

Reimagining Controls on Preferential Origin: Balancing Efficiency With Reduced Trader Costs

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Regulatory frameworks for verifying the origin of goods traded under preferential conditions vary across unilateral, bilateral, and regional agreements. Despite these differences, origin controls typically operate in two distinct phases of the customs clearance process: ex-ante (at the moment of the lodgment of the import or export declaration) and ex-post (after goods are released). For these controls to be balanced and effective, they require clear administrative procedures and robust risk analysis frameworks. This ensures that resources are allocated efficiently and prevents arbitrary enforcement by customs authorities. This article advocates for a wider adoption of self-declarations of origin, particularly export-based schemes such as the Registered Exporter system (REX) of the European Union. This approach aims to streamline customs procedures and reduce compliance costs for traders. To address concerns about potential fraud and revenue loss associated with the utilisation of self-declarations systems, a multifaceted approach is proposed, based on: a) using self-declarations in conjunction with electronic certificates of origin (to be issued in the exporting country and accessed directly by importing customs authorities); b) employing strong risk management frameworks to identify and target high-risk operators for post-clearance audits; and c) establishing a robust penalty structure for non-compliance, to be applied to both exporters who provide origin information and importers who benefit from it, so to align responsibility with economic gains.

1. Legal frameworks governing verifications of preferential origin

Regulatory frameworks governing origin verifications in relation to goods traded under preferential conditions between nations and customs territories worldwide are typically established within Preferential Trade Agreements and unilateral tariff concession schemes. For this analysis, Preferential Trade Agreement (PTA) is used as an umbrella term encompassing free trade agreements (FTAs), even though from a technical standpoint, an FTA constitutes a more advanced stage of economic integration within the broader spectrum of PTAs. This is because while FTAs signify a more advanced stage of economic integration, mandating the elimination of tariffs and other barriers on a substantial majority of goods and services, PTAs generally involve tariff reductions on a more limited set of products, although complete exemptions can apply to specific goods. Conversely, unilateral tariff concession schemes denote non-reciprocal trade preferences granted by

developed economies to less developed nations. These schemes incorporate specific preferential rules of origin, which define the criteria for a product to qualify for preferential tariff treatment. Notable examples include the United States (US) African Growth and Opportunity Act (AGOA), the Generalized System of Preferences (GSP) implemented by the European Union (EU), and similar GSP schemes established by other developed nations. These regulatory frameworks delineate the modalities and procedures for conducting origin controls, including the administrative cooperation procedures necessary to verify the authenticity of the proofs of origin submitted to Customs and the originating status of the goods.

Origin verifications can be conducted within two distinct temporal phases of the clearance process: a) upon the submission of an import or export declaration (*ex ante*); or b) after the release of goods from customs control (*ex post*). While *ex ante* controls primarily focus on the examination of the submitted proof of origin (to establish its accuracy and authenticity), *ex post* origin verifications involve a more comprehensive analysis of a single customs transaction or a group of transactions referred to multiple consignments declared for preferential treatment. The specific responsibilities and procedures for the execution of origin verifications generally vary, based on their application to either imports or exports.

2. Origin verifications on imports

Customs administrations typically require importers to submit comprehensive and accurate declarations for all goods they import, establishing their general liability for applicable duties and taxes. When a preferential tariff treatment is claimed, importers are further required to present either a certificate of preferential origin, or another proof of origin acceptable by Customs. These proofs of origin serve as evidence to the importing country's customs authorities that the goods qualify for reduced or zero customs duties (as they originate from a country or customs territory with which a PTA is in effect), or because they benefit from a unilateral preferential duty concession scheme. Any inaccuracy or error on the submitted proofs of origin, whether deliberate or inadvertent, exposes the importer and/or their agent to the full payment of customs duties and taxes, along with administrative or penal sanctions as prescribed by domestic legislation.

2.1. Ex ante controls at import

Ex ante controls at import essentially consist in a documentary analysis of the set of documents submitted to Customs at the time of importation by importers or their agents. The primary goal is to verify that the information contained in such documents (like the import declaration, the proof of origin, the commercial invoice, an import licence or the bill of lading) is consistent. However, this kind of verification presents two main limitations:

- It does not allow Customs to access all the documentation pertaining to the import transaction, which is generally available at the company's headquarters.
- The short timeframe that Customs has for conducting this type of control does not allow the conduct of a comprehensive assessment of the import transaction, which is necessary for an accurate determination of the preferential origin.

