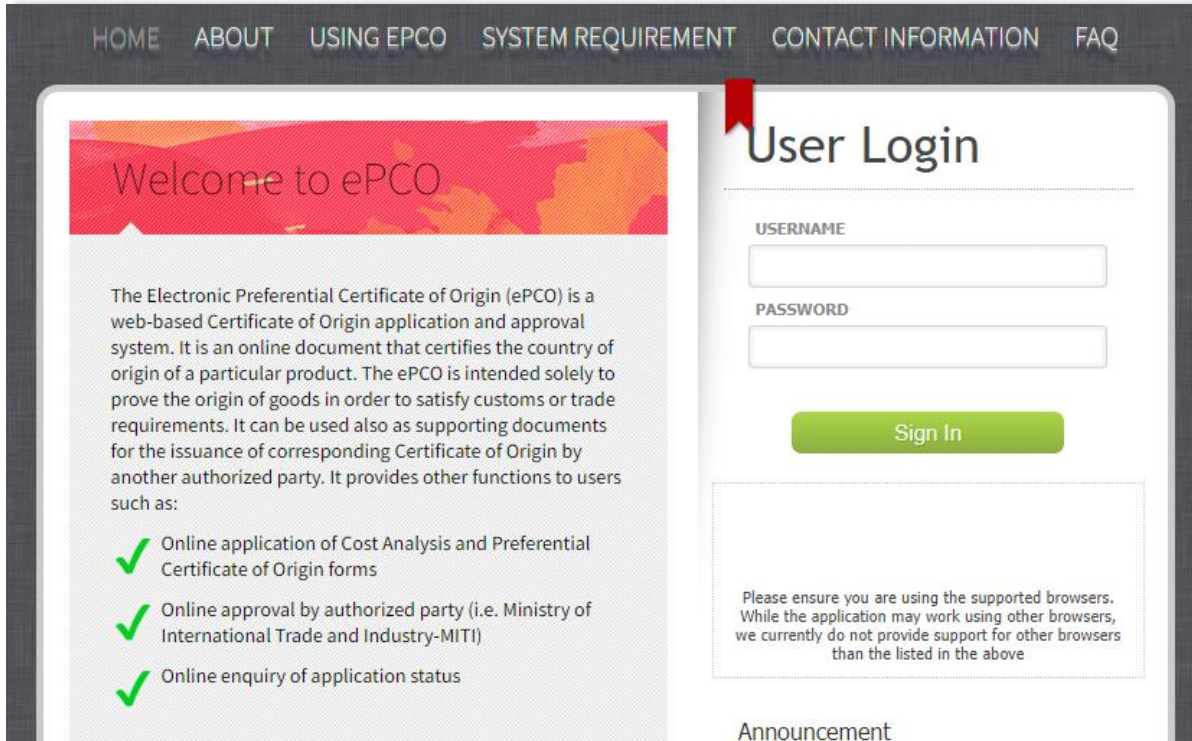
Malaysia
Australia
Brunei
Japan
New Zealand
Singapore
Viet Nam

China
South Korea
Indonesia
Cambodia
Philippines
Thailand
Laos
Myanmar**

RCEP 15

***Myanmar has yet to ratify the RCEP*

Step 1: ePCO Registration



The screenshot shows the homepage of the ePCO system. At the top is a navigation bar with links: HOME, ABOUT, USING EPCO, SYSTEM REQUIREMENT, CONTACT INFORMATION, and FAQ. The main content area is divided into two columns. The left column has a red header 'Welcome to ePCO' and a text block explaining the ePCO system. Below this is a list of three features, each preceded by a green checkmark. The right column has a red bookmark icon and the title 'User Login'. It contains two input fields for 'USERNAME' and 'PASSWORD', followed by a green 'Sign In' button. Below the button is a disclaimer about browser support. At the bottom of the right column is an 'Announcement' section.

HOME ABOUT USING EPCO SYSTEM REQUIREMENT CONTACT INFORMATION FAQ

Welcome to ePCO

The Electronic Preferential Certificate of Origin (ePCO) is a web-based Certificate of Origin application and approval system. It is an online document that certifies the country of origin of a particular product. The ePCO is intended solely to prove the origin of goods in order to satisfy customs or trade requirements. It can be used also as supporting documents for the issuance of corresponding Certificate of Origin by another authorized party. It provides other functions to users such as:

- ✓ Online application of Cost Analysis and Preferential Certificate of Origin forms
- ✓ Online approval by authorized party (i.e. Ministry of International Trade and Industry-MITI)
- ✓ Online enquiry of application status

User Login

USERNAME

PASSWORD

Sign In

Please ensure you are using the supported browsers. While the application may work using other browsers, we currently do not provide support for other browsers than the listed in the above

Announcement

- Register with the system provider at www.dagangnet.com
- Once approved, companies will be provided with User ID and Password.
- Study the online tutorial provided or attend classes conducted by Dagang Net.

