# Cumulative Rules of Origin for Closer Economic Integration: ASEAN Single Market Perspective

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***Abstract***

*Globalisation causes complexity in the determination of the origin of goods. The basic concept of the rule of origin is to identify the "nationality" of goods. In this regard, the "nationality" of goods imposes the legal consequence of trade policy instruments that are applied to the goods. In order to determine such "nationality", there are legal or administrative requirements that must be fulfilled by the traders, known as origin criteria. There are various types of preferential rules of origin depending on the agreement of the contracting parties under the Regional Integration Agreements, or RIAs. The rules of origin can be different from country to country since here is no binding agreement or international standard governing preferential rules of origin. The rules of origin govern cross border goods movement in international trade relations. The rules of origin are not applied to goods or products that are manufactured and sold inside the country itself. The rules of origin influence investment and production decisions. The production decision includes the "production factor" and "profit maximising firms". One of the production factors is the source materials of the goods. Production efficiency is influenced by the use of good quality materials with the lowest price. This factor triggers the establishment of the free trade agreement or preferential trade agreement between potential trading partners.*

*Keywords: cumulative rules of origin, economic integration, single market, preferential rules of origin, regional trade agreement.*

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## A. REGIONAL INTEGRATION AGREEMENT AS A LEGAL EXEMPTION FROM THE GATT PRINCIPLES

After the Second World War, some countries began *"quasi-liberalisation"*, where they partially liberalised their trade (particularly goods) with certain partner countries. The Article XXIV allows an exception to the obligations of GATT for certain regional arrangement. Jackson (2000) notes that the exception in Article XXIV applies to three types of arrangements: customs union; free trade areas; and "an interim agreement necessary for the formation of a customs union or of a free trade area."[2] Such policy led to the creation of what is now known as the Regional Integration Agreements, or RIAs. One of the important Regional Integration Agreements is the ASEAN.

Article XXIV of GATT allows the creation of free trade areas and customs unions under certain conditions. Inherently, these two instruments of agreement used to reduce trade barriers with trade partners. Free trade area defined as a group of territories when duties and other regulation of commerce are eliminated with respect to the trade between the constituent territories. Free trade areas and customs unions by their very nature discriminate against non-members.[3] In the FTA Agreement, the contracting parties eliminate their trade barriers in the trade relationship with other contracting parties of the agreement, but they still preserve their *"independent restriction non-member states"*.[4]

A customs union is defined as the creation of single custom territory such that duties and other regulations of commerce are eliminated with respect to the trade between the constituent territories and substantially the same duties and other restrictive regulations of commerce are applied to non-members of the union. In the customs union system, the rates are centrally determined and common throughout the region.[5] In the customs union the state parties are obliged to remove their trade barriers to establish the internal market. The member states under the customs union are subject to common customs tariff, implemented by the member states to all non-member states. Therefore, the customs union is a Free Trade Area Agreement involving the harmonisation of the participating countries' trade policies.[6]

According to Jackson (2000), the policy underlying Article XXIV exception as stipulated is a recognition of desirability of increasing freedom of trade by development, through voluntary agreements, of closer integration between the economies of the country parties to

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[2] See Jackson, *World Trade and the Law of GATT*, 100; John H. Jackson, *The Jurisprudence of GATT and The WTO, Insights on Treaty Law and Economic Relations*, Cambridge University Press, New York, 2000, p. 64.

[3] See Davey, William J., Pauwelyn, Joost; Cottier, Thomas, Petros C. Mavroidis, and Blatter, Patrick, *Regulatory Barriers and the Principle of Non-Discrimination in World Trade Law*, The World Trade Forum, Volume 2, The University Michigan Press, USA, 2002, p. 23.

[4] See Altomonte, Carlo., Nava, Mario., *Economics and Policies of an Enlarged Europe*, Edward Elgar Publishing Limited, UK, 2005, p. 35.

[5] See Polley, William J, The Most Favored Nations Clause: What Can Trade Theory Tell Us? Department of Economics, Bradley University, 1st October, 2004, p. 2.

[6] See Altomonte, Carlo., Nava, Mario., 2005, *Op. Cit.*, p. 35.

such agreements. While GATT makes an allowance for regional arrangements that do not have the effect of increasing restrictions on import from third countries.[7] As noted by Folsom, Article XXIV requires the elimination of internal tariffs and other restrictive regulations of commerce on "substantially all" products originating in a customs union or free trade area and requires that tariffs and other regulations of commerce shall not be "higher or more restrictive" than before creation of the free trade area or customs union. However, the term "regulations of commerce" includes rules of origin that are critically unclear. The broad purpose of Article XXIV, acknowledged therein, is to facilitate trade among the GATT/WTO parties and not to raise trade barriers.[8]

## B. MARKET INTEGRATION

The terms of *"economic integration"* interpreted into dynamic and static senses. In dynamic sense it is defined as the process where economic borders between member states gradually remove, or national discrimination between integration partners is being eliminated. Its followed gradually by emerging separate national economic entities into single larger entity. In static sense it is defined as situation in which national components of a larger economic zone function together as one entity.[9] Economic integration could bring some benefits, such as welfare, security, democracy and adherence of human right. Economic welfare attained when the prosperity of participating countries increased by eliminating inefficiencies and promoting specialization of production and policymaking cooperation. [10] The free exchange of goods promises a positive effect on the prosperity of all concerned. The consumers would have more choice of goods with competitive prices and qualities. Free movement of production factors permits optimum allocation of labour and capital. The market enlargement favouring new production possibilities that generate more employments.[11] Economic integration can reduce tension between states to create peace and stability of the region. Implementation of democracy values is necessary in governing economic development. Human right safeguarded because its set out as the pre-condition to participate in the economic integration.[12] Yet economic integration is not the ultimate goals, but an instrument to attain higher objective economic and political interest.[13]

Market integration defined as a situation where the flows of the products, services, and factors between countries on the same terms and conditions as within countries. The market integration led into the creation of "single

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[7] See Jackson, World Trade and the Law of GATT, 100; John H. Jackson, 2000, *Loc. Cit.*, p. 64.

[8] See Folsom, Ralph H., *Bilateral Free Trade Agreements: A Critical Assessment and WTO Regulatory Reform Proposal*, Legal Studies Research Paper Series, Research Paper No. 08-070, September 2008, p. 4, available at: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1262872, last accessed: 11th September 2010.

