



Committee on Rules of Origin

MINUTES OF THE MEETING OF 5 MARCH 2020

CHAIRPERSON: MRS UMA MUNIANDY (SINGAPORE)

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¹ The agenda of the meeting was circulated in document WTO/AIR/RO/11.

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The Committee on Rules of Origin (the Committee, or CRO) adopted the agenda of the meeting as circulated in document WTO/AIR/RO/11 with one modification: item 9 was removed from the agenda and therefore not considered.

1 WORK OF THE TECHNICAL COMMITTEE ON RULES OF ORIGIN (TCRO) – 2019 REPORT BY A REPRESENTATIVE OF THE WORLD CUSTOMS ORGANIZATION

1.1. Mrs Mette Azzam of the World Customs Organization (WCO) Secretariat delivered a report on the activities conducted by the WCO and the Technical Committee on Rules of Origin (TCRO) in 2019.

1.2. She informed Members that the TCRO had held its 38th Session on 3 February 2020 at the WCO Headquarters, under the chairpersonship of Mr Aseem Nanda (India), at which the TCRO had adopted the 21st Periodic Report and the 21st Annual Review on technical aspects and implementation of the WTO Agreement on Rules of Origin for 2019. The Review had been brief, since the Agreement had not been implemented in practice and no questions had been referred to the TCRO in relation to harmonized non-preferential rules of origin. At this meeting, the WCO Secretariat had also informed the TCRO about the state of play of the origin part of the WCO Revenue Package Action Plan. The Revenue Package Phase IV Action Plan had been adopted in June 2019. It consisted of initiatives intended to ensure an effective and efficient collection of revenue by Customs Administrations. The lack of harmonization remained a major challenge for all stakeholders. For this reason, the WCO had been promoting procedural harmonization through the implementation of "guidelines" (on origin certification; origin verification; advance rulings; and customs infrastructure). These guidelines aimed at simplifying and streamlining procedures linked to rules of origin. The WCO Secretariat had also developed a Practical Guide to the WTO Nairobi Ministerial Decision on Rules of Origin for LDCs, which was available on the WCO's website, along with other guidelines. In addition, a workshop had been organized back to back with the 38th Session of the TCRO in order to afford workshop participants an opportunity to share their experiences and views on the ongoing process to review Annex K of the Revised Kyoto Convention. Annex K dealt with origin requirements and had remained unchanged since the initial 1974 Kyoto Convention. She explained that, as part of this review, certain WCO Members were discussing possible modifications to modernize and expand the provisions of the Annex. Finally, she invited all delegations to attend the 2nd WCO Global Origin Conference, in the Dominican Republic, on 15-16 April 2020.

1.3. The Committee took note of this report.

2 "ORIGIN FACILITATOR", A JOINT INITIATIVE BY THE WTO, ITC AND WCO – UPDATE BY THE WTO AND THE ITC SECRETARIATS

2.1. The Chairperson reminded delegations that the WCO and ITC Secretariats had officially presented the "Origin Facilitator" (<https://findrulesoforigin.org>) to Members in October 2019.² During the presentation, delegations had suggested ways to improve and promote this tool. She invited the Secretariats of the WTO and ITC to update Members on latest developments.

2.2. The Secretariats of the WTO and the ITC explained that the main priority remained expansion of the Facilitator's coverage, with the intention to continue data entry until the Facilitator covered the preferential rules of origin of all preferential trade agreements in force (both reciprocal regional trade agreements (RTAs) and non-reciprocal preferential trade arrangements (PTAs)). In the case of PTAs, the relevant information had been sourced primarily from WTO notifications. For RTAs, the information had been taken from the WCO database of preferential rules of origin and sourced from publicly available sites. About 75% of all preferential rules of origin had already been integrated into

² https://www.wto.org/english/news_e/news19_e/roi_17oct19_e.htm

the Facilitator. In addition, the ITC had tried to gather publicly available information on non-preferential rules of origin for Switzerland, the European Union, and the United States. These efforts had not proven entirely successful and, as a result, non-preferential rules of origin were currently not available for these Members. These rules would be added to the Facilitator if updated and standardized notifications to the CRO became available. Two additional initiatives were also under way: first, the Facilitator would be translated into French and Spanish; and second, tariff lines subject to anti-dumping duties (or other trade remedies) would be flagged to alert users of possible changes in the applicable origin criteria.

2.3. The representative of Indonesia confirmed that the Facilitator was a very useful and user-friendly platform. His government had organized a training activity on the Facilitator in October 2019 for relevant ministries, agencies, and other stakeholders, including business associations. At the same time, he noted that information regarding his government should be updated to indicate that Indonesia had been implementing the ASEAN/Japan Free Trade Agreement (FTA) since March 2018.

2.4. The representative of the Russian Federation said that transparency was one of the key principles of the multilateral trading system (G/RO/W/195). However, the information notified to the CRO was not always identical to that notified to the Committee on Trade Facilitation; indeed, her delegation had noticed discrepancies in notifications submitted by Members to both committees. In addition, her delegation had realized that the Internet links notified by Members were often out of date or imprecise, making it difficult to retrieve specific information. For example, according to the Trade Facilitation Agreement database, 90 Members had notified their legislation on rules of origin by providing mainly an Internet link as prescribed by Article 1.4 of the Agreement on Trade Facilitation. At the same time, according to the 25th Annual Review of the Implementation and Operation of the Agreement on Rules of Origin (G/RO/90), only 50 Members had notified to the Secretariat that they applied non-preferential rules of origin, and 59 Members had informed the Secretariat that they did not apply any non-preferential rules of origin; for the remaining Members, these notifications were missing. Also, concerning the 50 notifications on non-preferential rules of origin, 18 had been submitted between 1995 and 2000, 11 between 2001 and 2010, and only 21 after 2011; most had never been updated and did not contain an Internet link. This situation diminished the value of notifications and hindered the correct presentation of up-to-date information through the Facilitator. She urged Members to consider updating their notifications and to verify that the information that they had submitted to the CRO remained valid.