Step 2: Apply for Cost Analysis

- The purpose of a Cost Analysis (CA) is to serve as a **pre-exportation examination** of the origin of the good.
- At this stage, MITI will need to **verify the compliance** of the goods with CPTPP/ RCEP's Rules of Origin.
- The processing time for a CA is **5 working days** upon receipt of the submission, provided the submission is complete and accurate.



...cont

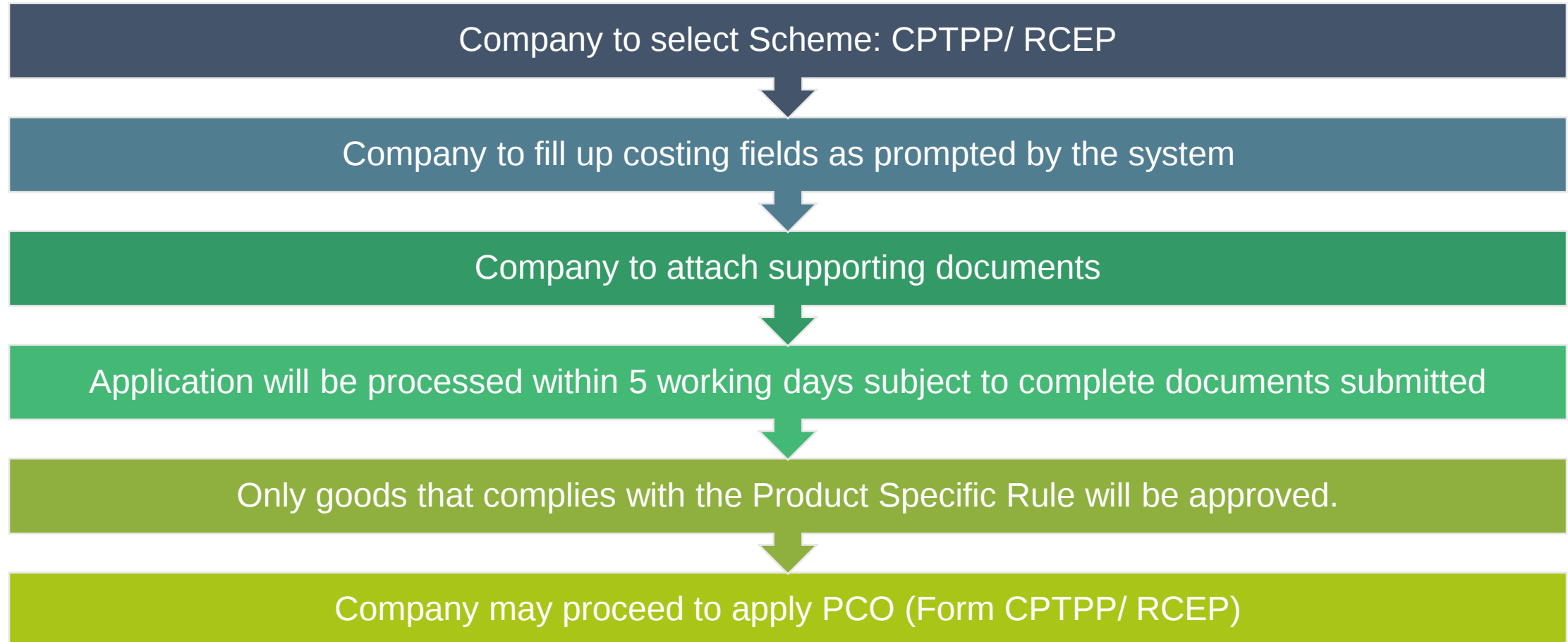
- Each application must be completed with a copy of the following documents:
 - ✓ Valid manufacturing **license** issued by Local Authority;
 - ✓ **Picture** of the finished goods;
 - ✓ Endorsed pictorial **flow chart** of the production process;
 - ✓ **Invoices** of raw materials used for production of the finished goods;
 - ✓ **Declaration letter** from supplier for materials declared originating from Malaysia;
 - ✓ Related FTA form as **proof of origin** for materials declared originating from Member Party; and
 - ✓ Other **related documents** deemed necessary.