[9] See Molle, Willem., *The Economics of European Integration : Theory, Practice, Policy*, Fifth Edition, Ashgate Publishing Limited, England, 2006, p. 4.

[10] See *Ibid.*, p. 4.

[11] See Molle, Willem., 2006, *Op. Cit.*, p. 9.

[12] See Molle, Willem., 2006, *Loc. Cit.*, p. 4.

[13] See *Ibid.*, p. 4.

market" where the price of the goods traded between the states members has the same price with the domestic one.[14] Internal market is one of the major elements in the economic integrations. Internal market is gradual elimination of economic borders between independent states in order to establish to "single entity of economic".[15]

## C. ASEAN: SINGLE MARKET

During the first two decades following its establishment in 1967, development of ASEAN as a regional organisation was considered to be very slow. Few *"concrete integrative efforts"* were performed and only limited economic cooperation was noted among the ASEAN states. According to Balme and Brian, in order to expand the market and invite foreign investment, ASEAN started to open up to international economic cooperation. ASEAN market access expansions increased export revenues and rapidly stimulated economic growth. In the late 1980s, the ASEAN socioeconomic landscape changed. Significant improvement in interdependency factors between ASEAN member states encouraged the establishment of closer economic cooperation.[16]

Back to the earlier development of ASEAN, according to Welfens et al., the share of intra-ASEAN trade from the total trade of member states amounts to 12% to 15%. This indicates that trade among the ASEAN member states in its earliest era was not so significant. Initially, ASEAN economic cooperation schemes focused on the increase of intra trade.[17] In 1977, ASEAN introduced the first Preferential Trading Agreement (PTA)[18] that contractually accorded tariff preferences in the form of tariff reductions for trade among ASEAN economies. After ten years, at the 3rd ASEAN Summit in Manila, the enhancement of the PTA Programme was adopted to increase intra-ASEAN trade.[19] During the 4th ASEAN Summit in Singapore, two Agreements were signed, i.e., the Agreement on the Common Effective Preferential Tariff Scheme (CEPTS) for the ASEAN Free Trade Area and Framework Agreements on Enhancing ASEAN Economic Cooperation.[20]

In 1993, the exports among ASEAN countries increased from $43.26 billion USD to $80 billion USD. In 1996, ASEAN average annual growth is 28.3%.[21] The CEPTS agreement identified as a factor in lowering intra-regional tariffs. In 2003, ASEAN adopted the *Protocol to Amend the CEPT-AFTA Agreement for the Elimination of Import Duties* to en-

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[14] See Altomonte, Carlo., Nava, Mario., 2005, *Op. Cit.*, p. 36.

[15] See Molle, Willem., 2006, *Loc. Cit.*, p. 4.

[16] See Balme, Richard., and Bridges, Brian., *Europe – Asia Relations : Building Multilateralism*, Palgrave Macmillan, New York, 2008, p. 91.

[17] See Welfens, Paul J.J., Ryan, Cillian., Chirathivat, Suthipand., and Knipping, Franz., *EU-ASEAN : Facing Economic Globalisation*, Springer-Verlag, Berlin, Heidelberg, 2009, p. 137.

[18] See ASEAN Preferential Trading Arrangements stipulated in the Agreement on ASEAN Preferential Trading Arrangements, signed in Manila on 24 February 1977.

[19] See Welfens, Paul J.J., et. al., 2009, *Op. Cit.*, p. 137.

[20] See Welfens, Paul J.J., et. al., 2009, *Op. Cit.*, pp. 76-77. See also Balme, Richard., and Bridges, Brian., 2008, *Op. Cit.*, p. 86.

[21] See Welfens, Paul J.J., et. al., 2009, *Op. Cit.*, p. 138.

courage closer integration and realizing ASEAN Economic Community (AEC),. This Protocol contains the commitment of ASEAN-6 to eliminate tariffs on 60% of their products that listed in the *CEPT Inclusion List (IL).*

In 1995, the 5th ASEAN Summit held in Bangkok adopted the *Agenda for Greater Economic Integration,* which included acceleration timetable for the launch of AFTA from a 15 years timeframe into 10 years. In 1997, the ASEAN leaders have adopted the ASEAN Vision 2020 that called for ASEAN *Partnership in dynamic development.* It is purposed to promote closer economic integration in the region. ASEAN Vision 2020 also purposed to create stable, prosperous, and highly competitive economic region. ASEAN Vision 2020 is branded by free flows of goods, services, investments, and capitals. The deeper integration expected could stimulate economic development to reduce poverty and narrowing socio-economic disparities.[22]

In 2005, in order to cope with international economic competition, ASEAN established AFTA based on the CEPTS agreement. In 2003, almost 95% of manufactured goods and services had been included in AFTA.[23] AFTA considered as the path of closer economic integration. Its also a milestone in the perception of shifting economic development from a national to a regional approach.

During the ASEAN Summit in Bali 2003, all ASEAN member states agreed to establish what is known as the *"ASEAN Economic Community (AEC)".* According to the ASEAN Vision 2020, it is deemed as the realisation and final goal of economic integration. AEC is designed to achieve the ASEAN single market and production base by managing the diversity of the region into business opportunities. The AEC blueprint aims to make ASEAN more dynamic and stronger in terms of global competition.[24]

The ASEAN Community consists of three pillars, that is, the ASEAN Economic Community, the ASEAN Security Community and the ASEAN Socio-Cultural Community. These three pillars must work in harmony with each other as a single unity. The 38th ASEAN Economic Ministers Meeting (AEM) 2006 agreed to develop *"a single and coherent blueprint for advancing the AEC by identifying the characteristics*[25] *and elements of the AEC by 2015 consistent with the Bali Concord II with clear targets and timelines for implementation of various measures with pre-agreed flexibilities to accommodate the interests of all ASEAN member states."* In addition, the Ministers have agreed to recommend the ASEAN leaders to accelerate ASEAN economic integration from 2020 to 2015.[26]

Declaration on the AEC Blueprint was signed at the 13th ASEAN Summit

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[22] See Welfens, Paul J.J., et. al., 2009, *Op. Cit.,* p. 76-77.

[23] See Welfens, Paul J.J., et. al., 2009, *Op. Cit.,* p. 48.

[24] See Welfens, Paul J.J., et. al., 2009, *Op. Cit.,* p. 138.

[25] Key characteristics and elements of AEC consists of : (a) a single market and production base, (b) a highly competitive economic region, (c) a region of equitable economic development, and (d) a region fully integrated into the global economy.

