



**Committee on Rules of Origin**

**TWENTY FOURTH ANNUAL REVIEW OF THE IMPLEMENTATION AND  
OPERATION OF THE AGREEMENT ON RULES OF ORIGIN**

BACKGROUND NOTE BY THE SECRETARIAT<sup>1</sup>

**1 INTRODUCTION**

1.1. Article 6.1 of the Agreement on Rules of Origin provides that "the Committee shall review annually the implementation and operation of Parts II and III of this Agreement having regard to its objectives". The outcome of such a review will be incorporated to the Committee's Annual report to the Council for Trade in Goods on the implementation and operation of the Agreement on Rules of Origin. This background note was prepared by the Secretariat to assist Members in conducting the 24<sup>th</sup> annual review of the implementation and operation of the Agreement.

**2 MEMBERS AND OBSERVERS OF THE COMMITTEE ON RULES OF ORIGIN**

2.1. Government representatives of all WTO Members and Observers are also Members and Observers to the CRO. In addition, the following international organizations also have observer status at the CRO: ACP, EFTA, IADB, IMF, OECD, UNCTAD, WCO and World Bank.

**3 RULES OF PROCEDURE OF THE COMMITTEE ON RULES OF ORIGIN**

3.1. The rules of procedure for meetings of the Committee on Rules of Origin (CRO) were adopted by the Committee in February 1997 (G/L/149 and WT/L/161).

**4 OFFICERS OF THE COMMITTEE ON RULES OF ORIGIN**

4.1. Mrs Thembekile MLANGENI (South Africa) was elected Chairperson of the Committee in April 2018.

**5 MEETINGS OF THE COMMITTEE ON RULES OF ORIGIN**

5.1. The Committee on Rules of Origin (CRO) held two formal meetings in 2018: on 19 April and on 15 and 16 October. The minutes of these meetings are contained in documents G/RO/M/70 and [G/RO/M/71] respectively. In addition, the Committee held an information session on "certificates of origin and other proofs of origin" on 18 April (G/RO/W/175) and on "transparency and notification gaps" on 16 October. In addition, some Members also held several informal consultations during the year to discuss ways to enhance transparency and notifications on rules of origin.

**6 NOTIFICATIONS UNDER ARTICLE 5 (NON-PREFERENTIAL RULES OF ORIGIN)**

6.1. The CRO took note of new notifications under Article 5. Based on notifications received by the Secretariat to date: 49 Members apply non-preferential rules of origin (counting the EU and its member states as one); 57 Members do not apply any non-preferential rules of origin. The remaining 31 Members have not yet submitted any notification under Article 5 (about half of which are least developed countries). The full list of notifications related to non-preferential rules of origin is contained in Annex 1. In addition, all notifications received (and the related legislation or references,

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<sup>1</sup> This document has been prepared under the Secretariat's own responsibility and is without prejudice to the positions of Members or to their rights and obligations under the WTO.

if available), can be accessed through the section "Notifications" of the Rules of Origin webpage of the WTO website ([https://www.wto.org/english/tratop\\_e/roi\\_e/roi\\_e.htm](https://www.wto.org/english/tratop_e/roi_e/roi_e.htm)).

## **7 NOTIFICATIONS UNDER ANNEX II (PREFERENTIAL RULES OF ORIGIN)**

7.1 As agreed by the Committee (G/RO/M/59), notifications made to the Committee on Regional Trade Agreements (CRTA) or to the Committee on Trade and Development (CTD) are deemed to discharge Members' notification obligations under the Agreement on Rules of Origin. The Committee therefore agreed that notifications which had initially been received by the CRTA or the CTD should be circulated by the Secretariat to the CRO. The information regarding such notifications, including related to preferential rules of origin, can, in addition, be retrieved through the WTO database of regional trade agreements (<http://rtais.wto.org>) or in the WTO database of preferential trade agreements (<http://ptadb.wto.org>).

7.2. In addition, it should be noted that the Committee adopted a specific template for notifications of preferential rules of origin applied to least-developed countries in the context of non-reciprocal preferences (G/RO/84). All WTO preference-granting Members agreed to submit detailed information about their preferential rules of origin using the template. To date, 16 preference-granting Members submitted such notifications. These were circulated under the G/RO/LDC/N/ document series. A full overview of these notifications is available in document G/RO/W/163/Rev.4.

## **8 WORK OF THE COMMITTEE RELATED TO PARTS I, II AND III OF THE AGREEMENT**

8.1. Part II of the Agreement relates to the multilateral disciplines which govern the utilization of non-preferential rules of origin by WTO Members. That is, it covers the transitional disciplines pending the adoption of harmonized rules (Article 2) and the disciplines once harmonized rules of origin have been adopted (Article 3). As was noted in the Committee's 2013 Annual Report to the CTG (G/L/1047), the implementation and operation of the Agreement is not satisfactory as the stalemate in the Harmonization Work Programme (HWP) compromises the attainment of the core objectives of the Agreement (i.e. the facilitation of global trade through the international harmonization of non-preferential rules of origin).

