



Committee on Rules of Origin

MINUTES OF THE MEETING OF 20 MAY 2021

CHAIRPERSON: MR HAN-MING HUANG (CHINESE TAIPEI)

Subjects Discussed

1 WORK OF THE TECHNICAL COMMITTEE ON RULES OF ORIGIN (TCRO) – 2020 REPORT BY A REPRESENTATIVE OF THE WORLD CUSTOMS ORGANIZATION ..... 1
2 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) ..... 2
2.1 Review of Recent Developments Regarding Preferential Rules of Origin for LDCs – Report by Preference-Granting Members ..... 2
2.2 Stocktaking of Implementation of the Bali and the Nairobi Ministerial Decisions on Preferential Rules of Origin for Least Developed Countries (G/RO/W/198) – Statement by the LDC Group ..... 3
2.3 Utilization of Trade Preferences by Least Developed Countries: 2015-2019 Patterns and Trends – Note by the Secretariat ..... 4
2.4 UNCTAD Database on GSP Utilization – Presentation by UNCTAD ..... 7
2.5 Webinar on "What Drives the Utilization of Trade Preferences" – Report by the Chairperson . 8
3 NOTIFICATIONS UNDER ARTICLE 5 AND UNDER PARAGRAPH 4 OF ANNEX II OF THE AGREEMENT ON RULES OF ORIGIN (G/RO/N/207 TO G/RO/N/225) ..... 8
4 ENHANCING TRANSPARENCY IN NON-PREFERENTIAL RULES OF ORIGIN (G/RO/W/182/REV.3) – REPORT BY THE CHAIRPERSON ..... 9
5 DATES OF THE NEXT MEETINGS OF THE COMMITTEE ..... 10
6 OTHER BUSINESS ..... 10
7 ELECTION OF OFFICERS ..... 10

The Committee on Rules of Origin (hereafter "the Committee", or "CRO") adopted the agenda of the meeting as circulated in document WTO/AIR/RO/13. Delegations attended the meeting virtually via the "Interprefy" platform.

1 WORK OF THE TECHNICAL COMMITTEE ON RULES OF ORIGIN (TCRO) – 2020 REPORT BY A REPRESENTATIVE OF THE WORLD CUSTOMS ORGANIZATION

1.1. The Chairperson recalled that the WTO Agreement on Rules of Origin had established two distinct committees: the Committee on Rules of Origin at the WTO and a Technical Committee on Rules of Origin (TCRO) at the World Customs Organization (WCO). Given their complementary nature, it was customary to promote an exchange of information concerning the work of each Committee. To this end, he invited Mr Demba Seck, Technical Officer in charge of origin matters at the WCO Secretariat, to report on the activities of the TCRO in 2020.

1.2. The representative of the World Customs Organization (Mr Demba Seck) explained that the TCRO and the Secretariat of the WCO had been working on non-preferential rules of origin, preferential rules of origin, and technical assistance.<sup>1</sup>

1.3. Regarding non-preferential rules of origin, the TCRO had held its 39<sup>th</sup> Session in two phases: a document-based discussion, from 5 to 19 January 2021, followed by a live online meeting, via the KUDO platform, on 3 February 2021. The meeting had been chaired by Ms Nan Ding (China). The Annual Review had once again been brief, since the Agreement on Rules of Origin had not yet been implemented in practice and, in consequence, no specific questions had been referred to the TCRO as yet.

1.4. On preferential rules of origin, the TCRO had taken note of the origin part of the Revenue Package Action Plan. The Revenue Package Phase IV Action Plan, adopted in June 2019, would be completed in June 2021, and consisted of a set of initiatives aimed at ensuring an effective and efficient collection of revenues by customs administrations. In this respect, the lack of harmonization in origin requirements was a major challenge faced by different stakeholders. To palliate such challenges, the WCO had been promoting procedural harmonization to facilitate trade through WCO Guidelines, including in the following areas: origin certification; origin verification; advance rulings (for origin, HS, and valuation); and customs infrastructure for classification, origin, and valuation. In addition, the WCO Secretariat had prepared a "Practical Guide to the Nairobi Ministerial Decision on Rules of Origin for LDCs" and had also updated a "Comparative Study on Origin Certification", in June 2020.