HS Code for Products and Materials



- Exporter is advised to refer to the Royal Malaysian Customs Department (RMCD) to **obtain the accurate Harmonized System (HS) code** for every products and raw materials used.
- HS Code for Origin Certification purposes need to follow the **HS in force for the FTA**. Thus, it might differ from the HS Code for Customs clearance.
- CPTPP is using **HS 2012**, while RCEP is Using **HS 2022** .
- To ensure the correct HS Code is declared, the ePCO has been configured to **filter the HS Code based on FTA**.

CA Approval Process Flow





How to determine a goods' compliance with the Rules of Origin (ROO)

Rules of Origin Principles

	CPTPP	RCEP
General Requirement	- Wholly Obtained (WO); - Produced Entirely from originating materials (PE); or - Produced entirely using non-originating materials that complies with Product Specific Rules (PSR)	- Wholly Obtained (WO); - Produced Entirely from originating materials (PE); or - Produced entirely using non-originating materials that complies with Product Specific Rules (PSR)
Product Specific Rule*	- RVC - CTC (CC, CTH, CTSH) - CC + RVC - CTH + RVC - CTSH + RVC - SP + RVC - SP <i>*'PSR' will be reflected in Box 7 of Form CPTPP</i>	- Change in Tariff Classification (CTC) - Regional Value Content (RVC) - Chemical Reaction (CR) - Cumulation (ACU) - De Minimis (DMI) <i>*The exact PSR will be reflected in Box 10 of Form RCEP</i>

Rules of Origin Principles cont...

	CPTPP	RCEP
RVC Calculation Method	▪ Focused Value Method: Based on the Value of Specified Non-Originating Materials; ▪ Build-down Method: Based on Value of Non-Originating Materials; ▪ Build-up Method: Based on Value of Originating Materials; or ▪ Net Cost Method (for automotive goods only)	▪ Indirect/Build-down; or ▪ Direct/Build-up
Accumulation/ Cumulation	▪ Regardless of its value added proportion, all value added in a country of the region is accumulated and considered as originating in the CPTPP region	▪ good which complies with the origin requirements and used in another Party as a material in the production of another good shall be considered originating.

Rules of Origin Principles cont...

	CPTPP	RCEP
Tariff Differential <i>- Different tariff treatment that an importing Party applies for the same originating good</i>	- Parties with TD List: ✓ Japan ✓ Mexico - TD requirement is not applicable for Malaysia	- Parties with TD List: ✓ Republic of Korea ✓ Japan ✓ People's Republic of China ✓ Thailand ✓ Republic of Indonesia ✓ Viet Nam ✓ The Philippines - The system is able to recognize whether the HS Code of a product is listed in the Appendix on TD. - When a product is listed in TD, even though it is produced in Malaysia, the RCEP Country of Origin stated on the COO may not be Malaysia - subject to percentage of Local Process Costing.

Rules of Origin Principles cont...

	CPTPP	RCEP
ROO Related Chapters	Chapter 3: Rules of Origin and Origin Procedures ▪ Annex 3-A: Other Arrangements ▪ Annex 3-B: Minimum Data Requirements ▪ Annex 3-C: Exceptions to Article 3.11 (<i>De Minimis</i>) ▪ Annex 3-D: Product-Specific Rules of Origin ▪ Appendix 1 to Annex 3-D: Provisions Related to the Product-Specific Rules of Origin for Certain Vehicles and Parts of Vehicles Chapter 4: Textiles and Apparel Goods • Annex 4A: Textiles and Apparel Product-Specific Rules of Origin • Annex 4-A, Appendix 1: Short Supply List of Products	Chapter 3 - Rules of Origin ▪ Annex 3A (Product-Specific Rules) ▪ Annex 3B (Minimum Information Requirements)

Example of Wholly Obtained under the CPTPP and RCEP



Palm oil extracted from palm fruit bunch grown and harvested in Sabah, Malaysia



Palm oil bought from Supplier A in Malaysia. Supplier A import from India.

