

WTO/AIR/RO/12

30 OCTOBER 2020

SUBJECT: COMMITTEE ON RULES OF ORIGIN

THE COMMITTEE ON RULES OF ORIGIN WILL HOLD ITS NEXT FORMAL MEETING ON FRIDAY, 13 NOVEMBER 2020 AT 10:00 A.M. THE MEETING WILL BE HELD IN THE CENTRE WILLIAM RAPPARD (ROOM S1). DELEGATES WILL, IN ADDITION, BE ABLE TO ATTEND THE MEETING REMOTELY THROUGH A VIRTUAL PLATFORM.<sup>1</sup>

THE FOLLOWING ITEMS ARE PROPOSED FOR THE AGENDA:

1. UPDATE OF RECENT DEVELOPMENTS REGARDING THE "ORIGIN FACILITATOR" ([HTTPS://FINDRULESOFORIGIN.ORG](https://findrulesoforigin.org)), A JOINT INITIATIVE BY THE WTO, ITC AND WCO - STATEMENT BY THE WTO AND THE ITC SECRETARIATS;
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):
  - A. STATUS OF NOTIFICATIONS OF PREFERENTIAL RULES OF ORIGIN FOR LDCS AND PREFERENTIAL IMPORTS AND TARIFFS (G/RO/W/163/REV.8) - REPORT BY THE SECRETARIAT;
  - B. REVIEW OF RECENT DEVELOPMENTS REGARDING PREFERENTIAL RULES OF ORIGIN FOR LDCS - REPORT BY PREFERENCE-GRANTING MEMBERS:
    - (I) IMPLEMENTATION OF THE REX SYSTEM - UPDATE BY THE EUROPEAN UNION;
    - (II) RECENT DEVELOPMENTS RELATED TO PREFERENTIAL RULES OF ORIGIN FOR LDCS - REPORT BY OTHER PREFERENCE-GRANTING MEMBERS;
  - C. DEVELOPMENTS REGARDING METHODS USING THE *AD VALOREM* PERCENTAGE CRITERION TO DETERMINE SUBSTANTIAL TRANSFORMATION (PARAGRAPH 1.1 OF THE NAIROBI DECISION) (G/RO/W/202) - SUBMISSION BY THE LDC GROUP;

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<sup>1</sup> TECHNICAL AND LOGISTICAL DETAILS ARE ALSO BEING CIRCULATED TO MEMBERS.

- D. UTILIZATION RATES FOR LDC PREFERENCES: ANALYSIS OF MINERAL PRODUCTS (TO BE ISSUED) - NOTE BY THE SECRETARIAT;
- E. IMPLEMENTATION OF THE WTO MINISTERIAL DECISIONS ON PREFERENTIAL RULES OF ORIGIN FOR LDCs: ACHIEVEMENTS AND GAPS (G/RO/W/198) - SUBMISSION BY THE LDC GROUP;
- F. DRAFT REPORT (2020) OF THE CRO TO THE GENERAL COUNCIL ON PREFERENTIAL RULES OF ORIGIN FOR LDCs (G/RO/W/201);
3. NOTIFICATIONS UNDER ARTICLE 5 AND UNDER PARAGRAPH 4 OF ANNEX II OF THE AGREEMENT ON RULES OF ORIGIN (G/RO/N/195 TO G/RO/N/206);
4. DRAFT TEMPLATE FOR THE NOTIFICATION OF NON-PREFERENTIAL RULES OF ORIGIN AND ORIGIN REQUIREMENTS (G/RO/W/182/REV.3) - STATEMENT BY SWITZERLAND;
5. 25<sup>TH</sup> ANNIVERSARY OF THE WTO AGREEMENT ON RULES OF ORIGIN - UPDATE BY THE CHAIRMAN;
6. ORIGIN-RELATED MEASURES TAKEN IN CONNECTION WITH THE COVID-19 PANDEMIC - INFORMATION BY THE SECRETARIAT
7. "UNITED STATES: REVISED ORIGIN MARKING REQUIREMENT FOR GOODS PRODUCED IN HONG KONG" - STATEMENT BY HONG KONG, CHINA
8. TWENTY-SIXTH ANNUAL REVIEW OF THE IMPLEMENTATION AND OPERATION OF THE AGREEMENT ON RULES OF ORIGIN (G/RO/W/199);
9. DRAFT REPORT (2020) OF THE CRO TO THE COUNCIL FOR TRADE IN GOODS (G/RO/W/200)
10. OTHER BUSINESS.

MEMBERS OF THE WTO, OTHER GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS WITH OBSERVER STATUS ARE REQUIRED TO INFORM THE SECRETARIAT OF THE NAMES OF THEIR REPRESENTATIVES AS SOON AS POSSIBLE.

YONOV FREDERICK AGAH  
KARL BRAUNER  
ALAN WOLFF  
XIAOZHUN YI  
DEPUTY DIRECTORS-GENERAL



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**Committee on Rules of Origin****UNOFFICIAL ROOM DOCUMENT<sup>1</sup>**

FORMAL MEETING OF THE COMMITTEE ON RULES OF ORIGIN – 13 NOVEMBER 2020  
PRESENTATION BY THE SECRETARIAT – MR. DARLAN MARTÍ

*"ORIGIN FACILITATOR": Update on recent developments*

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**Comité des règles d'origine****DOCUMENT DE SÉANCE NON OFFICIEL<sup>1</sup>**

FORMAL MEETING OF THE COMMITTEE ON RULES OF ORIGIN – 13 NOVEMBER 2020  
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**Comité de Normas de Origen****DOCUMENTO DE SALA NO OFICIAL<sup>1</sup>**

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\* In Original language only/En langue originale seulement/En el idioma original solamente.

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## RULES OF ORIGIN FACILITATOR

Your gateway to trade agreements

### **“ORIGIN FACILITATOR”: *Update on recent developments***

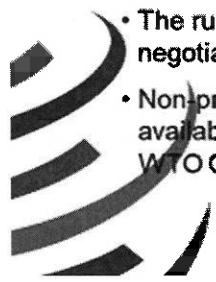
**Committee on Rules of Origin**

**13 November 2020**

### **Coverage**



- The rules of origin and origin requirements covered in the Origin Facilitator continued to expand: preferential rules of origin under reciprocal and non-reciprocal trade agreements
- Agreements covered: 371 (or 76% of all “in force”)
- Recently added agreements include the EU’s and UK’s preferential agreements, including the Economic Partnership Agreements (EPAs)
- The rules of the African Continental Free Trade Area can also be added when negotiations are completed
- Non-preferential rules of origin are not covered. These rules can be made available through the Facilitator if updated information is made available by the WTO Committee on Rules of Origin.



## Translation (ES, FR)



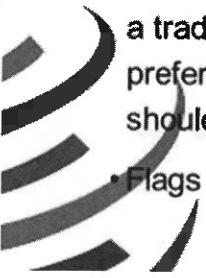
- The WTO secretariat translated the interface and content of the Facilitator into Spanish and French, making the tool trilingual and more accessible around the world
- Glossary of terms and explanation about rules of origin and origin requirements
- However, given the volume of text involved, the text of the rules themselves have not been translated (but this could be done under a specific project in the future).



## Link with trade remedies



- During the presentation of the Origin Facilitator to the CRO in October 2019, some delegations rightly pointed out that preferential origin requirements might not apply to goods when trade remedies apply.
- A new "flag" has been added to warn users that a good is subject to a trade remedy measure (ex. an anti-dumping duty) and that the preferential origin requirements displayed might not apply (the user should conduct further investigations)
- Flags are linked to and drawn from the ITC's MacMap database





**EU for GSP+ Countries**

IMPORT DUTY

14% MFN | 0% Preferential

**ATTENTION: Trade Remedy**

A Trade Remedy is applied by Spain on this product from Sri Lanka in addition to customs tariff. Non-preferential rules of origin may apply

[FULL DETAILS](#)



**Ex. Bicycle exports (HS8712003010) from Sri Lanka to a European Union Member (e.g. Spain)**

**Trade remedies**

For product 8712003010 - Bicycles, not motorised, with ball bearings : Consigned from Indonesia, Malaysia, Sri Lanka or Tunisia  
Exported from Sri Lanka to Spain  
Last update: 2020

Remedy type	Remedy status	Start date	End date	Document	Measure
Anti-dumping	Third revision	29/06/19	Not specified		

## Capacity Building



- The Secretariats of the WTO and ITC are disseminating information about the Origin Facilitator in their training and capacity building activities.
- For companies, advisors and policymakers in Africa, South Asia and Belarus (EAC Market Access Upgrade, Supporting Indian Trade and Investment (SITA) for Africa, SheTrades Commonwealth, Eastern Partnership projects)
- National activities on rules of origin (e.g. Colombia 2020)
- New WTO eLearning Course on preferential rules of origin and the utilization (to be launched before the end of the year)



## Thank you for your attention

For further information about the Origin Facilitator, please contact:

- WTO, Darlan F. MARTÍ: [Darlan.Marti@wto.org](mailto:Darlan.Marti@wto.org)
- ITC, Dzmitry KNIAHIN: [Kniahin@intracen.org](mailto:Kniahin@intracen.org)
- WCO, Demba SECK: [Demba.Seck@wcoomd.org](mailto:Demba.Seck@wcoomd.org)





**Committee on Rules of Origin**

**STATUS OF NOTIFICATIONS OF PREFERENTIAL RULES OF ORIGIN FOR LDCS AND PREFERENTIAL IMPORT DATA**

*Note by the Secretariat<sup>1</sup>*

*Revision*

**1 INTRODUCTION**

1.1 Paragraph 4.3 of the 2015 (Nairobi) Ministerial Decision on preferential rules of origin for least developed countries (LDCs) reiterates Members' commitment to notify their preferential rules of origin for LDCs as well as data concerning their preferential imports from LDCs. This note summarizes the latest status of notifications submitted to the Secretariat.

**2 REQUIREMENT TO NOTIFY PREFERENTIAL RULES OF ORIGIN AND PREFERENTIAL IMPORTS**

2.1 The following WTO instruments require Members to notify their preferential rules of origin for LDCs as well as their preferential trade imports from LDCs:

- Paragraph 4 of Annex II of the Agreement on Rules of Origin requires Members to notify "promptly" "to the Secretariat" any preferential rules of origin. Notifications are circulated under the G/RO/N/ document series and are examined by the Committee on Rules of Origin (CRO);
- The Transparency Mechanism for Preferential Trade Arrangements (WT/L/806 of 14 December 2010) requires Members to provide detailed and product-specific rules of origin "to the Secretariat". Annex 1 of the Decision enumerates the specific information which should be submitted. The Decision also requires Members to notify, at the tariff line level, import data under their PTAs. Notifications of PTAs under the Transparency Mechanism are circulated as documents of the Committee on Trade and Development (CTD). Notifications are considered by the CTD in Dedicated Session (CTD-DS), on the basis of a "factual presentation" prepared by the Secretariat. Only PTAs notified after the adoption of the Decision in 2010 have been examined under these procedures. In addition, a "guide" for each PTA is prepared in consultation with the Member implementing the PTA, and is placed in the Database on PTAs (<http://ptadb.wto.org>) after its approval by the implementing Member. Annex 2 of document G/MA/367 contains the format that Members have agreed to be used in the preparation of their notifications of tariffs and import data;
- The 2013 (Bali) Ministerial Decision on Preferential Rules of Origin for LDCs (WT/L/917) and the 2015 (Nairobi) Decision (WT/L/917/Add.1) reiterate these obligations. In addition, the CRO agreed on a template to be used by all WTO preference-granting Members (G/RO/84) when notifying their preferential rules of origin. These notifications are circulated under the G/RO/LDC/N/ document series.

<sup>1</sup> This document has been prepared under the Secretariat's own responsibility and is without prejudice to the positions of Members or to their rights and obligations under the WTO.

### **3 STATUS OF NOTIFICATIONS AND IMPORT DATA RECEIVED TO DATE**

3.1 The following table enumerates, for each preference-granting Member, the latest information available concerning preferential trade arrangements in favour of LDCs, namely:

- The references of the latest notifications submitted to the CTD describing the coverage of preferential schemes, their date of entry into force, edibility criteria and list of beneficiary countries;
- The references of the latest notifications submitted to the CRO describing the preferential rules of origin and origin requirements applicable to LDCs as required under the notification template adopted by the Committee (G/RO/84) and;
- The availability of tariff and import statistics for each scheme:
  - A full listing of preferential duties under the PTA per beneficiary partner and other data, where applicable (e.g., tariff-rate quotas, seasonal restrictions, special safeguards and, if available, *ad valorem* equivalents for non-*ad valorem* duties); and
  - Import data at the tariff line level from each beneficiary Member, in value for total imports, imports under MFN rates and imports under PTA benefits.

3.2 It should be noted that some of the data received most recently may still be subject to review, correction and validation by the WTO Secretariat.



Preference-granting Member(l)	Notifications (CTD)	Notifications (CRO)		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
22. USA - GSP	WT/COMTD/N/1/Add.11 27 March 2020	G/RO/LDC/N/USA/1 11 July 2017	Tariffs	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
USA - CBERA/Haiti	WT/L/1063 19 June 2019	G/RO/LDC/N/USA/2 11 July 2017	Imports	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes*	-
USA - AGOA	WT/L/1073 19 November 2019	G/RO/LDC/N/USA/3 11 July 2017	Tariffs	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes*	-
USA - Nepal	WT/COMTD/N/52 23 January 2017	G/RO/LDC/N/USA/4 30 November 2017	Imports	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes*	Yes
			Tariffs	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes	Yes	Yes*	-
			Imports	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes	Yes	Yes*	-

Note: (i) Some Members joined the WTO and/or PTA schemes entered into force after the adoption of the PTA transparency mechanism, i.e. Armenia; Chile; Kazakhstan; Montenegro; Tajikistan; Thailand; and the United States' Trade Preferences for Nepal.

Yes submission received and disseminated;

Yes\* submission received but not yet disseminated;

- no submission received;

n.a. PTA not yet in force.

Status of submission 16 October 2020, 18:00 GMT.



12 November 2020

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**Committee on Rules of Origin**

Original: English/anglais/inglés

**UNOFFICIAL ROOM DOCUMENT<sup>1</sup>**

FORMAL MEETING OF THE COMMITTEE ON RULES OF ORIGIN – 13 NOVEMBER 2020  
PRESENTATION BY THE EU – MR HERVE GODIN

*Implementation of the REX system – Update by the EU*

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**Comité des règles d'origine****DOCUMENT DE SÉANCE NON OFFICIEL<sup>1</sup>**

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**CRO 13 November 2020**

**Implementation of the REX  
system – Update by the EU**



## **Registered Exporter system (REX)**

Self-certification of origin of goods by  
“registered exporters”

An origin declaration made out by a  
“registered exporter” is called a  
“statement on origin”





## **The REX system is applied:**

- In the EU GSP (+ NO, CH, TR), by the beneficiary countries
  
- In the Overseas Association Decision by the Overseas Countries and Territories (OCTs)
  
- By EU exporters in several preferential agreements (Japan, Canada, Vietnam, Cote d'Ivoire, Ghana, ESA)



## **The REX system in the EU GSP**

- Application started on 1 January 2017
  
- Transition period until 31 December 2020
  
- Initial deadline of 30 June 2020 has been extended to 31 December 2020 for some countries because of the COVID19 pandemic (*Commission Implementing Regulation (EU) 2020/750 of 5 June 2020*)



**Countries benefitting from the extension until 31 December 2020 because of the COVID19 pandemic**

Bangladesh, Haiti, Indonesia, Madagascar, Philippines, Senegal, Tajikistan, Vietnam

Conditions: delay due to COVID19, work plan, progress report by 30 September 2020.



**Countries benefitting from the extension until 31 December 2020 because of the COVID19 pandemic**

Progress report received:

Bangladesh, Indonesia, Madagascar, Philippines, Vietnam

Progress report awaited:

Haiti, Senegal, Tajikistan







## **The REX system in the EU GSP**

- After the deadline, beneficiary countries cannot issue any longer Form A certificates of origin
- A beneficiary country not applying the REX system after its deadline does not benefit any longer from the GSP preference in the EU



## **GSP Beneficiary countries fully applying the REX system (i.e. transition period is over) – Page 1:**

Afghanistan  
Angola  
Armenia  
Benin  
Bhutan  
Bolivia  
Burkina Faso  
Burundi  
Cambodia  
Capo Verde  
Comoros

Congo  
Cook Islands  
Eritrea  
Ethiopia  
Gambia  
Guinea  
Guinea Bissau  
India  
Kenya  
Kiribati  
Kyrgyzstan  
Laos





**Beneficiary countries fully applying the REX system (i.e. transition period is over) – Page 2:**

Lesotho	Nigeria	Timor Leste
Liberia	Niue Island	Togo
Malawi	Pakistan	Tuvalu
Mali	Rwanda	Uganda
Mauritania	Sao Tomé & Príncipe	Uzbekistan
Mongolia	Sierra Leone	Vanuatu
Mozambique	Solomon Islands	Yemen
Myanmar	Sri Lanka	Zambia
Nepal	Sudan	
Niger	Tanzania	



**No EU GSP preference for the following beneficiary countries not applying the REX system after the end of their transition period:**

Central African Republic	Samoa
Chad	Somalia
DR of Congo	South Sudan
Djibouti	Syria
Equatorial Guinea	Tonga
Micronesia	
Nauru	





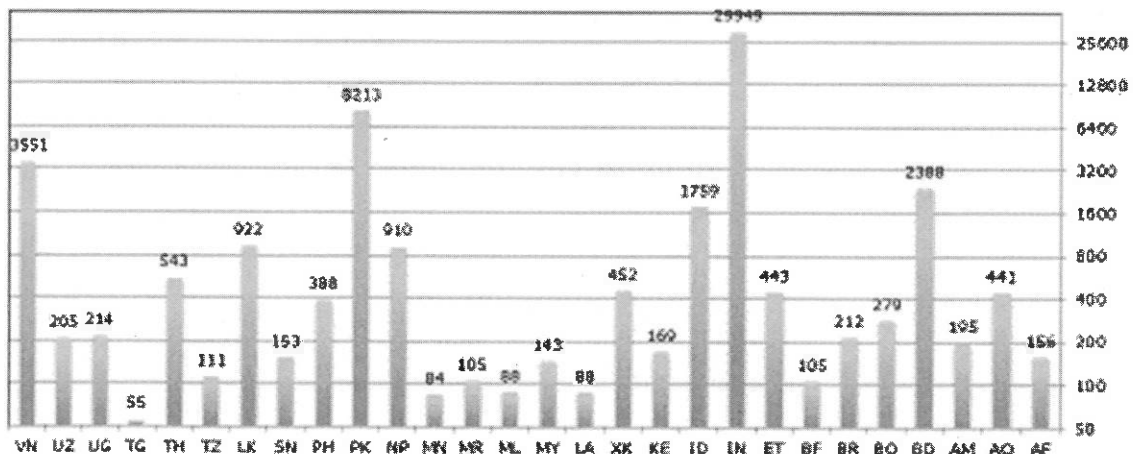
## The REX system– Training Program

- No physical meeting in 2020 due to COVID19 pandemic
- Ending on 31 March 2021; no decision taken if a physical meeting will take place by then
- Training by videoconferences in 2020: Haiti, Tajikistan, Timor Leste, Kazakhstan, Micronesia (soon)



## Registered exporters per beneficiary countries status on 11-11-2020 – 54489 registered exporters

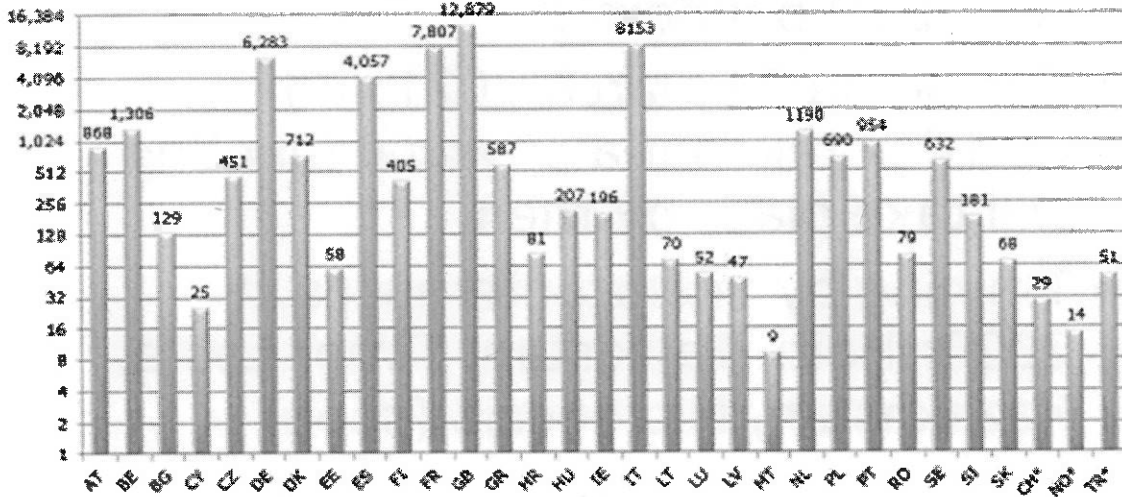
### REX registrations active per BC





**Registered exporters in the EU**  
status on 11-11-2020 - 48270 registered exporters

**REX registrations active per MS/PC**



30 October 2020

(20-7693)

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Committee on Rules of Origin

Original: English

**SUBMISSION OF LDC TO THE COMMITTEE ON RULES OF ORIGIN  
AD VALOREM CRITERION**

## COMMUNICATION FROM THE LDC GROUP

The following submission, dated 30 October 2020, is being circulated at the request of the LDC Group.

**1 INTRODUCTION**

1.1. As pointed out in a previous submission by the LDC Group<sup>1</sup>, almost five years have now passed from the adoption of the Nairobi Decision on preferential rules of origin for LDCs. Some progress has been recorded in achieving better transparency through the adoption of a notification template and the calculation of utilization rates of the Duty Free and Quote Free (DFQF) schemes. However there has not been parallel progress in implementing the substantive part of the Nairobi Decision, more precisely the paragraphs concerning the substantial transformation and certification requirements. As we are now almost past the 5<sup>th</sup> anniversary of the Nairobi Decision and we are heading for a new WTO ministerial possibly in 2021 it is of paramount importance to make concrete progress. It is now time to focus the debate in the Committee on Rules of Origin (CRO) on how to effectively implement the substantive aspects of the Nairobi Decision on preferential rules of origin for LDCs.

1.2. As previously stated, the LDC Group intends to progressively bring to the attention of the CRO the substantive aspects of rules of origin of preference granting countries that needs reform by contrasting them with the relevant paragraphs of the Nairobi Decision and identified best practices. The ultimate goal is to achieve better utilization of DFQF schemes and the attainment of the sustainable development goals (SDGs), namely SDG 17 target 17.12: *Ensuring that preferential rules of origin applicable to imports from least developed countries are transparent and simple and contribute to facilitating market access.*

1.3. In order to focus the debate, the LDC Group will submit a series of technical notes on each of the methodologies to define substantial transformation, namely (a) *ad valorem* percentage criterion; (b) change of tariff classification<sup>2</sup>; and (c) specific working or processing as well as cumulation and certification procedure.

1.4. This note, without being exhaustive, examines the use of the *ad valorem* percentage by preference-giving countries contrasting existing rules with the relevant paragraphs of the Nairobi Decision and listing some best practices and areas for improvement.

<sup>1</sup> See G/RO/W/194 of 5 March 2020.

