

Committee on Rules of Origin

**DRAFT REPORT (2022)
OF THE COMMITTEE ON RULES OF ORIGIN TO THE GENERAL COUNCIL
ON PREFERENTIAL RULES OF ORIGIN FOR LEAST DEVELOPED COUNTRIES**

Revision

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. The CRO discussed several matters related to preferential rules of origin for LDCs in its two formal meetings held in 2022: on 7 April and on 13 October. The minutes of these meetings are contained in documents G/RO/M/78 and G/RO/M/79¹ respectively. The following are some of the recent developments Members considered:

Transparency (notifications)

- Members can now access detailed and standardised information about preferential rules of origin and origin requirements for LDCs. Almost all preference-granting Members have submitted a notification using the agreed notification template (G/RO/84). A notification describing the preferential rules of origin applied to LDCs is still outstanding for Armenia, Iceland and Morocco. In addition, Japan (G/RO/LDC/N/JPN/1/Rev.1 and Corr.1) and Thailand (G/RO/LDC/N/THA/1/Rev.1) have submitted revised notifications with updates to their respective rules.
- These notifications and detailed information about the applicable rules of origin and other preferential origin requirements can be accessed, at the tariff-line level, through the WTO, ITC and WCO "Origin Facilitator" (www.findrulesoforigin.org).
- There have been significant improvements in 2022 in relation to the notifications of import data. The Secretariat presented a report on the availability of information related to preferential rules of origin and import statistics (G/RO/W/163/Rev.10). The main development in this area is that China, Iceland, India, Türkiye and the United Kingdom made notifications about their preferential imports from the LDCs covering multiple years. These notifications significantly improve the ability of the Secretariat to conduct analysis on trade from LDCs (the WTO now has the most complete dataset covering trade with LDCs of any international organization). The data is being integrated in WTO databases and will be used in the notes that the Secretariat presents to the CRO on preference utilization by the LDCs. The Russian Federation also submitted a notification covering several years, but the data is incomplete and cannot be integrated to the databases. In relation to import data, the Secretariat encouraged Members to also notify their preferential imports under regional trade agreements, so that a more complete analysis can be conducted about their trade with the LDCs. No statistics or partial statistics only continue to be available for some preference-granting Members: Armenia; Kazakhstan; Kyrgyz Republic; Montenegro; Morocco; New Zealand; and Tajikistan.

¹ To be issued.

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- These notifications, including preferential import statistics, can be accessed through the WTO Preferential Trade Arrangements (PTA) database (<http://ptadb.wto.org>).

Recent developments

- The United Kingdom updated the Committee about the finalization of its new Developing Countries Trading Scheme (DCTS) and the revised rules of origin to be implemented under it (a notification containing the revised rules of origin would be submitted soon). The delegation organized, in addition, an information session to inform the LDCs about the changes being considered.
- The United States reported that it had organized a [webinar](#) during the 8th WTO Aid for Trade Review on "How can exporting countries improve utilization of US Trade Preference Programs?"

Implementation of the Bali and Nairobi Ministerial Decisions

- Members agreed, in April 2022, to a "*Decision on Preferential Rules of Origin and the Implementation of the Nairobi Ministerial Decision*". In it, Members underscored the importance of identifying and addressing as appropriate specific challenges that LDCs face, as Members may agree, in complying with preferential rules of origin and origin requirements to effectively use trade preferences. To that end, Members agreed to continue working in the CRO to ensure that the rules of origin used by Members in their non-reciprocal preferences for LDCs are simple and transparent. Such efforts could include identifying and agreeing to best practices and further analysing the utilization of trade preferences. This Decision was also acknowledged in paragraph 8 of the Outcome Document of the 12th Ministerial Conference.
- Members considered this Decision in the formal meeting of the CRO in October 2022 and discussed ways to translate the objectives of the Decision into the work of the CRO. The LDC Group said that they would make specific suggestions in writing in the coming weeks.

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

- Members considered a background note prepared by the WTO Secretariat on obligations related to the certification of origin and the utilization of trade preferences (G/RO/W/212). The note explained the relevance of national practices related to the certification of origin for the utilization of trade preferences, reviewed examples of trade-facilitating approaches in this area and recalled the relevant language contained in the Bali and Nairobi Ministerial Decisions. It then described the related practices of preference-granting Members and LDCs and reported preference utilization rates in light of those practices. According to calculations reported in the note, self-certification seems to have a trade-facilitating impact although this is not clearly or universally observed in the case of non-reciprocal preferences for LDCs. The note called for Members' cooperation for the collection of more detailed information in this area so that additional research could be conducted on this topic. Members agreed to work further on the topics covered in the note.
- On 7 April, Members participated in a public event organized by the WTO Secretariat at the margins of the formal CRO meeting on "[What drives the utilization of trade preferences](#)" (via Zoom, [recording available](#)). This second event followed up on a first [event held in 2021](#) on this topic. Speakers explored the different factors which influence the ability and willingness of businesses to utilize trade preferences and shared their experience monitoring the utilization rates of their trade preferences. Speakers included government officials from Canada; Chile; Türkiye; the United States; and the EFTA Secretariat (Iceland; Liechtenstein; Norway; and Switzerland).

Other specific issues considered

- Members considered two notes prepared by the LDC Group on (i) documentary requirements (G/RO/W/211); and (ii) a preliminary assessment of the new preferential rules of origin of the United Kingdom (G/RO/W/216).

Annual review of implementation

- This report of the CRO to the General Council was considered by the CRO on 13 October 2022 and adopted through written procedures (G/RO/97).
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