8.2. In the period of this annual review, the Committee did not consider any item specifically related to the HWP.

8.3. The results of the HWP are contained in document G/RO/W/111/Rev.6 (in HS96). As mandated by the CRO, these draft rules have been "transposed" to reflect more recent versions of the Harmonized System (HS) nomenclature (2002, 2007 and 2012). The transposed rules are contained in document JOB/RO/5/Rev.1 and JOB/RO/5/Rev.1/Corr.1. Members validated the accuracy of these (draft) transposed rules in 2016 and have not considered them again in 2017. The Secretariat has not received additional comments or rectifications to these rules. With the 2017 version of the HS nomenclature, a new transposition exercise may have to be considered.

8.4. In addition, Article 6 of the Agreement, require Members to "review the provisions [of the Agreement] and propose amendments as necessary to reflect the results of the HWP". Under paragraph 6, the annual review should also cover the operation of the "disciplines during the transition period" (Article 2 of the Agreement). Given the lack of internationally agreed non-preferential rules of origin, no Member has raised any issues regarding the implementation of these provisions.

8.5. Pending the continuation of the HWP, the Committee agreed, in 2015, to engage in an "educational exercise" to exchange information about non-preferential rules of origin and better understand the impact that existing rules have on international trade. In 2018, two such "information sessions" were organized. First, on "certificates of origin and other proofs of origin" (a summary of the session is available in document G/RO/W/175). Second, on "transparency and notification gaps" (a summary will also be prepared). Additional sessions may be organized in the future depending on Members' needs.

## **9 AMENDMENTS, INTERPRETATIONS AND RECTIFICATIONS TO THE AGREEMENT**

9.1. During the year under review the Committee has not dealt with any of these matters.

## **10 CONSULTATION AND DISPUTE SETTLEMENT**

10.1. The Secretariat is not aware of any Member that has requested consultations under Article 7 of the Agreement on Rules of Origin. Similarly, there are currently no disputes with respect to the Agreement on Rules of Origin (Article 8).

## **11 OTHER AREAS OF WORK OF THE CRO**

11.1. It should be noted that, in 2018, the CRO continued to work extensively on other areas which are not covered by the WTO Agreement on Rules of Origin, namely preferential rules of origin applicable to LDCs under non-reciprocal preferential trade arrangements (PTA). This is a result of the implementation of the 2013 and 2015 Ministerial Decisions on preferential rules of origin for LDCs (WT/L/917 and WT/L/917/Add.1 respectively). According to the requirements of these Decisions, a separate report on their implementation is prepared and sent to the General Council.

## **12 REPORT TO THE COUNCIL FOR TRADE IN GOODS**

12.1. During its meeting of 15 and 16 October 2018, the CRO adopted its annual report to the CTG G/RO/W/177.

**ANNEX 1****A. Members that currently implement non-preferential rules of origin**

<b>Member</b>	<b>APPLY NON-PREFERENTIAL RULES OF ORIGIN</b>	<b>Date</b>
1. Afghanistan	G/RO/N/143	05.08.2016
2. Albania	G/RO/N/47	06.07.2005
	G/RO/N/53	18.09.2007
3. Argentina	G/RO/N/2	22.06.1995
	G/RO/N/10	16.08.1996
	G/RO/N/16	05.03.1997
4. Armenia	G/RO/N/41	21.08.2003
5. Australia	G/RO/N/1	09.05.1995
	G/RO/N/1/Add.1	22.06.1995
6. Brazil	G/RO/N/14	02.12.1996
	G/RO/N/78	16.04.2012
7. Burkina Faso	G/RO/N/19	23.01.1998
8. Canada	G/RO/N/1	09.05.1995
	G/RO/N/1/Add.1	22.06.1995
9. China	G/RO/N/37	03.06.2002
	G/RO/N/37/Rev.1	02.08.2002
	G/RO/N/132	07.09.2015
10. Colombia	G/RO/N/1	09.05.1995
	G/RO/N/1/Add.1	22.06.1995
	G/RO/N/172	05.07.2018
11. Cuba	G/RO/N/3	27.07.1995
	G/RO/N/125	13.01.2015
12. European Union <sup>1</sup>	G/RO/N/1	09.05.1995
	G/RO/N/1/Add.1	22.06.1995
13. Georgia	G/RO/N/37	03.06.2002
	G/RO/N/37/Rev.1	02.08.2002
14. Hong Kong, China	G/RO/N/1	09.05.1995
	G/RO/N/1/Add.1	22.06.1995
	G/RO/N/10	16.08.1996
	G/RO/N/24	15.01.1999
	G/RO/N/30	21.11.2000
	G/RO/N/37	03.06.2002
	G/RO/N/37/Rev.1	02.08.2002
	G/RO/N/46	15.02.2005
	G/RO/N/59	23.09.2008
	G/RO/N/67	02.12.2010
G/RO/N/73	15.09.2011	
G/RO/N/86	01.10.2012	
15. Japan	G/RO/N/1	09.05.1995
	G/RO/N/1/Add.1	22.06.1995
16. Jordan	G/RO/N/30	21.11.2000
17. Kazakhstan	G/RO/N/148	12.09.2016
	G/RO/N/148/Rev.1	27.10.2016
18. Korea, Rep. of	G/RO/N/1	09.05.1995
	G/RO/N/1/Add.1	22.06.1995
	G/RO/N/63	18.09.2009
19. Lao People's Dem. Rep.	G/RO/N/96	24.07.2013
20. Lesotho	G/RO/N/56	27.05.2008
21. Liechtenstein	G/RO/N/60/Rev.1	08.04.2009
22. Madagascar	G/RO/N/11	10.09.1996
23. Mexico	G/RO/N/12	01.10.1996
24. Moldova, Rep. of	G/RO/N/36	12.03.2002
	G/RO/N/110	14.02.2014
	G/RO/N/110/Add.1	10.10.2014
25. Mongolia	G/RO/N/164	03.04.2018
26. Montenegro	G/RO/N/126	20.02.2015