<sup>2</sup> A presentation on the change of tariff classification (CTC) has already been made by the LDC Group (RD/RO/72). The presentation has been substantiated by a submission by the LDCs (See G/RO/W/184) that identified a number of examples where the CTC has been used by some preference-giving Countries in a non-consistent manner with the Nairobi Decision. Bilateral meetings have been held with the EU and Japan to discuss how such inconsistencies could be resolved. The LDC Group will resume as soon as possible the meetings with these two Members and report the results to the CRO.

## 1.2 Substantial Transformation when Applying an *ad valorem* Percentage Criterion: Recalling Paragraph 1.1 of the Decision

1.5. On the *ad valorem* percentage criterion to determine substantial transformation, the Nairobi Decision provides that preference-granting Members shall:

**"Adopt a method of calculation based on the value of non-originating materials.** However, Preference-granting Members applying another method may continue to use it. It is recognized that the LDCs seek consideration of use of value of non-originating materials by such preference-granting Members when reviewing their preference programmes.

*Consider, as the preference-granting Members develop or build their individual rules of origin arrangements applicable to imports from LDCs, allowing the use of non-originating materials up to 75% of the final value of the product, or an equivalent threshold in case another calculation method is used, to the extent it is appropriate and the benefits of preferential treatment are limited to LDCs.*

***Consider the deduction of any costs associated with the transportation and insurance of inputs from other countries to LDCs*** (emphasis added)."

1.6. Accordingly, the issues to be considered are threefold:

- (a) With the exception of Australia; New Zealand; Chinese Taipei; and the US, all preference-granting Members are using a method of calculation based on a value of non-originating materials. A positive development would be the adoption by the US and other Members mentioned above of a method of calculation based on value of non-originating materials. It has to be noted in fact that the US, as well as the other preference-giving countries, consistently use a methodology based on value of materials in all FTAs of recent generation;
- (b) With the notable exception of Canada, no other preference granting Member currently allows a percentage of non-originating materials of up to 75% of the final value of the product;
- (c) None of the preference-granting Members allow the deduction of costs associated with transportation and insurance and/or provisions are unclear on this vital issue.

1.7. In addition, there are horizontal issues that need to be considered to carry out a balanced analysis of the use of *ad valorem* percentage criterion by preference giving namely but not limited to: (1) extent of the cumulation granted under each preferential arrangement; and (2) the existing practices of a preference-granting country under other preferential agreements.

1.8. In fact, the quantitative (with what other countries is possible to cumulate?) and qualitative (full or diagonal) extent of the cumulation that preference granting countries allow under each individual scheme play a role on the restrictiveness or leniency of an *ad valorem* percentage. This holds true also for other drafting techniques such as CTC and specific working or processing, but it becomes particularly evident when using an *ad valorem* percentage criterion applied across the board i.e. to all products. It has also been observed that modern rules of origin contained in FTAs show that the percentage criterion is mostly used in combination with a CTC and is seldom used as a standalone criterion. The maintenance of an unaltered stand-alone *ad valorem* percentage criterion from 1974 in the case of the US onwards can be hardly considered a best practice especially when there are strong indications and findings that such *ad valorem* percentage is not trade creating (as the LDC Group has been indicating since 2014<sup>3</sup>).

1.9. Another important aspect is that some preference-granting Members have adopted more lenient rules of origin for the same products under FTAs that they have negotiated with other partners and/or they adopted existing best practices under other FTAs on how substantial

<sup>3</sup> See "Accounting Underutilization of Trade Preference Programs: The U.S. Generalized System of Preferences" by Shushanik Hakobyan Middlebury College, August 2012, and the previous submission by the LDC Group, see "Challenges Faced by LDCs in Complying with Preferential Rules of Origin under Unilateral Preference Schemes" paper presented by Uganda on behalf of the LDC Group (document G/RO/W/148 dated 28 October 2014).

transformation could be achieved adopting less stringent requirements. This observation reveals that some preference-giving Members hesitate to engage in the necessary reforms to implement more flexible rules of origin for LDCs and adhere to the spirit of the Nairobi Decision.

1.10. This note addresses point (a) and point (c) above namely the methodology of the *ad valorem* percentage calculation and the issue of insurance and freight of non-originating materials. Point (b), the level of percentages, will be the subject of a separate note given the relevance of the topic.

1.11. Table 1 below summarizes the current practices of the different preference-granting Members.

**Table 1: Summary of the Use of *ad valorem* Percentage by Preference Giving Countries**

Country	Percentage Level	Numerator	Denominator	Use of VNOM	Deduction of insurance and freight	Gap from the Nairobi Decision
Australia	Value added by addition (50%)	Allowable factory cost	Ex-factory cost	No	N/A	25% + IFI
Canada	Max. VNOM 60% for LDCs (80% applying cumulation)	VNOM	Ex-factory price	Yes	No	IFI
Chile	Calculation by subtraction of non-originating materials (50%)	FOB price - VNOM	FOB price	Yes	N/A	25% + IFI
China	Min. value added by subtraction 40%	Price of goods minus the price of materials originating from the beneficiary country	FOB price	Yes	No	15% + IFI
European Union (EBA)	Max. VNOM 70%*	VNOM	Ex-works price	Yes	No/unclear	5% + IFI
Eurasian Economic Union	Max. VNOM 55% <sup>4</sup>	Customs value**	Ex-works price? **	Yes	No	20% + IFI
India	Min. 30% value added by subtraction	FOB price minus the VNOM	FOB price	Yes	No	5% + IFI
Japan	Max. VNOM 40%*	VNOM	FOB price	Yes	Unclear	35% + IFI
New Zealand	Value added by addition (50%)	Cost of materials + expenditures in other items of Factory or work cost in New Zealand or LDCs	Ex-factory cost	No	N/A	25% + IFI
Norway	Max. VNOM 70%	VNOM	Ex-works price	Yes	No	5% + IFI
South Korea	Max. VNOM 60%	VNOM	FOB price	Yes	No	15% + IFI
Switzerland	Max. VNOM 70%	VNOM	Ex-works price	Yes	No	5% + IFI
Chinese Taipei	Value added by addition (50%)	Production process	FOB price	No	N/A	25% + IFI
Thailand	Calculation by subtraction of non-originating materials (50%)	FOB price - VNOM	FOB Price	Yes	N/A	25% + IFI

<sup>4</sup> See Decision No. 60 of the Council of the Eurasian Economic Commission dated 14 June 2018.

Country	Percentage Level	Numerator	Denominator	Use of VNOM	Deduction of insurance and freight	Gap from the Nairobi Decision
United States (GSP & AGOA)	Min. 35%	Cost of materials produced in preference-receiving country plus the direct cost of processing carried out there	Appraised value of the article at the time of entry into the United States	No	No	10% + IFI and methodology of calculation

Note: Most used percentages, \*\*English translation of the legal text not available, VNOM: Value of Non-Originating Materials, IFI: Issue of Freight and Insurance; N/A: Not Applicable.

### 1.3 Discussion on non-conforming *ad valorem* percentages Rules of Origin and practices by preference granting countries

1.12. The LDCs wish to bring to the attention of preference-granting Member a series of issues that are not in conformity with the spirit and the letter of the Nairobi decision as follows:

#### 1.3.2 Use of a methodology for the calculation of the *ad valorem* percentage criterion different from a value of materials methodology;

1.13. As illustrated previously by the LDC Group and in recent literature<sup>5</sup> there are different methodologies for the calculation of the *ad valorem* percentage. The methodology used by Australia; New Zealand; Chinese Taipei; and the US uses what is commonly defined a value-added calculation by addition as shown below:

- a) Value added calculation by addition

$$\frac{\text{Direct cost of processing} + \text{value of originating material}}{\text{Appraised value (ex - factory price)}} = \dots \%$$

1.14. Paragraph 1.1 of the Nairobi decision calls for the adoption of a methodology for the calculation of the *ad valorem* percentage based on the value of non-originating materials that could be expressed as follows:

- b) Value of material calculation

- i. Value added by subtraction of non-originating materials:

$$\frac{\text{Ex Works value} - \text{VNOM}}{\text{Ex Works value}} = \dots \%$$

- ii. Maximum value of non-originating materials:

$$\frac{\text{VNOM}}{\text{Ex Works Value}} = \dots \%$$

Where

VNOM: Value of non-originating materials;  
(Ex-Works is sometimes replaced by the FOB value)

<sup>5</sup> See "Convergence on the Calculation Methodology for Drafting Rules of Origin in FTAs Using the *ad valorem* Criterion by Stefano Inama and Pramila Crivelli, Global Trade and Customs Journal, Volume 14, Issue 4 © 2019. See also "The methodologies of drafting the *ad valorem* percentage criterion" Existing practices in African RECs and way forward in AfCFTA Note drafted by the Division for Africa, Least Developed Countries and Special Programmes of the United Nations Conference on Trade and Development (UNCTAD) in preparation of the AfCFTA 7<sup>th</sup> Technical Working Group Meeting on Rules of Origin available at [https://unctad.org/system/files/officialdocument/aldc2018\\_AfCFTA\\_TWGRo07\\_tn\\_advalorem\\_en.pdf](https://unctad.org/system/files/officialdocument/aldc2018_AfCFTA_TWGRo07_tn_advalorem_en.pdf)



1.15. It has been recognized in various instances<sup>6</sup> that the methodology of calculation based on "value added calculation by addition" is not a best practice. The large majority of FTAs at present uses a value of material methodology.

1.16. In fact, the definition of direct processing costs is complicated as there is a distinction in the direct processing costs of manufacturing of a finished product that could be considered as value added as follows:

- (a) Items included in the direct costs of processing operations: like labour, dyes, mould, research, inspection; and
- (b) Items not included in the direct costs of processing operations: like profit, general overhead expenses.

1.17. A simple search in the US customs ruling website (<https://rulings.cbp.gov/home>) reveals that there are around 375 to 800 records of rulings about the definition of direct costs of processing. This is rather compelling evidence of the complexities involved in the definition and interpretation of processing costs. The disadvantages of a value-added calculation by addition could be summarized as follows:

- Itemization of costs to the single unit of production: this requires accounting, and some discretion remains in assessing the unit costs;
- Currency fluctuations may affect the results of the calculation;
- Low labour costs in LDCs may result in low values added locally (turning this into a disadvantage instead of being a factor of competitiveness for LDC producers).
- The value added-content requirement may necessitate the submission of additional evidence of manufacturing costs (this may include product specifications, bills of materials, product cost sheets, payment records, overhead allocation schedules, raw material purchases, proof of factory labour, and support for manufacturing overhead);
- Production records must establish the value of the materials used in the originating article on a lot-by-lot, batch-by-batch, shipment-by-shipment basis;
- Documentation and records supporting originating status must be verifiable by linkage to inventory and accounting records including summary records such as monthly production reports and accounts payable records.

### **1.3.3 Adjustments to Value of non-originating materials-issue of deduction of cost of insurance and freight**

1.18. In a calculation methodology based on the value of the non-originating materials as numerator as shown in (b) above, the computation of the value of such non-originating materials has a bearing on the outcome of the percentage calculation. This holds especially true when one considers that the cost of insurance and freight of inputs for landlocked or island LDCs may be almost equivalent to a third of the value of the shipment, if not more. Cost of insurance and freight of non-originating materials are exogenous factors depending on geographical locations and have little to do with substantial transformation.

1.19. The deduction method suggested by LDCs is based on adjustments made to the value of non-originating materials allowing for the deduction of insurance and freight costs from the customs value of non-originating materials. The deduction of the cost of insurance and freights from the value of non-originating materials ensures a fairer calculation and may greatly facilitate compliance with the rules of origin for landlocked (16) and island LDCs (11).

1.20. Consider the following example<sup>7</sup>: A manufacturer based in Lilongwe (Malawi) is manufacturing steel frames using imported steel tubes. The applicable RoO is a 70% allowance of non-originating materials. The manufacturer purchase steel tubes from China to manufacture the steel frames for USD 10,000. After manufacturing the steel tubes into steel frames by cuttings, soldering, galvanizing,

<sup>6</sup> Ibidem, footnote 5.

<sup>7</sup> Example from "The methodologies of drafting the *ad valorem* percentage criterion" Existing practices in African RECs and way forward in AfCFTA Note drafted by the Division for Africa, Least Developed Countries and Special Programmes of the United Nations Conference on Trade and Development (UNCTAD) in preparation of the AfCFTA 7th Technical Working Group Meeting on Rules of Origin available at [https://unctad.org/system/files/officialdocument/aldc2018\\_AfCFTA\\_TWGRo07\\_tn\\_advalorem\\_en.pdf](https://unctad.org/system/files/officialdocument/aldc2018_AfCFTA_TWGRo07_tn_advalorem_en.pdf).

coating the manufacturer sells the frames sold to a South African importer at an ex-works price of USD 16,000. It follows the value-added calculation below:

$$\frac{10,000}{16,000} = 0.625 = 62.5\% < 70\%$$

The frames are therefore originating.

1.21. However, if the value of non-originating material is based on a CIF basis, the cost of insurance and freight from China to Lilongwe, an average of USD 1,250 for ocean freight and USD 3,600 for inland<sup>8</sup> transport has to added to the cost of purchasing the container of steel tubes. Thus, the calculation will be as follows:

$$10,000 + 3,600 + 1,250 = 14,850 \text{ USD}$$

$$\frac{14,850}{16,000} = 0.928 = 92.8\% > 70\%$$

1.22. The frames are in this case largely exceeding the threshold of 70%.

**Table 1: Example of the relevance of Freight and Insurance**

	Without Freight and Insurance	With Freight and Insurance
(a) Foreign Materials	10,000	10,000
(b) Ocean Freight	1,250	1,250
(c) Inland Freight	3,600	3,600
(d) Ex-Works Price	16,000	16,000
(e) Value Added Calculation	$\frac{a}{d} = \frac{10000}{16000} \times 100\%$ $= 62.5\% < 70\%$	$\frac{a+b+c}{d} = \frac{10000+3600+1250}{16000} \times 100\%$ $= 92.8\% > 70\%$
Rule Satisfied?	<b>YES</b>	<b>NO</b>

1.23. As can be seen from this illustration, the exorbitant costs of transport and insurance are crippling any effort to comply with the *ad valorem* percentage requirement.

#### 1.4 Initial expectations of the LDCs on the implementation of the Nairobi decision on *ad valorem* percentage

1.24. As a result, LDCs expect the following best practices to be implemented by preference-granting Members:

- Whenever it is used, the method of calculation should be based on value of materials methodology and based on the value of non-originating materials out of the ex-works price or (FOB).<sup>9</sup>
- Australia; New Zealand; Chinese Taipei; and the US are called to introduce the necessary reforms in their Rules of origin to adhere to such best practice.
- All preference giving countries using this method of calculation should allow for the deduction of the costs of insurance and freight from the value of non-originating materials.

<sup>8</sup> UNCTAD estimates based on field visits.

<sup>9</sup> It is noted that in some sectors other methodologies such as CTC and Specific working or processing may be used as recent practices in FTAs have shown to better reflect the processing stages of the global value chains.



**Committee on Rules of Origin**

Original: English/anglais/inglés

**UNOFFICIAL ROOM DOCUMENT<sup>1</sup>**

FORMAL MEETING OF THE COMMITTEE ON RULES OF ORIGIN – 13 NOVEMBER 2020  
PRESENTATION BY THE LDCS – MR SULAIMAN SATARI

*Substantial Transformation: Methods of calculation of Value Added  
(Paragraph 1.1 of the Nairobi Decision)*

**Comité des règles d'origine**

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World Trade Organization  
Least Developed Countries Group



Committee on Rules of Origin:

Substantial Transformation:  
Methods of calculation of Value Added  
(Paragraph 1.1 of the Nairobi Decision)

13 November 2020, Geneva, Switzerland

### 3 elements of Paragraph 1.1 of the Nairobi Decision

1. ***Adopt a method of calculation based on the value of non-originating materials. However, Preference-granting Members applying another method may continue to use it.***  
...
2. ***... allow for the use of non-originating materials up to 75% of the final value of the product, or an equivalent threshold in case another calculation method is used, to the extent it is appropriate...***
3. ***Consider the deduction of any costs associated with the transportation and insurance of inputs from other countries to LDCs.***

## Main issues addressed in this CRO session

- Most preferences granting countries are using a method of calculation based on a value of non-originating materials.
- However: Australia, New Zealand, and Chinese Taipei and US base their method on other, more complex, calculations. However, more flexible approaches are used in these Members' free trade agreements.
- Only Canada currently allows for the use of up to 75% of non-originating materials.
- All other preference-granting Members do not reach that same value of non-originating materials (75%) although it is acknowledged that flexibilities related to cumulation can influence this.
- No preference-granting Member allows for the deduction of costs associated with transportation and insurance (and/ or provisions are unclear on this vital issue).

## Current practices vs. Nairobi Decision

Preference-granting Member	Calculation based on the value of Non-Originating Materials	Up to 75% NOMs allowed	Deduction of costs insurance and freight
Australia	No	No (50%)	No
Canada	Yes		
Chile	Yes	No (50%)	No
China	Yes	No (60%)	No
Eurasian C.U.	Yes	No (50% but evolving)	No
India	Yes	No (70% + CTH requirement)	No
European Union	Yes	No (70%)	No / unclear
Japan	Yes	No (40%)	Unclear

## Current practices vs. Nairobi Decision

Preference-granting Member	Calculation based on the value of Non-Originating Materials	Up to 75% NOMs allowed	Deduction of costs insurance and freight
New Zealand	No	No (50%)	No
Norway	Yes	No (70%)	No
Rep. of Korea	Yes	No (60%)	No
Switzerland	Yes	No (70%)	No
Thailand	Yes	No (50%)	No
Chinese Taipei	No	No (50%)	No
United States	No	No (65%)	No

5

### The disadvantages of a value-added calculation by addition

For example, in the US GSP/AGOA:

- Complexity and lack of precision: Costs must be calculated to the single unit of production (itemization):
  - It requires accounting, and discretion may be used in assessing unit costs.
  - Currency fluctuations may affect the results of the calculation.
  - Difficult to prove: need for different documents in case of verification
- Low labour costs in LDCs may result in low value added and instead of being a factor of competitiveness may penalize LDC producers.
- There are hundreds of rulings by US customs interpreting the definition of "direct costs of processing", confirming how complex this concept is.

**A method based on the deduction of the value non-originating materials avoids these difficulties and is much simpler to administer for LDCs**

## Importance of allowing for the deduction of insurance and freight costs

- The calculation method suggested by LDCs allows for the **deduction of insurance and freight costs from the customs value of non-originating materials**
- The deduction of the cost of insurance and freights from the value of non originating materials ensures a **fair comparison**
- The cost of Insurance and freight of materials may be equivalent to almost 1/3 of the value of the shipment if not more for some LDCs
- This method of calculation of the value of materials used in manufacturing may greatly facilitate compliance with the rules of origin for LLDCs (16 LDCs) and SIDS (11 LDCs)

### Example: Freight and Insurance Rule = max 70% non originating materials

	Freight and Insurance	
	DEDUCTED	INCLUDED
(a) non-LDC Materials	10'000	10'000
(b) Ocean Freight	1'250	1'250
(c) Inland Freight	3'600	3'600
(d) Ex-Works Price	16'000	16'000
(e) Value Added Calculation	$\frac{10'000}{16'000} \times 100\%$ = 62.5% (<70%)	$\frac{10'000+3'600+1'250}{16'000} \times 100\%$ 92.8% (>70%)
Rule Satisfied?	<b>YES</b> preference used	<b>NO</b> preference not used

### **LDC Expectations on ad valorem percentage**

- LDCs expect the following best practices to be implemented by Preference granting countries:
- Whenever it is used, the method of calculation should be based on value of materials methodology based of value of non-originating materials out of the ex-works price or (FOB) with deduction of cost of insurance and freight of the non-originating materials used.
- Australia, New Zealand, Chinese Taipei and the US should consider reforming their calculation methods to adhere to such best practice.

### **LDC Expectations on ad valorem percentage**

- (Notwithstanding this recommendation, it is noted that the value added method is not always the most trade facilitating method: in some sectors, other methodologies such as CTC and Specific working or processing may be used)
  - All preference giving countries should allow the deduction of cost of insurance and freight from the value of non-originating materials.
-



## 議題 2C 發言稿

Thank you chair for giving me the floor.

First of all, I'd like to thank LDC GROUP for the proposal.

However, from our point of view, we would like to make a clarification regarding the methodology for the calculation of the ad valorem percentage criterion.

According to our "Regulations Governing the Determination of Country of Origin of Imported Goods", the methodology that we used for calculation of the ad valorem percentage is based on the value of non-originating material, it is no based on value added calculation by addition. The equation is

$$\frac{\text{FOB-VNM}}{\text{FOB}} = \dots\%$$

FOB

FOB price minus value of non-originating materials divide by FOB price (OR numerator is FOB price minus value of non-originating materials, denominator is FOB price) . The equation is "value added by subtraction of non-originating materials" described under paragraph 1.14(b)(i) of the document. We find Chile and Thailand also adopt the same methodology based on the table 1. We don't think we are not in alignment with the Nairobi decision.



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**Committee on Rules of Origin**

**CALCULATION OF UTILIZATION RATES UNDER PREFERENTIAL DUTY SCHEMES FOR  
LEAST DEVELOPED COUNTRIES: THE CASE OF MINERALS AND METALS**

NOTE BY THE SECRETARIAT<sup>1</sup>

**1 INTRODUCTION**

1.1. Previous notes by the Secretariat indicated that Least Developed Countries (LDCs) were not making full use of non-reciprocal trade preferences available to them: in other words, imports eligible for preferential tariff treatment paid Most-Favoured Nation duties instead of receiving preferences. The Secretariat assessed that this "underutilization" of trade preferences concerned all preference-granting Members, albeit to a varying extent (G/RO/W/179). Calculations also highlighted that underutilization affected sectors in different ways, but that it was common also for goods subject to simple rules of origin, such as agricultural products and fresh fruits and vegetables deemed to be wholly obtained (G/RO/W/185). Given that the non-utilization of preferences for such goods was counterintuitive, the Secretariat explored the hypothesis that strict direct consignment obligations could be hindering the ability of LDCs to fully utilize preferential market access conditions (G/RO/W/187/Rev.1).

1.2. This note expands that analysis by examining the underutilization of trade preferences in the minerals and metals sector. It aims at building a better understanding in the Committee on Rules of Origin about the impact of origin requirements on the utilization of trade preferences by LDCs, as mandated in paragraph 4.3 of the Nairobi Ministerial Decision (WT/L/917/Add.1).

**2 EXPORTS OF MINERALS AND METALS BY LDCS**

2.1. In terms of export value, minerals and metals is one of the most significant sectors for many LDCs, even when crude and refined petroleum and other mineral fuel exports (HS 2709 and HS2710) are excluded from the analysis. Overall, in 2018, LDCs exported minerals and metals of a total value of USD 40.7 billion to preference granting members listed in table 1. The majority of these products are subject to MFN zero duties and the rest, about one-fourth of all imports, can benefit from preferential tariff treatment. However, as the note will show, not all exported mineral and metals are reportedly receiving preferential market access and are subject to MFN duty treatment instead. Accordingly, full utilization of trade preference could lead to considerable duty savings for LDC beneficiaries.

**2.1 Description of products covered in this analysis**

2.2. The calculations in this note cover specifically the following product categories<sup>2</sup>:

- Salts, earths, stones and cement (HS chapters 25 and 68);
- Mineral and metals such as iron, copper, nickel, cobalt, aluminium, lead (HS chapter 26);

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<sup>1</sup> This document has been prepared under the Secretariat's own responsibility and is without prejudice to the positions of Members or to their rights and obligations under the WTO.

