



18 October 2018

(18-6531)

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**REPORT (2018) OF THE COMMITTEE ON RULES OF ORIGIN TO THE GENERAL COUNCIL
ON PREFERENTIAL RULES OF ORIGIN FOR LEAST DEVELOPED COUNTRIES**

1. This report is being submitted by the Committee on Rules of Origin (CRO) to the General Council in accordance with the requirements of Paragraph 1.10 of the Ministerial Decision of 7 December 2013 (WT/L/917, the "Bali Ministerial Decision") and of Paragraph 4.4 of the Ministerial Decision of 15 December 2015 (WT/L/917/Add.1, the "Nairobi Ministerial Decision") on Preferential Rules of Origin for Least Developed Countries (LDCs). According to both provisions, the Committee on Rules of Origin (CRO) "shall annually review the developments in preferential rules of origin applicable to imports from LDCs" and report to the General Council.

2. The CRO therefore discussed issues related to preferential rules of origin for LDCs in its two meetings held in 2018 and conducted a review of recent developments at its formal meeting of 15 and 16 October 2018. The following are some of the recent developments of which Members took note:

- Almost all preference-granting Members have submitted their preferential rules of origin using the template agreed to by the Committee (G/RO/84). Members now had access to detailed and standardised information on the origin requirements of most preferences for LDCs. On the basis of this information, the Committee can move forward with a detailed and technical examination of current requirements. The Committee therefore considered rules of origin based on the tariff classification criterion on the basis of a background note by the Secretariat and a presentation by the LDC group;
- The Committee noted however, that four Members have not yet submitted their origin requirements using the agreed template: Iceland; Kyrgyz Republic; Tajikistan; and Turkey. In addition, Armenia and Montenegro still need to submit information about their preference scheme for LDCs (to the CTD) and the relevant rules of origin (to the CRO). The Secretariat has contacted these delegations to assist them with the preparation of their notifications and achieve full coverage of information regarding preferential rules of origin for LDCs;
- With regard to the dissemination of information contained in these notifications, two significant developments were reported by the Secretariat. First, all origin requirements notified to the Secretariat were now available on the WTO Preferential Trade Arrangements database and in the WTO's three official languages (<http://ptadb.wto.org>). Second, the Secretariat had collaborated with the International Trade Centre (ITC) to integrate these notifications into the ITC search tools. As a result, origin requirements are now available and can be retrieved at the tariff line level using the ITC-WTO-WCO "Origin Facilitator" tool (<https://findrulesoforigin.org>);
- Members also took note of the status of implementation of the self-certification system for registered exporters being implemented by the European Union, Norway and Switzerland (Registered Exporter system, REX);
- Tariff and trade data concerning non-reciprocal trade preferences for LDCs has greatly improved since the adoption of the Bali and Nairobi Ministerial Decisions. This is a significant development as it enables Members to examine trade patterns and understand the impact that current origin requirements have on the ability of LDC exporters to effectively use the preferences available to them. Some significant gaps remain, nonetheless: tariff and/or trade data is still missing for ten preference-granting Members: Armenia; China; Iceland; Kazakhstan; Kyrgyz Republic; Montenegro; New Zealand; Russian Federation; Tajikistan; and

Turkey. Document G/RO/W/163/Rev.4 contains a full report of the latest status of available information;

- On the basis of the available tariff and trade information, the Secretariat prepared a new report on utilization rates. The report, considered by the Committee at its 15 October meeting, moves forward with the identification of "pockets of underutilization" to assess more specifically the origin requirements which may need simplification and reform.

3. The representative of Tanzania, on behalf of the LDC group, said that the implementation of the Ministerial Decisions is an ongoing process and that there is still scope to simplify and reform the preferential rules of origin of all preference-granting Members. LDC exporters continued to face specific and multiple challenges because of their limited capacity to meet many of the origin requirements of preference-granting Members.

4. In concluding the annual review, the Chairperson thanked Members for their constructive engagement and proposed that the Committee continue its technical and focused discussion about the implementation of the Ministerial Decisions in order to continue monitoring progress made in trade facilitation for LDCs.
