



Committee on Rules of Origin

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**REPORT (2020) OF THE COMMITTEE ON RULES OF ORIGIN TO THE
GENERAL COUNCIL ON PREFERENTIAL RULES OF ORIGIN
FOR LEAST DEVELOPED COUNTRIES**

1. This report is being submitted by the Committee on Rules of Origin (CRO) to the General Council as required by the 2013 (Bali) and the 2015 (Nairobi) Ministerial Decisions on preferential rules of origin for Least-developed Countries (WT/L/917 and WT/L/917/Add.1 respectively). According to the provisions of these Decisions, the Committee on Rules of Origin (CRO) "*shall annually review the developments in preferential rules of origin applicable to imports from LDCs and report to the General Council.*"

2. Members discussed several matters related to preferential rules of origin for LDCs in the two meetings held by the CRO in 2020.¹ The following are some of the recent developments Members took note of:

Transparency (notifications)

- Members now have access to detailed information about preferential rules of origin and origin requirements for LDCs as practically all preference-granting Members have submitted a notification using the agreed notification template (G/RO/84). Chile and Chinese Taipei have, in addition, updated their notifications in 2020. Information about the rules applied to LDC duty schemes is only missing for the schemes of Armenia and Iceland.
- While progress with respect to preferential tariff and import data has been slower, there have been significant improvements in 2020, notably with the notification of preferential import statistics by China (2018), Iceland, the Russian Federation and Thailand. Despite these improvements, no statistics or only partial statistics were available for the LDC duty schemes of Armenia; China; Iceland; India; Kazakhstan; Kyrgyz Republic; Montenegro; New Zealand; Russian Federation; and Turkey. Document G/RO/W/163/Rev.8 describes in detail the information available with the Secretariat to this date.
- These notifications, including preferential import statistics, can be accessed through the WTO Preferential Trade Arrangements (PTA) database (<http://ptadb.wto.org>).
- In addition, information about origin requirements is available, at the tariff-line level, through the "Origin Facilitator" (<https://findrulesoforigin.org>), a collaboration between the Secretariats of the World Customs Organization, the International Trade Centre and the WTO. The Secretariat informed Members that the Facilitator is now also available in Spanish and French.

Recent developments

- The European Union updated Members (RD/RO/86) on the implementation of the self-certification system for registered exporters (Registered Exporter system, REX). The system is also being implemented by the European Union; Norway; Turkey; and Switzerland.

¹ The minutes of these meetings are contained in documents G/RO/M/74 and [G/RO/M/75] respectively and contain a more detailed account of the discussions held in 2020.

- The Russian Federation highlighted the key elements of the revised preferential rules of origin for LDCs being implemented under the Eurasian Economic Union (EAEU)'s Common System of Tariff Preferences which had entered into force in January 2019 (G/RO/LDC/N/RUS/2).
- The United Kingdom updated Members on the continuation of its trade preferences for LDCs during the transition period until 31 December 2020 and after its withdrawal from the European Union.
- 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.

Examination of current rules of origin

- Members initiated a discussion about preference-granting members' rules of origin based on the *ad valorem* percentage criterion to determine substantial transformation (paragraph 1.1 of the Nairobi Decision).

Impact of rules of origin on preference utilization (calculation of utilization rates)

- Members considered a revised note by the Secretariat on the impact of direct consignment requirements on preference utilization (G/RO/W/187/Rev.1).
- Switzerland reported that his delegation had initiated a detailed investigation of preferential imports from LDCs for both directly and indirectly consigned goods.
- Members also considered a note and new calculations by the Secretariat concerning the utilization of LDC trade preferences in the mineral and metal products sector.

Annual review of implementation

- The LDC Group explained that 2020 marked the 5th Anniversary of the Nairobi Ministerial Decision and thus provided a good opportunity to reflect upon the spirit of the Decision and to review the achievements and the gaps in implementing it. Members therefore considered communications (RD/RO/87; G/RO/W/198) proposing measures to intensify the work of the CRO to implement the Ministerial Decisions.
 - As required by the 2013 and 2015 Ministerial Decisions, Members conducted a review of recent developments at the Committee's formal meeting of 13 November 2020.
 - In concluding the annual review, the Chairperson thanked Members for their constructive engagement and proposed that the Committee continue its technical and focused discussion about the implementation of the Ministerial Decisions in order to pursue monitoring the progress made in facilitating trade for LDCs.
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