[26] See Joint Media Statement of the Thirty-Eight ASEAN Economic Ministers' (AEM) Meeting Kuala Lumpur, 22 August 2006 available at: http://www.asean.org/18692.htm.

2007 that took place in Singapore.[27] The AEC structure building should be based on an *"open, outward-looking, inclusive, and market driven economy that is consistent with multilateral rules and adherence to rules based systems for effective compliance and implementation of economic commitments".*[28]

The ASEAN single market and production base include five core elements, i.e., free flow of goods, free flow of services, free flow of investment, freer flow of capital, and free flow of skilled labour. It also includes two other important components that consist of the priority of the integration sectors, and food, agriculture and forestry.[29]

In order to facilitate free movement of business actors, and skilled labour, it is important to set up cooperation in human resources development and capacity building, and in the recognition of professional qualifications. Concerning free flow in the area of investment, capital, goods, and services there is the need for a *"closer consultation on macroeconomic and financial policies; trade financing measures; enhanced infrastructure and communications connectivity; development of electronic transactions through e-ASEAN; integrating industries across the region to promote regional sourcing; and enhancing private sector involvement for the building of the AEC".*[30]

In the framework of the AEC, external trade of ASEAN is considered as the significant factor driving economic growth. Of the other five elements of AEC, free flow of goods is a principal instrument in the establishment of a single market and production base unit. Single markets for goods serve as a facilitation to develop production networks and improve ASEAN's capacity as a global production centre. Honourable Dato' Seri Abdullah Ahmad Badawi, the Prime Minister of Malaysia, emphasised the importance for ASEAN to continue engaging and expanding linkages with major trading partners in his opening speech. In addition, the Ministers also agreed that the free flow of goods is considered as the main key of the AEC. The free flow of goods can be achieved through trade facilitation development to transaction cost and the cost of doing business in ASEAN.[31]

To ensure the free flow of goods within AEC, agreements and policies must be established to remove the barriers of free flow and facilitation to make sure such flow is established. The most important component to establish the free flow of goods is the removal of tariff barriers and non-tariffs barriers to trade. ASEAN has achieved significant progress in removing tariff barriers through AFTA.[32] Elimination of tariffs from all

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27 See Declaration on the ASEAN Economic Community Blueprint, available at: http://www.asean.org/21081.htm.

28 See *Ibid.*

29 See *Ibid.*

30 See *Ibid.*

31 See Joint Media Statement of the Thirty-Eight ASEAN Economic Ministers' (AEM) Meeting, Kuala Lumpur, 22 August 2006, available at: http://www.asean.org/18692.htm.

32 ASEAN Member Countries have made significant progress in the lowering of intra-regional tariffs through the Common Effective Preferential Tariff (CEPT) Scheme for AFTA. More than 99 percent of the products in the CEPT Inclusion List (IL) of ASEAN-6, comprising Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore and Thailand, have been brought down to the 0-5 percent tariff range. ASEAN's newer mem-

intra-ASEAN goods has to comply with the schedules and commitments set out in the CEPTS-AFTA Agreement and other relevant Agreements/Protocols.

ASEAN is an important regional actor and driving force for trade liberalisation in Southeast Asia. In this regard, ASEAN should be able to integrate itself into the global economy. It is undeniable that ASEAN operates in the global environment with interdependent markets and globalised industries. Hence, it is very important for ASEAN to *"look beyond the borders of AEC"* by taking into account external rules and regulations in developing trade policies.[33]

Integration acceleration into the global market would enable ASEAN traders and business actors to compete in the international environment. Integration into the global market would also enhance the capability and capacity of ASEAN as part of the global supply chain and attract more foreign investment in the internal market. The ASEAN external economic relationship is based on the "ASEAN Centrality" approach, where a system has been established to enhance coordination in a regional and multilateral sphere. The 18th ASEAN Summit Jakarta emphasised the importance of ASEAN's centrality in developing the architecture of regional cooperation with external partners. ASEAN's centrality also reiterated basic principles and modalities and the commitment of the East Asia Summit (EAS) as outlined in the Kuala Lumpur Declaration 2005.[34] The Secretary-General of ASEAN, Dr Surin Pitsuwan, stated that *"ASEAN needs to be fully integrated to remain competitive, strong and attractive to ensure ASEAN centrality in the evolving regional architecture."*[35]

## D. THE WTO AGREEMENT ON RULES OF ORIGIN

The WTO Agreement on Rules of Origin was adopted in Marrakech. It entered into force on 1 January 1995. This Agreement consists of four parts[36], nine articles, and 2 Annexes. The WTO Agreement on Rules of Origin lays down crucial principles that have to be applied by the member states in the establishment of their national rules of origin. Paragraph 1 Article I Part I of the Agreement on Rules of Origin stipulates rules of origin *"as those laws, regulations and administrative determinations of general application applied by any Member to determine the country of origin of goods provided such rules of origin are not re-*

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bers, consists of Cambodia, Laos, Myanmar and Viet Nam, are not far behind in the implementation of their CEPT commitments with almost 80 percent of their products having been moved into their respective CEPT ILS. (See ASEAN Free Trade Area (AFTA) Council, available at: http://www.asean.org/19585.htm, last accessed 17 October 2011).

[33] See Ministers Discuss Implementation Progress of AEC Blueprint, Jakarta, 7 May 2011, available at: http://www.asean.org/26240.htm.

[34] See The ASEAN Secretariat, Chair's Statement of the 18th ASEAN Summit Jakarta, "ASEAN Community in a Global Community of Nations" 7 - 8 May 2011, available at : http://www.asean.org/Statement_18th_ASEAN_Summit.pdf.

[35] See Ministers Discuss Implementation Progress of AEC Blueprint, Jakarta, 7 May 2011, available at: http://www.asean.org/26240.htm.

[36] See Part I (Definitions And Coverage); Part II (Disciplines to Govern the Application of Rules of Origin); Part III (Procedural Arrangements on Notification, Review, Consultation and Dispute Settlement); Part IV (Harmonization of Rules of Origin).