1.5. In addition to these activities, the WCO Secretariat had also assisted delegations during discussions to comprehensively update and review the Revised Kyoto Convention (RKC). A group of delegations had made a joint proposal for the comprehensive review of RKC Specific Annex K (on origin). The Secretariat had also been compiling the various practices by Members in response to the COVID-19 pandemic (available at the COVID-19 page on the WCO website). Finally, he reported that the second WCO Global Origin Conference had been held, from 10 to 12 March 2021, in a virtual format, with funding from the Korea Customs Service.<sup>2</sup>

1.6. Regarding technical assistance, the WCO representative reported that the WCO Secretariat had delivered a large number of remote activities. An increasing focus had been placed on building the capacity of customs administrations in relation to origin infrastructure and advance rulings. He encouraged Members to submit their technical assistance requests to the WCO through the formal process at the beginning of each year.

1.7. The Committee took note of this report.

## **2 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)**

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

2.1. The Chairperson reminded delegations that the Bali and the Nairobi Ministerial Decisions had instructed the CRO to monitor preference-granting Members' efforts to implement both Decisions. On the basis of the information shared by the preference-granting Members, the CRO had adopted a written report to the General Council, and the Secretariat had presented an oral report to the Sub-Committee on Least Developed Countries. He invited preference-granting Members to take the floor to inform the Committee of any recent developments in this area.

2.2. The representative of the United Kingdom recalled that her government had successfully launched its General System of Preferences (GSP), allowing 70 eligible developing countries to trade under a preferential rate. More than half of the beneficiaries had been LDCs. She reported that her government had wished to introduce improvements to the scheme, including by simplifying origin requirements in order to make it more generous and less burdensome for beneficiaries.

<sup>1</sup> The report was circulated in document G/RO/W/205.

<sup>2</sup> <https://na.eventscloud.com/ehome/wcoorigin2021/1020325/>.

Simplified rules of origin would make it easier for LDCs to qualify for zero import tariffs and would help facilitate market access, which, in turn, would promote increased exports and utilization rates. The UK's GSP scheme would continue to be guided by the provisions set out in the Nairobi Decision. She invited members of the Committee – LDC partners, in particular – to share their valuable insights into how to make improvements to rules of origin, and to feed these insights into a consultation process to be launched through the UK government website. The intention was to implement these changes to the scheme in 2022.

2.3. A representative of the European Union (Mr Christophe Fontaine) presented an update on the implementation of the REX System.<sup>3</sup> He reminded delegations that the REX System was a system of self-certification of the origin of goods for registered firms that, since 1 January 2017, had gradually replaced certificates of origin (Form A). It was a trade facilitating reform and its practical benefits could already be noted. Exporters that had registered in the System could declare the origin of their goods themselves, without requesting certificates from their authorities. They had to prepare a "statement on origin", which indicated their individual REX number, and which also referenced other commercial documents, such as the invoice and the packing list. With the expiration of the transition period, Form A certificates were no longer accepted, meaning that exporters that had not registered under REX would no longer be admissible for GSP benefits in the EU. To ensure continuity, the EU had financed and delivered 17 three-day face-to-face training sessions to GSP beneficiary countries, in addition to a number of training events via video conference, in 2020 and 2021. Owing to these trainings, the REX System had been utilized by almost 60,000 firms in 67 GSP beneficiary countries, with only seven countries not yet introducing the system, namely: Central African Republic; Chad; Democratic Republic of the Congo; Djibouti; Somalia; South Sudan; and Syria. It was not clear why these seven countries were not applying the REX System, despite outreach efforts by the EU. He explained that these countries had not been suspended or withdrawn from preferences in the EU and that they would continue to receive preferences as soon as they met the technical requirements of the GSP. Training was available upon request.

2.4. The representative of Tanzania, on behalf of the LDC Group, thanked both delegations for their reports. He welcomed the UK's decision to seek to simplify rules of origin in light of the provisions and spirit of the Bali and Nairobi Ministerial Decisions. He also welcomed the opportunity to provide comments and inputs into that consultative process and encouraged the UK to disseminate information about it. He also thanked the EU for its continued efforts in reaching out to LDCs to make sure that they could successfully transition to the REX System and continue to receive preferences. He encouraged the EU to continue reaching out to those few beneficiaries that had not yet implemented the necessary requirements.