<sup>2</sup> "Minerals and Metals" comprise specifically the following HS codes: 2601-17, 2620, Ch. 72-76 (except 7321-22), Ch. 78-83 (except 8304-05) Ch. 25, 2618-19, 2621, 2701-04, 2706-08, 2711-15, Ch.31, 3403, Ch. 68-71 (except 6807, 701911-19, 701940-59), and 911310-20. These products correspond to two of the "Multilateral Trade Negotiations (MTN)" categories used in different publications by the Secretariat for tariff and trade analyses. The full list of MTN categories can be consulted in the 2020 WTO World Tariff Profiles (page 40), available at: [https://www.wto.org/english/res\\_e/booksp\\_e/tariff\\_profiles20\\_e.pdf](https://www.wto.org/english/res_e/booksp_e/tariff_profiles20_e.pdf).

- Products of minerals and metals such as iron, copper and steel products, copper and articles made of base metals as well as metal alloys (HS chapters 72 to 81);
- Tools and cutlery of base metal (HS chapters 82 and 83);
- Mineral fuels such as coal, natural gas, propane and butane but excluding crude and refined petroleum (HS headings 2701 to 2704, 2706 to 2708 and 2711 to 2715);
- Fertilizers (HS chapter 31);
- Mineral lubricants (HS subheading 3403);
- Ceramic products (chapter 69);
- Glass and glassware (chapter 70 except 701911-19, 701940-59); and
- Pearls, precious and semi-precious stones and jewellery (HS chapter 71 and HS Subheadings 911310 and 20).

## 2.2 Overview of LDC trade in these products

2.3. The schemes reviewed in this note are non-reciprocal preferential trade arrangements for LDCs (LDC-PTAs, henceforth) for which preferential tariff and preferential import statistics are available with the Secretariat as indicated in Table 1.

**Table 1: List of PTAs included in the analysis**

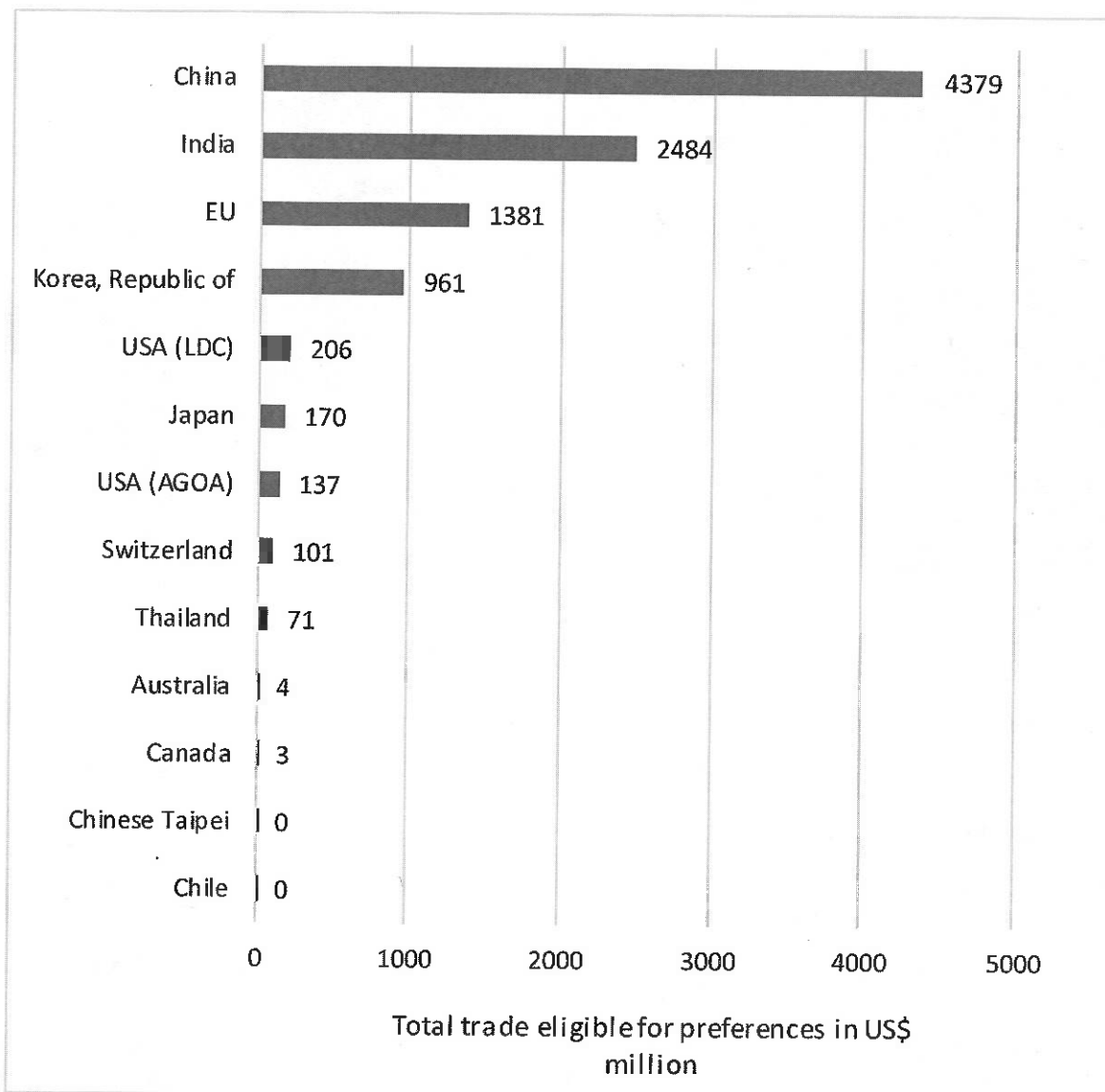
Preference-granting Member	Year of tariff and import statistics	Preferential Trade Arrangement
1. Australia	2018	GSP-LDC
2. Canada	2018	GSP-LDC
3. Chile	2018	LDC-specific
4. China	2016	LDC-specific
5. European Union	2018	GSP-LDC
6. India	2015	LDC-specific
7. Japan	2018	GSP-LDC
8. Korea, Republic of	2018	LDC-specific
9. Switzerland	2018	GSP-LDC
10. Chinese Taipei	2018	LDC-specific
11. Thailand	2018	LDC-specific
12. United States (GSP/LDC)	2018	GSP-LDC
13. United States (AGOA)	2018	AGOA

Source: Preferential Trade Arrangements database (<http://ptadb.wto.org>).<sup>3</sup>

2.4. China, India, the European Union and the Republic of Korea are, by far, the most important destinations by value of preference eligible minerals and metals originating in LDCs. In total there are almost USD 9.9 billion of trade eligible for preferences of which China alone imports 44.2%, followed by India (25.1%), the European Union (14%) and the Republic of Korea (9.7%), as can be seen in Figure 1. Nonetheless, LDC exports eligible for preferences is substantial for all preference granting Members except for Australia and Canada (for whom trade eligible for preferences is less than USD 5 million).

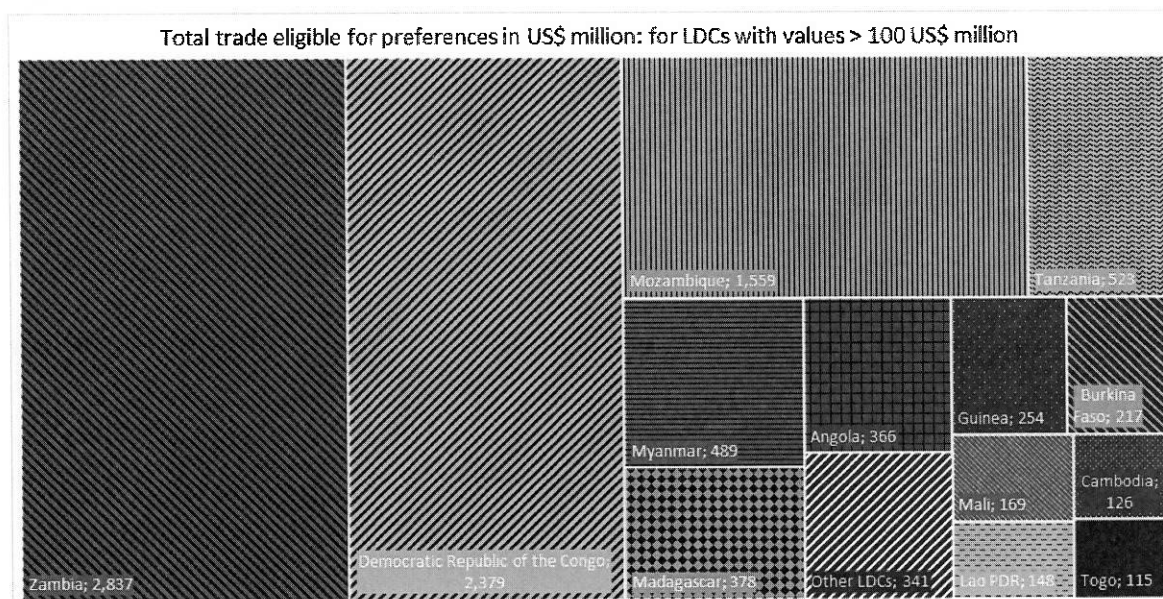
2.5. In terms of export products, it is worth highlighting that copper alone (HS chapter 74) accounts for 45% of imports from LDCs in this sector. Other significant exports are precious or semi-precious stones, precious metals and jewellery (16%, HS chapter 71), and aluminium (14%, mostly exports from Mozambique to the EU, HS chapter 76).

<sup>3</sup> Norway's MFN tariffs on imports of minerals and metals are equal to zero in 2017 (the latest available year of import data detailing the duty scheme used). Hence, the Norwegian GSP scheme is not part of this analysis.

**Figure 1: Total trade eligible for preferences in USD million, 2018**

Source: WTO Integrated Database, 2020.

2.6. As far as LDC beneficiaries are concerned, Figure 2 shows the value of LDC exports of minerals and metals to preference-granting Members listed in Table 1. Zambia (key product: copper), the Democratic Republic of Congo (key products: cobalt and copper) and Mozambique (key product: aluminium) account for the majority of exports in this sector. In addition, Tanzania (key product: gold), Myanmar (key products: copper, ferro-nickel, jewellery and precious stones), Madagascar (key product: nickel), Angola (key products: natural gas and diamonds), Guinea (key product: gold) and Burkina Faso (key product: gold) have preference-eligible exports above USD 200 million. Almost all LDCs, however, record substantial trade flows in minerals and metals.

**Figure 2: Total trade eligible for preferences in USD million, by origin, 2018<sup>4</sup>**

Source: WTO Integrated Database, 2020.

### 3 RULES OF ORIGIN APPLIED TO THESE PRODUCTS

3.1. Different preference-granting Members apply different methods to determine the origin of minerals and metals, reflecting the heterogeneity of the products covered in this sector. Two main types of rules can be distinguished, depending on the level of processing of the goods:

#### 3.1 "Wholly-obtained" goods

3.2. Wholly obtained goods covers raw materials and semi-manufactured goods subject to very little processing. Products subject to this rule include base metals and minerals (copper cathodes, aluminium, cobalt, zinc, lead or titanium ores), precious metals (silver and gold), salt, earths (silica sand), blocks of stones or cut stones (granite, marble, mica, limestone or other building stones), precious stones (worked or unworked) and mineral fuels (coal, butane).

3.3. All preference-granting Members would deem such goods to be wholly obtained, although the specific draft of the rules may be more or less explicit. For instance, the EU defines such products simply as "*mineral products extracted within that country or territory*" whereas the Canadian rule states that they must be "*extracted from the soil or the seabed of the country*" and the Indian rule explicitly defines them as "*raw or mineral products including mineral fuels, lubricants and related materials as well as mineral or metal ores extracted from its territory*".

3.4. Of course, other products, even if subject to additional stages of processing, would be deemed to be "wholly obtained" as long as they were manufactured from entirely wholly obtained materials. This would be the case, for instance, of simple ceramic and porcelain products, mineral oils, metal tools (e.g. bolts, screws), locks and padlocks, table and kitchen metal articles (e.g. spoons) and ornaments of base metals (e.g. statuettes). All preference-granting Members also explicitly recognize that goods made only from wholly obtained goods would be deemed to be wholly obtained too.

#### 3.2 "Sufficiently" or "substantially transformed" goods:

3.5. Some of the goods covered in this sector could fall under this category when they are made of different materials, some of which are non-originating. For instance, metal alloys (steel, brass) or articles made of metal alloys (tools, kitchen and table articles, ornaments, etc.), fertilizers and

<sup>4</sup> Detailed figures for each LDC can be found in Annex 1 to this note.

jewellery. For such products, some preference-granting Members apply their general rules of origin (Canada; China; India; Republic of Korea; Chinese Taipei; Thailand; and the US) while others use product-specific rules (EU; Japan; and Switzerland).

3.6. China's rules are "CTH or a minimum local value content of 40%" and India's rules are "CTSH and a minimum local value content (or regional value content, "RVC") of 30%". Korea's rules are based on the percentage value criterion (minimum local content of 40%) and so are those of the United States (local content (materials and "direct costs of processing") of at least 35%). Japan's product-specific rules are mostly based on the CTH criterion, sometimes associated with specific requirement. Finally, the EU's (and Switzerland's) product-specific rules of origin are more granular and more varied. In general, the rule is either "CTH" or "CTH or a minimum value content of 30%" but for some products (e.g. jewellery) it is "CTH and a maximum content of non-originating materials of 50%". For some products, the CTH criteria may be combined with some restrictions ("CTH except from").

3.7. Given the industrial profile of most LDCs, the "wholly obtained" rule is most likely the origin criterion which applies to majority of exports originating in LDCs in this sector.

#### **4 UNDERUTILIZATION RATES: GENERAL OBSERVATIONS**

4.1. The interest of focusing on *underutilization* at the most detailed level possible (as opposed to focusing on overall utilization) is that this approach could help identify, in a more specific manner, areas for further attention.<sup>5</sup> As a result, identifying sectors with underutilization or "pockets of *underutilization*" as precisely as possible allows for an examination of origin requirements and an identification of trade restrictive and trade facilitating practices.

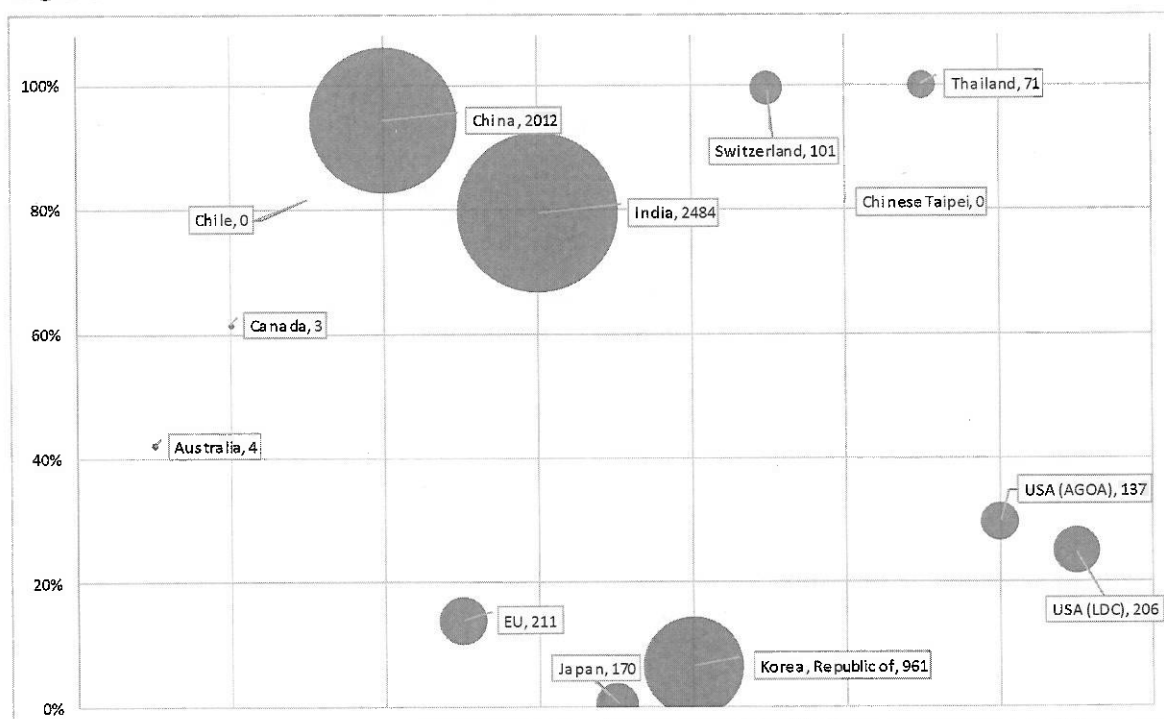
4.2. Based on the data currently available with the Secretariat (Table 1 above), there are 4,523 observations of annual imports at tariff line level (i.e. a single tariff line with preferential imports from one LDC to one preference-beneficiary Member). The overall trade weighted underutilization rate for all minerals and metals, all LDCs and all preferential schemes is 66.7%. Interestingly, though, 84.4% of observations have an underutilization of 100%, implying that smaller trade flows make less use of preferences. Even when trade flows below USD 100,000 and the top three single largest trade flows (copper, aluminium and cobalt) are excluded, 66.5% of preferences are unused. Hence, underutilization of trade preferences in the minerals and metals sector is surprising high: only about 33.3% of all preference-eligible imports receive a preference in practice.

4.3. Given that underutilization rates in this section are trade weighted, aggregate *underutilization* rates are strongly influenced by large imports of minerals and metals from LDCs by China and India, and to a lesser extent the European Union and the Republic of Korea. At a more disaggregated level, however, there is substantial heterogeneity of preference utilization across beneficiary granting Members is evident from Figure 3. Preferences are fully used in Japan, almost fully used in the US, EU and Korea but strongly underutilized in most other schemes.

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<sup>5</sup> Section 5 of a previous note by the Secretariat (G/RO/W/185) discusses why the concept of *underutilization* is preferable to the concept of utilization. All calculations in this note concern underutilization rates. All preference eligible annual trade values at the tariff line level below USD 1,000 are excluded in this section in order to focus on substantial trade flows only. In addition, the three largest annual LDC exports values at the tariff line level (i.e. values above USD 700 million) are excluded equally to reduce their distortion of the general picture (copper, cobalt and aluminium).

**Figure 3: Value of imports and underutilization of LDC minerals and metals exports eligible for LDC-PTA tariff treatment<sup>6</sup>, in USD million, 2018**



Source: WTO Integrated Database, 2020.

4.4. The picture is also heterogeneous in respect to the situation of beneficiary LDCs. Underutilization rates range from above 95% in the case of 18 LDCs (i.e. half of all the LDCs) to below 25% for 4 LDCs. Interestingly, eight LDCs have an underutilization rate between 50% and 80% showing that they have the capacity to utilize trade preferences but not for all their preferential exports.

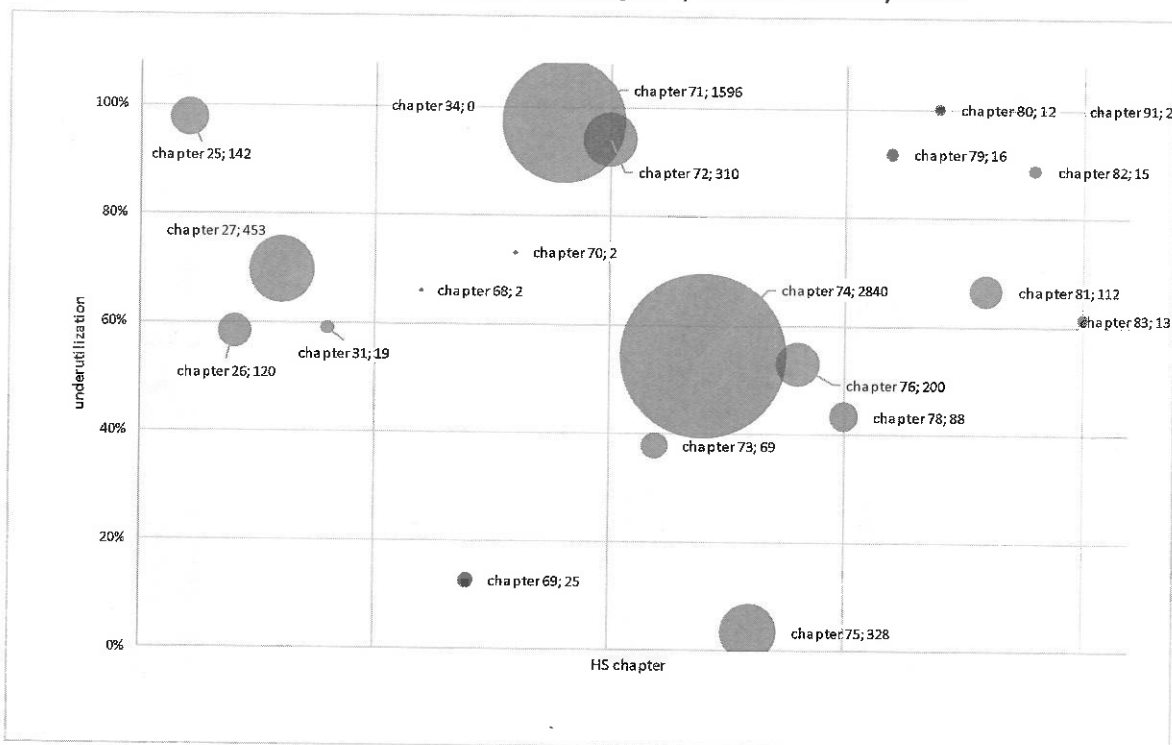
4.5. Moreover, underutilization also varies substantially across HS chapters, as can be seen in Figure 4 below. There is almost no utilization of preferences in chapters 25 (salt, stones) and 71 (precious stones, jewellery) while there is almost full utilization in chapter 75 (nickel). It is difficult to explain why the utilization of trade preferences would differ so significantly for similar products such as, for instance, nickel (HS chapter 75, underutilization of only 4%), iron and steel (chapter 72, underutilization of 94%) or copper (chapter 74, underutilization of 54%).

4.6. As can be seen in Figure 4, there does not seem to be a clear relation between the total annual value of imports and underutilization of preferential duty schemes: underutilization rates vary irrespective of the size of imports. One could have assumed that larger and import values involve large shipments, a larger number of firms, or bigger firms who are better prepared to understand and comply with preferential origin requirements to use preferences more effectively. One peculiarity is HS chapter 71, with a very large value of trade (more than USD 1.5 billion) and an underutilization rate of 97%. The case of this chapter is examined in greater detail in section 6 below.

<sup>6</sup> Labels contain trade values (million USD), bubble size increases with the value of preference eligible trade.



**Figure 4: Value of imports and underutilization of LDC minerals and metals exports eligible for LDC-PTA tariff treatment by HS chapter<sup>7</sup>, in USD million, 2018**



Source: WTO Integrated Database, 2020.

4.7. The detailed underutilization rates for each scheme and beneficiary LDC are reproduced in Annex 1 of this note. As can be seen and as summarized above, an overall examination of imports and underutilization rates in the mineral and metals sector shows that there is no clear pattern associating underutilization with a specific LDC beneficiary, or with a specific sector, or with a specific LDC-PTA or a type of origin criteria. As a result, other factors which might help explain variations in underutilization rates are examined below.

#### 4.1 Do preferential margins influence the utilization or non-utilization of trade preferences in the minerals and metals sector?