*lated to contractual or autonomous trade regimes leading to the granting of tariff preferences going beyond the application of Paragraph 1 of Article I of GATT 1994".*[37]

In the preamble of the agreement, it is mentioned that the member states must apply the transparency principle when establishing laws, regulations, and practices relating to rules of origin. These principles have also been adopted by Article 3 Paragraph (d) and (e) of the WTO Agreement on Rules of Origin that stipulates as follows:

> "[...] (d) the rules of origin are administered in a consistent, uniform, impartial and reasonable manner; (e) their laws, regulations, judicial decisions and administrative rulings of general application relating to rules of origin are published as if they were subject to, and in accordance with, the provisions of Paragraph 1 of Article X of GATT 1994; [...]"

These principles are applied in order to *"create further liberalisation and expansion of world trade"* and *"strengthen the role of GATT"*. Article 3 Paragraph (e) elaborates on the implementation of transparency principle. It is clearly stipulated that member states must publish *"their laws, regulations, judicial decisions, and administrative rulings of general application relating to rules of origin".*

Annex II *"Common Declaration with regard to Preferential Rules of Origin"* aimed to response the existence of trade preferences granted by developed country.[38] Paragraph c Article 3 of the Common Declaration used to enhance implementation of transparency in the rules of origin procedures.[39]

The OECD defines rules of origin as a law, regulation, and administrative procedure that determine a product's country of origin. It is used as an instrument for customs authorities to take measures in order to determine the necessary treatment to be given to imported goods such as quota limitation, tariff preferences, or anti-dumping duty.[40]

The Kyoto Convention (International Convention on the Simplification and Harmonisation of Customs Procedures) defines rules of origin as *"specific provisions, developed from principles established by national legislation or international agreements applied by a country to determine the origin of goods".*[41]

To sum up, rules of origin are the criteria to determine the national source of goods.42 In other words, rules of origin are defined as sets of requirements

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[37] See Paragraph 1 Article I Part I of the Agreement on Rules of Origin stipulate, available at: http://www.wto.org/english/docs_e/legal_e/22-roo.pdf.

[38] See Appellate Body Decision in EC Preferences Case para. 190.

[39] "[...] their laws, regulations, judicial decisions and administrative rulings of general application relating to preferential rules of origin are published as if they were subject to, and in accordance with, the provisions of paragraph 1 of Article X of GATT 1994 [...]"

[40] See Glossary statictical terms, available at: http://stats.oecd.org/glossary/detail.asp?ID=4992.

[41] See Annex K The Revised Kyoto Convention, See also Stocker, Walter, *Op. Cit.*, p. 2.

[42] See Technical Information on Rules of Origin, available at: http://www.wto.org/english/tratop_e/roi_e/roi_info_e.htm.

to determine "originating" goods traded between preferential trading partners.[43]

## E. CONCEPT OF ORIGIN AND TRADE DEFLECTION.

The basic concept of the rule of origin is to identify *the "nationality"* of goods. In this regard, the *"nationality"* of goods imposes the legal consequence of trade policy instruments that are applied to the goods. In order to determine such *"nationality"*, there are legal or administrative requirements that must be fulfilled by the traders, known as origin criteria.[44]

The definition of *"wholly obtained goods"* always involves two words *"when on where"*. For instance, when on where goods naturally occur; live animals are born and raised; plants harvested; or minerals extracted or taken in a single country. The waste resulted from manufacturing or processing operations or from consumption, which is produced from the wholly obtained goods. This is also included in the definitions of *"wholly obtained goods"*.[45]

Trade deflections take place in preferential rules of origin when the producer from the non-beneficiary country places their production in the beneficiary country in order to receive benefits from preferential rules of origin. The preference-granting country tends to establish restrictive requirements regarding transformation. This policy aims to ensure that the goods originated from the beneficiary country and the benefit of such preferences is truly enjoyed and utilised to achieve its objective. Therefore, in order to prevent trade deflection, rules of origin are necessary in all trade preferences.[46]

However, restrictive regulation of preferential rules of origin has caused difficulties either administratively or technically for the producers. This could be considered as the new *"non-tariff barrier to trade"*. As a matter of fact, the producers has to fulfil such restrictive requirements, otherwise the producer cannot obtain the benefits of the preference.[47] Therefore, the rules of origin have a discriminatory nature since they may be used as an *"exclusion mechanism"*[48]. It

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[43] See Naumann, Eckart., *Rules of Origin under EPAs: Key Issues and New Directions,* Paper for Tralac Conference October 2005, p. 4, available at : http://www.tralac.org/unique/tralac/pdf/20051018_ROO_paper.pdf.

[44] See Stocker, Walter, *WCO Seminar on The Harmonization of Non-Preferential Rules of Origin,* Technical Officer, Origin Sub-Directorate, World Customs Organization, p. 2, available at: http://www.dga.gov.do/dgagov.net/uploads/file/seminario_regional_oma/01rules-of-origin-english.pdf.

[45] See Stocker, Walter, *Op.Cit.,* p. 3.

[46] See Cadot, Olivier., de Melo, Jaime., and Pérez, Alberto Portugal., *Rules of Origin for Preferential Trading Arrangements: Implications for AFTA of EU and US Regimes,* CREA-Institut de macroèconomie appliqué, Universitè de Lausanne, Juni 2006, Retrieved available at: http://www.hec.unil.ch/crea/publications/autrespub/china.pdf.

[47] See International Center for Economic Growth, Near East Program, Free Trade Agreements and Rules of Origin, Policy Brief, Economic Policy Initiative Consortium Project, Brief#0012, p. 1, available: http://www.atdforum.org/IMG/pdf/Policy_Brief_RoO.pdf.

[48] See Izam, Miguel, Rules of Origin and Trade Facilitation in Preferential Trade Agreement in Latin America, Serie, Commercio Internacional, Division of International Trade and Integration, Santiago, Chile, August, 2003, p. 14, available at: http://www.eclac.org/publicaciones/xml/0/13420/lcl1945i.pdf. Also see the review

could become a hidden tool for protectionism, leading to discrimination".[49] The rules of origin also have some positive impact on the area of intellectual property rights, such as geographic indication and state of the art.[50]

The standard consignment document plays a crucial role in preventing transhipment.[51] Transhipment is considered as a form of trade deflection in preferential trade. In this regard, real benefits from trade preferences will not be enjoyed and utilised directly by the contracting parties but are taken by a third state. Hence, trade deflections are defined as abuse by a third state to take the advantages given by trade preference agreement.