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

## **2.2 Stocktaking of Implementation of the Bali and the Nairobi Ministerial Decisions on Preferential Rules of Origin for Least Developed Countries (G/RO/W/198) – Statement by the LDC Group**

2.6. The Chairperson reminded Members that, at the last CRO meeting, the LDC Group had proposed to initiate a work programme to examine gaps in the implementation of the substantive provisions of the Bali and Nairobi Ministerial Decisions (G/RO/W/198). The Group had also proposed that preference-granting Members justify their situation whenever they were not in a position to align their practices with the Ministerial Decisions. Finally, the Group had proposed that this work programme would lead to the identification of best practices. In response, several preference-granting Members had argued that their rules were already fully aligned with the legal requirements of the Bali and Nairobi Ministerial Decisions. Some had also explained that the language used in the Decisions had been carefully negotiated, and that it was important to interpret that language correctly. Several delegations had also asked the LDC Group to clarify the objectives of the proposal and the work programme. After these discussions, the LDC Group had been asked to consult preference-granting Members to clarify their proposal and identify possible next steps. It was the Chairperson's intention to hear an update from the LDC Group.

2.7. The representative of Tanzania, on behalf of the LDC Group, recalled that the Group had tabled document G/RO/W/194 on the anniversary of the Nairobi Ministerial Decision. The document had summarized the Group's sentiments about the last five years of implementation of the Nairobi

<sup>3</sup> The presentation was circulated in document RD/RO/95.

Decision. It had also recognized that progress had been made in relation to transparency (for example, a notification template, better coverage of import statistics, and a calculation of utilization rates). Success in this area had in fact inspired Members to propose a notification template also for non-preferential rules of origin, a proposal on which the LDC Group had also hoped to make progress. However, as noted in the document, there were still several examples of complex and restrictive rules of origin and origin requirements. As had been noted in the presentation made by the Secretariat at the 19 May webinar, "during the period from 2015-2019, there were no major reforms of rules of origin, so it [was] difficult to identify the specific impact that product-specific rules of origin might have had." The LDC Group, he explained, had made a total of 18 submissions identifying restrictive rules of origin and suggesting best practices. However, preference-granting Members had not conducted a self-assessment of their own rules and had not provided any justification about why the more restrictive or complex rules had been needed. Many of the submissions made had not received any response. Thus, there existed an imbalance between the efforts deployed by LDC countries in the Committee since the Nairobi Decision, in terms of submissions, and analysis, and the level of the response received from preference-granting Members. Yet multilateral deliberations to reform rules of origin and identify best practices were a public good that should be genuinely pursued by WTO Members to realize a better multilateral trading system. With this objective in mind, the Group's intention was to work towards the elaboration of a text that could be included in the Ministerial Declaration to provide the Committee with the necessary impetus to complete this work. The point was not to agree to a further decision, but rather to find the language that could keep the Committee and preference-granting Members engaged on these issues. In this respect, he also urged those preference-granting Members that had not yet notified their import data to the Secretariat to do so as soon as possible.

2.8. The Chairperson encouraged the LDC Group to share a specific text with Members so that consultations with preference-granting Members could be organized as soon as possible.

2.9. It was so agreed.

### **2.3 Utilization of Trade Preferences by Least Developed Countries: 2015-2019 Patterns and Trends – Note by the Secretariat**

2.10. The Chairperson referred to the Nairobi Decision, which had instructed the Secretariat to calculate utilization rates for non-reciprocal preferences for LDCs. He recalled that the purpose of such calculations was to identify rules of origin that were simple, transparent, and facilitated preferential trade from LDCs. In line with this objective, the Secretariat had prepared a new background note, which reviewed trends and patterns in utilization rates from 2015 to 2019 (G/RO/W/204). He asked the Secretariat to present the note.

2.11. The Secretariat (Mr Simon Neumueller) explained that the note described the results of calculations of utilization rates for the 2015-2019 period to identify patterns and trends regarding utilization (RD/RO/94). This multi-year approach was important to confirm that previous findings were not contextual, and specific to a single year, but rather structural. The calculations had, in fact, confirmed and consolidated previous findings by the Secretariat and had allowed the Secretariat to identify additional areas of research. Calculations had been made for all Members for whom statistics were fully available. Data for China had only been available for 2016 and 2018, and data for India had only been available for 2015. Data for Turkey had been received recently but could not be integrated into the WTO databases in time to be considered. He recalled that the data that had been notified to the Secretariat concerned consolidated annual imports (as opposed to transaction-level data). A total of almost 102,000 observations had been examined.