Given these constraints, ex ante controls only permit a verification on the authenticity of the proof of origin. They generally do not allow Customs to perform a more in-depth assessment of the accuracy of the stated origin and of the correct application of the origin criteria specified in the preferential trade agreement or arrangement under which goods were declared. In contrast, post-clearance origin checks offer enhanced efficacy, as they permit Customs to access the whole documentation relating to the import transaction held by the importer. For this reason, they represent the mode most frequently used by Customs around the world to conduct origin verifications (Tanaka, 2011).

2.2. Post-clearance origin verifications on imports

In contrast to ex ante controls, post-clearance origin verifications on imports are carried out after the release of goods, that is, after the settlement of customs duties. These kinds of verifications are generally conducted by a team of customs auditors holding a diverse array of interdisciplinary competencies, particularly in the domains of accounting, law, finance, Information Technology and business administration (World Customs Organization [WCO], 2018b; 2018c). Such verifications, generally referred to as post-clearance audits (PCAs) or sometime as post-release verifications,¹ can assume two distinct modalities:

- transaction-based PCAs
- systems-based PCAs.

A transaction-based PCA consists of a formal request sent by Customs to the importer/consignee (or their designated agent) soliciting the transmission of supplementary documentation pertaining to a previously cleared consignment. Its purpose is to conduct a more in-depth verification of the customs transaction, allowing Customs to thoroughly examine all elements supporting the declared origin of the goods. For this type of audit, Customs typically asks importers (or their designated representative) to provide

¹ In Canada, for instance, the term Post-Release Verification is commonly used to refer to the process of Post-Clearance Audit (Canada Border Services Agency [CBSA], 2011).

additional documentation or grant access to relevant accounting records (WCO, 2012). Examples of supporting internal documents include purchasing, production and sales records, as well as a Bill of Materials created by the supplier during the production stage (Korea Customs Service, 2014).

In contrast, a systems-based PCA does not focus on the verification of origin criteria or other elements of customs taxation such as origin criteria, tariff classification or customs value. Instead, its purpose is to conduct a systematic evaluation of the importer's internal control systems and procedures to identify vulnerabilities that need improvement. During a systems-based PCA, however, if auditors discover forged or false documentation that led to an incorrect application of origin criteria, domestic legislation may prescribe penalties, including monetary fines, forfeiture of goods and/or criminal charges.

Unlike transaction-based and ex ante controls, systems-based PCAs are a more 'intrusive' control mechanism, as they involve an examination of the business records of the importer or their agent at their premises, where such records are normally kept. Because of their nature, they can be conducted only in specific, legally defined circumstances and are based upon an order from the competent authority. Most customs regulations worldwide, however, also allow their execution on a random basis. In this case, these verifications should be based on a risk analysis that assesses the importer's historical compliance patterns, and that considers a range of supplementary factors, including the volume of preferential imports and the value of goods that received preferential treatment in prior transactions (WCO, 2018a). Furthermore, customs authorities frequently initiate systems-based PCAs following a notification received from the frontline verification services at the point of entry (or more rarely, of exit) of goods. These notifications are typically sent when such services lack sufficient information to effectively ascertain the origin declared by the importer.

In addition, customs administrations frequently establish the detailed procedural framework for conducting systems-based PCA through specific circulars, administrative instructions, manuals, guidelines or Standard Operating Procedures.² These documents typically mandate that importers first complete a risk evaluation questionnaire. This questionnaire then serves as the foundational basis upon which the customs auditors will conduct a more comprehensive assessment of their procedures and internal control mechanisms related to origin determination.

3. Origin verifications on exports

Regarding exports, the authority responsible for issuing certificates of preferential origin is usually the one that holds the primary responsibility for conducting them. When this authority differs from Customs, these

² An example is the *Manual for Customs Post Clearance Audit*, adopted in 2018 and updated in 2023 by the Central Board of Indirect Taxes and Customs (CBIC) in India. Available at: <https://www.scribd.com/document/770959512/Customs-PCA-Manual-2023>

verifications are generally undertaken in collaboration with the latter. A case in point is Sri Lanka, where the Department of Commerce of the Ministry of Trade is the authority responsible for the issuance of all certificates of preferential origin. This authority shares the responsibility of controls on origin at export with Customs. Like origin controls on imports, origin verifications on exports can be executed in two temporal phases: before the exportation of goods and after clearance.