2.5. The representative of Tanzania confirmed that the Facilitator was very useful and could cut trading costs, in particular for firms in least developed countries (LDCs). For this reason, he thought that more efforts were needed to raise awareness and increase the number of possible users in Capitals.

2.6. In response, the WTO Secretariat (Mr Darlan Martí) agreed that keeping the information in the Facilitator up to date was indeed a challenge. Preferential rules of origin did not change frequently; nevertheless, to avoid misunderstandings, it was important to reflect the correct information as quickly as possible. In this regard, he noted that updates on preferential rules of origin could be sourced from the information submitted by Members under the transparency mechanisms of the Committee on Regional Trade Agreements (CRTA) and the Committee on Trade and Development (CTD) or could be sent to the CRO directly. He invited delegations to reflect upon possible improvements to notifications in order to ensure that the Secretariat would always be kept informed of the most recent changes to preferential rules of origin. He noted that the Secretariat could prepare a document summarizing notification obligations with a view to reviewing current procedures and discussing possible improvements to them. On outreach, he noted that any Member could make a request for technical assistance activities to the Secretariats of the WTO, the ITC, or the WCO, and that a number of training activities were already taking place. In addition, an e-learning course was available to help to train officials on matters relating to rules of origin and the Facilitator. This course was currently being revised and updated.

2.7. In conclusion, the Chairperson proposed to keep this item on the agenda of the CRO and to hear a further update at the Committee's next meeting. In addition, she proposed to hold specific discussions on the existing provisions for the notification of preferential rules of origin used in RTAs. She also invited Members to reflect upon any improvements necessary to keep the Facilitator always up to date.

2.8. The Committee took note of the report and agreed to proceed accordingly.

3 IMPLEMENTATION OF THE BALI AND THE NAIROBI MINISTERIAL DECISIONS ON PREFERENTIAL RULES OF ORIGIN FOR LEAST DEVELOPED COUNTRIES (WT/L/917 AND WT/L/917/ADD.1)

3.1 Review of Recent Developments Regarding Preferential Rules of Origin for LDCs – Report by Preference-Granting Members

3.1.1 Implementation of the REX System – Update by the European Union

3.1. The Chairperson recalled that the REX system of self-certification for registered exporters was being implemented by the European Union, Norway, Switzerland, and Turkey. She recalled that the main difficulty previously reported had concerned certain LDCs that were not yet implementing this system despite their transition period being over; as a result, exporters in these LDCs had been unable to claim preferences in Members implementing the REX system. She asked the EU to update the Committee on recent developments in this regard.

3.2. Mr Hervé Godin of the Commission of the European Union (RD/RO/86) explained that the REX system had been applied since 1 January 2017 in the context of the EU GSP scheme by exporters in beneficiary countries; by exporters in the EU, Norway, Switzerland, and Turkey, for bilateral cumulation; and by operators in the EU, Norway, and Switzerland, for the reconsignment of goods or for the replacement of proofs of origin. All GSP beneficiary countries were expected to move away from certificates of origin and to use only statements of origin by the end of 2019. Several beneficiary countries had already completed their transition to, and were using, the REX system (for example, Afghanistan; Angola; Benin; Congo; Mali; Nepal; Tanzania; The Gambia; and Togo; among others). Other LDCs remained covered by a transition period (for example, Bangladesh, Cambodia, Lesotho, and Senegal). However, certain LDCs were not applying the REX system despite their transition period having ended. As a result, these LDCs were unable to receive preferences (for example, the Central African Republic, Chad, the Democratic Republic of the Congo, Djibouti, Equatorial Guinea, and Haiti). He noted that these countries nevertheless remained eligible for preferences in the EU and that they would continue to receive preferences once they had completed certain procedures to move to self-certification under the REX system. The EU had been reaching out to these countries to explain what was required of them.

3.3. The representative of Chad asked if the European Union could share information concerning the type of difficulties that were being faced by those LDCs that had not yet completed the preliminary procedures to move to the new REX system. Similarly, he asked if those beneficiary countries that were already using the system had assessed it positively.

3.4. The representative of Tanzania thanked the European Union for regularly updating the Committee and for helping LDC delegations to raise these issues with colleagues in Capitals. He asked if the EU had assessed the impact of its suspension of preferences on the LDCs concerned.

3.5. The representative of Mali noted that her country faced challenges in complying with territoriality requirements because certain goods had to undergo certain additional processes while in transit through neighbouring Côte d'Ivoire or Senegal. She asked if there were any exceptions in the rules or flexibilities for such cases. She also noted that LDC delegations needed training and capacity-building to enhance their understanding of rules of origin and diverse national requirements in this area.

3.6. In response, the European Union representative clarified that the difficulties that had been experienced by certain LDCs could be very quickly resolved once certain simple steps had been completed. All that beneficiaries needed to do was to communicate to the EU the details of the local authorities responsible for registering firms, and the names of the local authorities that would reply to any requests for administrative cooperation, because the difficulty in this regard concerned identifying these institutions and communicating their names to the EU. Concerning those countries that were already applying the system, he reported that their feedback had been very positive because self-certification saved time. After the initial implementation phase, use of the REX system had run smoothly in all cases. In addition, the EU had also set up a monitoring mechanism to ensure that all beneficiary countries received any necessary training and support. He reiterated that the EU

had not excluded any LDC from its preferences; rather, all LDCs remained eligible for preferences, but certain LDCs had been temporarily denied preferential treatment for a technical reason. Finally, in relation to landlocked countries, he explained that EU rules did not require goods to be directly consigned; rather, the rules authorized goods to transit, be stored, split, or labelled, in a third country. However, goods should not be further processed in a third country. At the same time, for processing in third countries, cumulation would be required, and this option was available in free trade agreements being negotiated between the EU and African countries. He added that, as a last resort, the rules in the EU's GSP also allowed beneficiary countries to request waivers or temporary derogations from the rules to take account of particular situations.