2.12. He explained that *underutilization* rates had remained rather stable for preference-granting Members in the 2015-2019 period. One interesting pattern emerged from the differences in *underutilization* rates between the European Union, Norway, and Switzerland. In fact, even though these three schemes applied identical product-specific rules, they had increasingly divergent patterns of *underutilization*. This highlighted the need for a closer examination of other requirements, such as transportation and certification obligations. Another interesting pattern concerned Chile, which clearly illustrated that firms "learnt by doing", improving their capacity to utilize trade preferences over time.

2.13. He noted that greater fluctuations could be observed on the exporting side. LDCs could be split into three different groups: (i) those that had improved their ability to utilize trade preferences since 2015 (for example, Afghanistan and Rwanda); (ii) those whose ability to utilize trade preferences had diminished (for example, Chad, Guinea, Lesotho, Niger, and Sierra Leone); and (iii) those for whom annual variations in trade preference utilization were such that no clear pattern could be observed. The annex to the note provided the details for each LDC. Further analysis would be needed to better identify the reasons for such annual variations. In fact, fluctuations could not be explained by a change in product-specific rules of origin since no major reforms of the rules of origin had been implemented in the 2015-2019 period. In this sense, the case of Rwanda was particularly interesting: not only had its preferential exports increased, from only USD 3 million in 2015 to USD 28 million in 2018, but its *underutilization* rates had dropped in the same period, from 38% to only 9%.

2.14. A sectoral analysis showed that *underutilization* rates had been consistently high, about 50%, in several sectors, such as animal products, machinery, fruits and vegetables, and wood and paper. Surprisingly, *underutilization* rates were low in some sectors known for having restrictive or complex rules of origin, such as clothing, textiles, leather and footwear, and fish and fish products. In the textiles and clothing sectors, the good performance of LDCs was largely explained by the intense use of trade preferences by Bangladesh and Cambodia. This seemed to suggest that the capacity of economic operators to comply with rules of origin influenced their ability to utilize preferences to a larger extent than the actual type of rule applied. In fact, calculations had confirmed that *underutilization* rates could be very high for products subject to simple rules of origin, such as certain agricultural products or minerals and metals. As a result, it was reasonable to conclude that there were structural factors which explained the low utilization of preferences in some sectors. Direct consignment obligations, certification requirements, or other factors not related to origin might explain these challenges, which highlighted the importance of strengthening the capacity of economic operators and ensuring that the preferential origin requirements were being properly understood. It also highlighted that more detailed analysis by preference-granting Members would be useful to better understand the linkages between direct consignment obligations and utilization.

2.15. With respect to consignment obligations, the note had also confirmed that landlocked LDCs had greater difficulties utilizing preferences compared with LDCs with sea access. While LDCs with sea access had slightly improved their ability to utilize trade preferences since 2015, in the same period *underutilization* rates had significantly increased for landlocked LDCs. However, in the absence of data for all preference-granting Members, these results were strongly influenced by imports into the EU market.

2.16. In conclusion, the Secretariat noted that, despite annual fluctuations and sectoral variations, *underutilization* was significant for LDCs, and there remained ample scope to improve preference utilization across schemes. He suggested undertaking a closer examination of those LDCs whose ability to utilize preferences had improved in order to identify whether certain policy measures had been used to promote preferential opportunities and build the capacity of businesses. Moreover, he also suggested an examination by preference-granting Members of their own import statistics to better understand the impact of direct consignment obligations and, in particular, the specific challenges of landlocked LDCs. Finally, he also suggested engaging with businesses, both on the importing and exporting side, to obtain additional insights that might complement the statistical analysis.