3.1. Ex ante controls at export

Ex ante controls at export are conducted prior to the clearance of goods intended for export. A main difference with ex ante controls at import is that they are generally initiated at the time when the exporter submits the application for the issuance of a certificate of preferential origin or of another proof of origin pertaining to the goods being exported. Ex ante controls at export involve an examination of the documentation presented by exporters in support of such application. Essentially, in these kinds of verifications, the competent authority assesses whether the products are eligible for the invoked preferential tariff treatment by verifying that they meet the rules of origin stipulated within the applicable preferential trade agreement or arrangement. In case these controls fall within the competence of a government authority other than Customs, the latter generally retains the prerogative to intervene where a documentary forgery is detected by the former during its review. In most instances, this supplementary control by Customs is triggered by the other designated authority, which must report the relevant infraction to Customs. This notification prompts an ad hoc investigative audit aimed at ascertaining the exporter responsibilities and, if appropriate, to initiate the application of penalties for false declaration.

3.2. Post-clearance origin verifications at export

Post-clearance origin verification on exports can be conducted both on the initiative of Customs (or other officially designated competent authority), and based on a request of administrative cooperation received by a government authority in the country into which the goods have been imported. Also in this case, such verification may take the form of a transaction-based PCA or of a systems-based PCA.

Like transaction-based PCAs at import, transaction-based PCAs on exports essentially consist of a desk-based analysis carried out to verify the accuracy of the origin of exported goods. This analysis is conducted by asking the exporter to provide additional documents to substantiate the information concerning the origin of goods declared for export within a previously submitted declaration.

In contrast, systems-based PCAs at export are conducted by assessing the internal control systems on trade transactions put in place by the economic operator to verify that they are adequate to ensure compliance with the applicable customs law and procedures, thereby guaranteeing the accuracy and reliability of customs declarations.

Both transaction-based PCAs on export and system-based PCAs on exports may be carried out at the discretion of competent authorities, at random, or whenever there are indications of fraud communicated by any credible source. Also in this case, as seen for PCAs at import, random verifications are generally based on a risk analysis. Customs (or other competent authorities), however, has the power to activate them each time a notification is received from the customs office of exit concerning the existence of unresolved doubts about the origin of the goods declared for export.

4. The different modalities for proving the preferential origin of goods

In Specific Annex K, Chapter 2 of the *Revised Kyoto Convention* (WCO, 2019) three main modalities are listed, through which economic operators can prove the preferential origin of goods. These are:

1. a certificate of (preferential) origin
2. a certified declaration of origin
3. a (self)-declaration of origin.

At present, certificates of preferential origin constitute the prevailing modality for proving the origin of goods traded under preferential conditions. These certificates function as a ‘passport’ for preferential tariff eligibility and are typically filled out by the exporter. Following a coherence verification against supporting documentation – which is often subject to a fee – they are then endorsed by the exporting country’s customs administration or other designated authority. Once endorsed, the exporter transmits the certificate to the importer – frequently via courier at an additional cost – who must present it to the importing country’s customs authorities to claim the preferential tariff treatment. A notable asymmetry within this system is that while the exporter prepares the certificate, the importer bears full liability for any consequences arising from false or incorrect information contained therein. This is particularly problematic, as the importer typically lacks comprehensive knowledge of the goods’ production processes, thereby hindering their ability to ascertain the accuracy of the provided origin information. This structural imbalance presents a notable challenge in effectively managing the risks associated with potential errors or inaccuracies in the determination of preferential origin (López Vergara & Barbosa Mariño, 2020).

The traditional process for verifying and endorsing the certificates of origin (COOs) is also time-consuming, primarily due to the manual scrutiny of supporting documents that is generally made by customs authorities. This leads to significant delays and increased administrative burdens for both Customs and traders. To alleviate these challenges, many customs

administrations or regional blocks³ are implementing automated systems for COO issuance and verification. These digital platforms enable exporters to apply for certificates online, track their application status and receive them directly from the competent authority, eliminating the need for physical visits to their offices for manual collection. These systems also provide importing customs authorities direct access to the electronic certificate issued by the exporting authority, eliminating the need to await the original paper-based one from the importer. This end-to-end digitalisation in the issuance of preferential origin certificates significantly reduces human intervention, drastically curtails opportunities for fraud, and thereby fosters greater transparency and confidence in the certificate of origin system. However, it is important to note that while eCOs eliminate courier costs associated with physical document shipment, they are often still subject to a fee, like the paper-based ones. In this regard, a 2020 survey by the International Chamber of Commerce, referenced in the *WCO Comparative Study on Certification of Origin*, revealed that these issuance fees, for both physical and eCOs, can reach up to USD50 (WCO, 2020). From the customs administration's perspective, the issuance of such certificates necessitates the allocation of considerable resources to conduct comprehensive documentary verifications of the supporting evidence provided by the exporter. It also requires sizeable efforts in training and building capacity for the staff dedicated to these activities.