Materials **declared originating from Malaysia** must be accompanied by **declaration letter** from supplier(s) confirming that they are wholly obtained in Malaysia

Example of Produced Entirely under the CPTPP



Raw Material 1 : Malaysia [Local]
Raw Material 2 : Australia [CPTPP]
Raw Material 3 : Mexico [CPTPP]



Raw Material 1 : Malaysia [Local]
Raw Material 2 : Australia [CPTPP]
Raw Material 3 : Thailand [Non-CPTPP]

- Materials **declared originating from Malaysia** must be accompanied by **declaration letter** from supplier(s) confirming that they are produced/manufactured in Malaysia
- Materials **declared originating from CPTPP** countries must be accompanied with **CPTPP Form** (Viet Nam and Brunei) or **Self-declaration by producer/exporter/importer** (other CPTPP countries)

Example of Produced Entirely under the RCEP



Raw Material 1 : Malaysia [Local]
Raw Material 2 : Indonesia [RCEP]
Raw Material 3 : China [RCEP]



Raw Material 1 : Malaysia [Local]
Raw Material 2 : Indonesia [RCEP]
Raw Material 3 : Mexico [Non-RCEP]

- Materials **declared originating from Malaysia** must be accompanied by **declaration letter** from supplier(s) confirming that they are produced/manufactured in Malaysia
- Materials **declared originating from RCEP** countries must be accompanied with **RCEP Form**

Example of Product Specific Rule under the CPTPP



Pressure reducing valve
(HS 8481.10)

Is the finished product an originating
good pursuant to the Change in Tariff
Classification rule?

- Material used: valve casting (HS 8481.90) **imported** from China (non-party) and spray paint (HS 3209.10) imported from US (non-party).
- Further work is done in Malaysia and the finished good is then exported to Japan.
- The **PSR** for good of 8481.10 are:
 - ✓ A change to a good of subheading 8481.10 through 8481.80 **from any other heading**; or
 - ✓ No change in tariff classification required for a good of subheading 8481.10 through 8481.80, provided there is a **regional value content** of not less than:
 - (a) 35 per cent under the build-up method; or
 - (b) 45 per cent under the build-down method; or
 - (c) 55 per cent under the focused value method taking into account only the non- originating materials of heading 84.81.

Answer

- The ROO for products classified in HS 8481.10 requires that all non-originating inputs must be classified within **any heading other than 8481** (change in tariff classification at four digit level).
- Since the **imported valve casting is also classified within HS heading 8481**, the final good **does not meet the ROO** and is therefore a non-originating good under the CTC rule.
- However, the good **could be originating if an RVC** of 35, 45 or 55 percent under the respective calculation method **can be satisfied**.



[CPTPP] Applicant's view in the ePCO system after submission

Finished Product						
Unit	Origin Criteria	RVC % Build-down Method	RVC % Focused Value Metho	RVC % Build-up Method	RVC % Net Cost Method (for Automotive Good:	Importing Country
UNT	WO	84.54	97.43	84.54	84.54	AUSTRALIA,BRUNEI DARUSSALAM,CANADA,CHILE,JAPAN,MEXICO,NEW ZEALAND,PERU,SINGAPORE,VIET NAM
UNT	PE	85.54	100	79.05	84.85	AUSTRALIA,BRUNEI DARUSSALAM,CANADA,CHILE,JAPAN,MEXICO,NEW ZEALAND,PERU,SINGAPORE,VIET NAM

1. The system will automatically calculate the RVC using all 4 methods of calculation.
2. MITI will then determine the origin criteria based on the CPTPP Rules of Origin e.g WO/PE/PSR

[RCEP] Applicant's view in the ePCO system after submission

Finished Product							
Unit	Origin Criteria	Origin Criteria %	RCEP Country of Origin	Local Process Costing % (for TD)	Importing Country	Status	Remarks
PK	CTSH	98.27	MALAYSIA	77.3057	AUSTRALIA, BRUNEI DARUSSALAM, CHINA, PDR, NEW ZEALAND, SINGAPORE, NAM		

1. The system will automatically calculate the RVC using Direct/Build-Up Formula
2. MITI will then determine the origin criteria based on the RCEP Rules of Origin e.g CTC/ RVC/ CR/ ACU/ DMI

1. The system will automatically calculate the compliance with TD (if applicable)
2. Notwithstanding PSRs (RVC or CTC rules), the Exporting Country is required to add 20% value during the production of the good. Otherwise, the good cannot confer origin status of the Exporting Country

Example of Product Specific Rule under the RCEP for the same product



Pressure reducing valve
(HS 8481.10)

- Material used: valve casting (HS 8481.90) imported from China (party) using **Form RCEP** and spray paint (HS 3209.10) **imported** from US (non-party).
- Further work is done in Malaysia and the finished good is then exported to Japan.
- The **PSR** for good of 8481.10 is CTH or RVC40

Is the finished product an originating good pursuant to the Change in Tariff Classification rule?