In practice, there are two types of origins, non-preferential and preferential origin. The non-preferential rules of origin are used under general commercial policy measures, for instance, as anti-dumping measures, quantitative restrictions, or tariff quotas.[52] Non-preferential rules of origin are used for the purposes of trade statistics; application of labelling and marking requirements; and for government procurement.[53] The source of imports (origin of goods) determines the import duties and restrictions.[54] The rules of origin are also used as an instrument of import prohibitions and trade embargoes. Non-preferential rules of origin are used to attain different policy objectives established under national acts, regulations, or administrative procedures. In the customs union, a single set of rules of origin is applied to all member states.[55] Therefore, rules of origin serve as a discretionary trade policy instrument.[56]

Preferential rules of origin require two essential components, *"criteria of origin"* and *"documentary evidence"*.[57] Documentary evidence is used as a legal support declaring the *"origin"* of goods. An adequate and authenticate certificate of origin is required. Based on such documents, the customs officers can determine what type of trade policy measure to apply to the goods. Documentary evidence has created fragmentation in the

documents : UN (2001); UN (2002a) and UN (2002b), all of which refer to the most recent contributions of UN/CEFACT on the question of rules of origin.

[49] See Izam, Miguel, 2003, *Op.Cit.*, p. 13. Also see the review documents: UN (2001); UN (2002a) and UN (2002b), all of which refer to the most recent contributions of UN/CEFACT on the question of rules of origin.

[50] See Izam, Miguel, 2003, *Op. Cit.*, p. 12.

[51] See Gibbon (2008), includes transhipment as part of trade deflection "when non beneficiary country via beneficiary country "commit fraud" in order to obtain the margin of preference available under the scheme under autonomous preferential trade. See also Naumann, Eckart., 2005.

[52] See http://ec.europa.eu/taxation_customs/customs/customs_duties/rules_origin/index_en.htm. See also Paragraph 2 Article I Part I of the Agreement on Rules of Origin stipulate, available at: http://www.wto.org/english/docs_e/legal_e/22-roo.pdf.

[53] See http://www.unctadindiaroo.org/. See also Paragraph 2 Article I Part I of the Agreement on Rules of Origin stipulate, available at: http://www.wto.org/english/docs_e/legal_e/22-roo.pdf, Last Accessed: 8th April 2011.

[54] See Technical Information on Rules of Origin, available at: http://www.wto.org/english/tratop_e/roi_e/roi_info_e.htm, last accessed : 8th March 2011.

[55] See Stocker, Walter, *Op.Cit.*, p. 4.

[56] See Naumann, Eckart., 2005.

[57] See Stocker, Walter, *Op.Cit.*, p. 4.

implementation of the rules of origin. However, the customs union administration rules of origin are established based on uniformity and simplicity.[58] New barriers in trade should not be created.

According to UNCTAD, there are various types of preferential rules of origin depending on the agreement of the contracting parties under the Regional Trading Arrangements (RTAs).[59] Since there is *"no binding agreement or international standard governing preferential rules of origin"*[60], the rules of origin can be different from country to country.[61] The term *"contractual"* refers to the Economic Integration Agreement, whereas *"autonomous"* is interpreted as preferential, and is granted under the international legal framework..[62]

According to Heydon and Izam, almost 55% of international trade in goods is performed under the preferential arrangement.[63] As noted by Jones, *"contemporary globalised manufacturing"* has been proved to create complexity in the implementation of the rules of origin.[64] Falvey et al., when determining the origin of goods, consider this as a crucial issue in international trade in goods since the manufacturing process takes place in more than one country.[65]

Augier notes that *"changing patterns of multinational production"* has caused *"fragmentation"*, *"vertical specialisation"*, or *"outsourcing"* of goods production.[66] For instance, the emergence of the Multinational Corporation (MNC) or Transnational Corporation (TNC) has also created difficulties with respect to the determination of the origin of goods. For instance, production of MNC or TNC takes place in more than one country and leads to fragmentation of production.[67] This situation creates complexity in the implementation of the rules of origin.[68]

Based on its nature the rules of origin used as a justification tool to apply *"discriminatory trade policies"*. Therefore, the treatment applied to the goods will be different depend on the origin of the goods. The rules of origin divided into non-preferential and preferential automatically would affect the customs treatment to the goods.[69]

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[58] See International Center for Economic Growth, Near East Program, Free Trade Agreements and Rules of Origin, Policy Brief, Economic Policy Initiative Consortium Project, Brief#0012, p. 1, available at: http://www.atdforum.org/IMG/pdf/Policy_Brief_RoO.pdf.

[59] See UNCTAD-ROO Database, available at: **http://www.unctadindiaroo.org/.**

[60] See Naumann, Eckart., 2005.

[61] See Glossary statictical terms, Retrieved from: http://stats.oecd.org/glossary/detail.asp?ID=4992.

[62] See Miguel Izam, 2003.

[63] See Izam, Miguel, 2003, *Op. Cit.*, p. 13.

[64] See Jones, Vivian C., and Martin, Michael F., 2011, *Op. Cit.*, p. 11.

[65] See Falvey., Rod and Reed, Geoff., 2000, *Op. Cit.*, p. 14.

[66] See Augier, Patricia.,Gasiorek, Michael., and Lai-Tong, Charles., The Impact of Rules of Origin on Trade Flows, Retrieved from: http://www.defi-univ.org/IMG/pdf/0301.pdf.

[67] See International Center for Economic Growth, Near East Program, Free Trade Agreements and Rules of Origin, Policy Brief, Economic Policy Initiative Consortium Project, p. 1.

[68] See Izam, Miguel, 2003, *Op. Cit.*, p. 13. Also see the review documents : UN (2001); UN (2002a) and UN (2002b), all of which refer to the most recent contributions of UN/CEFACT on the question of rules of origin.

[69] See International Center for Economic Growth,

The rules of origin have significant economic value when the goods entering the market. Izam, noted that the rule of origin has *"financial implication"* with the price and *"the allocation of productive resources"*.[70] The rules of origin affect the treatment of customs office on imposing the customs and duties to the products. Therefore, origin of goods would influence the price of the goods when competing in the markets.