3.7. The representative of Djibouti asked the European Union to clarify how the deadlines for transitioning into the REX system worked. She also requested the EU to share the template document that LDCs were required to complete.

3.8. The representative of the European Union explained that a single deadline had been decided for all beneficiaries. Certain beneficiaries had asked for longer time-frames and hence had extended their transition period; other LDCs had not met the original deadline but had not requested an extension. Nevertheless, these deadlines did not entail a definitive loss of preferences and the situation could easily be reversed upon completion of certain procedures. In addition, he confirmed that the templates could be shared with the delegation.

3.9. In conclusion, the Chairperson encouraged LDC delegations and the European Union to discuss specific difficulties and to identify possible solutions together.

3.10. The Committee took note of the update and statements made.

3.1.2 Implementation of Nairobi Ministerial Decision on Preferential Rules of Origin for Least Developed Countries (G/RO/LDC/N/RUS/2) - Report by the Russian Federation

3.11. The representative of the Russian Federation highlighted the key elements of preferential rules of origin for LDCs, as notified in document G/RO/LDC/N/RUS/2. She recalled that the Eurasian Economic Union (EAEU)'s Common System of Tariff Preferences had entered into force on 16 January 2019. It contained revised preferential rules of origin that aimed at implementing the provisions of the Nairobi Ministerial Decision. The rules stipulated that goods being substantially transformed would be considered as originating in a beneficiary LDC if the value-added content of non-originating materials did not exceed 50%. To implement the Nairobi Decision, that maximum allowance would be gradually increased to 60% (in 2025). Moreover, the system of preferences introduced the possibility of accumulation of materials originating from either least developed countries or EAEU countries. Chapter IV of the rules contained additional conditions for granting tariff preferences, such as administrative cooperation, direct consignment, and purchase. Goods had to be directly transported to the Russian Federation and, in the case of transit through a third country, the goods had to remain under customs control during transit. Transport documents were used as a proof of direct consignment. In addition, qualifying goods had to be directly purchased by a person of an EAEU Member State or from a person registered as a legal entity in the beneficiary country from which such goods originated. The rules also included the obligation to present an original certificate of origin, following a specific format, which had been signed by the relevant authorized bodies. In addition, beneficiary LDCs were required to communicate to the EAEU Commission the names and addresses of their competent authorities in case of a request for origin verification. The EAEU Commission kept an electronic database of authorized certifying bodies. Administrative cooperation requirements were deemed to have been fulfilled from the date of receipt by the Commission of this information. No tariff preferences could be granted in the case of a failure to comply with these administrative requirements. As for other flexibilities, a certificate of origin was not required for consignments with a value that did not exceed an amount equivalent to EUR 5,000. For such requirements, a declaration of origin was sufficient. She concluded by inviting any interested LDC beneficiaries to engage bilaterally with her delegation for any clarifications.

3.12. The representative of Tanzania thanked the delegation of the Russian Federation for sharing the details of its revised rules of origin and noted the positive and incremental steps taken to reflect the provisions of the Ministerial Decision, in particular the higher allowance for the use of non-originating materials and the introduction of bilateral cumulation. He said that the LDC Group would examine the notification further and raise any questions in the Committee, if necessary.

3.13. The Committee took note of the statements made.

3.1.3 Report of Recent Developments Related to Preferential Rules of Origin for LDCs by Other Preference-Granting Members

3.14. The Chairperson offered other preference-granting Members an opportunity to update the Committee on any recent developments. These updates would be compiled in the Committee's report to the General Council by the end of the year.

3.15. The representative of the United Kingdom (UK) reminded Members that his delegation had ceased to be a Member state of the EU on 31 January 2020 (WT/GC/206). His government and the EU had agreed a withdrawal agreement that provided for a time-limited transition period, during which EU Law, as implemented through the withdrawal agreement, would continue to apply to and in the UK. This period extended until 31 December 2020. As a result, his government would continue to apply the existing non-preferential rules of origin, generalized scheme of preferences, and other existing preferential trading arrangements. No change of documentation or proof of origin would occur during the transition period. His delegation looked forward to engaging with all WTO Members to take forward the important work of the CRO to ensure stable and predictable rules for international trade.

3.16. The representative of Thailand reminded Members that Thailand's PTA for LDCs was valid from April 2015 to December 2020. In view of the upcoming expiration of the scheme, Thailand's authorities had initiated stakeholder consultations with a view to extending the duration of the scheme, expanding the coverage of eligible products, and improving the rules of origin. Her delegation would keep Members abreast of any developments in this regard and, in the meantime, welcomed bilateral discussions with any interested LDCs.

3.17. The representative of Tanzania thanked both the UK and Thailand for their updates. In relation to the UK's statement, he emphasized that it was important to avoid any trade disruption. He also said that it would be important to learn from existing best practices and, in particular, to consider that goods originating in LDCs often transited through the European Union before being consigned to the UK.

3.18. In conclusion, the Chairperson encouraged preference-granting Members to update the CRO whenever they deemed it convenient to do so.

3.19. The Committee took note of these reports.

3.1.4 Bilateral Meetings Between the LDC Group and Certain Preference-Granting Members – Report by the LDC Group

3.20. The Chairperson reminded Members that the LDC Group had presented the results of a detailed examination of utilization rates under Switzerland's and China's preferential arrangements. In addition, the Group had expressed concerns over certain product-specific rules of origin, based on a change of tariff classification, with exceptions. Finally, the Group had also expressed concerns over certain requirements relating to the direct consignment of goods. She had recommended that the LDC Group follow up on these specific concerns through bilateral consultations between the delegations concerned. She wished to know if such bilateral meetings had taken place and if any progress could be reported.