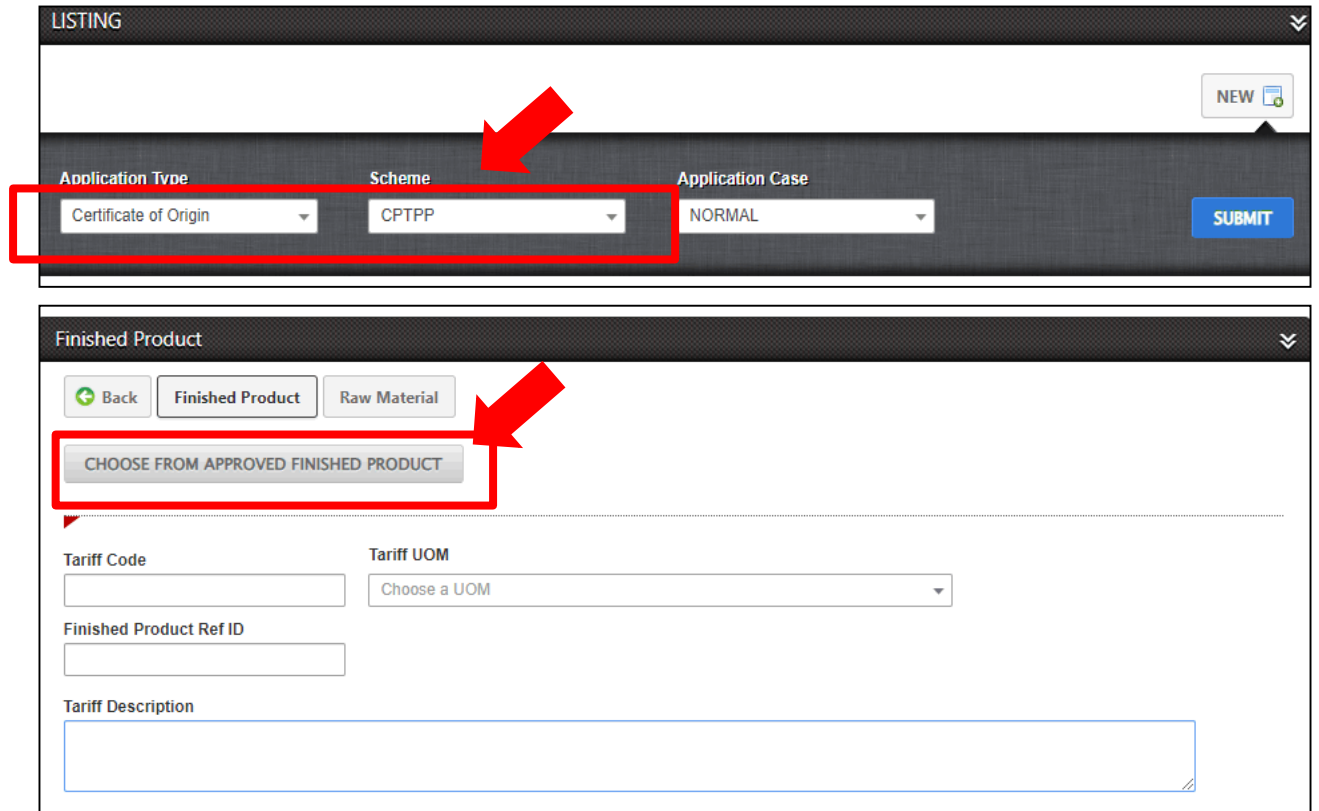
Answer

- The ROO for products classified in HS 8481.10 requires that all non-originating inputs must be classified within **any heading other than 8481** (change in tariff classification at four digit level).
- Since change in tariff classification only applies to non-originating material, the final good **meets the ROO** and is therefore an originating good under the CTC rule.
- The good **might not be originating if the RVC percentage is less than 40%**.



Step 3: Apply for Certificate of Origin (CO)

- After CA has been approved, exporters may proceed to submit their CPTPP/RCEP CO application through the ePCO system
- The procedure is similar for all other FTAs as well



LISTING

NEW

Application Type: Certificate of Origin | Scheme: CPTPP | Application Case: NORMAL | SUBMIT

