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Issuance of New Customs Notification to Revise Certain Criteria for Claiming ATIGA Tax Privilege

On 30 April 2015, the Thai Customs Department issued Customs Notification no. 92/2558 regarding the criteria for duty reduction and duty exemption for goods originating under the ASEAN Trade in Goods Agreement (ATIGA) to replace the previous Customs Notification no. 1/2555 and its relevant customs notifications (i.e. Customs Notification no. 29/2556, Customs Notification no. 64/2557, Customs Notification no. 113/2557, Customs Notification no. 220/2557 and Customs Notification no. 35/2558).

Effective from 1 May 2015 onward, this new notification contains a revision of certain provisions under previous Customs Notification no. 1/2555 as summarized below:

1) The HS Code to be indicated in Form D or Invoice Declaration issued by Exporter’s country must be based on ASEAN Harmonized Tariff Nomenclature (AHTN) version 2012 (8 digits) or World Customs Organization (WCO)’s Harmonized System (HS) version 2012 (6 digits), instead of AHTN version 2007 or WCO’s HS version 2007.


3) The criteria for making Exporter’s Invoice Declarations under the ASEAN Self-Certification Scheme are sub-categorized into 1) criteria for the first pilot project for ASEAN Self-Certification System (for Singapore, Brunei and Malaysia) and 2) criteria for the second pilot project for ASEAN Self-Certification System (for Indonesia, Laos, Philippines and Vietnam).

4) The FOB value is only required to be indicated in Box 9 of Form D as per Annex 7 (new Form D) only in cases where the product is required to meet the Regional Value Content (RVC) criterion; however, Form D as per Annex 7-1 (old Form D) is still required to indicate the FOB value in Box 9 in any case and the old Form D was considered valid until 30 June 2014. In the case of any old Form D being issued prior to 30 June 2014, it shall continue to be valid until its expiry date (i.e. 12 months from date of issuance).

However, any old Form D as per Annex 7-1, which is issued by Myanmar and Cambodia, shall still be valid and acceptable by the customs authorities of the importing country until 31 March 2016. However, it must be replaced by the new Form D as per Annex 7 from 1 April 2016 onward.

Update on Vietnam’s FTAs and Challenges to Thai Businesses

On 5 May 2015, after two years of negotiations, the South Korea-Vietnam FTA was signed in Saigon by the trade ministers of the two nations. Under the provision of this Agreement, Korea and Vietnam will eliminate tariffs on 94.7 percent and 92.4 percent of imports from their
partner countries respectively. The eliminations of these tariffs are to be conducted in steps. However, some sensitive items such as rice, onions, squid, green tea and chili pepper are to be excluded from this deal.

For Thai businesses trading with South Korean firms, the impact may not be so profound since such businesses already enjoy the privileges of the ASEAN-South Korea FTA, which has been in effect since 2007. The real potential threats to the competitiveness of Thai businesses, however, are agreements to which Vietnam has yet to sign, including the one with the European Union (EU), one of Thailand’s most important trading partners.

Vietnam has been negotiating a free trade deal with the EU since 2012, and has made significant progress on matters related to tariff reductions. In contrast, Thailand’s deal with the EU has been left suspended. Although there are updates on a possible resumption of negotiations, it is reasonable to say that this delay would hamper Thai firms’ competitiveness, especially companies trading with European nations. With Vietnam moving closer to concluding a deal with the EU, this might represent even stronger competition for Thai businesses in the future.

Commencement of Philippines-EFTA FTA Talks

The first round of free trade agreement negotiations between the Philippines and EFTA member countries (Iceland, Liechtenstein, Norway, and Switzerland) was held during 24-27 March 2015, in Makati, the Philippines. The FTA between the two parties is a new hope to strengthen their economic relationship. At the meeting, both parties agreed that the second round of negotiations will be held in June 2015.

Prior to this, the Philippines and EFTA member countries signed a Joint Declaration on Cooperation on 23 June 2014 in Iceland, representing the first step towards free trade relations between the two parties. The first round of FTA negotiations covered various issues such as trade in goods and services, investment, intellectual property rights, competition, government procurement, trade and sustainable development, and legal and institutional issues.

Trade between the Philippines and EFTA has been steadily growing over the past few years. The Compound Annual Growth Rate (CAGR) of total trade between EFTA and the Philippines from 2009 to 2013 is 11.9 percent. EFTA’s main imports from the Philippines include machinery as well as optical, medical and surgical instruments, while EFTA’s main exports to the Philippines include pharmaceutical products, aircraft and machinery.

The Philippines is hoping that its recent access to the European Union Generalized System of Preferences Plus (GSP Plus) will force EFTA to conclude the FTA negotiation as fast as possible. Under the GSP Plus, the Philippines is allowed to export to member countries of the EU with duty-free access. This allows the Philippines to enjoy the preferential treatment of tariff-free trade over 6,200 products to the EU, including processed agricultural products, fishery products, and textiles.
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If you have any comments or questions regarding Trade Digest or any matters discussed herein, or if you are interested in finding out more about Bolliger & Company Consulting services, please contact any of the persons below:

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