3.21. The representative of Tanzania reported, on behalf of the LDC Group, that the Group had raised concerns in the Committee and had made several recommendations on the simplification of origin requirements. He confirmed that some of these concerns had been discussed in bilateral meetings with China, the European Union, and Switzerland. He thanked these delegations for engaging positively in these meetings. He noted that the Group had not yet been able to meet with the delegation of Japan. The Group would hold additional meetings in the coming months. Nevertheless, he explained that, for the LDC Group, the Committee remained the preferred forum for the discussion of matters relating to the implementation of the Bali and Nairobi Ministerial Decisions. The LDC Group believed that progress would be possible through a two-track approach: namely, through the active engagement of all delegations in the Committee, complemented by more specific or detailed discussions at bilateral level.

3.22. The representative of China reported that he had indeed held a productive meeting with the LDC Group and the Secretariat, at which he had shared a comprehensive analysis of preference utilization, conducted by his colleagues in Capital. He clarified that many of the low utilization rates reported in the LDC paper had resulted from an incorrect interpretation of the data. Low utilization of China's PTA for LDCs could be explained by the fact that LDCs were trading with China under more than one preferential scheme (such as RTAs). According to the analysis provided by his colleagues in Capital, exports from most of the top 27 exporting LDCs displayed a utilization rate higher than 80%. Hence, China's preferences were consistent and robust. However, he conceded that utilization rates were low for certain LDCs. In conclusion, he stated that his delegation was committed to collaborating with the LDC Group and to supporting LDCs in optimizing their utilization of China's PTA.

3.23. The Chairperson thanked the LDC Group and China for these reports, and other preference-granting Members for having taken part in the bilateral meetings. She encouraged delegations to continue to meet so that Member-specific concerns could be discussed and addressed. She asked all delegations concerned to keep the Committee informed of any developments.

3.24. It was so agreed.

3.2 Notifications of preferential rules of origin and preferential tariffs and import statistics – Report by the Secretariat

3.25. The Secretariat explained that there had been few developments since the Committee's previous meeting (G/RO/W/163/Rev.7). On preferential rules of origin, all preference-granting Members had notified their requirements using the agreed template (G/RO/84) except for Armenia and Iceland. On preferential tariffs, the Secretariat reported that no information or only partial information had been received from the following Members (with years for which tariff information was missing indicated in brackets): Armenia (2017; 2018; 2019); China (2018; 2019); Iceland (2010; 2011; 2012; 2019); India (2011; 2017; 2018; 2019); the Kyrgyz Republic (2011; 2014; 2015; 2016); Russian Federation (2015; 2017; 2018); and Tajikistan (2018; 2019). Finally, for preferential import statistics, he reported that no information was currently available for Armenia; Iceland; Kazakhstan; the Kyrgyz Republic; Montenegro; New Zealand; the Russian Federation; Tajikistan; and Turkey. In the case of both China and India, data was available for only one year (2016). Some data was missing for Norway (2018) and Switzerland (2010 and 2011).

3.26. The representatives of Switzerland and Norway reported that their delegations had recently submitted preferential tariffs and import statistics for 2018. The data was being verified and would be available soon.

3.27. The representative of the Russian Federation said that her delegation would prefer that notifications be monitored only from the date of entry into force of each Member's PTA, and not since 2010, when the PTA Transparency Mechanism had been adopted. Her delegation would continue to work towards preparing the relevant data and submitting it to the Secretariat.

3.28. The representative of China reported that his colleagues in Capital were working on completing China's notification.

3.29. The representative of Canada drew Members' attention to the updated Integrated Database (IDB) Decision, recently adopted by the Committee on Market Access. Paragraph 8 of that Decision gave Members an opportunity to explore whether or not an automatic transmission of tariff data, including preferential tariff information, was possible. He explained that his delegation and the Secretariat had tested automatic data transmission. In practice, information had been automatically collected from Canadian public websites and his government had been given an opportunity to verify the data. This arrangement had worked very well and so his delegation would formalize it.

3.30. In conclusion, the Chairperson proposed that the Committee take note of these updates. She also encouraged all delegations to speak to the Secretariat to explore the possibility of setting up mechanisms for automatic data collection to simplify Members' notification obligations. In addition, she urged those delegations that had been identified as having notification gaps to work with their Capitals to ensure that any missing information would be submitted as soon as possible. Finally, she asked the Secretariat to provide an update to the Committee at its next meeting.

3.31. The Committee agreed to proceed accordingly.

3.3 Utilization of Preferential Trade Arrangements by Least Developed Countries – Revised Report by The Secretariat (G/RO/W/187/Rev.1)

3.32. The Secretariat highlighted the main revisions to its latest note on utilization rates and direct consignment (G/RO/W/187/Rev.1). The note explored the relationship between preference utilization and different variations of the direct consignment requirement. The report had found a direct correlation between both; that is, preferences with stricter direct consignment requirements were more likely to be *under-utilized*. In addition, the note had associated under-utilization and specific requirements, such as the obligation to present a certificate of non-manipulation. In the document's revision, the Secretariat had corrected or clarified the requirements of preference-granting Members (Table 1), following comments received from Canada; the European Union; Norway; Switzerland; and Turkey. The revisions introduced to the document had not altered the note's findings or other substantive elements. In conclusion, the Secretariat invited preference-granting Members to review the note to ensure that their requirements had been correctly described. In addition, the Secretariat encouraged preference-granting Members to examine their own import statistics to check if under-utilization rates varied according to whether goods had been consigned directly or indirectly and report this analysis to the Committee. This would assist the Committee in advancing its understanding of linkages between direct consignment obligations and preference utilization.