An alternative to the certificate of origin, albeit less frequently employed, is the certified declaration of origin. This declaration is a statement prepared by the exporter attesting that the products being exported originate from their country, and further certified by a designated competent authority in that country, such as a customs administration, Chamber of Commerce or Ministry of Trade. While primarily utilised for determining the non-preferential origin of goods⁴ under national customs legislation (e.g. Article 43.5 of Ukraine Customs Code (2019) and Article 33 of the *Mongolia (revised) Customs Law* (2008)), some jurisdictions, like South Africa, extend its application to preferential origin. Specifically, Article 164 of the *South African Customs Duty Act* (2014) permits the use of a certified declaration to prove the (preferential) origin of goods exported from a country that qualifies for preferential treatment in South Africa under an international trade agreement (par. a.1).

³ For example, in Africa the Common Market for Eastern and Southern Africa (COMESA), the Southern African Development Community (SADC), the East African Community (EAC) and the West African Economic and Monetary Union (WAEMU) have all implemented electronic certificates of origin (eCO) systems, which, however, are not still fully operational across all their member states.

⁴ Non-preferential rules of origin are used for the application of trade policy measures (such as anti-dumping measures), for origin marking purposes or for compilation of statistics. These rules apply universally to all goods and do not confer any preferential treatment at the point of importation. Conversely, preferential rules of origin are specifically designed to determine eligibility for reduced or zero customs duties upon importation. These rules are exclusively embedded within various trade liberalisation frameworks, including Preferential Trade Agreements, Free Trade Agreements and unilateral concession schemes (e.g., the Generalized System of Preferences adopted by numerous developed nations and customs territories, or the United States African Growth and Opportunity Act expired on 30 September 2025).

Customs document verification can be bolstered by official certification processes conducted by non-governmental entities. In Italy, for example, Article 2 of Law 213 of 25 July 2000 (*Legge 25 luglio 2000, n. 213*) previously allowed customs brokers and other authorised individuals or entities to certify documents submitted to Customs, including COOs, by issuing a specific affidavit. This review was intended to enhance the accuracy and reliability of customs documentation by confirming that information and data submitted were consistent with the supporting paperwork, without precluding further controls by Customs. However, this possibility has been recently abolished by legislative decree No. 141 of 26 September 2024 (*Decreto legislativo 26 settembre 2024, n. 141*). According to the decree's explanatory report,⁵ the change was made to align Italian domestic law with the EU Customs Code (Regulation (EU) No 952/2013), which does not mention this third-party type of document verification.

To solve some of the inconveniences associated with the above systems, the WCO *Guidelines for Certification of Origin* advocate for the adoption of self-declarations of origin as a primary mechanism for proving the preferential origin of goods, encouraging WCO members to maximise their utilisation (WCO, 2018c). A self-declaration of origin is a statement made on the commercial invoice or any other document relating to the goods, with which the manufacturer, producer, supplier, exporter, importer or other competent person self-certifies the origin of goods under their responsibility and without going through Customs.

A prominent example of an exporter self-declaration of origin system is offered by the Registered Exporter (REX) system of the EU, which was initially introduced to simplify proof of origin in beneficiary countries under the EU's GSP Regulation (EU, 2012).⁶ The system was progressively extended to other preferential trade agreements, like, for example, those with Canada, Japan, Vietnam and Singapore, including the Economic Partnership Agreements (EPAs) concluded with several African countries (e.g. Côte d'Ivoire and Ghana) and regional groups (e.g. eastern and southern African countries (ESA)⁷ and the Southern African Development Community, SADC). The REX allows exporters of products over a certain threshold,⁸ eligible for preferential duty treatment at import into the EU, to directly attest the originating status of their goods by means of a statement on origin affixed to the invoice or other commercial document, such as the packing list or delivery note. The exporter making out an origin declaration can be

⁵ Available (in Italian) at: https://documenti.camera.it/apps/nuovoSito/attiGoverno/schedaLavori/getTesto.ashx?leg=XIX&file=0166_F001.pdf

⁶ The current GSP framework of the EU is based on Regulation (EU) No 978/2012, which was set to expire on 31 December 2023. In November 2023, the Regulation was extended until the end of 2027.