<sup>1</sup> All notifications received from countries prior to joining the EU do not appear in the table.

Member	APPLY NON-PREFERENTIAL RULES OF ORIGIN	Date
27. Morocco	G/RO/N/2	22.06.1995
28. New Zealand	G/RO/N/1	09.05.1995
	G/RO/N/1/Add.1	22.06.1995
29. Niger	G/RO/N/19	23.01.1998
30. Norway	G/RO/N/8	05.03.1996
	G/RO/N/62	26.05.2009
	G/RO/N/149	22.09.2016
31. Peru	G/RO/N/4	07.08.1995
	G/RO/N/5	01.11.1995
	G/RO/N/49	02.03.2007
	G/RO/N/50	10.05.2007
	G/RO/N/52	01.06.2007
	G/RO/N/77	12.03.2012
32. Qatar	G/RO/N/25	13.04.1999
33. Russian Federation	G/RO/N/84	27.09.2012
	G/RO/N/84/Corr.1	13.12.2012
34. Rwanda	G/RO/N/75	24.02.2012
35. Senegal	G/RO/N/10	16.08.1996
36. Seychelles	G/RO/N/141	02.05.2016
37. South Africa	G/RO/N/3	27.07.1995
38. Suriname	G/RO/N/24	15.01.1999
	G/RO/N/43	15.03.2004
39. Switzerland	G/RO/N/4	07.08.1995
	G/RO/N/60	26.01.2009
	G/RO/N/60/Rev.1	08.04.2009
40. Chinese Taipei	G/RO/N/37	03.06.2002
	G/RO/N/37/Rev.1	02.08.2002
41. The F.Y. Rep. of Macedonia	G/RO/N/45	09.11.2004
42. Togo	G/RO/N/70	16.06.2011
43. Tunisia	G/RO/N/7	12.02.1996
	G/RO/N/61	19.02.2009
44. Turkey	G/RO/N/8	05.03.1996
	G/RO/N/28	30.05.2000
45. Ukraine	G/RO/N/57	07.07.2008
	G/RO/N/81	10.08.2012
46. United States	G/RO/N/1	09.05.1995
	G/RO/N/1/Add.1	22.06.1995
	G/RO/N/6	19.12.1995
	G/RO/N/12	01.10.1996
47. Venezuela, Bolivarian Rep. of	G/RO/N/1	09.05.1995
	G/RO/N/1/Add.1	22.06.1995
	G/RO/N/10	16.08.1996
	G/RO/N/14	02.12.1996
48. Yemen	G/RO/N/140	08.04.2016
49. Zimbabwe	G/RO/N/80	18.07.2012

## B. Members that do NOT implement non-preferential rules of origin

Member	DO NOT APPLY NON-PREFERENTIAL RULES OF ORIGIN	Date
1. Belize	G/RO/N/147	01.09.2016
2. Benin	G/RO/N/150	10.11.2016
3. Bolivia, Plurinational State of	G/RO/N/9	19.04.1996
4. Brunei Darussalam	G/RO/N/5	01.11.1995
5. Burundi	G/RO/N/33	02.05.2001
6. Cameroon	G/RO/N/99	22.08.2013
7. Chad	G/RO/N/22	16.09.1998
8. Chile	G/RO/N/6	19.12.1995
9. Congo	G/RO/N/118	18.09.2014
10. Costa Rica	G/RO/N/1	09.05.1995
	G/RO/N/1/Add.1	22.06.1995
11. Côte d'Ivoire	G/NO/N/117	25.08.2014