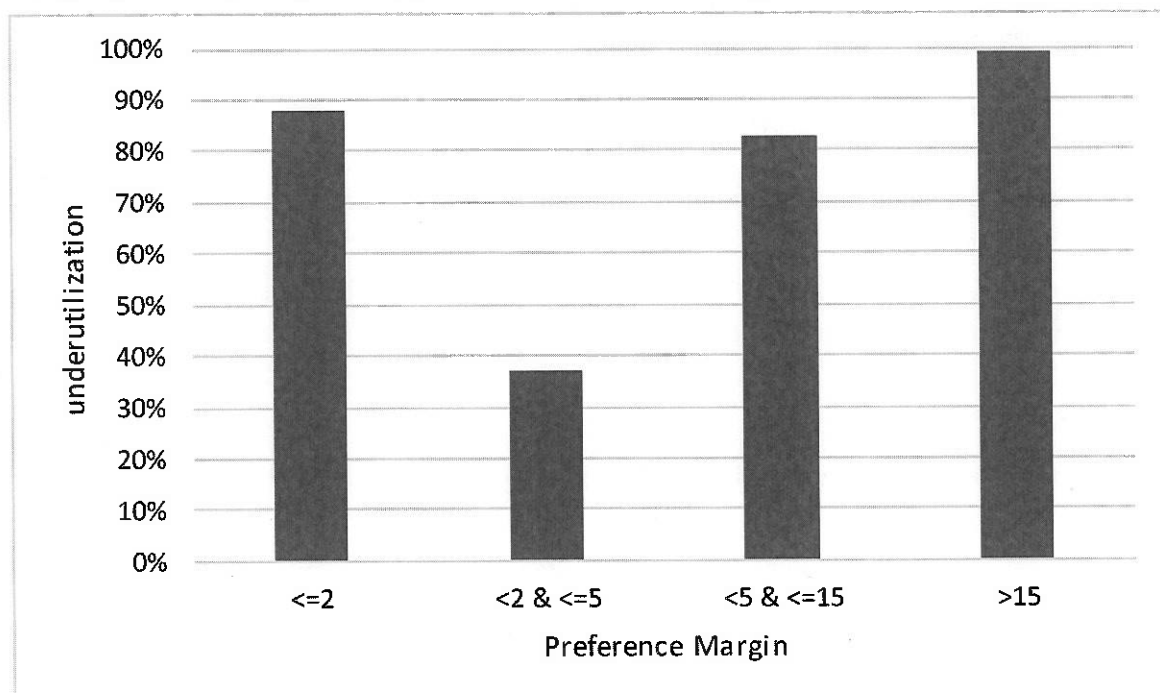
4.8. One reason commonly put forward to explain the non-utilization of a trade preference is that the preferential margin, if too small, might not provide enough incentives for firms to use trade preferences. In other words: when the import duty rate applied on an MFN basis is "low", there would be no sufficient incentive for economic operators to comply with rules of origin to claim a preference. Previous calculations by the Secretariat, however, indicated that MFN duties did not seem to be correlated to preference utilization in the case of LDC duty schemes (see graphs 1 and 2 of G/RO/W/185).

4.9. Figure 6 below, explored this reasoning with a specific focus on minerals and metals. As can be seen, no clear pattern emerges when underutilization rates are related to preferential margins. In fact, underutilization rates are high irrespective of the MFN rates and highest for those goods where the preferential margin is greatest, i.e. those goods on which operators would make the largest duty savings (goods subject to an MFN rates above 15%). If preferential margins influenced the willingness of operators to claim a preferential tariff treatment, the graph would show an opposite trend: a high level of underutilization for goods subject to low preferential margins (below 2% and between 2% and 5%) and decreasing underutilization for higher margins (between 5% and 15% and above 15%). It should be noted that the analysis is based on aggregated datasets of annual import statistics and not transaction level data. Hence, fixed costs, for example, related to an

<sup>7</sup> Labels contain trade values (million USD), bubble size increases with the value of preference eligible trade.

individual transaction, cannot be taken into consideration. However, it seems plausible to conclude that preferential margins do not influence, in general, the utilization or non-utilization of trade preferences by LDCs in this sector.

**Figure 6: Underutilization of trade preferences for minerals and metals vs. preferential margin (all trade, weighted by preferential trade volume), 2018<sup>8</sup>**



Source: WTO Integrated Database, 2020

4.10. An exception to this general observation could be high-value goods such as precious stones. For such goods, product quality and firm-supplier relations are more determinant than the availability of trade preferences. For instance, imports of more than USD 90 million of rubies, sapphires and emeralds (HS 710391) to Switzerland are subject to an MFN rate of CHF 800 per 100kg and no preferences are utilized (underutilization rate of 100%). Such cases are, however, circumscribed to some products only.

4.11. Given the significant values associated with imports of some mineral and metal products, an increase of utilization in this sector could lead to significant duty savings, even in instances in which the MFN duty rates and the resulting preferential margins are relatively low.

#### **4.2 Are stricter origin criteria associated with more complex products and higher preference underutilization?**

4.12. Another possible assumption would be that raw materials and less processed goods products are associated with simpler origin criteria (wholly obtained goods) and would therefore be associated with fuller utilization of preferences. Conversely, more complex manufactured goods could be associated with more complex product-specific rules and therefore a more variable ability to utilize preferences by firms. To test this hypothesis, underutilization rates were examined in relation to the complexity of products.<sup>9</sup> The majority of products in the minerals and metals in MTN category are

<sup>8</sup> Note: Eligible Trade values at the tariff line level below USD 1,000 are excluded in this section in order to focus on trade flows with substantial values. In addition, the three biggest trade flows at the tariff line level (i.e. above USD 700 million) were also excluded to avoid any distortions.

<sup>9</sup> Products were grouped using the "Broad Economic Categories", which classifies products either as primary or processed: <https://unstats.un.org/unsd/trade/classifications/bec.asp>.

classified as "processed products", and for this category, the underutilization rate is 66%. Interestingly, underutilization is even higher, at 73%, for the remaining "primary products".

## **5 WHICH OTHER FACTORS INFLUENCING UNDERUTILIZATION?**

5.1. If underutilization is not clearly associated with the stringency of rules of origin (wholly obtained origin criteria) or preferential margins, other factors could be influencing the ability of LDC exporters to utilize trade preferences. Such other factors could relate to: (1) a poor awareness by economic operators that trade preferences are available; or (2) a poor ability to comply with other origin requirements, namely origin certification or direct consignment rules. Both are discussed below. Finally, another possibility is that the data being analysed does not take into account special regimes which allow for duty-free importation. It is possible that such regimes could be significant in the case of some products (e.g. metals which are imported to be processed and exported and which could hence benefit from duty drawback schemes). The data notified by Members to the WTO might not reflect that a preference was ultimately granted. However, such cases are circumscribed and would not affect the overall findings for this entire sector.

### **5.1 Awareness that a preference is available**

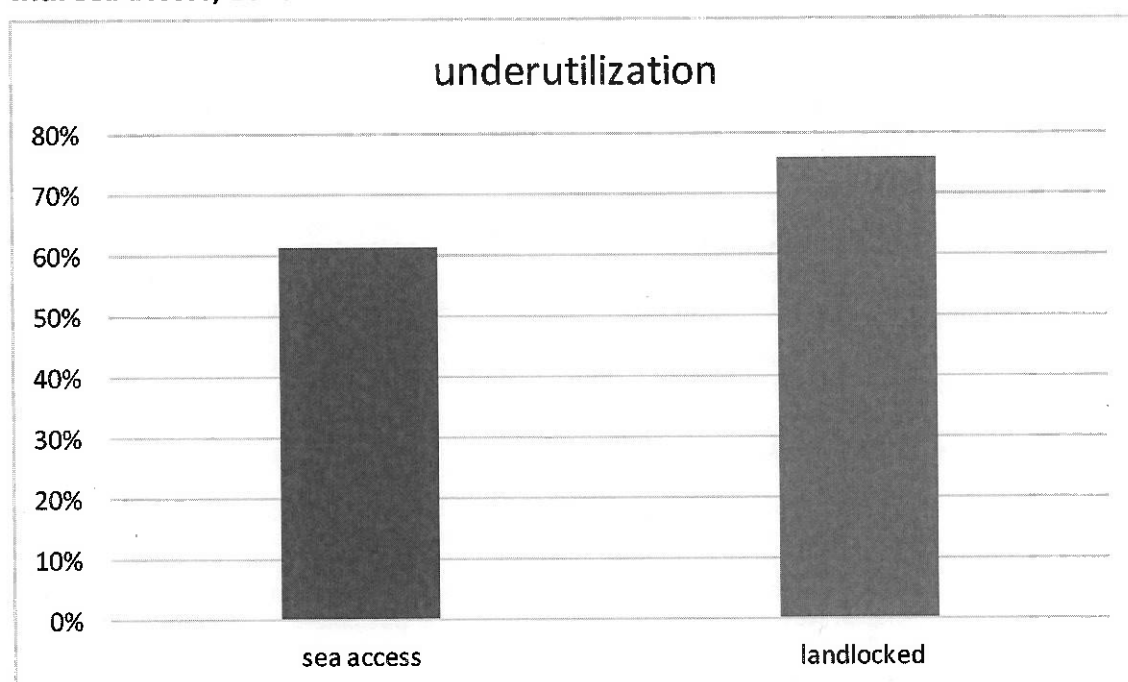
5.2. Awareness that a trade preference is available is an essential component of preference utilization. However, it is a factor which cannot be tested through trade statistics at an aggregate level. Only firm-level evidence could confirm that firms are not claiming a preference because they are not aware that one is available or because they prefer not to invest to develop the necessary knowledge about preferences. Nevertheless, while it might not be possible to quantify the influence that this could have on underutilization, it is plausible to assume that this lack of awareness hinders greater utilization, in particular for small-value consignments (assuming that the exporting firms are also smaller and less exposed to international trade).

### **5.2 Direct consignment rules**

5.3. As was shown in a previous note by the Secretariat (G/RO/W/187/Rev.1), stricter direct consignment and documentary requirements are associated with higher *underutilization*, at least in the case of agricultural products. The same finding can also be observed for minerals and metals. As can be noted in Figure 8 below, underutilization rates are higher for landlocked LDCs (76%) than for LDCs with sea access (62%) indicating that logistical and transportation arrangements can influence preference utilization in this sector too. However, the difference in underutilization for both LDC groups is less marked for minerals than had been noted for agricultural products.<sup>10</sup>

<sup>10</sup> The underutilization rate for landlocked LDCs was more than double (52%) that of LDCs with access to the sea (21%) (Graph 1 in G/RO/W/187/Rev.1).

**Figure 8: Underutilization rates for minerals and metals for Landlocked LDCs vs. LDCs with sea access, 2018**



Source: WTO Integrated Database, 2020

## 6 THE SPECIFIC CASE OF CHAPTER 71

6.1. To get a better understanding about possible patterns of underutilization in minerals and metals, this section examines the case of a narrower range of goods: those of HS chapter 71 (precious stones, gold, jewellery).

6.2. More than USD 1.5 billion of imports from LDCs are eligible for preferences in this chapter. On the preference-granting Member side, India is the main importer of goods originating in LDCs (82% of imports in this chapter), followed by China (9%) and Switzerland (6%). On the preference-beneficiary Member side, Tanzania and Burkina Faso are the main exporters (gold to India) followed by Myanmar (rubies, sapphires and emeralds to Switzerland). Underutilization is high in chapter 71: across all the top 25 LDC exports by value (at the tariff line level) all products have an underutilization of 100%, except for exports of silver waste and scrap from Zambia to the Republic of Korea (0% underutilization). While overall underutilization for the entire chapter is very significant (95%), underutilization rates vary significantly across HS sub-headings.

6.3. Despite this relative concentration of flows at the chapter level, a detailed analysis of specific subheadings yields interesting observations in relation to origin criteria. Table 2 below details underutilization rates and origin criteria for HS subheading 711311. As can be seen, there are interesting variations: for example, silver exports from Niger almost fully utilized preferences in the EU but not in China, Japan or Switzerland. In the case of Nepal, preferences are only partially used with the EU, but almost fully used in the case of Japan and the US, despite very similar origin criteria. In this particular case, variations in origin criteria do not seem to lead to higher or lower preference utilization.

**Table 2: Underutilization and origin criteria for articles of jewellery and parts thereof, of silver (HS 711311)**

Preference-granting Member	Exporting LDC	Value of trade eligible for preferences (USD)	Origin criteria	Underutilization
EU	Niger	837,898	CTH or RVC 30%	4%
China	Niger	615,348	CTH or RVC 40%	100%
Japan	Niger	102,660	CTH	100%

Preference-granting Member	Exporting LDC	Value of trade eligible for preferences (USD)	Origin criteria	Underutilization
Switzerland	Niger	114,058	CTH or RVC 30%	100%
EU	Nepal	595,741	CTH or RVC 30%	44%
Japan	Nepal	193,655	CTH	6%
USA (LDC)	Nepal	798,716	RVC 35%	16%
Korea, Rep. of	Myanmar	110,091	RVC 40%	100%

6.4. Similar observations can be made in respect of HS subheading 711319 as shown in Table 3 below. As can be seen, underutilization rates vary and do not seem to follow a pattern related to the applicable origin criteria. For instance, exports from Lao PDR to Australia hardly ever utilize preferences while Nepal's exports always do in most instances: yet, the rule is identical. Nepal's exports to the US also use effectively preferences while Lao PDR exports to Canada do not at all. In the particular case of this subheading and these two LDCs therefore, the ability of firms to use preferences in the exporting LDC seem to be more important than the type of origin criteria being used. The case of exports from Nepal in HS 711311 (previous table) seems to confirm this.

**Table 3: Underutilization and origin criteria for articles of jewellery of precious metal other than silver (HS 711319)**

Preference-granting Member	Exporting LDC	Value of trade eligible for preferences (USD)	Origin criteria	Underutilization
Switzerland	Myanmar	3,705,896	CTH or RVC 30%	100%
EU	Myanmar	828,586	CTH or RVC 30%	100%
EU	Mozambique	141,886	CTH or RVC 30%	100%
USA (LDC)	Nepal	1,253,765	RVC 35%	6%
USA (LDC)	Cambodia	801,957	RVC 35%	0%
Australia	Lao PDR	1,065,863	RVC 50% (LDC 25%)	91%
Australia	Nepal	260,056	RVC 50% (LDC 25%)	12%
Canada	Lao PDR	258,678	RVC 20%	100%
Japan	Myanmar	265,587	CTH	100%

## 7 POSSIBLE CONCLUSIONS

7.1. Minerals and metals are another sector for which underutilization of trade preferences is surprisingly high: only about a third of imports from LDCs receive preferences in this sector. This is all the more surprising as many products in this sector are wholly obtained goods. However, underutilization does not affect all products, all LDCs and all preference-granting Members in the same manner. Utilization varies greatly between different schemes and, within each scheme, between sectors. Given the significant values of imports of minerals and metals, improving preference utilization could yield significant duty savings for beneficiary LDCs.

7.2. As shown in this note, however, the reasons associated with the non-utilization or underutilization of trade preferences are not entirely clear, but some reasons could be excluded. First, low preferential margins do not seem to influence utilization. Second, the complexity of products (whether raw materials or more processed goods) also do not seem to influence utilization. Third, the origin criterion also does not seem to clearly influence utilization (whether wholly obtained or substantially transformed, whether the criterion is based on value or tariff classification, etc.), although this reason cannot be dismissed for specific tariff lines.

7.3. As a result, other possible reasons should be further studied, in particular: direct consignment rules (whether goods are consigned directly or were transhipped); variations in obligations related to origin certification (not examined in this note); and awareness among economic operators that a preference is available.



	Japan		Rep. of Korea		Switzerland		Chinese Taipei		Thailand		USA (AGOA)		USA (LDC)	
	(1)(%)	(2)	(1)(%)	(2)	(1)(%)	(2)	(1)(%)	(2)	(1)(%)	(2)	(1)(%)	(2)	(1)(%)	(2)
<b>Afghanistan</b>	100	15	100	2	100	5,453			100	4			65	102
<b>Angola</b>			20	35,176							100	8	100	8
<b>Bangladesh</b>	39	82	81	4,109	80	252	100	2	100	165				
<b>Benin</b>					100	1								
<b>Burkina Faso</b>	100	6	100	0	100	4	100	7						
<b>Burundi</b>									100	0			0	
<b>Cambodia</b>	4	24	97	833	91	58	100	1	100	56,739			25	9,843
<b>Central African Republic</b>			69	1,316	100	13					100	28	100	28
<b>Chad</b>														
<b>Democratic Republic of the Congo</b>			0	1,732	100	49			100	0			1	103
<b>Djibouti</b>			100	0					100	1	100	13	100	13
<b>The Gambia</b>									100	7	100	3	100	3
<b>Guinea</b>			100	54	100	16			100	0	100	53	100	53
<b>Guinea-Bissau</b>														
<b>Haiti</b>														
<b>Lao People's Democratic Republic</b>	100	17	100	101	28	10	100		100	0			25	100
<b>Lesotho</b>					100	46			100	13,123				
<b>Liberia</b>					100	1,428					100	6	100	6
<b>Madagascar</b>	0	28	1	1,139	100	14,779			100	1	100	5	100	5
<b>Malawi</b>			100	0					100	366	4	193	4	193
<b>Mali</b>	0		38	374					100	0				
<b>Mauritania</b>			100	57	100	54			100	1	49	15	49	15
<b>Mozambique</b>	0		100	6,460	100	21,403								
<b>Myanmar</b>	14	284	5	201	100	52,226	100	29	100	966	81	1,058	81	1,058
<b>Nepal</b>	20	88	76	8	65	794	79	227	100	24			8	288
<b>Niger</b>	100	103	100	3	100	132			100	37	72	87	72	87
<b>Rwanda</b>			100	0	100	1			100	87	8	68	8	68
<b>Senegal</b>	0		100	120	100	11			100	1	76	13	76	13
<b>Sierra Leone</b>			100	55					100	1	28	113	28	113
<b>Solomon Islands</b>			100	0										
<b>Tanzania</b>			100	1,979	100	409			100	2	83	19	83	19
<b>Togo</b>	100	5	100	0	100	127			100	1				
<b>Uganda</b>			36	191	100	1			100	0	5	92	5	92
<b>Vanuatu</b>														
<b>Yemen</b>			100	5,843	100	17			100	3			0	
<b>Zambia</b>	0		3	2,777	100	3,587			100	0	31	39,057	31	39,057
<b>Total LDCs</b>		652		62,664		100,871		266		71,442		40,831		51,545

Source: WTO Integrated Database, 2020.







### Committee on Rules of Origin

#### UNOFFICIAL ROOM DOCUMENT<sup>1</sup>

FORMAL MEETING OF THE COMMITTEE ON RULES OF ORIGIN – 13 NOVEMBER 2020  
 PRESENTATION BY THE SECRETARIAT – MR. SIMON NEUMUELLER

*Utilization of Trade Preferences by LDCs: the Case of Minerals and Metals  
 (G/RO/W/203)*

### Comité des règles d'origine

#### DOCUMENT DE SÉANCE NON OFFICIEL<sup>1</sup>

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### Comité de Normas de Origen

#### DOCUMENTO DE SALA NO OFICIAL<sup>1</sup>

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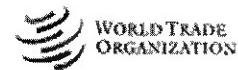
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**UTILIZATION OF TRADE  
PREFERENCES BY LDCS: THE CASE  
OF MINERALS AND METALS  
(G/ROW/203)**

**Committee on Rules of Origin  
13 November 2020**

**Outline**



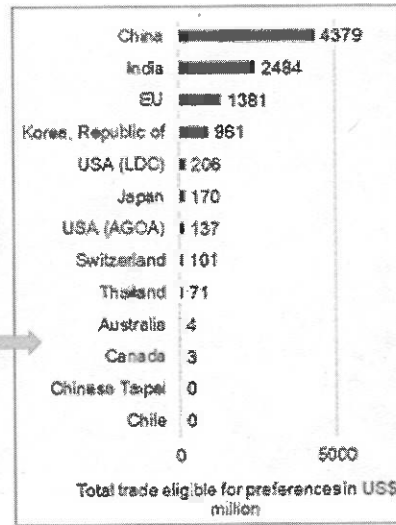
- Trade flows
- *Underutilization*
- Rules of Origin
- Full findings and discussion on the note  
G/ROW/203

## Trade flows - Importers

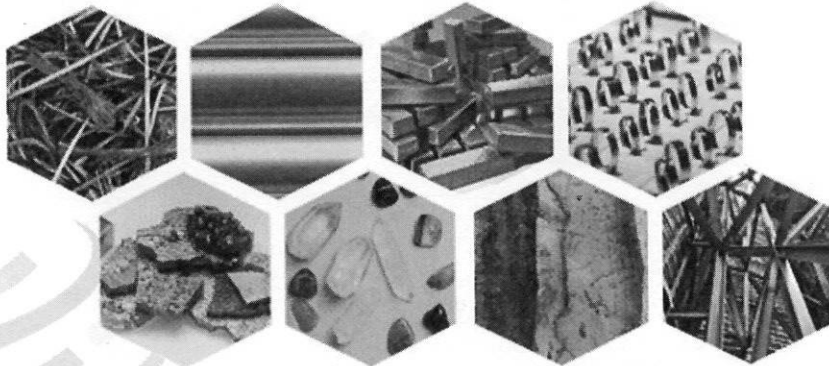
Overall trade of LDCs with beneficiary granting Members = USD 150 billion in 2018

Minerals and Metals  
= 25%

Minerals and Metals  
eligible for preferences  
= 6.5%



## Key products – preference eligible trade

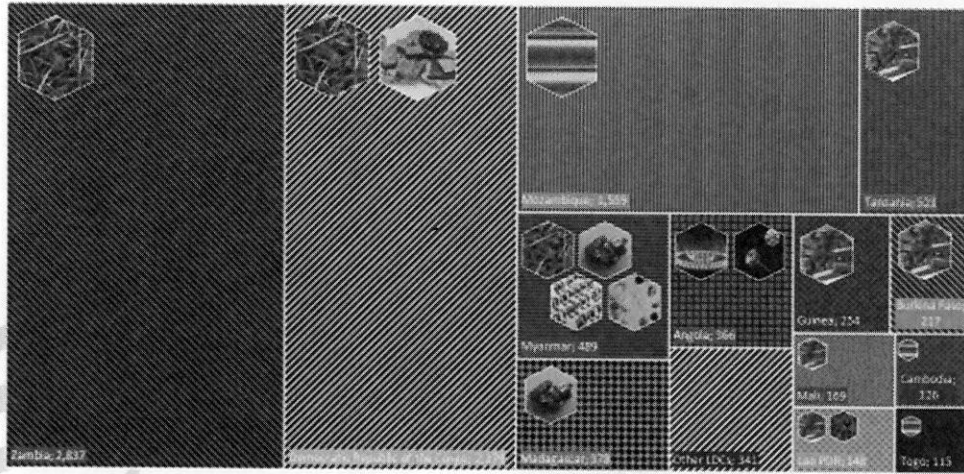


- Copper**
- Aluminium**
- Gold**
- Jewellery**
- Aluminium**
- Precious stones**
- Granite**
- Articles of steel**