⁷ The ESA group is a regional configuration specifically established by countries in Southern and Eastern Africa for the purpose of negotiating an EPA with the EU.

⁸ This threshold is defined by each specific trade agreement or arrangement and is usually EUR6,000. For shipments whose value is below the established threshold, the self-declaration of origin is free and does not require a preliminary registration with national authorities.

requested by the customs authorities of the exporting country to provide all appropriate documents proving the originating status of the products concerned. It is important to note that an improper use of the REX self-certification scheme can lead to withdrawal of the authorisation. To be entitled to make out statements on origin, exporters must be registered in a database by their competent national authorities. This registration can occur either within the EU's REX portal (to which the European Commission grants third countries access upon request), or through local exporters' databases established by the exporting country, provided they are accessible to the EU. An example of a country that has established its own database system for self-certification purposes is Ghana, which operationalised a national platform to certify the preferential origin of products exported to the EU under the EU–Ghana EPA on 20 August 2023 (Acte International, 2023).

The registered exporter registration should not be confused with the 'Approved Exporter' status, although both are self-certification systems of origin based on an authorisation issued by Customs or other competent authority. Moreover, both registered exporters and approved exporters must always keep the documents justifying the origin of the goods and have them at the disposal of Customs in their country of establishment upon request. As for the differences, they imply different authorisation numbers and registration procedures. The Approved Exporter status, for instance, typically requires applicants to demonstrate a consistent history as frequent exporters within a specific FTA. This often includes providing specific guarantees for the accurate determination of the originating status of the products they export. Furthermore, the precise textual wording to be used in the statements of origin may differ between the two systems.

Beyond the EU's REX system, other notable exporter-based self-certification models exist. The Association of Southeast Asian Nations (ASEAN) Wide Self-Certification scheme (AWSC) presents another example of an exporter-based self-certification system for goods' origin, analogous to the REX. Initially agreed upon in January 2019 and entered into force in 2020, this system was adopted as a trade facilitation initiative among the 10 ASEAN member nations.⁹ It is aimed at streamlining customs procedures by allowing 'Certified Exporters' (a status that is comparable to the 'Approved Exporter' status described above) to self-certify the origin of their goods directly. This possibility bypasses the often expensive and time-consuming process of obtaining a COO. Once granted, the Certified Exporter status authorises exporters to issue origin declarations on various commercial documents, including invoices, billing statements, delivery orders and packing lists (ASEAN, 2020).

⁹ These are Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.

Lastly, the African Continental Free Trade Area (AfCFTA), an FTA involving 54 African nations, integrates an exporter-based self-certification system that draws inspiration from the REX model. This self-declaration origin mechanism, provided by the exporter on a commercial document (e.g. invoice, delivery note), must describe the products in sufficient detail for identification by importing customs authorities and is generally restricted to exporters holding the Approved Exporter status. However, a notable exception permits exporters of consignments of originating products valued up to USD5,000 to issue such declarations without the need for obtaining the Approved Exporter status.

On the other hand, the Australia–United States Free Trade Agreement (AUSFTA, 2004), entered into force on 1 January 2005, provides an example of a self-certification system for preferential origin based on a declaration made by the importer. Under Article 5.12 of Chapter 5 of this agreement, any importer claiming a duty preference is permitted to furnish a written statement asserting that the imported goods meet the AUSFTA rules of origin. This statement is flexible in format, requiring no prescribed template, and may be submitted electronically.¹⁰ Following its submission to Customs, the latter retains the right to request supporting information, including relevant cost and manufacturing data, to verify the eligibility of goods for preferential duty rates. Customs' compliance monitoring may take place both *ex ante* and *ex post*. Consequently, exporters or manufacturers are not formally mandated to provide a specific certificate of origin or complete prescribed origin declaration forms, unless such documentation is requested by the importer, typically in accordance with their contractual arrangements. This information can be provided in any suitable format, reflecting the agreement's importer-centric approach to the self-certification of origin (Australian Border Force, 2005). A more recent application of an importer-based declaration of origin can be found in the EU–Japan EPA. This agreement introduces the 'importer's knowledge' scheme, under which importers may claim preferential tariff treatment on the basis of their own knowledge of the originating status of imported products, supported by documents or records provided by the exporter or manufacturer and held in the importer's possession. Such documentation constitutes valid evidence that the products comply with the applicable rules of origin. Consequently, no statement on origin is required to be issued in the exporting Party to substantiate the preferential origin of the goods.