Finished Product

Back | Finished Product | Raw Material

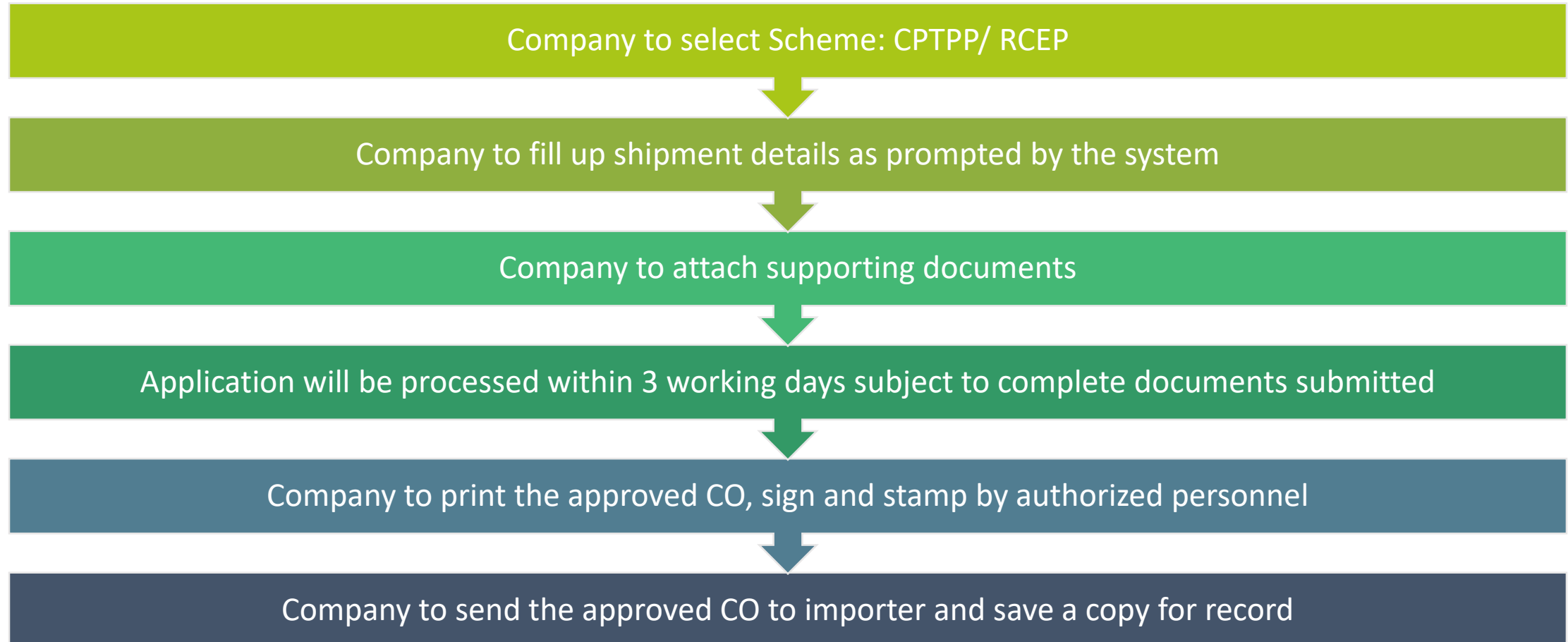
CHOOSE FROM APPROVED FINISHED PRODUCT

Tariff Code: | Tariff UOM: Choose a UOM

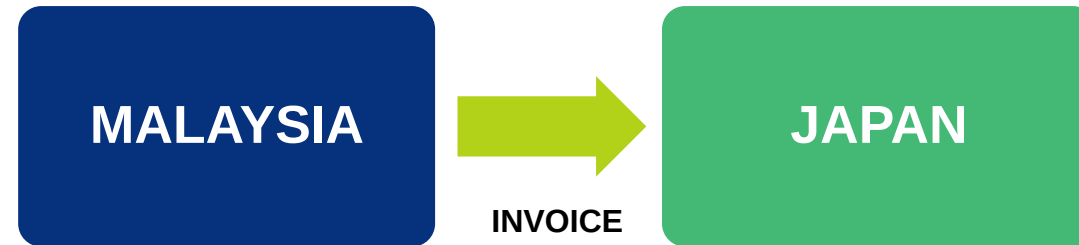
Finished Product Ref ID: |

Tariff Description: |

CO Approval Process Flow



Normal business arrangement



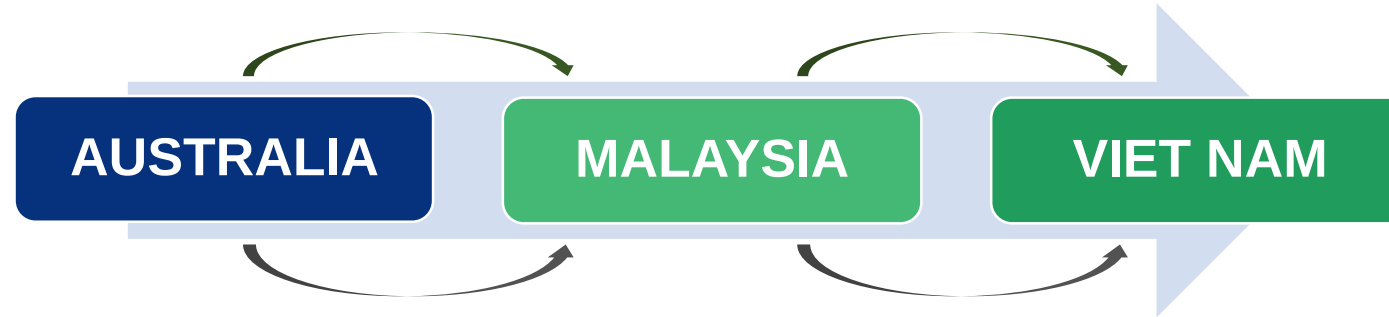
Scenario

- Where the sales invoice is issued directly by Malaysian exporter to the consignee in a country that is a CPTPP/ RCEP Party.

Documents Required

- ✓ Invoice
- ✓ Packing List;
- ✓ Bill of Lading; and
- ✓ Customs / Port Authority Declaration Form

Transit/Transshipment (Back-to-Back)



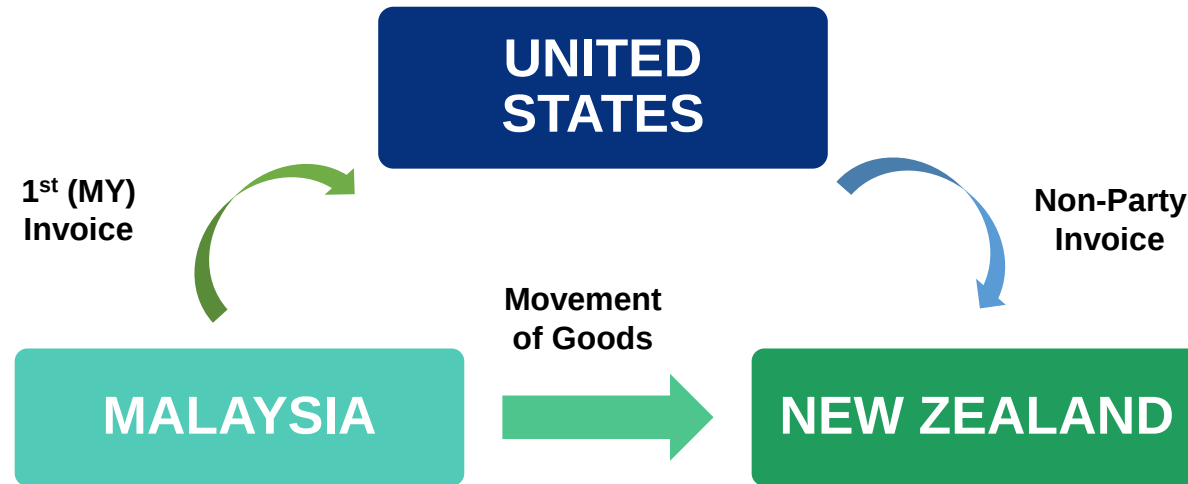
Scenario

- A POO issued by an intermediate CPTPP/RCEP exporting Party based on the POO issued by the first CPTPP/RCEP exporting Party. Cost Analysis (CA) is not required in a Back-to-Back PCO application.

Documents Required

- ✓ Invoice;
- ✓ Packing List
- ✓ Bill of Lading (BL);
- ✓ A valid original first PCO; and
- ✓ Declaration Letter on Transit and Transshipment/ Customs Declaration

Non-Party/ Third Party Invoicing



Scenario

- Where the sales invoice of the non-party/ third party is issued by a company located in a third country, whether or not the country is a CPTPP/ RCEP Party.

Documents Required

- ✓ Local Invoice;
- ✓ Packing List;
- ✓ Bill of Lading (BL);
- ✓ Customs / Port Authority Declaration Form; and
- ✓ Non-Party Invoice*

* *Although this invoice is optional to be submitted, the invoice reference number and date are mandatory to be declared in the PCO*