## Trade flows - Exporters



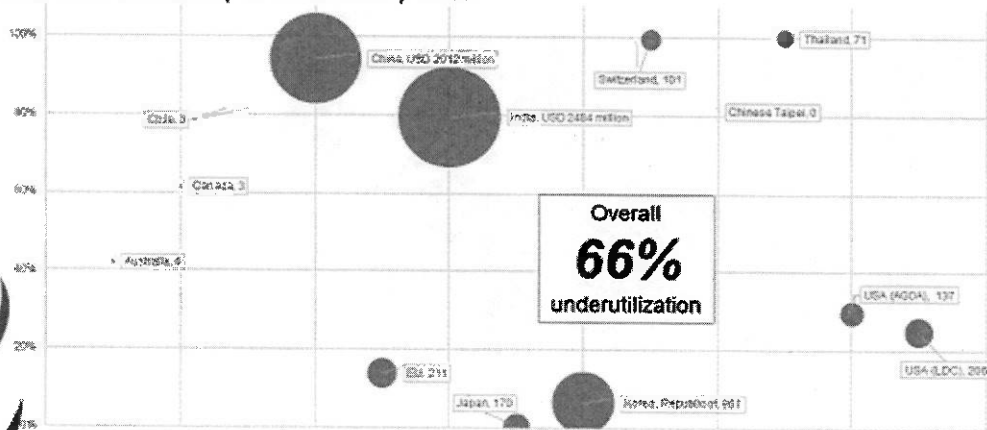
Total trade eligible for preferences in US\$ million: for LDCs with values > 100 US\$ million, 2018



## Utilization rates I



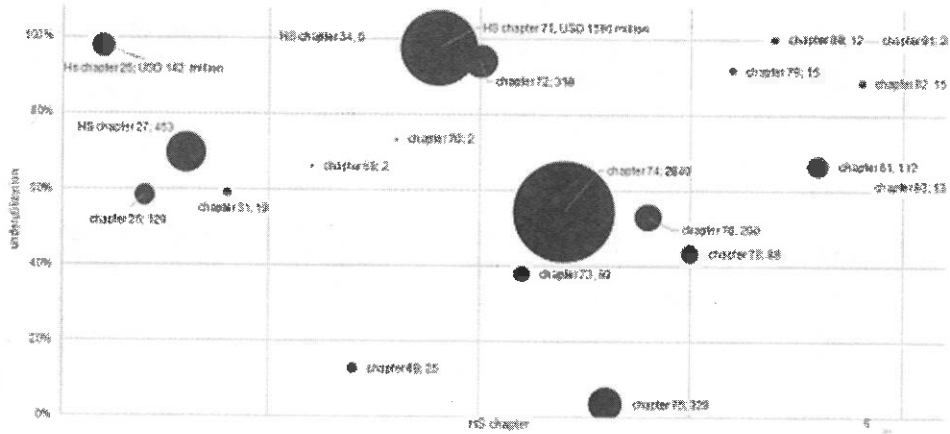
Value of imports and underutilization of LDC minerals and metals exports eligible for LDC-PTA tariff treatment, in USD million, 2018



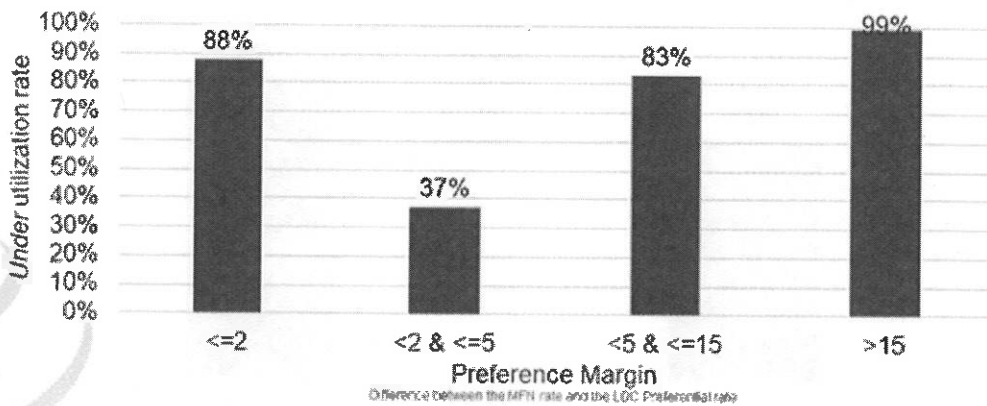
## Utilization rates II



Value of imports and underutilization of LDC minerals and metals exports eligible for LDC-PTA tariff treatment by HS Chapter, in USD million, 2018



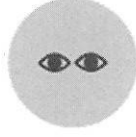
## What may explain underutilization?



## What may explain underutilization? Other factors (not related to origin requirements)



**Product complexity –  
no clear pattern**



**Awareness of  
preference – not  
measured**

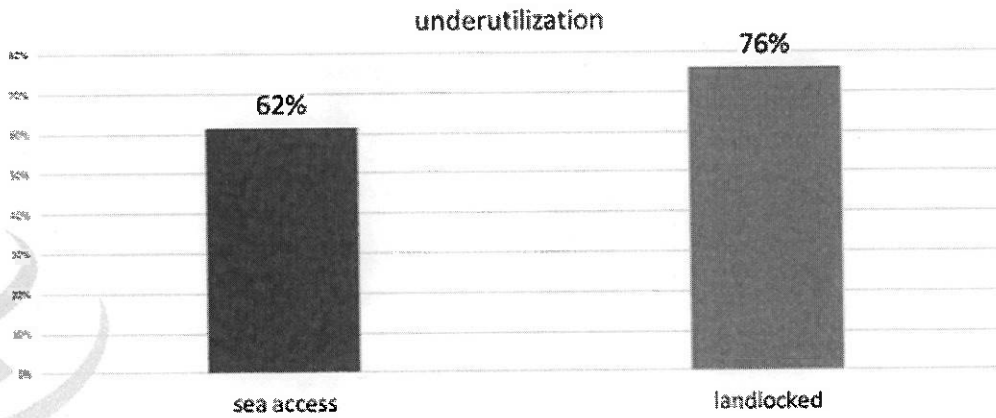


**Strictness of the rule  
– overall picture not  
conclusive**



**Special regimes, e.g.  
duty drawback – not  
in data**

## What may explain underutilization? DIRECT CONSIGNMENT



## What may explain underutilization? ORIGIN CRITERIA



### • "Wholly-obtained" goods

- Very little processing, e.g. base metals
- If additional processing, "wholly obtained" as long as manufactured from entirely wholly obtained materials.

### • "Sufficiently" or "substantially transformed" goods

- Made of different materials, some of which are non-originating
- Either general rules of origin, or product-specific rules (EU; Japan; and Switzerland)
- CTH; CTSH; RVC or combinations

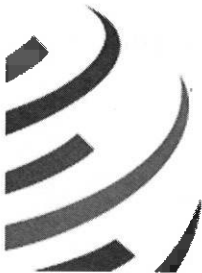


12

## What may explain underutilization? ORIGIN CRITERIA



- Comparison of utilization rates by the type of origin criteria:
- LDC imports subject to simpler rules (CTH; RVC; CTH or RVC)
- LDC imports subject to more complex rules (specific processes; CTH and RVC, CTH or RVC rules with exceptions or restrictions).
- Different scenarios showed that underutilization rates are not very different for products subject to rules in the simple (64%) or in the more complex (70%) groups"



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## Example: Silver jewellery (HS 711311)



Preference-granting Member	Exporting LDC	Value of trade eligible for preferences (USD)	Origin criteria	Underutilization
EU	Niger	837,898	CTH or RVC 30%	4%
China	Niger	615,348	CTH or RVC 40%	100%
Japan	Niger	102,660	CTH	100%
Switzerland	Niger	114,058	CTH or RVC 30%	100%
EU	Nepal	595,741	CTH or RVC 30%	44%
Japan	Nepal	193,655	CTH	6%
USA (LDC)	Nepal	798,716	RVC 35%	16%
Korea, Rep. of	Myanmar	110,091	RVC 40%	100%

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Thank you for your attention

For further information about Note G/RO/W/203 and this presentation, please contact:

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27 October 2020

(20-7484)

Page: 1/2

Committee on Rules of Origin

Original: English

**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 consignment<sup>1</sup> and change of tariff classification<sup>2</sup>.

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 principle<sup>3</sup> 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

<sup>1</sup> "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.

<sup>2</sup> "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.

<sup>3</sup> 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 annex<sup>4</sup>.

### **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 access<sup>5</sup>" and to SDG target 17.12<sup>6</sup>

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.

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<sup>4</sup> See footnote 2 above.

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

<sup>6</sup> 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".

**Committee on Rules of Origin****DRAFT****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.<sup>1</sup> 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.

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<sup>1</sup> 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 5<sup>th</sup> 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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2 March 2020

(20-1579)

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Committee on Rules of Origin

Original: French

**NOTIFICATION UNDER ARTICLE 5 AND PARAGRAPH 4 OF  
ANNEX II TO THE AGREEMENT ON RULES OF ORIGIN****NON-PREFERENTIAL AND PREFERENTIAL RULES OF ORIGIN**

1. According to Article 5.1 of the Agreement on Rules of Origin, each Member shall provide to the Secretariat, within 90 days after the date of entry into force of the WTO Agreement for it, its rules of origin, judicial decisions, and administrative rulings of general application relating to rules of origin in effect on that date. If, by inadvertence, a rule of origin has not been provided, the Member concerned shall provide it immediately after this fact becomes known. Article 5.2 of the Agreement stipulates, moreover, that during the period referred to in Article 2, Members introducing modifications, other than *de minimis* modifications, to their rules of origin or introducing new rules of origin, shall publish a notice to that effect at least 60 days before the entry into force of the modified or new rule in such a manner as to enable interested parties to become acquainted with the intention to modify a rule of origin or to introduce a new rule of origin, unless exceptional circumstances arise or threaten to arise for a Member.

2. Furthermore, paragraph 4 of Annex II to the Agreement on Rules of Origin envisages that Members shall promptly provide to the Secretariat their existing or new preferential rules of origin, including a listing of the preferential arrangements to which they apply, judicial decisions, and administrative rulings of general application relating to their preferential rules of origin. In this respect, the Committee on Rules of Origin (CRO) further agreed that notifications made to the Committee on Regional Trade Agreements (CRTA) or the Committee on Trade and Development (CTD) could also suffice to discharge Members' notification obligations under the Agreement on Rules of Origin (G/RO/M/59). As a result, the Committee agreed that notifications which had been initially received by the CRTA or the CTD should also be circulated by the Secretariat to the CRO. Information regarding such notifications, including related to preferential rules of origin, can also be obtained through the WTO database on regional trade agreements (<http://rtais.wto.org>) or the WTO database on preferential trade agreements (<http://ptadb.wto.org>).

3. In accordance with these rules, the following notification has been received:

**SENEGAL****A. NON-PREFERENTIAL RULES OF ORIGIN**

Non-preferential rules of origin are governed by the provisions of Article 17 of Law No. 2014-10 of 28 February 2014 containing Senegal's Customs Code. The text is available at:

- [http://www.douanes.sn/sites/default/files/fichiers/Code\\_Des\\_Douanes.pdf](http://www.douanes.sn/sites/default/files/fichiers/Code_Des_Douanes.pdf).

**B. PREFERENTIAL RULES OF ORIGIN**

Preferential rules of origin are governed by:

1. The Revised Treaty of the Economic Community of West African States (ECOWAS) and its Protocol A/P1/1/03 of 31 January 2003 relating to the definition of the concept of products originating in ECOWAS Member States; and
2. The Treaty on the West African Economic and Monetary Union (WAEMU) and its Additional Protocol No. III/2001 of 19 December 2001 establishing rules of origin for WAEMU products.

The texts on preferential rules of origin can be accessed through the following links :

- [http://www.uemoa.int/sites/default/files/bibliotheque/pages - protocole additionnel 03.pdf](http://www.uemoa.int/sites/default/files/bibliotheque/pages_-_protocole_additionnel_03.pdf);

- [http://www.uemoa.int/sites/default/files/bibliotheque/protocole add 01 2009 cceq uemoa.pdf](http://www.uemoa.int/sites/default/files/bibliotheque/protocole_add_01_2009_cccg_uemoa.pdf).

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16 April 2020

(20-2950)

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Committee on Rules of Origin

Original: English

**NOTIFICATION UNDER ARTICLE 5 AND PARAGRAPH 4 OF  
ANNEX II TO THE AGREEMENT ON RULES OF ORIGIN**

**NON-PREFERENTIAL AND PREFERENTIAL RULES OF ORIGIN**

1. According to Article 5.1 of the Agreement on Rules of Origin, each Member shall provide to the Secretariat, within 90 days after the date of entry into force of the WTO Agreement for it, its rules of origin, judicial decisions, and administrative rulings of general application relating to rules of origin in effect on that date. If, by inadvertence, a rule of origin has not been provided, the Member concerned shall provide it immediately after this fact becomes known. Article 5.2 of the Agreement stipulates, moreover, that during the period referred to in Article 2, Members introducing modifications, other than *de minimis* modifications, to their rules of origin or introducing new rules of origin, shall publish a notice to that effect at least 60 days before the entry into force of the modified or new rule in such a manner as to enable interested parties to become acquainted with the intention to modify a rule of origin or to introduce a new rule of origin, unless exceptional circumstances arise or threaten to arise for a Member.

2. Furthermore, paragraph 4 of Annex II to the Agreement on Rules of Origin envisages that Members shall promptly provide to the Secretariat their existing or new preferential rules of origin, including a listing of the preferential arrangements to which they apply, judicial decisions, and administrative rulings of general application relating to their preferential rules of origin. In this respect, the Committee on Rules of Origin (CRO) further agreed that notifications made to the Committee on Regional Trade Agreements (CRTA) or the Committee on Trade and Development (CTD) could also suffice to discharge Members' notification obligations under the Agreement on Rules of Origin (G/RO/M/59). As a result, the Committee agreed that notifications which had been initially received by the CRTA or the CTD should also be circulated by the Secretariat to the CRO. Information regarding such notifications, including related to preferential rules of origin, can also be obtained through the WTO database on regional trade agreements (<http://rtais.wto.org>) or the WTO database on preferential trade agreements (<http://ptadb.wto.org>).

3. In accordance with these rules, the following notification has been received:

**INDONESIA**

**A. NON-PREFERENTIAL RULES OF ORIGIN**

Indonesia applies non-preferential rules of origin as provided under Regulation No. 77 of The Minister of Trade from 2014 concerning Rules of Origin of Indonesia. The text is available at:

1. In Bahasa Indonesia: <http://jdih.kemendag.go.id/peraturan/detail/888/2>; and
2. In English: <http://jdih.kemendag.go.id/peraturan/detail/888/3>.

**B. PREFERENTIAL RULES OF ORIGIN**

Indonesia maintains Preferential Rules of Origin under the following Agreements:

1. ASEAN - Australia - New Zealand<sup>1</sup>;

<sup>1</sup> The Agreement has been notified to the Committee on Regional Trade Agreements (CRTA) on 9 April 2010 (document WT/REG284/N/1).

2. ASEAN - China<sup>2</sup>;
  3. ASEAN - India<sup>3</sup>;
  4. ASEAN - Japan<sup>4</sup>;
  5. ASEAN - Korea, Republic of<sup>5</sup>;
  6. ASEAN Free Trade Area (AFTA)<sup>6</sup>;
  7. Global System of Trade Preferences among Developing Countries (GSTP)<sup>7</sup>;
  8. Indonesia - Pakistan<sup>8</sup>;
  9. Japan - Indonesia<sup>9</sup>.
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<sup>2</sup> The Agreement has been notified to the Committee on Trade and Development (CTD) on 21 December 2004 (document WT/COMTD/N/20).

<sup>3</sup> The Agreement has been notified to the Committee on Trade and Development (CTD) on 19 August 2010 (document WT/COMTD/N/35).

<sup>4</sup> The Agreement has been notified to the Committee on Regional Trade Agreements (CRTA) on 23 November 2009 (document WT/REG277/N/1).

<sup>5</sup> The Agreement has been notified to the Committee on Trade and Development (CTD) on 6 July 2010 (document WT/COMTD/N/33).

<sup>6</sup> The Agreement has been notified to the GATT on 19 August 1977 (document L/4581).

<sup>7</sup> The Agreement has been notified to the GATT on 21 March 1990 (document L/6564/Add.1).

<sup>8</sup> The Agreement has been notified to the Committee on Trade and Development (CTD) on 12 November 2019 (document WT/COMTD/RTA12/N/1).

<sup>9</sup> The Agreement has been notified to the Committee on Regional Trade Agreements (CRTA) on 27 June 2008 (document WT/REG241/N/1).





16 April 2020

(20-2975)

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Committee on Rules of Origin

Original: English

**NOTIFICATION UNDER ARTICLE 5 AND PARAGRAPH 4 OF  
ANNEX II TO THE AGREEMENT ON RULES OF ORIGIN**

**NON-PREFERENTIAL AND PREFERENTIAL RULES OF ORIGIN**

1. According to Article 5.1 of the Agreement on Rules of Origin, each Member shall provide to the Secretariat, within 90 days after the date of entry into force of the WTO Agreement for it, its rules of origin, judicial decisions, and administrative rulings of general application relating to rules of origin in effect on that date. If, by inadvertence, a rule of origin has not been provided, the Member concerned shall provide it immediately after this fact becomes known. Article 5.2 of the Agreement stipulates, moreover, that during the period referred to in Article 2, Members introducing modifications, other than *de minimis* modifications, to their rules of origin or introducing new rules of origin, shall publish a notice to that effect at least 60 days before the entry into force of the modified or new rule in such a manner as to enable interested parties to become acquainted with the intention to modify a rule of origin or to introduce a new rule of origin, unless exceptional circumstances arise or threaten to arise for a Member.

2. Furthermore, paragraph 4 of Annex II to the Agreement on Rules of Origin envisages that Members shall promptly provide to the Secretariat their existing or new preferential rules of origin, including a listing of the preferential arrangements to which they apply, judicial decisions, and administrative rulings of general application relating to their preferential rules of origin. In this respect, the Committee on Rules of Origin (CRO) further agreed that notifications made to the Committee on Regional Trade Agreements (CRTA) or the Committee on Trade and Development (CTD) could also suffice to discharge Members' notification obligations under the Agreement on Rules of Origin (G/RO/M/59). As a result, the Committee agreed that notifications which had been initially received by the CRTA or the CTD should also be circulated by the Secretariat to the CRO. Information regarding such notifications, including related to preferential rules of origin, can also be obtained through the WTO database on regional trade agreements (<http://rtais.wto.org>) or the WTO database on preferential trade agreements (<http://ptadb.wto.org>).

3. In accordance with these rules, the following notification has been received<sup>1</sup>:

**NORTH MACEDONIA**

**A. NON-PREFERENTIAL RULES OF ORIGIN**

- Articles 21-25 of the Customs Law (Official Gazette Nos. 39/2005; 4/2008; 62/2009; 117/2009; 35/2010; 48/2010; 158/2010; 44/2011; 53/2011; 11/2012; 171/2012; 187/2013; 180/2014; 15/2015; 129/2015; 154/2015; 192/2015; 23/2016; 144/2018).
- Articles 11-30 of the Decree on implementation of the Customs Law (Official Gazette Nos. 66/2005; 73/2006; 40/2007; 62/2007; 42/2009; 48/2009; 38/2010; 46/2010; 61/2010; 141/2011; 147/2011; 158/2011; 14/2012; 2/2013; 92/2013; 177/2013; 62/2015; 111/2015; 215/2015; 192/2016; 21/2017; 181/2017; 233/2018; 199/2019).

English and Macedonian versions of the following documents regulating non-preferential rules can be found on the webpage of the Customs Administration of the Republic of North Macedonia:

<sup>1</sup> The legislation in this notification replaces the information previously notified in G/RO/N/45.

The link to the Customs Law is:

- In Macedonian, in the section "ЦАРИНСКИ ЗАКОН" - <http://www.customs.gov.mk/index.php/mk/za-nas-mk/carinska-regulativa/carinski-zakon>; and
- In English, in the section "CUSTOMS LAW" - <http://www.customs.gov.mk/index.php/en/about-us-en/customs-regulations/customs-law>.

The link to the Decree on implementation of the Customs Law:

- In Macedonian, in the section "УРЕДБИ" - <http://www.customs.gov.mk/index.php/mk/za-nas-mk/carinska-regulativa/carinski-zakon>; and
- In English, in the section "BY LAWS" - <http://www.customs.gov.mk/index.php/en/about-us-en/customs-regulations/customs-law>.

#### **B. PREFERENTIAL RULES OF ORIGIN**

- Article 26 of the Customs Law (Official Gazette Nos. 39/2005; 4/2008; 62/2009; 117/2009; 35/2010; 48/2010; 158/2010; 44/2011; 53/2011; 11/2012; 171/2012; 187/2013; 180/2014; 15/2015; 129/2015; 154/2015; 192/2015; 23/2016; 144/2018).
- Articles 31-36 of the Decree on implementation of the Customs Law (Official Gazette Nos. 66/2005; 73/2006; 40/2007; 62/2007; 42/2009; 48/2009; 38/2010; 46/2010; 61/2010; 141/2011; 147/2011; 158/2011; 14/2012; 2/2013; 92/2013; 177/2013; 62/2015; 111/2015; 215/2015; 192/2016; 21/2017; 181/2017; 233/2018; 199/2019).
- List of protocols of origin in Free Trade Agreement.

The list of protocols of origin in free trade agreements can be found on the webpage of the Customs Administration of the Republic of North Macedonia in the following link: <http://www.customs.gov.mk/index.php/mk/biznis-zaednica-mk/presmetka-na-davacki-mk/poteklo-mk/1304-poteklo-spogodbi-mk>.

The Preferential Trade Agreements are published in the following Official Journals of North Macedonia and notified in WTO to the Committee on Regional Trade Agreements:

- Bilateral Free Trade Agreement with Republic of Turkey (OJ No. 83/1999, amended rules of origin Nos. 68/2007; 25/2009; and 84/2018) and notified under document<sup>2</sup>;
- Bilateral Free Trade Agreement with Ukraine (OJ No. 53/2001) and notified under document<sup>3</sup>;
- Stabilization and Association Agreement with EU (OJ No. 28/2001, amended Nos. 49/2005; 119/2008; 25/2016; and 71/2016) and notified under document<sup>4</sup>;
- Multilateral Free Trade Agreement with EFTA States (OJ No. 89/2001, amended Nos. 62/2003 and 163/2009) and notified under document<sup>5</sup>; and
- CEFTA Agreement between Western Balkan countries (OJ No. 69/2007, amended Nos. 117/2011 and 130/2015) and notified under document<sup>6</sup>.

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<sup>2</sup> WT/REG115/N/1.

<sup>3</sup> WT/REG248/N/1.

<sup>4</sup> WT/REG129/N/1.

<sup>5</sup> WT/REG117/N/1.

<sup>6</sup> WT/REG233/N/1/Rev.1.

2 July 2020

(20-4594)

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Committee on Rules of Origin

Original: English

**NOTIFICATION UNDER ARTICLE 5 AND PARAGRAPH 4 OF  
ANNEX II TO THE AGREEMENT ON RULES OF ORIGIN**

**NON-PREFERENTIAL AND PREFERENTIAL RULES OF ORIGIN**

1. According to Article 5.1 of the Agreement on Rules of Origin, each Member shall provide to the Secretariat, within 90 days after the date of entry into force of the WTO Agreement for it, its rules of origin, judicial decisions, and administrative rulings of general application relating to rules of origin in effect on that date. If, by inadvertence, a rule of origin has not been provided, the Member concerned shall provide it immediately after this fact becomes known. Article 5.2 of the Agreement stipulates, moreover, that during the period referred to in Article 2, Members introducing modifications, other than *de minimis* modifications, to their rules of origin or introducing new rules of origin, shall publish a notice to that effect at least 60 days before the entry into force of the modified or new rule in such a manner as to enable interested parties to become acquainted with the intention to modify a rule of origin or to introduce a new rule of origin, unless exceptional circumstances arise or threaten to arise for a Member.