3.33. The representative of Switzerland reported that his delegation had indeed initiated an investigation of preference utilization for both directly and indirectly consigned goods. Direct consignment was understood as the importing of goods into Switzerland either directly by air transport or following transit procedures through third countries, such as EU countries. In both cases, a good would qualify for preferences as long as it had remained under customs control. Indirect importation happened when goods originating in LDCs were cleared by customs authorities in the EU and then re-exported to Switzerland, and that were therefore goods that had not always remained under customs control. Differences in utilization rates were significant in both scenarios. Indirectly consigned goods displayed utilization rates of zero for all LDCs. By contrast, directly imported goods displayed high utilization rates, as followed: 98% for Bangladesh and Tanzania; 96% for Benin and Mozambique; 95% for Myanmar; 88% for Uganda; 85% for Côte d'Ivoire and Nepal; 83% for Cambodia; 80% for Lao People's Democratic Republic; and so on. In a few cases, utilization rates were low even for directly imported goods. He reported that the investigation would be pushed further in order to analyse trends at the tariff sub-heading level for the following four LDCs: Ethiopia; Haiti; Madagascar; and Togo. A preliminary analysis of these statistics suggested that other variables also influenced utilization rates, including, in particular, preferential margins and the value of imports. However, a more extensive analysis of the data would require more time.

3.34. The representative of Canada thanked the Secretariat for taking his delegations' comments into consideration in the revised note.

3.35. The representative of Tanzania, on behalf of the LDC Group, thanked the Secretariat for the note and the Swiss delegation for its investigations and report. He encouraged other preference-granting Members to conduct similar work and likewise to share their findings with the Committee.

3.36. The representative of the European Union thanked the Secretariat for revising the note and encouraged the Committee to continue its research and analysis in this area.

3.37. In conclusion, the Chairperson proposed that the Secretariat continue undertaking research in this area so that Members would have a clearer understanding of the precise requirements that were hindering the ability of LDCs to utilize trade preferences more fully. Finally, she encouraged preference-granting Members to collaborate with the WTO Secretariat, if possible, by sharing their own findings and analysis in this area.

3.38. It was so agreed.

3.4 5th Anniversary of the Nairobi Ministerial Decision: Review of Implementation, Identification of Gaps and the Way Forward - Communication from the LDC Group

3.39. The representatives of Yemen and Cambodia presented the communication to Members on behalf of the LDC Group (RD/RO/87). They explained that 2020 marked the 5th Anniversary of the Nairobi Ministerial Decision and thus provided a good opportunity to reflect upon the spirit and achievements of the Decision. They noted that, despite the specific reforms undertaken by certain preference-granting Members, a wide gap remained between Members' practices and the provisions of the Ministerial Decisions, in relation, for example, to the following: cumulation; complex rules with exceptions, including the calculation of the percentage criterion; and direct consignment. In addition, despite significant improvements in transparency, several Members still had gaps in their notifications, particularly with regard to import statistics. The LDC Group expected Ministers to take note of these achievements and gaps at the 12th Ministerial Conference. The Group also expected Ministers to strengthen the mandate and role of the CRO in monitoring the implementation of the Bali and Nairobi Ministerial Decisions.

3.40. The representative of the Russian Federation asked LDC delegations if they could clarify what precisely their expectations for the 12th Ministerial Conference were, and if the Group would consider describing their expectations in a written document.

3.41. The representative of Cambodia replied that the LDC Group preferred to consult preference-granting Members in order to develop the language jointly. The representative of Tanzania added that Members should have a shared sense of responsibility for the implementation of the Ministerial Decisions; they should therefore seek solutions together. In this regard, he believed that the CRO had already identified best practices in several areas. And he thought that preference-granting Members could give their consideration to such practices and possible reforms to their rules. In addition, Ministers could empower the Committee with a work programme dealing with additional aspects of origin requirements. And he considered that it was the responsibility of all Members, not only the LDCs, to identify areas in which greater efforts could be made to implement the Decisions. To this end, LDC delegations stood ready to engage with other Members to identify suitable language to be forwarded to Ministers.

3.42. The Chairperson reminded Members that the General Council would meet at the end of May in order to take stock of any files to be forwarded to Ministers. As such, she believed that delegations should work swiftly in order to identify any possible Ministerial outcomes. She asked if the LDC Group had foreseen any timelines for this work.

3.43. The representative of Tanzania clarified that the Group would begin its consultations immediately with a view to formulating draft language in time for discussions by end-April.

3.44. In conclusion, the Chairperson asked the LDC Group to propose draft language for the consideration of other Members, which she thought should happen as soon as possible; she would then convene follow-up consultations.

3.45. It was so agreed.

4 NOTIFICATIONS UNDER ARTICLE 5 AND UNDER PARAGRAPH 4 OF ANNEX II OF THE AGREEMENT ON RULES OF ORIGIN (G/RO/N/187 TO G/RO/N/194)

4.1. The Chairperson drew Members' attention to the latest notifications received by the Secretariat under the following symbols: G/RO/N/187; G/RO/N/188; G/RO/N/189; G/RO/N/190; G/RO/N/191; G/RO/N/192; G/RO/N/193; and G/RO/N/194. These notifications covered non-preferential rules of origin (Article 5 of the Agreement) and preferential rules of origin (under RTAs, originally circulated to the CRTA). Further to these notifications, she noted that all WTO Members applied at least one set of preferential rules of origin. In addition, 50 Members had informed the Secretariat that they applied non-preferential rules of origin, and 60 Members had informed the Secretariat that they did not apply such rules. Twenty-seven Members had never submitted a notification under Article 5 of the Agreement.

4.2. The representative of the Russian Federation referred to her delegation's earlier statement (paragraph 2.4, above), and urged Members to ensure greater coherence and consistency in their notifications (G/RO/W/195).

4.3. The representative of Indonesia reported that his delegation had identified the regulations that needed to be notified, covering both non-preferential and preferential rules of origin, and that his delegation would submit its notification soon.

4.4. The Committee took note of this update and the statements made.

5 ENHANCING TRANSPARENCY IN NON-PREFERENTIAL RULES OF ORIGIN (G/RO/W/182/REV.3) – DRAFT DECISION

5.1. The Chairperson reminded Members that the draft decision on "enhancing transparency in non-preferential rules of origin" had been considered by the Committee during its informal consultations in December 2019. Her impression was that a wide range of delegations had expressed support for the objectives of this proposal. She drew Members' attention to the proposal's third revision. And she believed that the text was stable, and that Members could consider it for adoption. She therefore invited Members to express their views on the text, in particular concerning any provisions that might need further clarification or explanation.