Economist considers rules of origin as a *"factor of production"*. In this point, rules of origin have strong relation with *"profit maximizing firms"*. Based on economist it is important to analyze the various type rules of origin, related to investment, source of raw materials or intermediate materials, manufacturing activities, transportation cost, goods final assemble and availability of labours. The company or producer tends to establish theirs' production or business activities in the countries that have the *"lowest total costs production"*,[71] this also includes *"cost to enter into the final market"*.[72]

## F. PREFERENTIAL RULES OF ORIGIN

Rules of origin is recognised as a crucial component within the FTA aiming to avoid trade deflection and trade fraud, so as to enable to deliver its advantage among the contracting parties.[73] Thus, according to Falvey, Rod and Reed, and Geoff, the rules of origin have rapidly developed along with the "increase" in numbers of PTA and FTA.[74] In fact, until the beginning of the 1990s there were only a few preferential rules of origin.[75] According to WTO data, in January 2012 there were 511 RTAs notified to the WTO. Those RTA notifications consisted of 370 RTAs under Article XXIV of the GATT 1947 or GATT 1994, 36 under the Enabling Clause, and 105 under Article V of the GATS. From those RTA notifications, 319 agreements were put in force.[76] For example, Indonesia as one of the ASEAN member states was involved in 8 RTAs of trade in goods. The table of the RTAs enforced by ASEAN members states in the area of trade in goods can be seen below:[77]

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Near East Program, Free Trade Agreements and Rules of Origin, Policy Brief, Economic Policy Initiative Consortium Project, p. 1.

[70] See Izam, Miguel, 2003, *Op. Cit.*, p. 13.

[71] The cost of capital, the cost of labour, the skill level of labour, the cost of raw or intermediate materials, transportation cost and taxation obligation which imposed.

[72] International Center for Economic Growth, Near East Program, Free Trade Agreements and Rules of Origin, Policy Brief, Economic Policy Initiative Consortium Project, p. 1.

[73] See Inama, Stefano., Rules of Origin in International Trade, Cambridge University Press, New York, USA, 2009, p. 174. See also See Falvey., Rod and Reed, Geoff., Rules of Origin as Commercial Policy Instruments, Research Paper 2000/18, Centre for Research on Globalisation and Labour Markets, School of Economics, University of Nottingham, available at: http://www.nottingham.ac.uk/shared/shared_levpublications/Research_Papers/2000/00_18.pdf.

[74] See Falvey., Rod and Reed, Geoff., 2000.

[75] See Inama, Stefano., Rules of Origin in International Trade, Cambridge University Press, New York, USA, 2009, p. 174.

[76] See Regional trade agreements, available at: http://www.wto.org/english/tratop_e/region_e/region_e.htm.. See also Cheng Xin-xuan, The Impact of Preferential Rules of Origin On The Relationship of Free Trade Area and The Multilateral Trading System, available at : http://www.cscanada.net/index.php/mse/article/viewFile/1614 /1884.

[77] See RTA WTO available at: http://www.

The increasing of various types and the contents of preferential rules of origin are influenced by some factors. First, the absence of a non-binding multilateral agreement in the preferential rules of origin causes a lack of international harmonisation and uniformity of such regulation.[78] Second, the increased RTA, for instance FTAs or PTAs, usually applies tariff preferences through reducing tariff and/or eliminating tariff until zero per cent on imports from their trading partners (the contracting parties). In the RTAs, they use a different set of rules to determine the origin of products to grant preferential tariff treatment, namely the *"contractual rules of origin"*. The essential roles of preferential rules of origin were to ensure that only the goods and products originating from contracting parties can enjoy tariff or other preferences. In addition, a preferential rule of origin in the RTAs is designed to prevent trade deflection or trade fraud. For instance, *"simple trans-shipment", "whereby goods or products from non-participating countries (non-RTA members) are redirected through any RTA partner in order to avoid the payment of customs duties".*[79]

Contractual rules of origin under the FTA function to regulate the trade pattern between members, and minimise trade deflection. It should be noted that FTA is different from customs union, where *"common external tariff"* between members does not exist. Without the contractual rules of origin the existence of preferences among contracting parties could be distorted. For example, trade deflection might happen when a product is destined for a high tariff member-country and is first imported into a lower-tariff member country and then re-exported to the main export destination country. The objective of trade deflection conduct is to earn maximum gain through law circumventions. Such modus is generally used to escape high tariffs and take advantage of the FTA facility.[80]

Broadly speaking, there are two kinds of preferential rules of origin, namely *"unilateral preferential rules of origin"* and *"contractual rules of origin"*. However, in certain cases of preferential agreement a combination of *"unilateral preferential rules of origin"* and *"contractual rules of origin"* have been implemented, such as the previous Lomè Convention and the Cotonou Partnership Agreement. It has the character of a non-reciprocal and contractual agreement. Unilateral and contractual preferential rules of origin have the main function to ensure tariff preferences are granted exclusively to the goods originating from member states of the PTA.[81]

## G. THE RULES OF ORIGIN WITHIN CEPT-AFTA AND ASEAN TRADE IN GOOD AGREEMENT.

The concept of *"contractual rules of origin"* is to prevent trade deflection within FTA or PTA. Trade deflec-

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wto.org/english/tratop_e/region_e/rta_participation_map_e.htm?country_selected=MMR&sense=g.

[78] See Inama, Stefano., 2009, *Op. Cit.*, p. 174.

[79] See Rajan Sudesh Ratna, Rules of Origin: Diverse Treatment and Future Development in the Asia and Pacific Region, p. 69, available at: http://www.unescap.org/tid/artnet/pub/tipub2469_chap3.pdf.

[80] See Inama, Stefano., 2009, *Op. Cit.*, p. 174.

[81] See Inama, Stefano., 2009, *Op. Cit.*, p. 175.

tion is deemed to hinder the benefit of regional integration that should be distributed among the contracting parties. According to Inama, FTA as a contractual obligation is intended to serve as a *"discrimination instrument"* against *"unlawful imports"* or trade fraud conduct of non-member FTA countries. Thus, contractual rules of origin functions to ensure that preferential market access will only be granted to the goods that have actually been *"substantially transformed"* within the area of FTA, and not to goods that are produced elsewhere and simply trans-shipped through one of the member countries.[82] Generally, the *modus operandi* of trade deflection within FTA is conducted by exploiting its weaknesses. Within FTA each member state maintains its own external tariff and commercial policy in its relationship with outside third country trading partners. Consequently, the tariffs and commercial policies are different related to the third country trading partners. Commonly, FTA reduces the customs duty tariffs between its members until zero per cent. Therefore, tariff circumvention operations can be conducted by some *"opportunists traders or producers"*. Those opportunists penetrate FTAs by means of minimal transformation in one of the FTA members in order to re-export the goods to the countries with the higher tariffs or to the member countries of FTA which offered zero per cent of custom duty tariffs.