2.17. The representative of Tanzania, on behalf of the LDC Group, thanked the Secretariat for its analysis and presentation. He said that it had confirmed that rules of origin and administrative requirements were the main cause for the *underutilization* of trade preferences by LDCs. He asked the Secretariat to continue its research and to identify more precisely the factors that hindered full utilization, both in exporting and in importing countries. Before jumping to any conclusion regarding whether or not rules of origin, and in particular origin criteria, were a main factor determining *underutilization*, a full analysis must be made. In fact, importers had a particularly crucial role, since they claimed the preference and received the benefits. In this regard, he agreed that greater engagement with the private sector could offer useful insights. In addition, preference-granting Members could also find out why some importers did not claim preferences, or why some preferences were denied by customs. In any event, preference-granting Members should analyse their own rules to identify those aspects and rules that could be reformed and simplified. Such efforts would not only strengthen the multilateral trading system but also support the attainment of the UN Sustainable Development Goals.

2.18. The representative of Switzerland thanked the Secretariat for its paper and for the interesting inputs on Members' understanding of preference utilization. He thought that such analysis was useful and that it contributed to the Committee's discussions. He mentioned that Switzerland had been taking steps to improve utilization rates since 2015. As a result, he was puzzled by the figures, which showed a decrease in the utilization of Swiss preferences. Switzerland, together with the EU; Norway; and Turkey, had introduced the REX System in January 2017. Moreover, the note had pointed to direct consignment obligations as a hypothetical cause of *underutilization*. He recalled that Switzerland had analysed the utilization of its preferences in 2017 and had confirmed that most of the imports directly consigned into Switzerland had benefitted from preferences, while imports indirectly consigned had not. He reported that he had asked his colleagues to also examine the utilization rates for 2018, 2019, and 2020. He would share possible findings with the Committee once the analysis was ready. In addition, he recalled that more than 90% of imports from LDCs entered Switzerland under duty-free treatments (either under preferences or under tariff lines with an MFN rate of duty). Finally, he agreed that greater engagement with the private sector would be useful, in particular to test the role that preferential margins played in the decision by businesses to utilize preferences or not.

2.19. The representative of China also thought that the Secretariat study was very helpful in helping Members to identify problems relating to implementation of preferences for LDCs. He thought, however, that the report had failed to take into consideration some elements in relation to China's tariff policy, such as bonded warehouse trade, temporary tariff exemption, and duty drawback programmes. Under such programmes, there was no need for companies to pay import duties. His delegation had brought these programmes to the attention of the LDC Group and the Committee in document G/RO/W/197. China had also clarified that USD 750 million of minerals from the Democratic Republic of the Congo and USD 1.75 billion of copper from Zambia had been imported under MFN regimes in 2015. Therefore, China's LDC preferences had a good level of utilization. Indeed, the utilization rate for the top 27 LDCs was over 80%. However, some LDCs did experience challenges in utilizing their trade preferences, and his government was now actively studying these cases with a view to better understanding the reasons for this. He reiterated that his government was committed to ensuring that LDCs could fully utilize their trade preferences with China. He also said that his delegation was willing to work together with the LDC Group to identify specific problems and explore possible solutions to them. He also asked the Secretariat to review its study to take into account these elements.

2.20. The representative of Bangladesh recalled that this was a crucial matter for the LDC Group and for his delegation. Tariff preferences were a fundamental issue as they offered lower prices to consumers and ensured the comparative advantage of LDCs. He explained that it was important to ensure that preferences were serving their purpose and, if not, to understand what factors were obstructing full utilization. There was no good reason why an exporter would choose not to use a preference and the Secretariat presentation had confirmed that more in-depth analysis would be required, particularly by preference-granting Members themselves. In relation to the comment by China, he thought that the methodology used by the Secretariat for the calculation of utilization rates already excluded zero-rated MFN duties. In relation to Switzerland's comments, he disagreed that preferences were being entirely effective because several companies were paying MFN duties on imports for which preferences were available. In terms of next steps, he agreed that importers could shed additional light on the reasons why preferences were being claimed or not, and why they were being granted or not. He suggested that informal sessions should be organized with groups of large importers to hear more about their experiences on the ground. Finally, he also said that his delegation would be interested in engaging bilaterally with other delegations to discuss possible hurdles and solutions.

2.21. The representative of Switzerland confirmed that despite low utilization of trade preferences, 90% of LDC imports entered Switzerland under duty-free treatment. This was explained by the fact that more than 80% of imports originating in LDCs concerned tariff lines with an MFN rate of zero. As a result, the calculation of utilization rates concerned only approximately 20% of the total value of imports from LDCs.