5.2. The representative of Switzerland highlighted the main changes that had been introduced to the proposal since it had been first considered by the Committee. He explained that, in this third revision, the changes introduced had been only editorial in nature. And in light of the discussions that had taken place at the Committee's informal meeting of December 2019, and the absence of any concerns expressed subsequently, the proponents considered the proposal to be mature and ready for adoption.

5.3. The representative of India reiterated that his delegation had raised concerns in earlier meetings, especially regarding the need for effective special and differential treatment (S&D) for developing countries, including LDCs. In addition, he explained that enhanced transparency on rules of origin should translate into enhanced notification obligations in other areas, such as under Article 66.2 of the TRIPS Agreement.

5.4. The representative of Indonesia said that the draft proposal had to be compatible with the ability of developing and least developed Members to comply with their notification obligations. In this regard, he proposed to replace the words "shall endeavour" with "are encouraged to" in paragraph 7. Second, his delegation was still examining the requirement to inform national procedures relating to advance rulings and reserved its right to make comments on this aspect at a later stage.

5.5. The representative of Thailand considered that the proposal was good in many respects. However, his delegation wondered if the review of notifications could be quicker in future. In this regard, his delegation proposed that the review of notifications should be undertaken only upon request. He indicated that his delegation would be able to consider supporting the proposal if the proponents agreed to modify the text in this sense.

5.6. The representative of the European Union stated that his delegation supported the proposal as it stood in its third revision. The EU considered that there was a pressing need for greater transparency in non-preferential rules of origin because exporters needed to have easy access to this information to be able to cope with the multiplicity of national non-preferential rules of origin.

5.7. The representative of Canada agreed with the EU's comments and said that his delegation supported the decision.

5.8. The representative of Turkey said that her delegation favoured increasing transparency and that it also supported initiatives that would allow for the gathering of structured information, especially since such initiatives would benefit developing and least developed countries.

5.9. The representative of Colombia said that her delegation supported this proposal, as it stood, in its third revision.

5.10. The representative of the Republic of Korea thanked Members for their positive engagement on this proposal. He said that, as one of the co-sponsors of the proposal, his delegation was open to discussing Members' concerns. He recalled that the goal of this proposal was to simplify and to facilitate exporters' operations, and not to place any extra burden on WTO Members. He reminded all delegations that the benefits of the notification template would also accrue to their own exporters.

5.11. The representative of the United States said that his delegation was pleased to co-sponsor this proposal, and he urged other interested Members to join the effort. Non-preferential trade represented a large segment of global trade and concerned all WTO Members. Therefore, the results of this initiative would be substantial.

5.12. The representative of Chile said that, while his delegation was not one of the co-sponsors, it did support the objective of enhancing transparency on non-preferential rules of origin. His delegation believed that this would be in the interests of all Members and would help exporters to deal with the uncertainty and increased levels of unpredictability in international trade.

5.13. The Chairperson noted that, while there seemed to be wide support for the proposal, three delegations had expressed reservations or concerns. Before concluding, she wished to hear more from these delegations in order to identify their specific concerns. Therefore, she invited these delegations to explain their concerns more precisely and, if possible, to suggest changes to the text that could accommodate them.

5.14. The representative of India noted that the proposal contained two types of notification provisions: one mandatory, for non-preferential rules of origin used for the determination of MFN duty rates; and another, voluntary, for rules of origin used in the context of trade remedies and other trade measures. He stated that his delegation would prefer to align both obligations and to use best-endeavour language only. In addition, he said that the notification template would still be beneficial and offer standardized information even if it were to be used only on a voluntary basis. The Committee could thus follow the same approach as that which had been adopted in the Committee on Import Licensing. In conclusion, he explained that his delegation wished to match additional notification obligations on rules of origin with enhanced notification obligations in other areas, such as TRIPS.

5.15. The representative of Indonesia reiterated that his delegation preferred to use the wording "are encouraged" instead of "shall endeavour" in paragraph 7. In addition, his delegation required there to be further discussions among Members about the notification of advance ruling procedures.

5.16. The representative of Thailand explained that her delegation proposed to insert the wording "upon request by a Member" to paragraph 9.

5.17. The representative of Switzerland thanked other delegations for engaging actively in these discussions. He noted that the co-sponsors were aware of the resource constraints of developing and least developed countries. Indeed, he believed that this had been well reflected in the provisions and that only a few boxes would need to be ticked as concerned the majority of developing and least developed country delegations. He agreed that WTO notification obligations could represent an administrative burden for small delegations, although he did not think this to be the case of this proposal. Furthermore, he did not see any substantial difference between the two wordings proposed by Indonesia. However, he remained open to discussing further the implications of both of these options, as well as to discussing advance rulings. Concerning the suggestion by Thailand, he noted that Article 5 of the Agreement already read as followed: "the Committee on Rules of Origin shall examine, upon request by Members, existing rules of origin and related documentary requirements". The proposal only covered how notifications should be presented, not what should be notified or how the Committee should review those notifications. And the examination of notifications was a standard item on the Committee's agenda, even in the absence of any specific request from any delegation. Finally, in relation to India's request for more flexible notification obligations, he said that he had not understood which were the aspects of the proposal that India could not meet. He observed that the proponents had shown openness to accommodating specific concerns, as long as those concerns could be identified precisely and be substantiated. He reiterated that completing the template was simple. As for India's other comments regarding notifications under Article 66.2 of the TRIPS Agreement, he said that his delegation was open to discussing any possible shortcomings in this regard, but that these discussions had to take place in the TRIPS Council.

5.18. The representative of Hong Kong, China explained that her delegation was also confused by some of the concerns raised and she invited delegations to be more specific regarding their concerns. For example, she explained that the review of notifications under paragraph 9 did not concern the review of Members' individual notifications but was rather a work programme assessing Members' practices in general. Similarly, she argued that India should not be discouraged by a perceived lack of transparency under the TRIPS Agreement; rather, India should seek to enhance transparency in all areas.