Trade deflection does not have *per se*[83] a negative economic effect. In the economic perspective, trade deflection is considered as a positive effect to improve economic efficiency. Economically speaking, it is *"equivalent to a reduction in the tariff of the country having the higher tariff of the FTA to the country having the lower tariff"*.[84] But, Falvey, Rod and Reed, and Geoff, argue that "it doesn't matter what rules of origin effects the trade preferences practice, such policies will distort trade".[85] While, from the legal perspective it is not aligned with the objectives of the agreement that has been agreed between the FTA contracting parties. For that reason, rigorous contractual rules of origin must be established within FTA as a traditional remedy of trade deflection.[86] Related to the comparative advantages theory, the origin compliance and administrative costs bring effect to stimulate trade diversion and trade creation within FTA.[87]

While Cheng Xin-xuan considers preferential rules of origin under PTA as *"internal protection and external discrimination"*. In internal protection, rules of origin are used as tools to protect the contracting parties from trade deflection conducted by third parties. In external discrimination, rules of origin serve as a discrimination instrument to determine types of treatment granted to the products originating from contracting parties and non-contracting parties. The level of discrimination is influenced by two factors, that is, the coverage of regional trade agreements and the different degree between the free trade area

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82 See Inama, Stefano., 2009, *Op. Cit.*, p. 340.

83 Means that inherently trade deflection does not absolutely caused negative effect from the economic efficiency perspective.

84 See Inama, Stefano., 2009, *Op. Cit.*, p. 234.

85 See Falvey., Rod and Reed, Geoff., 2000.

86 See Inama, Stefano., 2009, *Op. Cit.*, p. 234.

87 See Falvey., Rod and Reed, Geoff., 2000.

and multilateral trade agreements. In this regard, the more extensive coverage of RTA, the higher the level of foreign discrimination is based on the rules of origin.[88]

The legal basis of ASEAN cumulative rules of origin is contained in the Agreement on ASEAN Preferential Trading Arrangements that was signed in 1977. The basic philosophy of regional cumulation is economic complementarities.[89] The benefits can be maximised when countries with *"identical rules of origin"* work together for the purpose of manufacturing products that are eligible for preferential tariff treatment. In this regard, regional cumulation can also be considered as trade facilitation to strengthen regional economic cooperation among the member states within the groups. However, there are complexities in regional cumulation because of different levels of economic development between countries in the regional group.

ASEAN PTA facilitates the member states to utilise the most resources available in the region to broaden the complementarities of each member's respective economies and expand production opportunities within regions. ASEAN PTA covers areas of basic commodities, particularly food and energy, products of the ASEAN industrial projects, expansion of intra-ASEAN trade and increase in the utilisation of raw materials available in the member states. Enhancement of utilisation of raw materials, complementarities, and expanding production opportunities among member states is considered as the driving factors of trade creation and trade diversion. In order to maintain and to ensure that the benefits of ASEAN PTA are delivered and utilised properly by member states, the Agreement provides provisions, stating that eligible products under PTA should comply with the PTA rules of origin.[90]

ASEAN PTA had contributed significantly to support the extra-ASEAN trade by establishing basic regulations related to cumulation rules of origin as set out in Annex 1[91] and Annex 2[92] of the Agreement. ASEAN PTA rules of origin consist of eight (8) rules, which are important to determine the origin of products eligible for preferential concessions. Rule 1 elaborates the definition of *"originating product"* that covers products wholly produced or obtained and products not

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[88] See Cheng, Xin-xuan, The Impact of Preferential Rules of Origin On The Relationship of Free Trade Area and The Multilateral Trading System, Retrieved from : http://www.cscanada.net/index.php/mse/article/ viewFile/1614 /1884. Cheng Xin-xuan quoting Bonade. Haldeman and Michael.KeStecchi, stated that *"the liberalization of FTA depended on its rules of origin."*

[89] See Falvey., Rod and Reed, Geoff., Rules of Origin as Commercial Policy Instruments, Research Paper 2000/18, Centre for Research on Globalisation and Labour Markets, School of Economics, University of Nottingham, available at: http://www.nottingham.ac.uk/shared/shared_lev-publications/Research_Papers/2000/, last accessed: 9th April 2011. *".....ROOs are complementary to rather than substitutes for tariffs on final outputs...".*

[90] See Article 2, 4, and 15 of the Agreement On ASEAN Preferential Trading Arrangements Manila, 24 February 1977, available at: http://www.aseansec.org/1376.htm.

[91] Annex 1: Rules of Origin for the ASEAN referential Trading Arrangements, available at: http://www.aseansec.org/1376.htm.

[92] Annex 2: Operational Certification Procedures for the Rules of Origin of the ASEAN Preferential Trading Arrangements, available at: http://www.aseansec.org/1376.htm.

wholly produced or obtained in the exporting members states.

According to the Rule 4, products not wholly produced or obtained in the exporting member states, applies to the requirement that the total value of the materials from non-ASEAN countries or undetermined origin used does not exceed 50% of the FOB value of the products produced, except for Indonesia, regarded it does not exceed 40%. In this regard, Indonesia only allows certain manufactured products of non-ASEAN content up to a maximum limit of 50%. For the purpose of accelerating industrialisation in certain sectors, the rules on maximum limits of non-ASEAN content may be waived. In order to acquire origin under ASEAN PTA, the final process of manufacture of not wholly produced or obtained product should be carried out within the territory of the exporting contracting states.

With respect to the certificate of origin, rule 7 regulates that the government authority appointed by the exporting member state should accept a claim that the product is eligible for preferential concession, thus, it has to be notified to the other member states. The certification procedures need approval from the Committee on Trade and Tourism. Rule 4 of Annex 1 specially regulates *"cumulative rules of origin"*, stipulated as follows:

> "...products which comply with or requirements provided for in Rule 1 and which are used in a contracting state as inputs for a finished product eligible for preferential treatment in another contracting state/states shall be considered as a product originating in the contracting state where working or processing of the finished product has taken place provided that the aggregate ASEAN content of the final product is not less than 60%..."