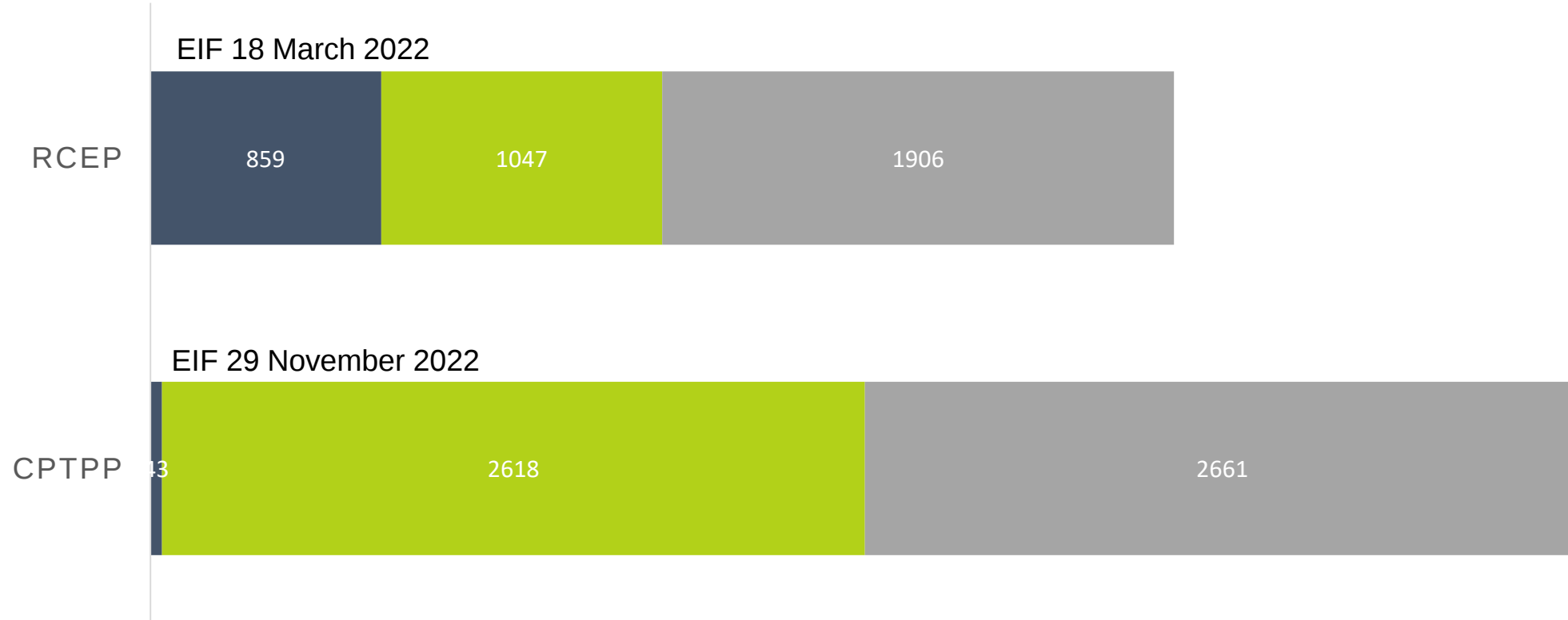
Certification Principles

	CPTPP	RCEP
Proof of Origin	- Malaysia, Brunei and Viet Nam issues Certificate of Origin (CO Form CPTPP). - Australia, Canada, Chile, Japan, Mexico, Peru, New Zealand, Singapore implement self-declaration by producer, exporter or importer (invoice/commercial documents). - Malaysia shall implement Importer declaration no later than 5 years after EIF (latest by 28 November 2027). - Malaysia shall implement self-declaration no later than 12 years from EIF of the CPTPP (29 December 2030).	- All Member Parties issues Certificate of Origin (CO Form RCEP). - Malaysia shall implement Declaration of Origin (DOO) no later than 10 years after EIF (17 March 2032). - RCEP doesn't implement Declaration of Origin by Importer.

Certification Principles cont...

	CPTPP	RCEP
Issuance of CO	▪ Hardcopy or scanned copy ▪ A4 size white paper ▪ Digital endorsement (electronically affixed signature and stamp) ▪ No overleaf notes ▪ No duplicate/ triplicate required ▪ No requirement to indicate 'Issued Retroactively'	▪ Hardcopy ▪ A4 size white paper ▪ Digital endorsement (electronically affixed signature and stamp) ▪ With overleaf notes ▪ No duplicate/ triplicate required ▪ To tick 'Issued Retroactively' if CO is not issued on or before the export date

Utilization of CPTPP vs RCEP as of 31 July 2023



	CPTPP	RCEP
■ 2022	43	859
■ 2023	2618	1047
■ Total	2661	1906

What should I do now?

- Once you identify your target market, visit <https://fta.miti.gov.my> to find out more about the FTA you can tap on.
- If there is more than one FTA for your target market, find out which one provides you with the most tariff reduction.
- For any inquiry regarding the application of Cost Analysis and Certificate of Origin, please do not hesitate to contact us.



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