The main cost reductions for traders utilising self-certification systems (both exporter-based and importer-based) largely arise from the elimination of per-shipment endorsement fees. Unlike traditional COOs, self-declarations

¹⁰ These declarations, while often sharing the structural elements of traditional certificates of origin, are fundamentally characterised by their lack of endorsement from Customs or other designated government authorities in the exporting country. The United States Customs and Border Protection, for instance, provides a general template on its website, while the Australian Border Force offers various specialised templates, including one specifically for textile and apparel products.

can be applied to all exports under preferential trade agreements and arrangements where such a system is permissible, thereby offering significant administrative and financial efficiencies. However, a notable asymmetry in responsibility persists within importer-based self-certification processes, which is similar to the imbalance seen with preferential origin certificates issued by exporters. The importer, despite being the declarant of origin, is not the manufacturer of the goods and therefore must rely entirely on data and information provided by the supplier. This creates a potential disconnect between the actual source of origin information and the party legally accountable for its veracity, as the importer bears full responsibility for any inaccurate or fraudulent data provided by the supplier.

[Table 1](#) provides a comparative analysis of the different systems used for proving the preferential origin of goods.

5. Possible strategies for wider adoption of self-declarations of origin

Despite their growing adoption within specific preferential trade agreements and arrangements, with the WCO 2024 *Study on the Digitalization of the Certificate of Origin* reporting 62 member states utilising them, self-declarations of origin have yet to become the globally predominant method for proving the preferential origin of goods (WCO, 2024b). A pertinent example is the East African Community (EAC), where self-certifications, despite being permitted in principle since 2015 by the revised *EAC Customs Union Rules of Origin* (contingent upon the acquisition of the ‘Approved Exporter’¹¹ status), are not currently implemented and accepted by member states (WCO, 2024a). This reluctance is primarily attributable to concerns among importing countries to embrace self-certification schemes due to inherent risks of fraud and potential revenue loss (WCO, 2024a). The central apprehension is that inaccurate or untruthful origin statements could lead to the unwarranted application of reduced or zero preferential duty rates, thereby diminishing governmental revenue (Center for WTO and International Trade—Vietnam Chamber of Commerce and Industry, 2021).

Consequently, many customs authorities in importing countries or customs territories continue to favour formal verification processes conducted by a trusted third party (such as a customs administration, a government agency or a Chamber of Commerce), viewing this practice an essential safeguard against both fraudulent claims and inadvertent errors. A series of WCO documents consistently highlight how self-certification schemes, while they facilitate trade by reducing costs and administrative burdens for businesses, increase the risk of fraud and revenue loss. These documents include the *WCO Origin Irregularity Typology Study* (WCO, 2013), the

¹¹ According to Rule 20 of the EAC Customs Union Rules of Origin (EAC, 2015), an ‘approved exporter’ is defined as an exporter who frequently ships products within the region under the EAC’s preferential rules of origin and has been granted a specific authorisation number by the relevant customs authority or other designated competent authority. This authorisation number must be cited by the exporter on the self-declaration of origin whenever this method of preferential origin certification is utilised.