2.22. The Secretariat clarified that all the utilization or *underutilization* rates calculated by the Secretariat excluded MFN-zero duties (preferences could not be utilized or not on those lines since a preference could not be offered on them). He invited delegations that would like to know more about the methodology used to get in touch with the Secretariat for a more detailed explanation. In addition, he clarified that the Secretariat had not affirmed that rules of origin did not matter for

utilization. What the Secretariat note indicated was that there was no clear relationship between different types of rules of origin and utilization rates. The sectoral breakdown was quite telling in this respect. These observations called for further analysis of all the factors that could impact upon utilization, and not only product-specific rules of origin. In addition, the note by the Secretariat recognized that the reform of rules of origin could lead to an improvement in utilization within a given preferential scheme. In response to Switzerland, he said that the Secretariat had also been surprised by some of the results and noted that the increase of *underutilization* rates had also concerned Norway. As a result, the Secretariat believed that specificities in the application of the direct consignment obligation might help explain these patterns, so further analysis by Switzerland on its own data would indeed be very welcome. In addition, he noted that the REX System had only been fully implemented recently so the statistics could not yet reflect these changes. Finally, in relation to the comments made by China, he agreed that duty concessions could play a significant role in some sectors. At the same time, he clarified that the data used in the calculations had been provided to the Secretariat by China. He invited the delegation to get in touch with the Secretariat to assess whether revisions to the data were necessary. Finally, in relation to the possible impact of preferential margins, he said that several speakers at the webinar on 19 May had referred to business margins to also playing a role; in other words, preferential tariffs could be more or less attractive to businesses depending on the profit margin of the specific products and imports concerned.

2.23. In conclusion, the Chairperson asked the Secretariat to continue its research and to keep the Committee informed about its findings. In addition, he urged those Members that had gaps in the notification of their import statistics to submit the necessary data to the Secretariat as soon as possible. Not only was this crucial for a comprehensive analysis, it was also necessary for the smooth functioning of the Committee. Lastly, he encouraged preference-granting Members to conduct their own investigations and to share information about any efforts and findings with the Secretariat and the Committee.

2.24. The Committee agreed to proceed accordingly.

#### **2.4 UNCTAD Database on GSP Utilization – Presentation by UNCTAD**

2.25. The Chairperson informed delegations that UNCTAD had been developing a new website and database on the utilization of GSP schemes. He thought that this tool was relevant to the work of the CRO and had therefore invited UNCTAD to present it to Members.

2.26. A representative of UNCTAD (Mr Stefano Inama) recalled that UNCTAD had been monitoring the utilization of GSP since 1976. The methodology used for the calculation of utilization rates was almost identical to that used by the WTO Secretariat. This new tool was intended to disseminate information about preference utilization as widely as possible. It contained information that was useful to governments and the private sector and which contributed to more informed decision-making. The new database (<https://gsp.unctad.org/home>) was under development but already covered the preferences of Canada, the EU, Japan, and the US. The data used had been sourced from these countries' official websites and notifications. While the data referred primarily to the GSP, it also covered trade under the African Growth and Opportunity Act (AGOA), the EU's Economic Partnership Agreement (EPA), and certain other free trade agreements. In addition, the database contained information about the utilization of trade preferences not only for LDCs but also for developing countries. He presented three main search options supported by the database, namely: (i) utilization by product; (ii) top products imported from a beneficiary; and (iii) utilization by country. He concluded by saying that UNCTAD's intention was to continue to develop this tool by improving its functions and expanding its coverage to additional preference-granting Members. Finally, he said that UNCTAD would be available to organize tailored demonstrations of the database upon the request of individual delegations.

2.27. The representative of Tanzania, on behalf of the LDC Group, thanked UNCTAD for having developed this tool. He agreed that this database constituted a useful tool for governments and businesses and hoped that it could also help attract new investors interested in exploring preferential market access opportunities. He encouraged UNCTAD to continue expanding this tool and asked the WTO Secretariat to collaborate with UNCTAD to share import statistics whenever possible. To this end, they again urged all preference-granting Members to notify their preferential imports from LDCs.

2.28. The representative of Cambodia thanked UNCTAD for the database and, more generally, for the assistance it provided to LDCs. He encouraged UNCTAD, development partners, and, in particular, the Enhanced Integrated Framework, to continue supporting the LDCs in their efforts to fully benefit from trade preferences. He also thanked the WTO and the WCO for the assistance that these organizations had provided to his delegation.