5.19. In response, India clarified that he had suggested that the proponents had not shown a similar keenness regarding transparency in certain other areas. Of course, any issue relating to TRIPS would have to be discussed in the TRIPS Council. All his delegation was seeking was a recognition that transparency and a notification template were useful in other areas too. In relation to the mandatory or best endeavour nature of notification obligations, he noted that the draft decision had already established this distinction. And since the draft decision had introduced more flexible language for the notification of a large subset of non-preferential rules of origin, he argued that the same language could also be used for developing countries. Finally, he reiterated that the voluntary use of a template by Members in the Committee on Import Licensing had proven useful.

5.20. The representative of Thailand said that his delegation had experienced difficulty in understanding the mechanisms behind the Committee's review of notifications. For example, he wondered how a review would be organized, and how often it would take place. The proponents had not been sufficiently specific on these questions and had simply explained that it was up to Members to decide. As a result, his delegation felt that it was natural to add the wording "at the request of a Member" to this paragraph.

5.21. The representative of Australia understood India's position but thought that the voluntary notification of information would be ineffective and would detract from the benefit of this proposal, particularly for developing Members.

5.22. The representative of Switzerland explained that the different treatment given to the two types of non-preferential rules of origin had to do with format only. Members applying different rules of origin for different non-preferential purposes needed to report this information with some flexibility in order to be able to adapt the format of the information to be notified. However, Members still had a clear obligation to notify these rules under paragraph 5 of the Agreement. Furthermore, this obligation was not diminished by the proposal since the flexibility referred only to the use of the template, and not to the actual scope of Members' notification obligations. At the same time, he understood India's concerns about additional notification obligations. And while the draft decision had kept new notifications to a minimum, he did agree that there were certain new elements, specifically those of paragraph 8 (notification of substantive changes made to rules of origin), and those of paragraph 4 (the notification of documentary requirements, although it was subject to different interpretations by different Members). Nevertheless, these relatively modest new elements had been introduced into this proposal to fill a gap, and their implementation would translate into concrete benefits.

5.23. The representative of Indonesia clarified that his delegation did not question the importance of notifications and their potential benefits to businesses. However, he explained that translating legal documents had a concrete financial and administrative implication for his government. As a result, he simply wished to clarify the obligations that Members were being asked to accept. Similarly, it was important to clearly define the scope of obligation and the scope of documents to be notified. In relation to advance rulings, his delegation did not have a specific concern but rather only questions about that provision.

5.24. The representative of Switzerland clarified that the documents to be notified were those referred to by a delegation itself when it completed the annexes of the draft decision.

5.25. In conclusion, the Chairperson noted that no delegation had objected to the goals being pursued by Members in this proposal. All delegations shared the assessment that there was a significant transparency gap in this area. A key element of this draft decision was that it contained a commitment by all Members to engage in a fresh and updated notification exercise. While the Agreement on Import Licensing required Members to submit a new notification every year, the Agreement on Rules of Origin had not foreseen the need for updating notifications because it had

assumed that national practices would be replaced with harmonized non-preferential rules of origin. In Import Licensing, the question Members had to consider was whether or not to use a template (and not whether or not to update notifications). Based on the collaboration with ITC and businesses to build the Origin Facilitator, it had become very clear that businesses needed to access updated and standardized information; this made the discussions in the CRO quite different from those in the Import Licensing Committee. Without a clear commitment by Members to notify and to keep their notifications updated, the value of the template would be diminished. She noted that the Committee had been discussing the notification template for some time and that it was largely stable. Finally, she noted that Members had identified more specifically what the remaining concerns were. She therefore proposed to continue discussions as soon as possible, perhaps after a round of bilateral consultations between the proponents and those delegations that had raised concerns. She would call for another open-ended meeting as soon as possible to hear a report on these consultations and to discuss next steps.

5.26. The Committee agreed to proceed accordingly.

6 INFORMAL SESSION ON THE 25TH ANNIVERSARY OF THE AGREEMENT ON RULES OF ORIGIN – REPORT BY THE CHAIR

6.1. The Chairperson reminded delegations that the Committee on Rules of Origin had held its first meeting 25 years ago (in April 1995) and that, 30 years ago (in December 1990), negotiators of the Uruguay Round had finalized a text for the new WTO Agreement on Rules of Origin. The Agreement and the Committee were the fruit of hours of negotiations, which had led to hours of negotiations and discussions over the years. This anniversary had been marked by an event organized by the Secretariat one day prior to this meeting, on 4 March 2020. The event had brought together a mix of delegations, ex-Chairs of the CRO, business representatives, the International Chamber of Commerce, UNCTAD, and the WCO, among others. The programme, the presentations, a summary (G/RO/W/196), and video recordings of the event were available in the "events" section of the rules of origin page of the WTO website. She encouraged all delegations to share that link and those materials with colleagues in Capitals. In fact, many interesting recommendations and messages had come out of the event, some of which could be considered by Members when deciding how to advance the work of the Committee. For example, one question raised had been whether Members could use the results of the harmonization work programme as a reference for origin negotiators, which could encourage the use of best practices and ultimately result in some degree of convergence, including on preferential rules of origin. Another question raised was whether Members should be discussing the simplification of rules of origin on a sectoral basis and building on Members' current practices. Research showed that convergence of rules of origin was already happening in practice for some sectors and that it concerned a greater number of rules than one might imagine. Lastly, speakers had asked whether the Committee should be promoting more actively the use of new technologies to cut trade costs, for example through electronic certification or blockchains. She invited delegations to consult the website and presentations and to reflect further on these and other questions.

6.2. The representative of the United States said the event had been well organized, with a number of complementary presentations on a range of subjects that had helped him to understand, in greater detail, the historical work of the CRO, as well as to identify some new issues that the Committee had yet to take up. He said that the presentations had contained many hidden gems, which Members could consider.