Table 1. Comparison between the different proof of origin modalities

	Certificate of (Preferential) Origin	Certified Declaration of Origin	Self-Declaration of Origin
Description	A document that acts as a 'passport' for preferential tariff eligibility. It is typically filled out by the exporter and then endorsed by a customs administration or other designated authority in the exporting country.	A statement made by the exporter and then certified by a designated competent authority (e.g. Customs, Chamber of Commerce or Ministry of Trade) attesting the originating nature of goods.	A statement on a commercial document (e.g. invoice, packing list or delivery note) by the manufacturer, exporter, importer or other competent person, without third-party endorsement. There are two main models: export based (when issued by the exporter, like in the case of the EU REX system) and import-based (when issued by the importer).
Usage	COOs currently represent the prevailing modality for proving the preferential origin, but they have several drawbacks. They must be requested for each shipment (usually upon payment of a fee), they must be physically forwarded to the importer (with payment of courier fees), and since they are frequently paper based, they are vulnerable to falsification.	Less frequently used for preferential origin; often used for non-preferential origin determination. Some jurisdictions like South Africa use it for preferential origin.	Advocated by the WCO for wider adoption to streamline processes. It is a key feature of modern trade agreements, such as the EPAs of the EU or the AfCFTA.
Responsibility & verification	The exporter prepares it, but it is the importer who bears full liability for any inaccuracies. Its verification is often a manual, time-consuming process. In some countries, non-governmental professionals such as customs brokers or other authorised individuals or entities can be permitted to carry out a preliminary verification or due diligence process on COOs and other supporting documents (a case in point is Italy, when this modality was previously admitted, and recently suppressed by the legislative decree No. 141 of 26 September 024). This third-party certification process adds another layer of verification to ensure the information's accuracy and authenticity before it reaches Customs.	The exporter prepares the declaration, and a third party certifies it. This adds an official layer of verification.	The person making the declaration (exporter, importer, etc.) is fully responsible and liable for any false or inaccurate information. Customs authorities can later verify this self-declaration through post-clearance controls or by requesting assistance from their counterparts in the importing country through existing mutual cooperation frameworks.
Cost & efficiency	Often involves fees for endorsement and courier costs for shipping the original document to the importer. The process can be time-consuming, leading to delays and administrative burdens. Electronic COs (eCOs) can obviate these challenges. Moreover, digital certificates often include multiple security features such as optical watermarking technology, digital rubber stamps and 2D barcoding, as well as printer control language (a technology that allows only a limited number of original certificates to be printed). Regional communities that have adopted eCOs include the COMESA, ¹ the SADC, the East African Community (EAC), and the WAEMU. However, the systems are not yet fully operational across all member states within these communities. Beyond regional efforts, individual nations like India have developed specific platforms for both the issuance and verification of eCOs. ²	May also involve fees and administrative processes for certification.	Eliminates per-shipment endorsement and courier fees, offering significant administrative and financial efficiencies.
Key challenge	The importer, who is typically liable for the accuracy of the COO, often lacks comprehensive knowledge of the production process needed to verify the origin information. This creates a significant imbalance: the person who benefits from the preferential trade treatment is not the one who can actually confirm that the goods meet the origin requirements.	Like the COO, it can involve an additional step and potential costs due to third-party certification.	When issued by the importer, it creates a potential disconnect where this economic agent, although liable, must rely on information from the supplier, who is in a different country. In contrast, exporter-based self-declaration systems avoid this issue by placing the responsibility on the exporter, who is the party most familiar with the product's origin.

¹ <https://test.eco.comesa.int>² <https://coo.dgft.gov.in>

Source: Author

WCO *Guide to Counter Origin Irregularities* (WCO, 2016), and the *Study on the Digitalization of the Certificate of Origin* (WCO, 2024b). They consistently point out that the implementation of self-certification of origin systems can increase the risk of irregularities. This is why some customs administrations are reluctant to fully adopt them.

Nevertheless, the potential for self-certification of origin to streamline customs procedures and reduce trade costs for both economic operators and Customs is high, thereby requiring careful consideration. While direct quantitative studies thoroughly assessing the implementation costs of self-certification methods remain scarce, these schemes are widely recognised for their capacity to reduce clearance expenses and processing times (WCO, 2017, 2018a). It is important to acknowledge, however, that self-certification schemes impose new obligations on economic operators. In particular, exporter-based systems compel importers to accurately analyse the statements provided by their suppliers, confirming that their products comply with the rules of origin stipulated in the preferential agreement or arrangement invoked (Galella, 2021). Similar obligations apply under the ‘importer’s knowledge’ scheme, which, as described above, requires an assessment of documents or records provided by the exporter or manufacturer that are in the importer’s possession. Despite these new burdens, empirical evidence suggests that the benefits outweigh them. For instance, a study by the United Kingdom (UK) Trade Policy Observatory, based on interviews with a group of Approved Exporters in the UK, revealed that these operators unanimously reported significant time and cost savings from utilising self-certification schemes compared to traditional COOs. Specifically, they declared an estimated time saving of 20 to 30 minutes per shipment, which for frequent exporters could equate to a reduction of two hours of work for two employees per day, in addition to the elimination of certificate and courier charges (Holmes & Jacob, 2018).