2.29. In conclusion, the Chairperson encouraged delegations to bring UNCTAD's database to the attention of their Capital-based colleagues. He also asked the Committee to take note of the presentation and statements made.

2.30. It was so agreed.

## **2.5 Webinar on "What Drives the Utilization of Trade Preferences" – Report by the Chairperson**

2.31. The Chairperson referred to the online seminar organized by the WTO Secretariat on 19 May on preference utilization. The webinar had provided an opportunity to learn more about the factors that influenced the utilization of trade preferences. He reported that almost 600 participants had registered for this event and that about 250 had joined it. He encouraged delegations that had not been able to attend to check the programme, the presentations, and the video recordings under the "Events" link of the WTO rules of origin webpage.<sup>4</sup>

2.32. He highlighted a few impressions from the event. First, the webinar had promoted the work of the WTO and showed to the wider public the usefulness and relevance of the CRO. It had shown that the CRO discussed matters that were directly relevant to Capital-based officials and the private sector. Second, he thought that events of this type offered an excellent tool to help create a community of interest on issues of relevance to the Committee. Such a community or network of professionals, academics, private sector, and government officials could complement and extend the work of the CRO. In fact, the Committee could learn from the experiences of that network and offer a platform for information and experience sharing. Third, the webinar had also been useful for delegations as it offered them an opportunity to review the results of the research conducted by the Secretariat on preference utilization. Lastly, the webinar had also shown that complex and multiple factors influence the utilization of preferences, such that all Members could learn from sharing their respective experiences. For example, several speakers had highlighted the need to work with the private sector to promote preferential market access opportunities and enhance the capacity of businesses to comply with preferential agreements. Recommendations of this type were relevant for LDCs and all Members engaged in regional trade negotiations. With the multiplication of preferential trade agreements, there was a real demand for knowledge and best practices regarding preferential origin requirements. In sum, the webinar had been stimulating and he thanked the speakers and participants for their engagement. He also encouraged the Secretariat to organize other events of this type and asked delegations to share the link to the event with their colleagues in Capital.

2.33. The Committee took note of this report.

## **3 NOTIFICATIONS UNDER ARTICLE 5 AND UNDER PARAGRAPH 4 OF ANNEX II OF THE AGREEMENT ON RULES OF ORIGIN (G/RO/N/207 TO G/RO/N/225)**

3.1. The Chairperson reported that, since the Committee's previous meeting, several new notifications had been submitted, under the document symbols that followed: G/RO/N/207; G/RO/N/208; G/RO/N/209; G/RO/N/210; G/RO/N/211; G/RO/N/212; G/RO/N/213; G/RO/N/214; G/RO/N/215; G/RO/N/216; G/RO/N/217; G/RO/N/218; G/RO/N/219; G/RO/N/220; G/RO/N/221; G/RO/N/222; G/RO/N/223; G/RO/N/224; and G/RO/N/225. Most of these notifications concerned preferential rules of origin adopted in the context of recently concluded regional trade agreements. Most had been originally submitted to the WTO Committee on Regional Trade Agreements. In addition, they covered a first set of notifications from the United Kingdom on both non-preferential and preferential rules of origin and a first-ever notification from Saint Kitts and

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<sup>4</sup> [WTO | What drives the utilization of trade preferences?  
\(https://www.wto.org/english/tratop\\_e/roi\\_e/preference\\_utilization\\_190521\\_e.htm\)](https://www.wto.org/english/tratop_e/roi_e/preference_utilization_190521_e.htm).



Nevis and Tonga on non-preferential rules of origin had been received. They also included an update from Albania. As a result of these notifications, he reported the following information:

- (i) Twenty-three WTO Members had never submitted a notification under Article 5 of the Agreement on Rules of Origin;
- (ii) fifty-two WTO Members had informed WTO Committees that they applied non-preferential origin requirements. However, some of these notifications had been submitted more than 20 years previously, and some were incomplete;
- (iii) the remaining 62 WTO Members had informed the Committee that they did not apply non-preferential origin requirements.