In 1987, the Protocol on Improvements on Extension of Tariff Preferences under the ASEAN PTA, amended the regulation related to regional content requirement, as follows:

> *"The ASEAN content requirement in the rules of origin shall be reduced from 50% to 35% on a case-by-case basis for a period of five years. With respect to Indonesia, the ASEAN content requirement will be reduced from 60% to 42%. After the said period of reduction it shall be reviewed with a view to revert to original levels".*[93]

According to value content (VC), the criteria of a product or goods to have origin require a certain minimum local value in the exporting country. Value content can be calculated by three methods. First, the minimum percentage of value that must be added in the exporting country, known as domestic or regional value content (RVC). Second, the difference between the value of the final goods and the costs of the imported inputs, known as import content (MC). Third, the value of parts (VP), whereby originating status is granted to a product that meets a minimum percentage of originating parts out of the total.94

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[93] See Section V Protocol on Improvements on Extension of Tariff Preferences under The ASEAN Preferential Trading Arrangements, signed on Manila, 15 December 1987, available at: http://www.aseansec.org/1380.htm.

[94] See Estevadeordal, Antoni., Harris, Jeremy., and Suominen, Kati., Multilateralising Preferential Rules of Origin around the World, IDB Working Paper Series # IDB-WP-137, Inter-American

Further, ASEAN rules of origin evolved along with the signing of CEPT-AFTA in 1992[95], wherein the rules of origin (ROO) for CEPT-AFTA was also adopted. This agreement applies a 40% requirement for *"ASEAN Value Content"* or the *"Regional Value Content (RVC)"* of goods to be deemed originating in the member state.[96] Furthermore, ROO for CEPT-AFTA introduces two formula for calculating ASEAN Value Content or RVC, that is, direct and indirect methods.

According to the regulations of the ROO CEPT AFTA, each member state is only allowed to choose and apply one of the calculating methods. Member states are given the flexibility to change their calculation methods by notifying the AFTA council at least six month before adoption.[97] Cumulative ASEAN rules of origin are regulated in Article 5 Paragraph 1[98]. It stipulates that goods originating in a member state used in another member state as materials for finished goods are eligible for preferential tariff treatment. It is deemed to be originating in the latter member state where working or processing of the finished good has taken place. In other words, under the ASEAN cumulative rules of origin the goods that are entitled under CEPT-AFTA to acquire their origin depend on where the finished goods are processed. Partial cumulation is regulated in Article 5 Paragraph 2[99], goods entitled partial cumulation, if at least 20% of the RVC of the good originates in the member state where working or processing of the goods has taken place.

Rules of origin are regulated under the ASEAN Trade in Goods Agreement (ATIGA) almost similar with the regulation of rules of origin in ROO CEPT-AFTA. ATIGA was established to facilitate the establishment of the single market and the production base to attain AEC. Article 28 ATIGA regulates the criteria applied to not wholly obtained or produced goods. The goods deemed to be originating in the member state where working or processing of the goods has taken place. The goods must have a regional value content of not less than forty per cent (40%) calculated using one of the "ASEAN Value Content" formulae (direct or indirect methods). Accumulation of rules of origin is regulated under Article 30 of ATIGA in which the content of the article is similar to Article 5

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Development Bank, 2009, p. 9, available at: http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=1803029.

[95] See Agreement on the Common Effective Preferential Tariff Scheme for the ASEAN Free Trade Area, available at: http://www.asean.org/12375.htm, last accessed: 30 October 2011. See also Rules of Origin for the Agreement on the Common Effective Preferential Tariff Scheme for the ASEAN Free Trade Area (ROO CEPT-AFTA), available at: http://www.aseansec.org/17293.pdf.

[96] See Paragraph 1 (4) Article 4 of the ROO for CEPT-AFTA, stipulates as follows: ".....a good shall be deemed to be originating in the Member State where working or processing of the good has taken place: (a) if at least 40 percent of its content (hereinafter referred to as "ASEAN Value Content" or the "Regional Value Content (RVC)") originates from that Member State or it has undergone a change in tariff classification at four-digit level (change in tariff heading) of the Harmonised System..."

[97] See Paragraph 4 Article 4 of the ROO for CEPT-AFTA.

[98] See Paragraph 5 Article 1 of the ROO for CEPT-AFTA.

[99] See Paragraph 5 Article 2 of the ROO for CEPT-AFTA. See also Appendix B concerning implementing guidelines for partial cumulation under asean cumulative rules of origin.

of CEPT-AFTA. ATIGA is established to tackle economic development gaps and to facilitate the participation of member states in the AFTA, through technical and development co-operation.[100]

According to Article 5 of the ASEAN Framework (Amendment) Agreement for the Integration of Priority Sectors, member states should establish rules of origin that are more transparent, predictable, standardised (compliance with international best practice) and trade-facilitating. Implementation of those principles is used to improve application of the rules of origin in the CEPT-AFTA.[101]

Some experts who observed and studied the development of regional rules of origin, have criticised the development of regional rules of origin. For example Inama criticises that *"the drafting of the original AFTA rules was rather ambiguous and contained a number of provisions and wording, leaving too much space to interpretation and little guidance to the various actors of customs or the private sector who must implement this rule"*. Further, he gives criticism on RVC, where it is stipulated that *"a product is originating if at least 40% of its content originates from any members state"*. According to Inama, this provision *"does not further specify what the criteria are for determining and calculating such 40% of local content"*. He considers that, *"there is no definition of what could be considered local content that is a very vague concept unless properly defined"*.[102]

In the end, the efforts taken by ASEAN to develop *"regional rules of origin"* are considered as a tool to develop industrialisation and increase economic development in the region. Rules of origin also have the role to overcome the economic development gap among the member states. It is also deemed as positive progress in the framework of international trade facilitation. Enhancement of the rules of origin system, particularly related to the accumulation of origin, gives a positive impact to generate trade creation and trade diversion under PTA.

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[100] See ASEAN Framework (Amendment) Agreement for the Integration of Priority Sectors, Cebu, the Philippines, 8th December, 2006, available at: http://www.asean.org/19200.htm, last accessed: 27 October 2011. ASEAN Framework Agreement for the Integration of Priority Sectors, signed in Vientiane, 29th November 2004, available at: http://www.asean.org/16659.htm.

[101] See ASEAN Framework (Amendment) Agreement for the Integration of Priority Sectors, Cebu, the Philippines, 8th December, 2006, available at: http://www.asean.org/19200.htm, last accessed : 27 October 2011. ASEAN Framework Agreement for the Integration of Priority Sectors, signed in Vientiane, 29th November 2004, available at: http://www.asean.org/16659.htm .

[102] See Inama, Stefano., 2009, Op. Cit., p. 459.

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