Member	DO NOT APPLY NON-PREFERENTIAL RULES OF ORIGIN	Date
12. Dominica	G/RO/N/24	15.01.1999
13. Dominican Republic	G/RO/N/9	19.04.1996
14. El Salvador	G/RO/N/10	16.08.1996
15. Eswatini	G/RO/N/128	24.04.2015
16. Fiji	G/RO/N/17	10.04.1997
17. The Gambia	G/RO/N/109	31.01.2014
18. Ghana	G/RO/N/44	06.05.2004
19. Guatemala	G/RO/N/21	20.07.1998
20. Guyana	G/RO/N/42 G/RO/N/42/Rev.1	10.12.2003 12.09.2016
21. Haiti	G/RO/N/20/ G/RO/N/20/Rev.1	14.05.1998 27.07.1998
22. Honduras	G/RO/N/3	27.07.1995
23. Iceland	G/RO/N/5	01.11.1995
24. India	G/RO/N/1 G/RO/N/1/Add.1	09.05.1995 22.06.1995
25. Indonesia	G/RO/N/16	05.03.1997
26. Israel	G/RO/N/13 G/RO/N/163	19.11.1996 15.02.2018
27. Jamaica	G/RO/N/4	07.08.1995
28. Kenya	G/RO/N/9	19.04.1996
29. Kuwait, the State of	G/RO/N/100	19.09.2013
30. Liberia	G/RO/N/173	05.07.2018
31. Macao, China	G/RO/N/21	20.07.1998
32. Malawi	G/RO/N/129	04.06.2015
33. Malaysia	G/RO/N/6	19.12.1995
34. Maldives	G/RO/N/22	16.09.1998
35. Mali	G/RO/N/116 G/RO/N/146	11.07.2014 12.09.2016
36. Mauritius	G/RO/N/1 G/RO/N/1/Add.1	09.05.1995 22.06.1995
37. Mongolia	G/RO/N/20/ G/RO/N/20/Rev.1	14.05.1998 27.07.1998
38. Myanmar	G/RO/N/151	23.05.2017
39. Namibia	G/RO/N/26	02.09.1999
40. Nepal	G/RO/N/165	03.04.2018
41. Nicaragua	G/RO/N/10	16.08.1996
42. Oman	G/RO/N/32	30.04.2001
43. Pakistan	G/RO/N/16	05.03.1997
44. Panama	G/RO/N/23	05.10.1998
45. Papua New Guinea	G/RO/N/32	30.04.2001
46. Paraguay	G/RO/N/21	20.07.1998
47. Philippines	G/RO/N/6	19.12.1995
48. Samoa	G/RO/N/97	02.08.2013
49. Saudi Arabia, Kingdom of	G/RO/N/48	08.11.2006
50. Singapore	G/RO/N/3	27.07.1995
51. Thailand	G/RO/N/1 G/RO/N/1/Add.1	09.05.1995 22.06.1995
52. Trinidad and Tobago	G/RO/N/7	12.02.1996
53. Uganda	G/RO/N/13	19.01.1996
54. United Arab Emirates	G/RO/N/13 G/RO/N/17	19.11.1996 10.04.1997
55. Uruguay	G/RO/N/12	01.10.1996
56. Viet Nam	G/RO/N/68 G/RO/N/79	22.02.2011 01.06.2012
57. Zambia	G/RO/N/142	17.06.2016

**C. Members that have not yet presented a notification under Article 5 of the Agreement on Rules of Origin**

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|--------------------------------------|---------------------|--------------------------------------|
| 1. Angola                            | 11. Djibouti        | 22. Saint Kitts and Nevis            |
| 2. Antigua and Barbuda               | 12. Ecuador         | 23. Saint Lucia                      |
| 3. Bahrain, Kingdom of               | 13. Egypt           | 24. Saint Vincent and the Grenadines |
| 4. Bangladesh                        | 14. Gabon           | 25. Sierra Leone                     |
| 5. Barbados                          | 15. Grenada         | 26. Solomon Islands                  |
| 6. Botswana                          | 16. Guinea          | 27. Sri Lanka                        |
| 7. Cabo Verde                        | 17. Guinea Bissau   | 28. Tajikistan                       |
| 8. Cambodia                          | 18. Kyrgyz Republic | 29. Tanzania                         |
| 9. Central African Republic          | 19. Mauritania      | 30. Tonga                            |
| 10. Democratic Republic of the Congo | 20. Mozambique      | 31. Vanuatu                          |
|                                      | 21. Nigeria         |                                      |
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