6.3. The Committee took note of the Chair's report and the statement made.

7 UPDATE OF CRO ACTIVITIES FROM THE CRO CHAIR TO THE CHAIR OF THE COUNCIL FOR TRADE IN GOODS FOR INFORMATION OF MINISTERS AT THE 12TH MINISTERIAL CONFERENCE (G/RO/W/193)

7.1. The Chairperson explained that the annual report of activities that the Committee had submitted to the Council for Trade in Goods (CTG) at the end of 2019 would not cover all of the Committee's activities leading up to the 12th Ministerial Conference, scheduled to take place in June 2020. As a result, the Chairs of the General Council and of the Council for Trade in Goods had invited the Chairs of regular bodies to update their reports, if necessary. She had therefore prepared a brief update concerning the work of the Committee (G/RO/W/193). While these updates would be

sent to the CTG on the Chair's responsibility and did not need to be adopted, she would welcome any comments on it from delegations.

7.2. The representative of the Russian Federation asked the Chair to consider adding to the report that her delegation had raised an issue in relation to notifications concerning the lack of coherence in the information notified to different WTO Committees.

7.3. The Chairperson agreed and said that a revised copy of the report would be circulated.

7.4. Members took note of the report and statements made.

8 HOW TO RETRIEVE INFORMATION AND DOCUMENTS RELATED TO RULES OF ORIGIN: THE WTO WEBSITE, E-SUBSCRIPTIONS AND DOCS ONLINE, LATEST DEVELOPMENTS – INFORMATION BY THE SECRETARIAT

8.1. The Secretariat explained that, under this agenda item, it would update delegations, first, on improvements made to the rules of origin page of the WTO website and, second, on tools recently introduced to make it easier for delegations to access WTO documents ("e-subscription" and e-registration").

8.2. First, the Secretariat (Darlan F. Marti) clarified that the CRO did not have an official list of email addresses for the dissemination of documents. All invitations or communications were sent by email to the central email address of permanent missions and it was up to the missions to disseminate these communications internally. In addition, all documents were distributed only through automated systems (using e-registration and e-subscription) or through documents online. The Secretariat reported that it had added new features to the rules of origin page of the WTO website to convert it into a single stop for delegations, making it easier to retrieve background information, informal documents (not available through documents online), and links. For example, the page now displayed a link to the joint WTO-ITC-WCO Origin Facilitator. The page also contained a link to recent and future "meetings". Through that link, delegations could easily access the documents to be discussed at formal CRO meetings. In addition, the page contained a link to past "events" to make it easier for delegations to retrieve informal documents, such as presentations, for example. The text of the page had also been updated and streamlined to offer a more updated overview of the work of the Committee. The page contained a direct link to Members' notifications and any information, weblinks or legislation contained in those notifications. Delegations could also access notifications through documents online. Nevertheless, files on documents online often did not contain the attachments or copies of the legislation referred to in the notifications themselves, so this feature was a useful complement. Moreover, a new section on technical assistance had been added, referencing the WTO e-Learning course on rules of origin and other capacity-building tools relating to rules of origin. Finally, the page also contained the name of the current Chairperson and the contact details of the Secretary of the Committee. This last feature was not public, meaning that it was only visible once delegations had logged in using their "e-registration".

8.3. Second, the Secretariat (Rajesh Patavardhan) explained how the "e-subscription" system operated (RD/RO/88). Under that function, delegations could register and personalize their preferences to receive automated daily email digests with updates every time a new document was issued that was of interest to them. Conveniently, the documents could be accessed directly through hyperlinks contained in the emails. To access the system, delegates needed to contact their delegation coordinator to be validated and to create a personal account.

8.4. The representative of Australia commended the Secretariat for facilitating delegations' access to documents. He said that it meant that Capital-based colleagues could also access new documents directly, which removed some pressure from the work of Geneva-based delegates. In addition, he said that documents could also be downloaded in Word format, which facilitated taking notes (for instance in the meeting agenda). He asked the Secretariat to confirm that the system logged off users after 30 minutes of inactivity.

8.5. The representative of the Russian Federation also expressed appreciation for these efforts by the Secretariat and said that the notifications function in the webpage was particularly useful and straightforward. Regarding e-subscriptions, she mentioned that she had received some documents in error for which she had not subscribed.

8.6. The representative of the Dominican Republic asked if it was possible to use the email address of the delegation, instead of personal emails, to create a user profile in e-subscriptions.

8.7. The Secretariat confirmed that, as a security measure, users were automatically logged off after 30 minutes when a computer stood idle. In relation to the problem mentioned by the Russian Federation, he asked the delegation to send an email to the Secretariat so that the matter could be investigated further. Finally, he explained that it was recommended to create personal profiles, using user-specific emails, rather than general email addresses. In doing so, each profile could be personalized to the user's language preferences, preferred thematic areas, and committees of interest.

8.8. The Chairperson thanked the Secretariat for updating Members on these matters and recommended that delegations approach the Secretariat in case of questions.

8.9. The Committee took note of the presentations and statements made.

9 REQUEST FOR OBSERVER STATUS FROM THE INTERNATIONAL CHAMBER OF COMMERCE (ICC)

9.1. This item was not considered.

10 ELECTION OF OFFICERS

10.1. The Chairperson explained that the Committee's rules of procedures envisaged the election of the Committee's new Chairperson at the close of the Committee's first meeting of each year. However, consultations were still ongoing on a slate of names of candidates interested in taking up the chairpersonships of the subsidiary bodies of the Council for Trade in Goods. As a result, there had not yet been agreement on a nominee to be the next Chairperson of the CRO. She proposed to inform all delegations by email once a nominee had been recommended. If no objections to the name of the proposed new Chairperson were received within a short-prescribed time-frame, the new Chairperson would be deemed to have been elected by acclamation by the Committee as of that date.

10.2. It was agreed to proceed accordingly.

11 OTHER BUSINESS

11.1. No issues were raised under this agenda item.
