RULES OF ORIGIN

Communication from the Secretary-General of the Customs Co-operation Council

The following communication, dated 16 November 1989, has been received from the Secretary-General of the Customs Co-operation Council.

Various proposals concerning rules of origin have been submitted to the Negotiating Group on Non-Tariff Measures, which comes under the Group of Negotiations on Goods (Uruguay Round); certain of these proposals envisage cooperation between GATT and the CCC in this field. More specifically, a communication by the United States (MTN.GNG/NG2/W/43) has proposed that the Customs Co-operation Council be instructed to carry out various preparatory tasks for completion within a one-year time-frame.

At the most recent meetings of the Negotiating Group on Non-Tariff Measures (28 September and 24 October 1989), the CCC representative indicated that the Council Secretariat would be prepared to accept any request the Group might make for the Council to be associated in the work on origin. I feel that the CCC's experience could be useful to the international community and that the work to be undertaken on origin is totally consistent with the CCC's objective of achieving maximum harmonization of Customs procedures.

The Policy Commission of the CCC has been reluctant to devote important resources to the study of rules of origin in the absence of a clear request from GATT. The Commission meets from 5 to 8 December 1989, when I will report on the latest developments stemming from the next meeting of the Negotiating Group on Non-Tariff Measures (scheduled for 30 November and 1 December 1989), at which the Council Secretariat will be represented by Mr. Charly Rossel (Deputy Director).

I am prepared to propose to the Policy Commission that the human resources required be released (at least provisionally). However, I trust that should the Negotiating Group assign certain work to the CCC, I will be able to count on the cooperation and assistance of the members and
secretariat of the GATT. That assistance should take two forms: an undertaking by the delegations which are members of the Negotiating Group to provide the CCC with all the necessary technical assistance (including provision of precise details of their national regulations and participation of their experts in CCC work, where required) plus financial assistance from GATT to ensure that the CCC budget is able to absorb the inevitable additional expenditure (temporary staff, experts, missions). Finally, the terms of reference assigned to the CCC would have to be as precise as possible and be compatible with the deadlines set. It must always be borne in mind that origin is not an easy matter; consequently, it would not really be feasible for the CCC to treat this question comprehensively within the space of one year. If I understand correctly, the work which might be assigned to the CCC would involve:

- identifying the cases where the change of tariff heading confers origin;
- identifying the cases where that rules raises problems, and bringing out the exceptions generally applied in respect of that rule;
- identifying product sectors which are subject to special rules.

A number of clarifications would be needed. Firstly, the Negotiating Group would have to specify which systems of rules of origin should be taken into consideration for the purposes of the study; I feel that the study could be confined to national systems for determining origin, excluding preferential systems. The scope of the study would also have to be defined: in my opinion, it would have to be a feasibility study (this is implicit in a one-year time-frame) and the work could usefully concentrate on certain specific economic sectors or Harmonized System Chapters (sectors which are important in terms of international trade and which are neither too easy nor too difficult). With such an approach, it should be possible, within the time available, to make a complete study, i.e. a comparative analysis of existing rules of origin supplemented, wherever possible, by recommendations which would, of course, be confined solely to the technical field. I would add what I feel to be an important point: a sector-by-sector approach is the only one likely to be successful, since the experts in this field are highly specialized.