2. Furthermore, paragraph 4 of Annex II to the Agreement on Rules of Origin envisages that Members shall promptly provide to the Secretariat their existing or new preferential rules of origin, including a listing of the preferential arrangements to which they apply, judicial decisions, and administrative rulings of general application relating to their preferential rules of origin. In this respect, the Committee on Rules of Origin (CRO) further agreed that notifications made to the Committee on Regional Trade Agreements (CRTA) or the Committee on Trade and Development (CTD) could also suffice to discharge Members' notification obligations under the Agreement on Rules of Origin (G/RO/M/59). As a result, the Committee agreed that notifications which had been initially received by the CRTA or the CTD should also be circulated by the Secretariat to the CRO. Information regarding such notifications, including related to preferential rules of origin, can also be obtained through the WTO database on regional trade agreements (<http://rtais.wto.org>) or the WTO database on preferential trade agreements (<http://ptadb.wto.org>).

3. In accordance with these rules, the following notification has been received:

**CAMBODIA**

**A. NON-PREFERENTIAL RULES OF ORIGIN**

Cambodia currently does not apply non-preferential rules of origin.

**B. PREFERENTIAL RULES OF ORIGIN**

- (a) ASEAN Trade in Goods Agreement (ATIGA);
- (b) ASEAN – China Free Trade Area (ACFTA);
- (c) ASEAN – Korea Free Trade Area (AKFTA);
- (d) ASEAN – Japan Comprehensive Economic Partnership (AJCEP);
- (e) ASEAN – Australia, New Zealand Free Trade Area (AANZFTA); and
- (f) ASEAN – India Free Trade Area (AIFTA).



21 July 2020

(20-4994)

Page: 1/1

Committee on Rules of Origin

Original: English

**NOTIFICATION UNDER PARAGRAPH 4 OF ANNEX II  
OF THE AGREEMENT ON RULES OF ORIGIN**

PREFERENTIAL RULES OF ORIGIN

1. Paragraph 4 of Annex II to the Agreement on Rules of Origin envisages that Members shall provide to the Secretariat as soon as possible their existing or new preferential rules of origin, including a listing of the preferential arrangements to which they apply, judicial decisions, and administrative rulings of general application relating to their preferential rules of origin. Lists of information received and available within the Secretariat shall be circulated to Members by the Secretariat under the G/RO/N/ series.

2. The Committee on Rules of Origin further agreed that, with respect to preferential rules of origin, notifications made to the Committee on Regional Trade Agreements (CRTA) or to the Committee on Trade and Development (CTD) could also suffice to discharge their notification obligations under the Agreement on Rules of Origin (G/RO/M/59). As a result, the Committee agreed that notifications which had initially been received by the CRTA or the CTD should also be circulated by the Secretariat to the CRO. The information regarding such notifications, including related to preferential rules of origin, can, in addition, be retrieved through the WTO database of regional trade agreements (<http://rtais.wto.org>) or in the WTO database of preferential trade agreements (<http://ptadb.wto.org>).

3. Accordingly, the following notification has been received:

**CHILE – INDONESIA COMPREHENSIVE ECONOMIC PARTNERSHIP AGREEMENT<sup>1</sup>**

**A. PREFERENTIAL RULES OF ORIGIN**

The texts of the Agreement can be found in the following internet links:

Chile: <https://www.subrei.gob.cl/2019/10/indonesia-2/>; and

Indonesia: <http://ditjenppi.kemendag.go.id/index.php/bilateral/amerika/chili>.

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<sup>1</sup> Originally notified to the Committee on Regional Trade Agreements (CRTA) and circulated in document WT/REG403/N/1 of 2 April 2020.





21 July 2020

(20-4995)

Page: 1/1

Committee on Rules of Origin

Original: English

**NOTIFICATION UNDER PARAGRAPH 4 OF ANNEX II  
OF THE AGREEMENT ON RULES OF ORIGIN**

PREFERENTIAL RULES OF ORIGIN

1. Paragraph 4 of Annex II to the Agreement on Rules of Origin envisages that Members shall provide to the Secretariat as soon as possible their existing or new preferential rules of origin, including a listing of the preferential arrangements to which they apply, judicial decisions, and administrative rulings of general application relating to their preferential rules of origin. Lists of information received and available within the Secretariat shall be circulated to Members by the Secretariat under the G/RO/N/ series.

2. The Committee on Rules of Origin further agreed that, with respect to preferential rules of origin, notifications made to the Committee on Regional Trade Agreements (CRTA) or to the Committee on Trade and Development (CTD) could also suffice to discharge their notification obligations under the Agreement on Rules of Origin (G/RO/M/59). As a result, the Committee agreed that notifications which had initially been received by the CRTA or the CTD should also be circulated by the Secretariat to the CRO. The information regarding such notifications, including related to preferential rules of origin, can, in addition, be retrieved through the WTO database of regional trade agreements (<http://rtais.wto.org>) or in the WTO database of preferential trade agreements (<http://ptadb.wto.org>).

3. Accordingly, the following notification has been received:

**THE PERU-AUSTRALIA FREE TRADE AGREEMENT (PAFTA)<sup>1</sup>**

**A. PREFERENTIAL RULES OF ORIGIN**

The texts of the Agreement can be found in the following internet links:

Peru:

[http://www.acuerdoscomerciales.gob.pe/index.php?option=com\\_content&view=category&layout=blog&id=209&Itemid=237](http://www.acuerdoscomerciales.gob.pe/index.php?option=com_content&view=category&layout=blog&id=209&Itemid=237); and

Australia: <http://www.dfat.gov.au/trade/agreements/in-force/pafta/full-text/Pages/fta-text-and-associated-documents>.

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<sup>1</sup> Originally notified to the Committee on Regional Trade Agreements (CRTA) and circulated in document WT/REG404/N/1 of 24 June 2020.





21 July 2020

(20-4996)

Page: 1/1

Committee on Rules of Origin

Original: English

**NOTIFICATION UNDER PARAGRAPH 4 OF ANNEX II  
OF THE AGREEMENT ON RULES OF ORIGIN**

PREFERENTIAL RULES OF ORIGIN

1. Paragraph 4 of Annex II to the Agreement on Rules of Origin envisages that Members shall provide to the Secretariat as soon as possible their existing or new preferential rules of origin, including a listing of the preferential arrangements to which they apply, judicial decisions, and administrative rulings of general application relating to their preferential rules of origin. Lists of information received and available within the Secretariat shall be circulated to Members by the Secretariat under the G/RO/N/ series.

2. The Committee on Rules of Origin further agreed that, with respect to preferential rules of origin, notifications made to the Committee on Regional Trade Agreements (CRTA) or to the Committee on Trade and Development (CTD) could also suffice to discharge their notification obligations under the Agreement on Rules of Origin (G/RO/M/59). As a result, the Committee agreed that notifications which had initially been received by the CRTA or the CTD should also be circulated by the Secretariat to the CRO. The information regarding such notifications, including related to preferential rules of origin, can, in addition, be retrieved through the WTO database of regional trade agreements (<http://rtais.wto.org>) or in the WTO database of preferential trade agreements (<http://ptadb.wto.org>).

3. Accordingly, the following notification has been received:

**FREE TRADE AGREEMENT BETWEEN THE EU AND SINGAPORE<sup>1</sup>**

**A. PREFERENTIAL RULES OF ORIGIN**

The texts of the Agreement can be found in the following internet links:

EU: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L:2019:294:TOC;>

Singapore: [www.fta.gov.sg](http://www.fta.gov.sg); and

<https://www.enterprisesg.gov.sg/non-financial-assistance/for-singapore-companies/free-trade-agreements/ftas/singapore-ftas/eusfta>.

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<sup>1</sup> Originally notified to the Committee on Regional Trade Agreements (CRTA) and circulated in document WT/REG402/N/1 of 2 April 2020.





22 July 2020

(20-5034)

Page: 1/1

Committee on Rules of Origin

Original: English

**NOTIFICATION UNDER PARAGRAPH 4 OF ANNEX II  
OF THE AGREEMENT ON RULES OF ORIGIN**

PREFERENTIAL RULES OF ORIGIN

1. Paragraph 4 of Annex II to the Agreement on Rules of Origin envisages that Members shall provide to the Secretariat as soon as possible their existing or new preferential rules of origin, including a listing of the preferential arrangements to which they apply, judicial decisions, and administrative rulings of general application relating to their preferential rules of origin. Lists of information received and available within the Secretariat shall be circulated to Members by the Secretariat under the G/RO/N/ series.

2. The Committee on Rules of Origin further agreed that, with respect to preferential rules of origin, notifications made to the Committee on Regional Trade Agreements (CRTA) or to the Committee on Trade and Development (CTD) could also suffice to discharge their notification obligations under the Agreement on Rules of Origin (G/RO/M/59). As a result, the Committee agreed that notifications which had initially been received by the CRTA or the CTD should also be circulated by the Secretariat to the CRO. The information regarding such notifications, including related to preferential rules of origin, can, in addition, be retrieved through the WTO database of regional trade agreements (<http://rtais.wto.org>) or in the WTO database of preferential trade agreements (<http://ptadb.wto.org>).

3. Accordingly, the following notification has been received:

**FREE TRADE AGREEMENT BETWEEN THE EU AND VIET NAM<sup>1</sup>**

**A. PREFERENTIAL RULES OF ORIGIN**

The texts of the Agreement can be found in the following internet links:

EU: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L:2020:186:TOC>; and

Viet Nam: [http://evfta.moit.gov.vn/?page=overview&category\\_id=5c3ae070-26ed-4c49-b641-5c314a60ce46](http://evfta.moit.gov.vn/?page=overview&category_id=5c3ae070-26ed-4c49-b641-5c314a60ce46).

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<sup>1</sup> Originally notified to the Committee on Regional Trade Agreements (CRTA) and circulated in document WT/REG406/N/1 of 13 July 2020.



22 July 2020

(20-5035)

Page: 1/1

Committee on Rules of Origin

Original: English

**NOTIFICATION UNDER ARTICLE 5 OF  
THE AGREEMENT ON RULES OF ORIGIN**

NON-PREFERENTIAL RULES OF ORIGIN

1. According to Article 5.1 of the Agreement on Rules of Origin, each Member shall provide to the Secretariat, within 90 days after the date of entry into force of the WTO Agreement for it, its rules of origin, judicial decisions, and administrative rulings of general application relating to rules of origin in effect on that date. If, by inadvertence, a rule of origin has not been provided, the Member concerned shall provide it immediately after this fact becomes known. Article 5.2 of the Agreement stipulates, moreover, that during the period referred to in Article 2, Members introducing modifications, other than *de minimis* modifications, to their rules of origin or introducing new rules of origin, shall publish a notice to that effect at least 60 days before the entry into force of the modified or new rule in such a manner as to enable interested parties to become acquainted with the intention to modify a rule of origin or to introduce a new rule of origin, unless exceptional circumstances arise or threaten to arise for a Member.

2. In accordance with these rules, the following notification has been received:

**MONTENEGRO**

**A. NON-PREFERENTIAL RULES OF ORIGIN**

In reference to Article 5.1 of the Agreement on Rules of Origin, the legal instruments related to non-preferential rules of origin of Montenegro are contained in the following legislative instruments:

1. Customs Law – Title II – Chapter 2: Origin of goods – 1. Non-preferential origin; and
2. Decree on Implementation of the Customs Law – Part 3: Origin of goods – Non-preferential origin of goods.

A pdf copy (in English) of both can be accessed through the section "Notifications" of the WTO Rules of Origin page.<sup>1</sup>

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<sup>1</sup> In addition, the full the Customs Law and two Regulations on Amendments to the Regulation on the Implementation of the Customs Law (Official Gazette of Montenegro No. 11/16 and No. 4/19) are available in the links below (in Montenegrin only):

1. <https://www.paragraf.me/propisi-crnegore/carinski-zakon.html>;
2. [http://www.upravacarina.gov.me/ResourceManager/FileDownload.aspx?rid=230824&rType=2&file=Uredba%20o%20izmjenama%20Uredbe%20za%20sprov.%20Carinskog%20zakona%20\(SICG%2011-2016\)%20.pdf](http://www.upravacarina.gov.me/ResourceManager/FileDownload.aspx?rid=230824&rType=2&file=Uredba%20o%20izmjenama%20Uredbe%20za%20sprov.%20Carinskog%20zakona%20(SICG%2011-2016)%20.pdf); and
3. <http://www.upravacarina.gov.me/ResourceManager/FileDownload.aspx?rid=385912&rType=2&file=Uredba%20za%20sprovodjenje%20car.%20zakona%202019.pdf>.



16 September 2020

(20-6217)

Page: 1/2

Committee on Rules of Origin

Original: English

**NOTIFICATION UNDER PARAGRAPH 4 OF ANNEX II  
OF THE AGREEMENT ON RULES OF ORIGIN**

PREFERENTIAL RULES OF ORIGIN

1. Paragraph 4 of Annex II to the Agreement on Rules of Origin envisages that Members shall provide to the Secretariat as soon as possible their existing or new preferential rules of origin, including a listing of the preferential arrangements to which they apply, judicial decisions, and administrative rulings of general application relating to their preferential rules of origin. Lists of information received and available within the Secretariat shall be circulated to Members by the Secretariat under the G/RO/N/ series.

2. The Committee on Rules of Origin further agreed that, with respect to preferential rules of origin, notifications made to the Committee on Regional Trade Agreements (CRTA) or to the Committee on Trade and Development (CTD) could also suffice to discharge their notification obligations under the Agreement on Rules of Origin (G/RO/M/59). As a result, the Committee agreed that notifications which had initially been received by the CRTA or the CTD should also be circulated by the Secretariat to the CRO. The information regarding such notifications, including related to preferential rules of origin, can, in addition, be retrieved through the WTO database of regional trade agreements (<http://rtais.wto.org>) or in the WTO database of preferential trade agreements (<http://ptadb.wto.org>).

3. Accordingly, the following notification has been received:

**ALBANIA**

**A. PREFERENTIAL RULES OF ORIGIN**

The Republic of Albania has enforced preferential rules as below:

1. Albania has ratified the Regional Convention on pan-Euro-Mediterranean preferential rules of origin Law No. 1/2012 dated 26 January 2012 (<http://www.dogana.gov.al/dokument/671/konventa-pan-euro-mesdhetare>);
2. The Stabilisation and Association Agreement between the European Community and its Member States, of the one part, and the Republic of Albania of the other part has been ratified by Law No. 9590 dated 27 July 2006. Decision No. 1 of the EU-Albania Stabilisation and Association Council of 11 May 2015, has replaced the Protocol 4 to the Stabilisation and Association Agreement between the European Communities and their Member States, of the one part, and the Republic of Albania, of the other part, concerning the definition of the concept of "originating products" and methods of administrative cooperation [2015/821] with the Regional Convention on pan-Euro-Mediterranean preferential rules of origin (<http://www.dogana.gov.al/dokument/670/protokolli-i-zgjerimit-te-msa>);
3. The Agreement on the amendment and extension of the Central European Free Trade Agreement (CEFTA) Law No. 9696 dated 21 March 2007. Decision No. 3/2013 of the Joint Committee of the Central European Free Trade Agreement has replaced Annex IV concerning the definition of the concept of "originating products" and methods of administrative cooperation with the Regional Convention on pan-Euro-Mediterranean preferential rules of origin. Decision No. 3/2015 of the Joint Committee, adopted on 26 November 2015, amended Decision 3/2013 of the FTA CEFTA. It provides the possibility of duty drawback and full

cumulation in the bilateral trade between CEFTA parties. Decision No. 2/2017 of the Joint Committee of the Regional Convention on pan-Euro-Mediterranean preferential rules of origin of 16 May 2017 amending the provisions of Appendix II of the Regional Convention on pan-Euro-Mediterranean preferential rules of origin by introducing a possibility of duty drawback and of full cumulation in the trade covered by the Central European Free Trade Agreement (CEFTA) involving the Republic of Moldova and the participants in the European Union's Stabilisation and Association Process [2019/940] (<http://www.dogana.gov.al/dokument/666/cefta-06>);

4. Free Trade Agreement between the Republic of Albania and the Republic of Turkey ratified by Law No. 9733 dated 14 May 2007. Decision No. 1/2019 of the Joint Committee of the Free Trade Agreement between the Republic of Albania and the Republic of Turkey has replaced the Protocol II concerning the definition of the concept of "originating products" and methods of administrative cooperation with the Regional Convention on pan-Euro-Mediterranean preferential rules of origin; and
5. The Free Trade Agreement between the Republic of Albania and the EFTA Member States and the Agreements on Agriculture between the Republic of Albania and the Swiss Confederation and the Principality of Liechtenstein, the Republic of Albania and the Kingdom of Norway and the Republic of Albania and the Republic of Iceland has been ratified by Law No. 10288 dated 17 June 2010. This Agreement also includes Protocol B Concerning the definition of the concept of "originating products" and methods of administrative cooperation (<http://www.dogana.gov.al/dokument/667/marveshja-efta>).

Guidelines:

Guidance on Full cumulation and DDB between CEFTA parties

<http://www.dogana.gov.al/dokument/2730/udhezim-mbi-kumulimin-e-plote-dhe-terhegjen-nga-detyrimet-doganore-midis-paleve-te-cefta-s>

Guidance on approved exporter

<http://www.dogana.gov.al/dokument/1545/urdher-nr-09-date-24012018>

Guidance on Binding Origin Information

<http://www.dogana.gov.al/dokument/1989/manuali-ido>

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27 October 2020

(20-7504)

Page: 1/1

**Committee on Rules of Origin**

Original: English

**NOTIFICATION UNDER ARTICLE 5 OF THE AGREEMENT ON RULES OF ORIGIN**

NON-PREFERENTIAL RULES OF ORIGIN

1. According to Article 5.1 of the Agreement on Rules of Origin, each Member shall provide to the Secretariat, within 90 days after the date of entry into force of the WTO Agreement for it, its rules of origin, judicial decisions, and administrative rulings of general application relating to rules of origin in effect on that date. If, by inadvertence, a rule of origin has not been provided, the Member concerned shall provide it immediately after this fact becomes known. Article 5.2 of the Agreement provides, moreover, that during the period referred to in Article 2, Members introducing modifications, other than *de minimis* modifications, to their rules of origin or introducing new rules of origin, shall publish a notice to that effect at least 60 days before the entry into force of the modified or new rule in such a manner as to enable interested parties to become acquainted with the intention to modify a rule of origin or to introduce a new rule of origin, unless exceptional circumstances arise or threaten to arise for a Member.

2. In accordance with these rules, the following notification has been received:

**THE KYRGYZ REPUBLIC**

**A. NON-PREFERENTIAL RULES OF ORIGIN**

3. With reference to Article 5 of the Agreement on Rules of Origin, the Kyrgyz Republic hereby notifies the amendments to the Non-preferential Rules of Origin of goods imported into the customs territory of the Eurasian Economic Union (Non-preferential Rules of Origin), adopted by the Decision No. 49 of the Council of the Eurasian Economic Commission dated 13 July 2018.

4. The amendments have been approved by the Decision No. 57 of the Council of the Eurasian Economic Commission dated 10 July 2020 and will come into force on 1 January 2021.

5. The full text of the amended Non-preferential Rules of Origin is available at the following link:  
[http://www.eurasiancommission.org/en/act/trade/dotp/prav\\_proish/Pages/default.aspx](http://www.eurasiancommission.org/en/act/trade/dotp/prav_proish/Pages/default.aspx).



28 October 2020

(20-7552)

Page: 1/2

Committee on Rules of Origin

Original: English

**NOTIFICATION UNDER ARTICLE 5 AND PARAGRAPH 4 OF  
ANNEX II TO THE AGREEMENT ON RULES OF ORIGIN****NON-PREFERENTIAL AND PREFERENTIAL RULES OF ORIGIN**

1. According to Article 5.1 of the Agreement on Rules of Origin, each Member shall provide to the Secretariat, within 90 days after the date of entry into force of the WTO Agreement for it, its rules of origin, judicial decisions, and administrative rulings of general application relating to rules of origin in effect on that date. If, by inadvertence, a rule of origin has not been provided, the Member concerned shall provide it immediately after this fact becomes known. Article 5.2 of the Agreement stipulates, moreover, that during the period referred to in Article 2, Members introducing modifications, other than *de minimis* modifications, to their rules of origin or introducing new rules of origin, shall publish a notice to that effect at least 60 days before the entry into force of the modified or new rule in such a manner as to enable interested parties to become acquainted with the intention to modify a rule of origin or to introduce a new rule of origin, unless exceptional circumstances arise or threaten to arise for a Member.

2. Furthermore, paragraph 4 of Annex II to the Agreement on Rules of Origin envisages that Members shall promptly provide to the Secretariat their existing or new preferential rules of origin, including a listing of the preferential arrangements to which they apply, judicial decisions, and administrative rulings of general application relating to their preferential rules of origin. In this respect, the Committee on Rules of Origin (CRO) further agreed that notifications made to the Committee on Regional Trade Agreements (CRTA) or the Committee on Trade and Development (CTD) could also suffice to discharge Members' notification obligations under the Agreement on Rules of Origin (G/RO/M/59). As a result, the Committee agreed that notifications which had been initially received by the CRTA or the CTD should also be circulated by the Secretariat to the CRO. Information regarding such notifications, including related to preferential rules of origin, can also be obtained through the WTO database on regional trade agreements (<http://rtais.wto.org>) or the WTO database on preferential trade agreements (<http://ptadb.wto.org>).

3. In accordance with these rules, the following notification has been received<sup>1</sup>:

**NORWAY****A. NON-PREFERENTIAL RULES OF ORIGIN**

The following updated regulations concerning rules of origin have been applied since 1 July 2020:

- The Act on Customs Duties and Movement of Goods 2007 (the relevant sections concerning rules of origin are in Chapter 8): <https://www.toll.no/en/services/regulations/law-and-regulations/the-act-on-customs-duties-and-movement-of-goods/>
- Regulations to the Act on Customs Duties and Movement of Goods 2008 (the relevant sections concerning rules of origin are in Chapter 8): <https://www.toll.no/en/services/regulations/law-and-regulations/regulations-to-the-act-on-customs-duties-and-movement-of-goods-customs-regulations/>

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<sup>1</sup> The information in this notification complements the information previously notified in G/RO/N/149.

**B. PREFERENTIAL RULES OF ORIGIN**

- Norwegian Customs (Information concerning free trade and preferential treatment by importation): <https://www.toll.no/en/corporate/import/free-trade/>
  - Norwegian Customs(Information concerning free trade and preferential treatment by exportation): <https://www.toll.no/en/corporate/export/duty-free-status-or-lower-duties-when-exporting-to-other-countries/>
  - Norwegian Ministry of Finance (Parliamentary Decision for Customs Duty): <https://www.toll.no/en/services/regulations/parliamentary-decree-on-customs-duties/>
  - Norwegian Ministry of Agriculture and Food (Regulation of 07.03.2008 (safeguard mechanism for imports of agricultural products)): <https://lovdata.no/dokument/SFE/forskrift/2008-03-07-228>
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2 November 2020

(20-7714)

Page: 1/1

**Committee on Rules of Origin**

Original: English

**NOTIFICATION UNDER ARTICLE 5 OF THE AGREEMENT ON RULES OF ORIGIN**

**NON-PREFERENTIAL RULES OF ORIGIN**

1. According to Article 5.1 of the Agreement on Rules of Origin, each Member shall provide to the Secretariat, within 90 days after the date of entry into force of the WTO Agreement for it, its rules of origin, judicial decisions, and administrative rulings of general application relating to rules of origin in effect on that date. If, by inadvertence, a rule of origin has not been provided, the Member concerned shall provide it immediately after this fact becomes known. Article 5.2 of the Agreement provides, moreover, that during the period referred to in Article 2, Members introducing modifications, other than *de minimis* modifications, to their rules of origin or introducing new rules of origin, shall publish a notice to that effect at least 60 days before the entry into force of the modified or new rule in such a manner as to enable interested parties to become acquainted with the intention to modify a rule of origin or to introduce a new rule of origin, unless exceptional circumstances arise or threaten to arise for a Member.