Overcoming the prevailing reluctance to adopt self-certification systems for preferential origin necessitates a multifaceted approach. This strategy hinges on implementing robust risk management frameworks to identify and scrutinise high-risk importers through targeted controls. Specifically, traders who recurrently submit self-declarations of origin for products with fragmented manufacturing processes across multiple countries, or those with prior origin-related violations, should face more frequent transaction-based and systems-based PCAs. This must be complemented by a robust penalty structure designed to deter false or inaccurate declarations, where both the exporter and the importer share responsibility for the veracity of the declared origin. To this end, it is essential to introduce strong provisions on mutual customs cooperation within PTAs and preferential concession schemes, enabling Customs in the importing country to solicit verifications on exporters and producers (e.g. in relation to the supplier declarations confirming compliance with applicable origin rules) in cases where there is suspected error or fraud. This collaborative mechanism would directly

address the existing asymmetry between those who provide origin information (exporters) and those who benefit from preferential treatment based on that information (importers), thereby aligning responsibility with economic gains.

Furthermore, mitigating the perceived risks associated with self-certification schemes requires cultivating enhanced trust and cooperation between customs administrations and economic operators both in the exporting and importing countries. This can be achieved through targeted training initiatives and the establishment of transparent and comprehensive manuals or guidelines detailing the proper utilisation of self-certification systems, and explicitly outlining the consequences associated with submitting or confirming false or inaccurate statements of origin, thereby fostering compliance and predictability.

6. Conclusion

Effective control over preferential origin is paramount for upholding the integrity of preferential trade agreements and ensuring equitable revenue collection, while simultaneously minimising the administrative and financial burdens on legitimate traders. This article shows that current verification-of-origin frameworks that are embedded in preferential trade agreements and arrangements largely rely on a blend of judicious ex ante (pre-clearance) and effective ex post (post-clearance) verification mechanisms. While ex ante checks serve as an initial filter for document authenticity, the inherent limitations in scope and time necessitate robust ex post controls, particularly through comprehensive transaction-based and systems-based PCAs. The balance between these control mechanisms and their broad efficacy depends on transparent administrative procedures and the application of risk analysis to ensure targeted resource allocation and prevent arbitrary interventions by customs authorities in conducting ex post controls and selection for audits.

A significant global trend, exemplified by the EU's REX system, the AWSC scheme, and the AfCFTA, points towards a wider adoption of self-declarations of origin. These declarations are typically accepted for transactions below a certain value. Exporters who are certified as reliable in their customs-related operations by Customs or other competent authorities are granted 'approved' or 'certified' status, which permits them to use self-declarations for transactions that exceed this value limit. For uncertified exporters, the implementation of electronic certificates of origin (eCOs) offers a powerful alternative. These certificates can significantly streamline customs processes and reduce costs by eliminating endorsement fees and simplifying administrative overhead. The combination of self-declaration for approved exporters and eCOs for those exporters who do not hold an 'approved' or 'certified' status offers a balanced approach that benefits all traders. Specifically, it addresses a key concern for some customs administrations: that is, the increased risk of fraud and potential revenue loss associated with full-scale self-certification. In fact, by digitising the origin declaration process, electronic certificates provide a verifiable and transparent

audit trail that helps customs authorities to better manage risks and conduct more effective PCAs, particularly on traders who have not been previously vetted for reliability. This approach, in turn, reduces the need for costly and time-consuming manual checks at the border, making the overall trade process more secure and efficient.

This article also highlights a persistent asymmetry of responsibility in both traditional certificate of origin systems and importer-based self-certification, where the importer bears ultimate liability despite often lacking direct knowledge of the goods' production processes.

To bridge the gap between the efficiency gains offered by self-certification and the imperative for robust control, a multifaceted strategy is essential. This involves integrating self-certification with comprehensive risk management frameworks. These frameworks should identify high-risk traders for targeted PCAs by analysing precedents of origin-related violations, the frequency of self-declaration use and the volume of preferential transactions. Concurrently, a robust penalty structure is crucial to deter inaccurate or fraudulent declarations, aligning responsibility more directly with the benefits derived from preferential treatment. Overcoming the reticence towards self-certification also requires fostering greater trust and cooperation between customs administrations and economic operators. This can be achieved through consistent, targeted training initiatives and the establishment of transparent, accessible guidelines or manuals that clearly articulate procedural requirements and the consequences of non-compliance, thereby cultivating a more predictable and efficient preferential trade environment.

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