3.2. The Committee took note of this report.

#### **4 ENHANCING TRANSPARENCY IN NON-PREFERENTIAL RULES OF ORIGIN (G/RO/W/182/REV.3) – REPORT BY THE CHAIRPERSON**

4.1. The Chairperson referred to the third revision of the draft notification template (G/RO/W/182/Rev.3) and recalled that Ecuador, India, and Indonesia had raised questions concerning this proposal at the Committee's previous meeting. He reported that consultations had been held between these delegations and the proponents of the notification template. Following these consultations, the proponents had agreed to discuss among themselves, and with colleagues in Capital, the issues raised and certain textual suggestions. He invited delegations to report on any progress made.

4.2. The delegation of Switzerland confirmed that the consultations had been useful to better understand some of the concerns that had been raised in respect of the proposal. In addition, they had been a good opportunity to explore suggestions for amendments to the text. Delegations were currently discussing these suggestions and consulting on them with their Capitals. As soon as these consultations were completed, the proponents would reach out to the delegations of Ecuador; India; and Indonesia and report back to the CRO on any progress made.

4.3. The delegation of Indonesia thanked the proponents for the opportunity to discuss the proposal in greater detail. He confirmed that his delegation supported the principle of transparency. However, his delegation had expressed the view that the proposal needed certain adjustments to avoid overburdening developing countries and LDCs.

4.4. The representative of the United Kingdom confirmed that her delegation supported increasing transparency for non-preferential rules of origin, in particular to help businesses to trade. Her delegation welcomed this proposal as a pragmatic approach to the improvement of notification practices in a way that would ultimately benefit all economic operators, including LDC exporters. She then drew delegations' attention to the UK's first ever notification on non-preferential rules of origin (G/RO/N/214) and the fact that her delegation had decided to use the draft template to prepare it. She said that her colleagues had found the template to be a very helpful instrument to identify the precise information that had to be reported, especially in a first notification. The template had also helped identify the agencies between which the information had to be coordinated. In a word, it had really made the preparatory process much simpler. In the case of Members that did not apply non-preferential origin requirements, the preparatory process would be even simpler, as the template allowed these Members to fill in just two fields and tick a box. In addition, the standardized information under the template also helped businesses understand the new UK requirements. The adoption of this template by all delegations would really help demonstrate the value of the WTO to today's modern business practices. The proposal was a very pragmatic way for Members to better arm businesses, and particularly small businesses and MSMEs, with the information that they needed to trade better and seize economic opportunities to recover from the economic crisis created by the pandemic. With this practical experience in mind, the UK would be looking to co-sponsor this proposal. She encouraged Members to support it so that it could be adopted at the earliest opportunity.

4.5. The representative of Ecuador thanked the proponents for their openness in dealing with the concerns that his delegation had expressed regarding the draft template. He reiterated the commitment of his government to transparency and to finding a solution to this proposal.

4.6. The representative of India thanked the Chair for his efforts on this issue and for giving his delegation an opportunity to explain its concerns in a small group meeting. He looked forward to hearing back from the proponents regarding the textual changes that his delegation had put forward.

4.7. In conclusion, the Chairperson thanked delegations for their engagement and constructive spirit. This proposal had been on the Committee's agenda for almost three years and he was convinced that all delegations shared the need to enhance transparency on non-preferential origin requirements. In this sense, the adoption of the proposal would mark the beginning of the work of the CRO on transparency, not the end. He thought that a common understanding was within reach, even if he acknowledged the need for additional discussions. He therefore asked delegations to continue consulting with each other on the proposal and to inform him as soon as possible of any progress made.

4.8. The Committee agreed to proceed accordingly.

## **5 DATES OF THE NEXT MEETINGS OF THE COMMITTEE**

5.1. The Chairperson reported that two dates had been identified for the formal meetings of the CRO, namely 14 October 2021 and 7 April 2022. These dates were confirmed but would need to be validated by the incoming Chairperson.

5.2. The Committee took note of these dates.

## **6 OTHER BUSINESS**

6.1. No items were raised under "Other Business".

## **7 ELECTION OF OFFICERS**

7.1. 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. However, there was no agreement as yet on the name of a candidate to be the next Chairperson of the CRO. He proposed to inform all delegations by email once a nominee had been recommended. If no objections to the proposed name 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.

7.2. It was agreed to proceed accordingly.

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