2. In accordance with these rules, the following notification has been received:

**RUSSIAN FEDERATION**

**A. NON-PREFERENTIAL RULES OF ORIGIN**

With reference to Article 5 of the Agreement on Rules of Origin, the Russian Federation hereby notifies the amendments to the Non-preferential Rules of Origin of goods imported into the customs territory of the Eurasian Economic Union (Non-preferential Rules of Origin), adopted by the Decision No. 49 of the Council of the Eurasian Economic Commission dated 13 July 2018.

The amendments have been approved by the Decision No. 57 of the Council of the Eurasian Economic Commission dated 10 July 2020 and will come into force on 1 January 2021.

The full text of the amended Non-preferential Rules of Origin is available at the following link: [http://www.eurasiancommission.org/en/act/trade/dotp/prav\\_proish/Pages/default.aspx](http://www.eurasiancommission.org/en/act/trade/dotp/prav_proish/Pages/default.aspx).



24 February 2020

(20-1381)

Page: 1/5

Committee on Rules of Origin

Original: English

**ENHANCING TRANSPARENCY IN NON-PREFERENTIAL RULES OF ORIGIN**

COMMUNICATION FROM AUSTRALIA; BRAZIL; CANADA; HONG KONG, CHINA; JAPAN; REPUBLIC OF KOREA; NEW ZEALAND; NORWAY; PHILIPPINES; RUSSIAN FEDERATION; SINGAPORE; SWITZERLAND; THE SEPARATE CUSTOMS TERRITORY OF TAIWAN, PENGHU, KINMEN AND MATSU; AND THE UNITED STATES

*Revision*

The following communication, dated 20 February 2020, is being circulated at the request of the Delegation of Switzerland.

*Members of the World Trade Organization,*

*Desiring* to ensure that rules of origin themselves do not create restrictive, distorting or disruptive effects on international trade;

*Desiring* to ensure that rules of origin are prepared and applied in an impartial, transparent, predictable, consistent and neutral manner;

*Recognizing* that clear and predictable rules of origin and their application facilitate the flow of international trade;

*Recognizing* that it is desirable to provide transparency of laws, regulations, and practices regarding rules of origin;

*Recalling* the notification obligation contained in Article 5 of the Agreement on Rules of Origin and *desiring* to complement such notifications obligation;

*Affirming* that enhancing transparency of laws, regulations, and practices regarding rules of origin contributes to mitigating compliance costs of economic operators wishing to integrate global value chains, notably micro, small and medium enterprises;

*Decide*, with respect to rules of origin, as follows:

1. That it is desirable to maintain and promote a high level of transparency and mutual understanding about existing rules of origin and related documentary requirements applied by WTO members ("Members"). Rules of origin are understood as those falling under the scope of Article 1 of the Agreement on Rules of Origin.
2. In order to enhance transparency and promote a better understanding of rules of origin, Members shall notify the WTO Secretariat, using the notification template set out in Annex 1 of this Decision, the rules of origin that they use in the application of most-favoured-nation treatment under Articles I, II, III, XI and XIII of GATT 1994.

3. Members are encouraged to complete the notification template set out in Annex 1 when notifying the WTO Secretariat of any other rules of origin that they use in the application of other non-preferential commercial policy instruments as provided for in Article 1.2 of the Agreement on Rules of Origin.
4. In addition, Members shall describe, using the template set out in Annex 2, their practices with respect to certification of origin and other mandatory documentary proofs of origin for non-preferential purposes that have been notified according to Annex 1<sup>1</sup>. Members that report that they do not implement rules of origin according to Annex 1 shall, nonetheless, complete Annex 2.
5. Notifications pursuant to paragraphs 2 and 4 of this Decision shall be submitted no later than one year after the adoption of this Decision.
6. The information notified pursuant to this Decision shall be made publicly available by the WTO Secretariat.
7. Members shall endeavour to provide legal references, websites, explanatory documents, and any other documents, in an official WTO language.
8. Members introducing substantive changes to their rules of origin and related documentary requirements that have been notified according to this Decision, shall notify such changes promptly to the WTO Secretariat according to this Decision.
9. The Committee on Rules of Origin ("CRO") shall examine existing rules of origin and related documentary requirements based on the information notified pursuant to this Decision, with a view to identifying trade-facilitating practices and to promoting their international diffusion.
10. Technical assistance and capacity building by the WTO Secretariat shall be provided upon request to help developing and least-developed country Members implement the provisions of this Decision.
11. Nothing in this Decision shall be construed as affecting the rights and obligations of Members contained in Article 5 of the Agreement on Rules of Origin or in Article 1 of the Trade Facilitation Agreement.
12. This Decision, in particular paragraphs 2 and 3 thereof, shall be reviewed three years after its adoption, and thereafter when necessary, with a view to further enhancing transparency on non-preferential rules of origin as appropriate.

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<sup>1</sup> This is without prejudice to other proofs of origin that may be required by the competent authorities for control purposes.



**ANNEX 1****NOTIFICATION TEMPLATE FOR NON-PREFERENTIAL RULES OF ORIGIN**

*Annex 1 may be duplicated as many times as the Member deems necessary*

**I. BASIC INFORMATION**

1)	<b>Notifying Member:</b>	
2)	<b>Contact point:</b> (If possible, provide the following contact details: name, telephone, e-mail, website)	
3)	<b>Are non-preferential rules of origin ("non-preferential RO") in force?</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No* <i>* If your answer is 'No', the subsequent questions of this Annex do not need to be completed</i>
4)	<b>Please indicate which commercial policy instruments use these non-preferential RO (refer to Article 1.2 of the Agreement on Rules of Origin):</b>	
5)	<b>Date of entry into force or any substantive modification thereof:</b>	
6)	<b>Date of expiration, if applicable:</b>	
7)	<b>Governmental or non-governmental authorities in charge of administration:</b>	
8)	<b>Internet link to legislation, title and date of adoption of the legislation, and for any explanatory documents, if applicable:</b>	
9)	<b>Comments, if any:</b>	

WTO - Internal

**II. APPLICATION OF NON-PREFERENTIAL RULES OF ORIGIN**

10)	<b>Do non-preferential RO apply to imports?</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No
11)	<b>Do non-preferential RO apply to exports?</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No
12)	<b>Is there a <i>de minimis</i> rule for the application of non-preferential RO?</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No
	<b>If "Yes", please specify the <i>de minimis</i> threshold and provide the relevant legal references applicable to questions 10 to 12:</b>	

### III. CRITERIA FOR DETERMINING SUBSTANTIAL TRANSFORMATION FOR ASSESSING THE ORIGIN OF THE GOOD

13)	General criteria, if applicable for all products:	
14)	Product specific rules of origin where applicable:	
15)	Definition of non-originating material and originating material, if any:	
16)	List of minimal operations not conferring origin, if any:	
17)	Residual rules, if any:	
18)	Any other information the Member deems necessary (provide an Internet link, if appropriate)	

### IV. ADVANCE RULINGS

Are advance rulings on the origin of a good issued? <sup>1</sup>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Authority in charge of issuing advance rulings on origin:		
Instructions for the application for an advance ruling on origin:		
Internet link to legislation and any other relevant legal references:		

WTO - Internal

<sup>1</sup> As defined in Article 2(h) of the Agreement on Rules of Origin and Article 3 of the Trade Facilitation Agreement.

## ANNEX 2

NOTIFICATION TEMPLATE FOR DOCUMENTARY REQUIREMENTS RELATED TO  
NON-PREFERENTIAL RULES OF ORIGIN

1)	<b>For imports, are there mandatory requirements for certificate and/or any other documentary proof of origin for non-preferential purposes?</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No**
2)	<b>For exports, are there mandatory requirements for certificate and/or any other documentary proof of origin for non-preferential purposes?</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No**
3)	<b>Is there a standardized or prescribed format and/or content of Certificate and/or any other mandatory documentary proof of origin?</b>  <b>If "Yes", please attach a copy or provide relevant details in the Appendix of this Annex</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No  <i>** If answers to questions 1 and 2 are 'No', the subsequent questions of this Annex do not need to be completed</i>
4)	<b>If only requested in specific circumstances, please describe the cases for which a certificate (or other mandatory documentary proofs of origin) is requested and the respective format (prescribed form or other):</b>	
5)	<b>If mandatory requirements for certificate and/or any other documentary proof of origin for non-preferential purposes are limited to certain products, please specify for which HS Chapters and the respective format (prescribed form or other):</b>	
6)	<b>Exemptions to the mandatory requirements for certificate and/or any other documentary proof of origin for non-preferential purposes (e.g. low value consignments, postal consignments, ...):</b>	
7)	<b>Governmental or non-governmental authorities designated for issuance of certificate and/or any other mandatory documentary proof of origin, if any:</b>	
8)	<b>Please provide the relevant legal references applicable to Questions 1 to 7:</b>	

WTO - Internal

## ANNEX 2 - APPENDIX

Please attach the prescribed form and/or Internet link to the prescribed form of Certificate of origin (or other mandatory documentary proof of origin), if applicable.





附件 14

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**Committee on Rules of Origin**

**UNOFFICIAL ROOM DOCUMENT<sup>1</sup>**

FORMAL MEETING OF THE COMMITTEE ON RULES OF ORIGIN – 13 NOVEMBER 2020  
PRESENTATION BY THE SECRETARIAT – MR. DARLAN MARTÍ

*Origin Related Measures Implemented in the Context of the COVID-19 Pandemic*

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**Comité des règles d'origine**

**DOCUMENT DE SÉANCE NON OFFICIEL<sup>1</sup>**

FORMAL MEETING OF THE COMMITTEE ON RULES OF ORIGIN – 13 NOVEMBER 2020  
PRESENTATION BY THE SECRETARIAT – MR. DARLAN MARTÍ

*Origin Related Measures Implemented in the Context of the COVID-19 Pandemic*

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**Comité de Normas de Origen**

**DOCUMENTO DE SALA NO OFICIAL<sup>1</sup>**

FORMAL MEETING OF THE COMMITTEE ON RULES OF ORIGIN – 13 NOVEMBER 2020  
PRESENTATION BY THE SECRETARIAT – MR. DARLAN MARTÍ

*Origin Related Measures Implemented in the Context of the COVID-19 Pandemic*

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\* In Original language only/En langue originale seulement/En el idioma original solamente.

<sup>1</sup> Documents issued in the RD series are not official WTO documents. They usually appear in their language of submission and will not be translated systematically into the working languages of the WTO. They are intended for use in WTO meeting rooms and are attributed an unofficial symbol for archiving purposes only.

Les documents de la série RD ne sont pas des documents officiels de l'OMC. Ils ne paraissent généralement que dans la langue dans laquelle ils ont été communiqués et ne seront pas systématiquement traduits dans les langues de travail de l'OMC. Ils sont destinés aux salles de réunion de l'OMC et une cote non officielle leur est attribuée à des fins d'archivage.

Los documentos de la serie RD no son documentos oficiales de la OMC. Por lo general se distribuyen en el idioma en que han sido presentados y no se traducen sistemáticamente a los idiomas de trabajo de la Organización. Se distribuyen para su uso en las salas de reunión de la OMC y se les asigna una signatura no oficial a efectos de archivo únicamente.



## **ORIGIN RELATED MEASURES IMPLEMENTED IN THE CONTEXT OF THE COVID-19 PANDEMIC**

**Committee on Rules of Origin**

**13 November 2020**

### **Argentina**

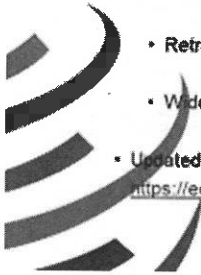


- Within the preferential trade agreements of Latin American Integration Association (ALADI), India, Egypt, SACU and Israel, Certificates of Origin can be admitted in electronic format (despite the obligation in these Agreements to present hard copies)
- Temporary
- Circular N° 2/2020, 6 April 2020:  
[http://biblioteca.afip.gob.ar/dcp/CIR\\_01000002\\_2020\\_04\\_06](http://biblioteca.afip.gob.ar/dcp/CIR_01000002_2020_04_06)

## European Union



- **Simplification to Certificates of Origin under preferential agreements:**
  - Copies of Certificates (rather than the originals), signed and stamped by the competent authorities as normally required, can be accepted, either in paper or in electronic form (scanned or available on-line).
  - If the Certificate is not signed and stamped by the competent authorities as normally required, it may contain a digital signature of the competent authorities, or a copy of it, either in paper or in electronic form (scanned or available on-line)
  - Retrospective issue of certificates
  - Widest possible use of the approved exporter status
  - Updated Notification under the TFA (G/TFA/NEU/1/Rev.2) and [https://ec.europa.eu/taxation\\_customs/sites/taxation/files/200331-information\\_note\\_certificates\\_en\\_and\\_fr.pdf](https://ec.europa.eu/taxation_customs/sites/taxation/files/200331-information_note_certificates_en_and_fr.pdf)



## Eurasian Economic Union



- **Developing and least developed countries**
- **Electronic or paper copies of the Certificate of Origin may be accepted, subject to the mandatory subsequent submission of the original certificate within 6 months of the date of registration of the declaration for goods.**
- **Council of the Eurasian Economic Commission of April 3, 2020 N 36:**  
[https://docs.eaeunion.org/docs/ru-ru/01525333/err\\_08042020\\_36](https://docs.eaeunion.org/docs/ru-ru/01525333/err_08042020_36)



## Further resources and links



WTO website: COVID-19 resources

[https://www.wto.org/english/tratop\\_e/covid19\\_e/trade\\_related\\_goods\\_measure\\_e.htm](https://www.wto.org/english/tratop_e/covid19_e/trade_related_goods_measure_e.htm)

Country/Region	Measures	Effective Date	Link	Status
Argentina	Measures aimed at ensuring the availability of essential goods for the population and ensuring the availability of essential goods, such as food, medicine and other goods, for the population, including Argentina, USA, Korea, Japan and EU.	Implemented through the Argentine Trade and Customs Law (Ley 27.044) and Decree No. 27.044/2020 (March 20, 2020).	Link	Updated 27 March 2020
Canada	Measures aimed at ensuring the availability of essential goods, such as food, medicine and other goods, for the population, including Canada, USA, Korea, Japan and EU.	WTO measures (G/ROW/203, 1 April 2020) and (G/ROW/204, 27 March 2020).	Link	Updated 27 March 2020

Measures also covered under general "trade facilitation" initiatives: <https://www.tfafacility.org/>

**COVID-19: Measures affecting trade in goods**

Information for Members and Observers (G/ROW/203) - Update (G/ROW/204)

The impact of COVID-19 has a wide range of measures that have been implemented by WTO Members and a list of all such measures and/or policies is available on the WTO website. The list is also available on the WTO website. The list is also available on the WTO website. The list is also available on the WTO website.

The list is also available on the WTO website. The list is also available on the WTO website. The list is also available on the WTO website. The list is also available on the WTO website.



## Thank you for your attention

For further information about Note G/ROW/203 and this presentation, please contact:

[Darlan.Marti@wto.org](mailto:Darlan.Marti@wto.org)

[Simon.Neumueller@wto.org](mailto:Simon.Neumueller@wto.org)



30 October 2020

(20-7692)

Page: 1/8

**Committee on Rules of Origin**

**TWENTY SIXTH ANNUAL REVIEW OF THE IMPLEMENTATION AND  
OPERATION OF THE AGREEMENT ON RULES OF ORIGIN**

NOTE BY THE SECRETARIAT<sup>1</sup>

**1 INTRODUCTION**

1.1 This note was prepared by the Secretariat to assist Members in conducting the 26th Annual Review of the implementation and operation of the Agreement. The review is to be conducted under Article 6.1 of the Agreement on Rules of Origin which provides that: "*the Committee shall review annually the implementation and operation of Parts II and III of this Agreement having regard to its objectives*". The outcome of such a review will be incorporated to the Committee's Annual report to the Council for Trade in Goods on the implementation and operation of the Agreement on Rules of Origin.

**2 MEMBERS AND OBSERVERS OF THE COMMITTEE ON RULES OF ORIGIN**

2.1 Government representatives of all WTO Members and Observers are also Members and Observers to the CRO. In addition, the following international organizations also have observer status at the Committee on Rules of Origin (CRO): ACP, EFTA, IADB, IMF, ITC, OECD, UNCTAD, WCO and World Bank.

**3 RULES OF PROCEDURE OF THE COMMITTEE ON RULES OF ORIGIN**

3.1 The rules of procedure for meetings of the CRO were adopted by the Committee in February 1997 (G/L/149 and WT/L/161).

**4 OFFICERS OF THE COMMITTEE ON RULES OF ORIGIN**

4.1 Mr. Han-Ming HUANG (Chinese Taipei) was elected Chairperson of the Committee in July 2020. He followed Ms Uma MUNIANDY (Singapore) as Chairperson of the Committee.

**5 MEETINGS OF THE COMMITTEE ON RULES OF ORIGIN**

5.1 The CRO held two formal meetings in 2020: on 5 March and on 13 November. The minutes of these meetings are contained in documents G/RO/M/74 and [G/RO/M/75] respectively. On 4 March 2020, Members also participated in an event organized by the Secretariat to mark the 25<sup>th</sup> anniversary of the Agreement on Rules of Origin. The programme, video recordings and a summary (G/RO/W/196) of that event as well as all presentations made are available in the rules of origin page of the WTO website. In addition, the Committee held several small-group and bilateral consultations on different matters.

**6 NOTIFICATIONS UNDER ARTICLE 5 (NON-PREFERENTIAL RULES OF ORIGIN)**

6.1 The following new notifications have been received describing Members' practices under Article 5 of the Agreement: a first ever notification from Vanuatu (G/RO/N/189) and from Cambodia (G/RO/N/198) and updated notifications from Senegal (G/RO/N/195); Indonesia (G/RO/N/196);

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<sup>1</sup> This document has been prepared under the Secretariat's own responsibility and is without prejudice to the positions of Members or to their rights and obligations under the WTO.

North Macedonia (G/RO/N/197); Montenegro (G/RO/N/203); Norway (G/RO/N/206) and the Kyrgyz Republic (G/RO/N/205).

6.2 As a result of these notifications and updated information, 51 WTO Members have notified the Secretariat that they apply non-preferential rules of origin (counting the EU and its member states as one). Sixty WTO Members have informed the Secretariat that they do not apply any non-preferential rules of origin. The remaining 25 WTO Members have not yet submitted a notification under Article 5. The full list of Members under each of these categories as well as the relevant information notified to the WTO Secretariat is listed in 3 tables in Annex 1 to this note. In addition, all notifications and the related legislation or references notified can be accessed through the section "Notifications" of the Rules of Origin webpage of the WTO website ([https://www.wto.org/english/tratop\\_e/roi\\_e/roi\\_e.htm](https://www.wto.org/english/tratop_e/roi_e/roi_e.htm)).

## **7 NOTIFICATIONS UNDER ANNEX II (PREFERENTIAL RULES OF ORIGIN)**

7.1 As agreed by the Committee in 2012 (G/RO/M/59), notifications made to the Committee on Regional Trade Agreements (CRTA) or to the Committee on Trade and Development (CTD) are deemed to discharge Members' notification obligations under the Agreement on Rules of Origin. The Committee therefore agreed that notifications which had initially been received by the CRTA or the CTD should be circulated by the Secretariat to the CRO. The information contained in such notifications, including information about preferential rules of origin, can be accessed through the WTO database of regional trade agreements (<http://rtais.wto.org>) and the WTO database of preferential trade agreements (<http://ptadb.wto.org>).

7.2 In addition, it should be noted that the Committee adopted a specific template for notifications of preferential rules of origin applied to least-developed countries in the context of non-reciprocal preferences (G/RO/84). All WTO preference-granting Members agreed to submit detailed information about their preferential rules of origin using the template. To date, 20 preference-granting Members submitted such notifications. These were circulated under the G/RO/LDC/N/ document series. A complete overview of these notifications is available in document G/RO/W/163/Rev.8.

## **8 WORK OF THE COMMITTEE RELATED TO PARTS I, II AND III OF THE AGREEMENT**

8.1. Part II of the Agreement relates to the multilateral disciplines which govern the application of non-preferential rules of origin by WTO Members during the "*transitional period*". This period refers to the time before the implementation of fully harmonized non-preferential rules of origin (Article 2). Since the Work Programme for the Harmonization of non-preferential rules of origin (HWP) has not yet been finalized; Members have not adopted and do not implement harmonized non-preferential rules of origin. Hence, Article 2 of the Agreement contains the disciplines which currently apply to WTO Members. The Committee did not hold discussions specifically related to these disciplines in 2020.

8.2 As had been noted in the Committee's 2013 Annual Report to the CTG (G/L/1047), the implementation and operation of the Agreement is not satisfactory as the stalemate in the HWP compromises the attainment of the core objectives of the Agreement (i.e. the facilitation of global trade through the international harmonization of non-preferential rules of origin). The draft results of the HWP are contained in documents G/RO/W/111/Rev.6 (in HS96); JOB/RO/5/Rev.1 and JOB/RO/5/Rev.1/Corr.1 (rectified to reflect the 2002, 2007, and 2012 versions of the HS nomenclature). In the period of this annual review, the Committee did not consider any item specifically related to the HWP.

8.3 Pending the continuation of the HWP, the Committee agreed, in 2015, to engage in an "educational exercise" to exchange information about non-preferential rules of origin and better understand the impact that existing rules have on international trade. No such information sessions were held in 2020. However, Members have engaged actively in a discussion about ways to enhance transparency of non-preferential rules of origin and non-preferential origin requirements. In particular, Members have continued to discuss a draft decision, including a template that would standardize and update notifications on non-preferential rules of origin and related requirements (G/RO/W/182/Rev.3).

8.4 Finally, 2020 marked the 25<sup>th</sup> anniversary of the WTO Uruguay Round Agreements, including the WTO Agreement on Rules of Origin. The programme, the presentations, a summary (G/RO/W/196), and video recordings of the event were made available through the rules of origin page of the WTO website. In reporting on the event to the CRO, the Chairperson encouraged all delegations to review those materials as they contained interesting recommendations and messages that could be considered by Members when deciding how to advance the work of the Committee.

## **9 AMENDMENTS, INTERPRETATIONS AND RECTIFICATIONS TO THE AGREEMENT**

9.1 The Committee has not dealt with any of these matters during the year under review.

## **10 CONSULTATION AND DISPUTE SETTLEMENT**

10.1. The Secretariat is not aware of any Member that has requested consultations under Article 7 of the Agreement on Rules of Origin. Similarly, there are currently no disputes with respect to the Agreement on Rules of Origin (Article 8 of the Agreement).

## **11 OTHER AREAS OF WORK OF THE CRO**

11.1. In 2020, the CRO continued to work extensively on additional topics not explicitly covered under the Agreement on Rules of Origin, in particular, preferential rules of origin applicable to LDCs under non-reciprocal preferential trade arrangements (PTA). This is a result of the implementation of the 2013 and 2015 Ministerial Decisions on preferential rules of origin for LDCs (WT/L/917 and WT/L/917/Add.1 respectively). According to the requirements of these Decisions, a separate report of recent developments in this area was prepared for the General Council (G/RO/W/201).

