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LIIEA  
Managing Global FTAs  
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## ***Things to Consider***

- **Identify supply chain flows for possible FTAs**
- **Determine value of various flows**
- **Determine potential benefits**
- **Determine cost benefit by flow**
- **Cost benefit vs. customer service**
- **Develop a plan (country, regional or global approach)**

# *Identify Your Supply Chain*



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## ***Identify Possible FTAs for Each Flow***

- **For each supply chain flow determine which FTA (s) may apply to the “ship from” and “ship to” combination.**
- **Quantify value shipped and duty paid by major products to identify potential benefits**
- **Determine cost/benefit of FTA**

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## ***Rules of Origin***

**Generally rules of origin are based on**

- **A change in tariff classification (“tariff shift”),**
- **A regional value-content requirement (“RVC”), or**
- **A combination of both**

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## ***Rules of Origin - Transshipment***

- **Originating goods shipped outside the territory for any operation other than:**
  - **Unloading**
  - **reloading, or**
  - **other operation necessary to preserve the condition or to transport the goods to another FTA party**
  
- **Lose their status as originating goods**

# How to keep current with all the global trade agreements/programs available?

The screenshot shows a Windows Internet Explorer browser window displaying the website <http://www.export.gov/FTA/index.asp>. The browser's address bar and menu bar are visible at the top. The website header features the **export.gov** logo with the tagline "Helping U.S. Companies Export". Navigation tabs include "Opportunities", "Solutions", "Locations", "FAQ", "Blog", and "Connect". A search bar is located in the top right corner.

The main content area is titled "U.S. Free Trade Agreements". On the left, there is a "Free Trade Agreements" sidebar with a list of countries: Australia, Bahrain, CAFTA-DR, Chile, Israel, Jordan, Morocco, NAFTA, Oman, Peru, Singapore, Colombia - Pending, Korea - Pending, and Panama - Pending. Below this is a "Related Topics" section with links to "FTA Tariff Tool", "Trade Compliance Center", and "USTR Website".

The main text section is titled "U.S. Free Trade Agreements" and contains the following content:

**Why should you care about free trade agreements (FTAs)?**

If you are looking to export your product or service, the United States may have negotiated favorable treatment for your service or product through an FTA. This treatment should make it easier to export your product to or offer your service in the FTA country's market. It may also give your product or service a competitive advantage versus products from other countries.

**What is an FTA negotiated by the United States?**

An FTA is an agreement between two or more countries where the countries agree on certain behaviors that affect trade in goods and services, and protections for investors and intellectual property rights, among other topics. For the United States, the main goal of trade agreements is to reduce barriers to U.S. exports, and protect U.S. interests and enhance the rule of law in the FTA partner country. The reduction of trade barriers and the creation of a more stable and transparent trading and investment environment make it easier and cheaper for U.S. companies to export their products and services to trading partner markets. Forty-one percent of U.S. goods exports went to FTA partner countries in 2010, with exports to those countries growing at a faster rate than exports to the rest of the world from 2009 to 2010, 23% vs. 20%.

FTAs usually build off of the agreements negotiated in the [World Trade Organization \(WTO\)](#). For example, in the WTO, each country agrees to issue, at the request of the importer or exporter, binding advance determinations on where a product will be viewed as coming from, since many products are made up of parts from multiple countries. Under an FTA, importers and exporters can obtain determinations for a broader set of issues, including finding what tariff line the product will be classified under, and value that will use to calculate the tariff.

Other countries also negotiate FTAs and the behaviors covered may not be the same as those negotiated by the

The browser's taskbar at the bottom shows several open applications, including "Mobile T&E", "Partner Tax ...", "AAEI ALERT ...", "Microsoft Po...", "AAEI111-18...", "Microsoft Word", and "http://www...". The system tray shows the time as 2:28 PM and the battery level at 100%.

# How to keep current with all the global trade agreements/programs available?

WTO | Participation in Regional Trade Agreements - map - Windows Internet Explorer

http://www.wto.org/english/tratop\_e/region\_e/rt\_a\_participation\_map\_e.htm

File Edit View Favorites Tools Help

McAfee

myKcurve WTO | Regional Trade A... WTO | Participation I... X Facebook

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español français

home > trade topics > regional trade agreements > participation in rtas

## Participation in Regional Trade Agreements

Click on a country or territory on the map to see its participation in Regional Trade Agreements for the following sectors:

- Goods and Services
- Goods
- Services

You can alternatively select a country or territory from this dropdown...

Select a country/territory...



zoom

Internet 100%

start Mobile ... Partner ... Mail - I... Icpa PDF Co... FTAs 2... WTO | ... Microso... Microso... 100% 1:53 PM

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# ***Free Trade Implications***

- **FTA Compliance**
  - **Need to establish FTA processes**
- **Production**
  - **Need to factor FTAs into decisions where to produce**
- **Procurement**
  - **Need to factor FTAs into sourcing decisions**

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# ***Free Trade Compliance Processes***

## **Supplier Solicitation**

- **Collecting supplier certificates of origin**
  - **For parts/products resold**
  - **For parts/products used in production**

## **Origin Analysis**

- **Analyzing production data against origin rules**

## **Issuing Certificates**

- **Monitoring customer requests and certificates that have been issued**

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# ***Common Problems***

- Lack of Data
- Unreliable Data
- Incorrect/inconsistent classification between vendor certificates and company database
- Sourcing changes during year

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## ***Best Practices***

- **Proper maintenance of Certificates issued**
- **Support and audit trail for Certificates issued**
- **Central coordination of communication with Customs**
- **Control over who can sign the Certificate**
- **Documented procedures**
- **If you do not have a Certificate for the material, it is deemed non-originating**
- **Under RVC, you must be able to support your financial data and your allocation methodologies**

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# ***Thank you***

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