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Page: 1/2

Committee on Rules of Origin

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SUBMISSION OF CHAD ON BEHALF OF THE LDC GROUP PREFERENTIAL RULES OF ORIGIN FOR LEAST DEVELOPED COUNTRIES

The following submission, dated 21 October 2020, is being circulated at the request of the delegation of Chad.

1 TRANSPARENCY AND NOTIFICATIONS

1.1. Members take note of the progress recorded in implementing the Nairobi Decision on preferential rules of origin for LDC. The adoption of a notification template for the rules of origin by preference granting countries and the notification of the utilization rates of the Duty Free and Quota Free schemes according to paragraph 4 of the Nairobi Decision has increased transparency and enhanced the quality of the debate in the Committee on rules of origin towards better rules of origin for LDCs according to the Nairobi Decision;

1.2. Members urge preference-granting countries that have yet to notify the trade data on utilization rates to do so at the earliest convenience. Such data notifications should comprise multiple years from the most recent years, be reliable, of high quality, regularly updated, and including all preferences granted to LDCs under autonomous or reciprocal trade preferences to permit a transparent assessment of utilization rates;

2 IMPLEMENTATION OF THE SUBSTANTIVE PART OF THE NAIROBI DECISION

2.1. Members considers that, although some improvements have been made by preference granting countries to align their rules of origin to the Nairobi Decision, there has not been substantial progress to implement the core part of the Nairobi Decision, specifically: Paragraph1: *requirements for the assessment of sufficient or substantial transformation*, paragraph2: *Cumulation*, and paragraph 3: *documentary requirements*.

2.2. Members note that the LDC WTO group has made several submissions to the Committee on Rules of Origin (CRO) identifying the reforms on rules of origin that the preference granting members should undertake in order to align their rules of origin to the Nairobi Decision and make the use of trade preferences more effective, especially on the issue of direct consignment¹ and change of tariff classification².

2.3. Accordingly, Members call upon those preference-granting members that have not yet abolished the requirement for a certificate of non-manipulation or any other form of documentary evidence for products shipped by LDCs across other members to do so, aligning their legislation to the non-alteration principle³ identified as the best practice. Members call upon preference granting members that use Change of Tariff Classification (CTC), should avoid the multiple exceptions to such

¹ "Direct consignment rules and low utilization of trade preferences", Submission by the LDC group dated 7 October 2019, G/RO/W/191, 9 October 2019.

² "Rules of origin based on a change of tariff classification", Submission by the LDC Group, dated 3 May 2019, G/RO/W/184, 7 May 2019.

³ See for a definition of "non alteration principle" in footnote 1 above.

criteria as provided in paragraph 1.2 (b) of the Nairobi Decision and adhere to the specific recommendations contained in the LDC submission and its annex⁴.

3 WORK PLAN AND IMPLEMENTATION

3.1. Members reaffirm their commitment and shared responsibility to achieve the objective of rules of origin for LDCs that are "transparent and simple, and contribute to facilitating market access⁵" and to SDG target 17.12⁶

3.2. In order to achieve this objective, Members agree that the mandate of the Committee on Rules of Origin should be revitalized to undertake the work program set out hereunder:

- Carry out a complete examination of the remaining aspects of the rules of origin currently adopted by preference granting members to assess their conformity with the respective paragraphs of the Nairobi Decision namely paragraph 1: *Requirements for the assessment of sufficient or substantial transformation*, paragraph 2: *Cumulation*, and paragraph 3: *documentary requirements* as well as identified best practices proposed for adoption by preference granting members.
- Identify best practices for a simple and transparent administration of rules of origin related to certification and related aspects to facilitate compliance with rules of origin requirements and optimum use of trade preferences granted to LDCs;
- Preference granting countries that are not in a position to align their legislation with the Nairobi Decision and to adopt the best practices identified according to paragraph 2.3 above and subparagraph (i) and (ii) above shall submit reasons for such non alignment and report justified evidence to the Committee on Rules of Origin the need for maintaining such practices;
- Review the overall progress made in implementing the Nairobi Decision and carry out any additional work to ensure implementation of this work program;
- Complete such process by the time of the next Ministerial Conference.

3.3. The Committee on Rules of Origin shall report to the General Council on the progress made to implement the work program agreed therein. The General Council will adopt, where consensus is reached, the results achieved in the Committee on rules of origin and shall submit the overall results of the work program to the next Ministerial Conference.

⁴ See footnote 2 above.

⁵ See Hong Kong WTO Ministerial Decision on Measures in Favour of Least-Developed Countries, 2005

⁶ Target 17.12 of SDG 17: "Realize timely implementation of duty-free and quota-free market access on a lasting basis for all least developed countries, consistent with World Trade Organization decisions, including by ensuring that preferential rules of origin applicable to imports from least developed countries are transparent and simple, and contribute to facilitating market access".