## **12 REPORT TO THE COUNCIL FOR TRADE IN GOODS**

12.1. During its meeting on 13 November 2020, the CRO adopted its annual report of activities to the CTG (G/RO/W/200).

## ANNEX 1

**A. List of Members that have notified to the Secretariat that they apply non-preferential rules of origin<sup>1</sup>**

Member	HAVE NP RO	Date	Link to the legislation / scanned copy of the legislation
	Document Symbol		
1. Afghanistan	G/RO/N/143	05.08.2016	<a href="http://customs.mof.gov.af">http://customs.mof.gov.af</a>
2. Albania	G/RO/N/47	06.07.2005	Scanned copy available
	G/RO/N/53	18.09.2007	Scanned copy available
3. Argentina	G/RO/N/2	22.06.1995	Scanned copy available
	G/RO/N/10	16.08.1996	Scanned copy available
	G/RO/N/16	05.03.1997	Scanned copy available
4. Armenia	G/RO/N/41	21.08.2003	Scanned copy available
5. Australia	G/RO/N/1	09.05.1995	n/a
	G/RO/N/1/Add.1	22.06.1995	Scanned copy available
6. Brazil	G/RO/N/14	02.12.1996	Formerly notified of non-application of NPROO
	G/RO/N/78	16.04.2012	<a href="http://www.planalto.gov.br/ccivil_03/Atos2011-2014/2011/Lei/L12546.htm">http://www.planalto.gov.br/ccivil_03/Atos2011-2014/2011/Lei/L12546.htm</a>
7. Burkina Faso	G/RO/N/19	23.01.1998	n/a
8. Canada	G/RO/N/1	09.05.1995	n/a
	G/RO/N/1/Add.1	22.06.1995	Scanned copy available
9. China	G/RO/N/37	03.06.2002	n/a
	G/RO/N/37/Rev.1	02.08.2002	Scanned copy available
	G/RO/N/132	07.09.2015	Electronic copy available
10. Colombia	G/RO/N/1	09.05.1995	n/a
	G/RO/N/1/Add.1	22.06.1995	Scanned copy available
	G/RO/N/172	05.07.2018	<a href="http://www.mincit.gov.co/loader.php?Servicio=Documentos&amp;Funcion=verPdf&amp;id=5263&amp;name=DECRETO%20637%20DEL%2011%20DE%20ABRIL%20DE%202018.pdf">http://www.mincit.gov.co/loader.php?Servicio=Documentos&amp;Funcion=verPdf&amp;id=5263&amp;name=DECRETO 637 DEL 11 DE ABRIL DE 2018.pdf</a>
11. Cuba	G/RO/N/3	27.07.1995	Scanned copy available
	G/RO/N/125	13.01.2015	Scanned copy available
12. European Union <sup>2</sup>	G/RO/N/1	09.05.1995	n/a
	G/RO/N/1/Add.1	22.06.1995	Scanned copy available
13. Georgia	G/RO/N/37	03.06.2002	n/a
	G/RO/N/37 Rev.1	02.08.2002	Scanned copy available
14. Hong Kong, China	G/RO/N/1	09.05.1995	n/a
	G/RO/N/1/Add.1	22.06.1995	Scanned copy available
	G/RO/N/10	16.08.1996	Scanned copy available
	G/RO/N/24	15.01.1999	Scanned copy available
	G/RO/N/30	21.11.2000	n/a
	G/RO/N/37	03.06.2002	n/a
	G/RO/N/37 Rev.1	02.08.2002	Scanned copy available
	G/RO/N/46	15.02.2005	Scanned copy available
	G/RO/N/59	23.09.2008	Scanned copy available
	G/RO/N/67	02.12.2010	Scanned copy available
	G/RO/N/73	15.09.2011	Scanned copy available
G/RO/N/86	01.10.2012	Scanned copy available	
15. Indonesia	G/RO/N/16	05.03.1997	Formerly notified of non-application of NPROO
	G/RO/N/196	16.04.2020	<a href="http://jdih.kemendag.go.id/peraturan/detail/888/3">http://jdih.kemendag.go.id/peraturan/detail/888/3</a>
16. Japan	G/RO/N/1	09.05.1995	n/a
	G/RO/N/1/Add.1	22.06.1995	Scanned copy available
17. Jordan	G/RO/N/30	21.11.2000	Scanned copy available

<sup>1</sup> All documents notified to the Secretariat and the relevant Internet links are available for consultation through the "Notifications" section of the rules of origin page of the WTO website: [https://www.wto.org/english/tratop\\_e/roi\\_e/roi\\_e.htm](https://www.wto.org/english/tratop_e/roi_e/roi_e.htm).

<sup>2</sup> All notifications received from countries prior to joining the EU do not appear in the table.

Member	HAVE NP RO	Date	Link to the legislation / scanned copy of the legislation
	Document Symbol		
18. Kazakhstan	G/RO/N/148	12.09.2016	Unofficial translation available
	G/RO/N/148/Rev.1	27.10.2016	Unofficial translation available
	G/RO/N/175	15.11.2018	<a href="http://www.eurasiancommission.org/en/act/trade/dotp/prav_proish/Pages/default.aspx">http://www.eurasiancommission.org/en/act/trade/dotp/prav_proish/Pages/default.aspx</a>
19. Kyrgyz Republic	G/RO/N/177	28.11.2018	<a href="http://www.eurasiancommission.org/en/act/trade/dotp/prav_proish/Pages/default.aspx">http://www.eurasiancommission.org/en/act/trade/dotp/prav_proish/Pages/default.aspx</a>
	G/RO/N/205	27.10.2020	<a href="http://www.eurasiancommission.org/en/act/trade/dotp/prav_proish/Pages/default.aspx">http://www.eurasiancommission.org/en/act/trade/dotp/prav_proish/Pages/default.aspx</a>
20. Korea, Rep. of	G/RO/N/1	09.05.1995	n/a
	G/RO/N/1/Add.1	22.06.1995	Scanned copy available
	G/RO/N/63	18.09.2009	Scanned copy available
21. Lao People's Dem. Rep.	G/RO/N/96	24.07.2013	Scanned copy available
22. Lesotho	G/RO/N/56	27.05.2008	n/a
23. Liechtenstein	G/RO/N/60/Rev.1	08.04.2009	<a href="http://www.admin.ch/opc/fr/classified-compilation/19820160/index.html">http://www.admin.ch/opc/fr/classified-compilation/19820160/index.html</a>
			<a href="http://www.admin.ch/opc/fr/classified-compilation/20072514/index.html">http://www.admin.ch/opc/fr/classified-compilation/20072514/index.html</a>
			<a href="http://www.admin.ch/opc/fr/classified-compilation/20072515/index.html">http://www.admin.ch/opc/fr/classified-compilation/20072515/index.html</a>
24. Madagascar	G/RO/N/11	10.09.1996	Scanned copy available
25. Mexico	G/RO/N/12	01.10.1996	n/a
26. Moldova, Rep. of	G/RO/N/36	12.03.2002	Scanned copy available
	G/RO/N/110	14.02.2014	Scanned copy available
	G/RO/N/110/Add.1	10.10.2014	Scanned copy available
27. Mongolia	G/RO/N/20	14.05.1998	Formerly notified of non-application of NPROO
	G/RO/N/20/Rev.1	27.07.1998	
	G/RO/N/164	03.04.2018	<a href="http://www.customs.gov.mn/en/images/publishers/Customs%20law%20and%20Customs%20Tariff%20and%20Tax%20law.pdf">http://www.customs.gov.mn/en/images/publishers/Customs law and Customs Tariff and Tax law.pdf</a> <a href="http://customs.gov.mn/2012-03-14-03-12-51/2017-12-12-03-51-09">http://customs.gov.mn/2012-03-14-03-12-51/2017-12-12-03-51-09</a> <a href="http://www.legalinfo.mn/law/details/208">www.legalinfo.mn/law/details/208</a>
28. Montenegro	G/RO/N/126	20.02.2015	Electronic copy available
	G/RO/N/203	22.07.2020	Scanned copy available – website in Montenegrin only <a href="https://www.paragraf.me/propisi-crnegore/carinski-zakon.html">https://www.paragraf.me/propisi-crnegore/carinski-zakon.html</a> ; <a href="http://www.upravarina.gov.me/ResourceManager/Download.aspx?rid=230824&amp;rType=2&amp;file=Uredba%20o%20izmjenama%20uredbe%20za%20sprov.%20Carinskog%20zakona%20(SICG%2011-2016)%20.pdf">http://www.upravarina.gov.me/ResourceManager/Download.aspx?rid=230824&amp;rType=2&amp;file=Uredba%20o%20izmjenama%20uredbe%20za%20sprov.%20Carinskog%20zakona%20(SICG%2011-2016)%20.pdf</a> ; and <a href="http://www.upravarina.gov.me/ResourceManager/Download.aspx?rid=385912&amp;rType=2&amp;file=Uredba%20za%20sprov.odjenje%20car.%20zakona%202019.pdf">http://www.upravarina.gov.me/ResourceManager/Download.aspx?rid=385912&amp;rType=2&amp;file=Uredba%20za%20sprov.odjenje%20car.%20zakona%202019.pdf</a>
29. Morocco	G/RO/N/2	22.06.1995	n/a
30. New Zealand	G/RO/N/1	09.05.1995	n/a
	G/RO/N/1/Add.1	22.06.1995	n/a
31. Niger	G/RO/N/19	23.01.1998	n/a
32. North Macedonia	G/RO/N/45	09.11.2004	Scanned copy available
	G/RO/N/197	16.04.2020	<a href="http://www.customs.gov.mk/index.php/en/about-us-en/customs-regulations/customs-law">http://www.customs.gov.mk/index.php/en/about-us-en/customs-regulations/customs-law</a> <a href="http://www.customs.gov.mk/index.php/en/about-us-en/customs-regulations/customs-law">http://www.customs.gov.mk/index.php/en/about-us-en/customs-regulations/customs-law</a>

Member	HAVE NP RO	Date	Link to the legislation / scanned copy of the legislation
	Document Symbol		
33. Norway	G/RO/N/8	05.03.1996	Scanned copy available
	G/RO/N/62	26.05.2009	Scanned copy available
	G/RO/N/149	22.09.2016	<a href="http://www.toll.no/PageFiles/4684/Regulations%20to%20the%20act%20on%20customs%20duties%20and%20movement%20of%20goods%20july2016.pdf">http://www.toll.no/PageFiles/4684/Regulations to the act on customs duties and movement of goods july2016.pdf</a>
	G/RO/N/206	28.10.2020	<a href="https://www.toll.no/en/services/regulations/law-and-regulations/the-act-on-customs-duties-and-movement-of-goods/">https://www.toll.no/en/services/regulations/law-and-regulations/the-act-on-customs-duties-and-movement-of-goods/</a> <a href="https://www.toll.no/en/services/regulations/law-and-regulations/regulations-to-the-act-on-customs-duties-and-movement-of-goods-customs-regulations/">https://www.toll.no/en/services/regulations/law-and-regulations/regulations-to-the-act-on-customs-duties-and-movement-of-goods-customs-regulations/</a>
34. Peru	G/RO/N/4	07.08.1995	Formerly notified no NPROO
	G/RO/N/5	01.11.1995	Scanned copy available
	G/RO/N/49	02.03.2007	Scanned copy available
	G/RO/N/50	10.05.2007	Scanned copy available
	G/RO/N/52	01.06.2007	Scanned copy available
	G/RO/N/77	12.03.2012	Scanned copy available
35. Qatar	G/RO/N/25	13.04.1999	n/a
36. Russian Federation	G/RO/N/84	27.09.2012	Electronic and scanned copy available <a href="http://www.eurasiancommission.org/en/act/trade/dotp/prav_proish/Pages/default.aspx">http://www.eurasiancommission.org/en/act/trade/dotp/prav_proish/Pages/default.aspx</a>
	G/RO/N/84/Corr.1	13.12.2012	
	G/RO/N/179	22.01.2019	
37. Rwanda	G/RO/N/75	24.02.2012	<a href="http://www.comesa.int/attachments/article/28/COMESA_Treaty.pdf">http://www.comesa.int/attachments/article/28/COMESA Treaty.pdf</a>  <a href="http://www.eac.int/customs/index.php?option=com_content&amp;view=article&amp;id=3:rules-of-origin&amp;catid=3:key-documents">http://www.eac.int/customs/index.php?option=com_content&amp;view=article&amp;id=3:rules-of-origin&amp;catid=3:key-documents</a>
38. Senegal	G/RO/N/10	16.08.1996	n/a
	G/RO/N/195	28.02.2020	<a href="http://www.douanes.sn/sites/default/files/fichiers/Code_Des_Douanes.pdf">http://www.douanes.sn/sites/default/files/fichiers/Code_Des_Douanes.pdf</a>
39. Seychelles	G/RO/N/141	02.05.2016	Description of obligations available in the notification & scanned copy available
40. South Africa	G/RO/N/3	27.07.1995	Scanned copy available
41. Suriname	G/RO/N/24	15.01.1999	Formerly notified of non-application of NPROO
	G/RO/N/43	15.03.2004	Scanned copy available
42. Switzerland	G/RO/N/4	07.08.1995	Scanned copy available
	G/RO/N/60	26.01.2009	<a href="http://www.admin.ch/ch/f/rs/c946_201.html">http://www.admin.ch/ch/f/rs/c946_201.html</a>
	G/RO/N/60/Rev.1	08.04.2009	<a href="http://www.admin.ch/ch/f/rs/c946_31.html">http://www.admin.ch/ch/f/rs/c946_31.html</a> <a href="http://www.admin.ch/ch/f/rs/c946_311.html">http://www.admin.ch/ch/f/rs/c946_311.html</a>
43. Chinese Taipei	G/RO/N/37	03.06.2002	n/a
	G/RO/N/37 Rev.1	02.08.2002	Scanned copy available
44. Togo	G/RO/N/70	16.06.2011	n/a
45. Tunisia	G/RO/N/7	12.02.1996	Scanned copy available
	G/RO/N/61	19.02.2009	Scanned copy available
46. Turkey	G/RO/N/8	05.03.1996	Scanned copy available
	G/RO/N/28	30.05.2000	Scanned copy available
47. Ukraine	G/RO/N/57	07.07.2008	n/a
	G/RO/N/81	10.08.2012	Scanned copy available
48. United States	G/RO/N/1	09.05.1995	n/a
	G/RO/N/1/Add.1	22.06.1995	Scanned copy available
	G/RO/N/6	19.12.1995	Scanned copy available
	G/RO/N/12	01.10.1996	n/a

Member	HAVE NP RO	Date	Link to the legislation / scanned copy of the legislation
	Document Symbol		
49. Venezuela, Bolivarian Rep. of	G/RO/N/1	09.05.1995	Formerly notified of non-application of NPROO
	G/RO/N/1/Add.1	22.06.1995	Formerly notified of non-application of NPROO
	G/RO/N/10	16.08.1996	Scanned copy available
	G/RO/N/14	02.12.1996	Scanned copy available
50. Yemen	G/RO/N/140	08.04.2016	Original available
51. Zimbabwe	G/RO/N/80	18.07.2012	Scanned copy available

**B. List of Members that have notified to the Secretariat that they do NOT apply non-preferential rules of origin**

Member	Do NOT apply NPRO	Date
	Document Symbol	
1. Angola	G/RO/N/176	27.11.2018
2. Belize	G/RO/N/147	01.09.2016
3. Benin	G/RO/N/150	10.11.2016
4. Bolivia, Plurinational State of	G/RO/N/9	19.04.1996
5. Brunei Darussalam	G/RO/N/5	01.11.1995
6. Burundi	G/RO/N/33	02.05.2001
7. Cambodia	G/RO/N/198	01.07.2020
8. Cameroon	G/RO/N/99	22.08.2013
9. Chad	G/RO/N/22	16.09.1998
10. Chile	G/RO/N/6	19.12.1995
11. Congo	G/RO/N/118	18.09.2014
12. Costa Rica	G/RO/N/1 G/RO/N/1/Add.1	09.05.1995 22.06.1995
13. Côte d'Ivoire	G/NO/N/117	25.08.2014
14. Dominica	G/RO/N/24	15.01.1999
15. Dominican Republic	G/RO/N/9	19.04.1996
16. Ecuador	G/RO/N/180	18.03.2019
17. El Salvador	G/RO/N/10	16.08.1996
18. Eswatini	G/RO/N/128	24.04.2015
19. Fiji	G/RO/N/17	10.04.1997
20. The Gambia	G/RO/N/109	31.01.2014
21. Ghana	G/RO/N/44	06.05.2004
22. Guatemala	G/RO/N/21	20.07.1998
23. Guyana	G/RO/N/42 G/RO/N/42/Rev.1	10.12.2003 12.09.2016
24. Haiti	G/RO/N/20/ G/RO/N/20/Rev.1	14.05.1998 27.07.1998
25. Honduras	G/RO/N/3	27.07.1995
26. Iceland	G/RO/N/5	01.11.1995
27. India	G/RO/N/1 G/RO/N/1/Add.1	09.05.1995 22.06.1995
28. Israel	G/RO/N/13 G/RO/N/163	19.11.1996 15.02.2018
29. Jamaica	G/RO/N/4	07.08.1995
30. Kenya	G/RO/N/9	19.04.1996
31. Kuwait, the State of	G/RO/N/100	19.09.2013
32. Liberia	G/RO/N/173	05.07.2018
33. Macao, China	G/RO/N/21	20.07.1998
34. Malawi	G/RO/N/129	04.06.2015
35. Malaysia	G/RO/N/6	19.12.1995
36. Maldives	G/RO/N/22	16.09.1998
37. Mali	G/RO/N/116 G/RO/N/146	11.07.2014 12.09.2016
38. Mauritius	G/RO/N/1 G/RO/N/1/Add.1	09.05.1995 22.06.1995
39. Myanmar	G/RO/N/151	23.05.2017
40. Namibia	G/RO/N/26	02.09.1999
41. Nepal	G/RO/N/165	03.04.2018

Member	Do NOT apply NPRO	Date
	Document Symbol	
42. Nicaragua	G/RO/N/10	16.08.1996
43. Oman	G/RO/N/32	30.04.2001
44. Pakistan	G/RO/N/16	05.03.1997
45. Panama	G/RO/N/23	05.10.1998
46. Papua New Guinea	G/RO/N/32	30.04.2001
47. Paraguay	G/RO/N/21	20.07.1998
48. Philippines	G/RO/N/6	19.12.1995
49. Samoa	G/RO/N/97	02.08.2013
50. Saudi Arabia, Kingdom of	G/RO/N/48	08.11.2006
51. Singapore	G/RO/N/3	27.07.1995
52. Sri Lanka	G/RO/N/178	28.11.2018
53. Thailand	G/RO/N/1 G/RO/N/1/Add.1	09.05.1995 22.06.1995
54. Trinidad and Tobago	G/RO/N/7	12.02.1996
55. Uganda	G/RO/N/13	19.01.1996
56. United Arab Emirates	G/RO/N/13 G/RO/N/17	19.11.1996 10.04.1997
57. Uruguay	G/RO/N/12	01.10.1996
58. Vanuatu	G/RO/W/189	13.12.2019
59. Viet Nam	G/RO/N/68 G/RO/N/79	22.02.2011 01.06.2012
60. Zambia	G/RO/N/142	17.06.2016

**C. Members that have not yet submitted a notification under Article 5 of the Agreement on Rules of Origin**

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|-------------------------------------|--------------------------------------|----------------|
| 1. Antigua and Barbuda              | 12. Grenada                          | 23. Tajikistan |
| 2. Bahrain, Kingdom of              | 13. Guinea                           | 24. Tanzania   |
| 3. Bangladesh                       | 14. Guinea Bissau                    | 25. Tonga      |
| 4. Barbados                         | 15. Mauritania                       |                |
| 5. Botswana                         | 16. Mozambique                       |                |
| 6. Cabo Verde                       | 17. Nigeria                          |                |
| 7. Central African Republic         | 18. Saint Kitts and Nevis            |                |
| 8. Democratic Republic of the Congo | 19. Saint Lucia                      |                |
| 9. Djibouti                         | 20. Saint Vincent and the Grenadines |                |
| 10. Egypt                           | 21. Sierra Leone                     |                |
| 11. Gabon                           | 22. Solomon Islands                  |                |



**Committee on Rules of Origin****DRAFT****REPORT (2020) OF THE COMMITTEE ON RULES OF ORIGIN  
TO THE COUNCIL FOR TRADE IN GOODS**

1. This report of the Committee on Rules of Origin (CRO) summarizes the work undertaken by the Committee in 2020. Article 6.1 of the Agreement on Rules of Origin provides that "*The Committee shall review annually the implementation and operation of Parts II and III of this Agreement having regard to its objectives*" and "*inform the Council for Trade in Goods of developments during the period covered by such reviews.*"
2. The CRO held two formal meetings in 2020: on 5 March and on 13 November. The minutes of these meetings are contained in documents G/RO/M/74 and [G/RO/M/75] respectively. On 4 March 2020, Members also participated in an event celebrating the 25th anniversary of the Agreement on Rules of Origin. In addition, the Committee held several small-group and bilateral consultations on different matters. Mr. Han-Ming HUANG (Chinese Taipei) was elected Chairperson of the Committee in July 2020. He followed Ms Uma MUNIANDY (Singapore) as Chairperson of the Committee
3. At its meeting of 13 November, the CRO conducted the twenty-sixth review of the implementation and operation of the Agreement (document G/RO/W/199) and the annual review of developments with relation to preferential rules of origin for LDCs.
4. With relation to non-preferential rules of origin, the Committee did not hold discussions specifically related to the Harmonization Work Programme (HWP). Discussions on this work programme, mandated under Part IV of the Agreement, have been stalled since 2007. Members held different views regarding the implications of adopting harmonized non-preferential rules of origin for other trade policy measures. These "core policy issues" were described in the 2013 Report of the CRO to the Council for Trade in Goods (G/L/1047). Members continue to hold different views regarding the need to finalize or not the HWP.
5. Pending the continuation of the HWP, Members have been discussing ways to better access information about and better understand current national practices related to non-preferential origin. In that context, Members have continued their consideration of a proposal to "enhance transparency on non-preferential rules of origin" (G/RO/W/182/Rev.3). The proposal seeks to update and standardize notifications of non-preferential rules of origin and origin requirements. The information notified would be made available by the Secretariat through an electronic platform for easier access and the CRO. Consultations are ongoing on the proposal.
6. In addition, 2020 marked the 25th anniversary of the WTO Uruguay Round Agreements, including the WTO Agreement on Rules of Origin. An event, organized by the Secretariat, celebrated this milestone by bringing together government officials, international organizations and the private sector. The programme, presentations, video recordings and a summary (G/RO/W/196) of the event were made available through the rules of origin page of the WTO website. In reporting on the event to the CRO, the Chairperson encouraged all delegations to review those materials as they contained interesting recommendations and messages that could be considered by Members when deciding how to advance the work of the Committee.
7. Finally, with respect to preferential rules of origin, the Committee continued to review the implementation of the 2013 and 2015 Ministerial Decisions on preferential rules of origin for least developed countries (LDCs) (WT/L/917 and WT/L/917/Add.1).

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8. In that context, Members considered <sup>and raise concern about</sup> a communication from the LDC Group (G/RO/W/198) ~~which identifies the achievements and gaps in the implementation of the Ministerial Decisions.~~

9. In addition, the Committee took note of reports by preference-granting Members about the efforts being made to implement the Decision. The Committee also reviewed the latest status of notifications in this area (G/RO/W/163/Rev.8) and examined substantive matters related to preferential rules of origin, including: rules based on the *ad valorem* percentage (value added) criterion and utilization rates for the LDC preferences in the minerals and metals sector. As required by the Ministerial Decisions, a detailed report describing these discussions and recent developments has been prepared for the General Council (G/RO/W/201) and an oral report will be delivered for the Sub-Committee on LDCs.

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