



WTO OMC

附件 1

WTO/AIR/RO/14

4 OCTOBER 2021

SUBJECT: COMMITTEE ON RULES OF ORIGIN

THE COMMITTEE ON RULES OF ORIGIN WILL HOLD ITS NEXT FORMAL MEETING ON THURSDAY, 14 OCTOBER 2021 AT 10:00 A.M.

DELEGATES WILL BE ABLE TO ATTEND THE MEETING EITHER IN-PERSON (ROOM D) OR REMOTELY THROUGH INTERPREFY<sup>1</sup>. PLEASE NOTE THAT, IN ORDER TO ATTEND THE MEETING IN-PERSON, DELEGATIONS ARE REQUIRED TO REGISTER BEFORE USING THE FOLLOWING LINK: WTO E-REGISTRATION CRO.

IN RESPECT OF THE FORMAL COMMITTEE MEETING, THE FOLLOWING ITEMS ARE PROPOSED FOR THE AGENDA:

1. PREFERENTIAL RULES OF ORIGIN FOR LEAST DEVELOPED COUNTRIES (WT/L/917 AND WT/L/917/ADD.1):
  - A. REVIEW OF RECENT DEVELOPMENTS IN RELATION TO PREFERENTIAL RULES OF ORIGIN FOR LDCS: REPORT BY PREFERENCE-GRANTING MEMBERS WISHING TO SHARE ANY DEVELOPMENTS
    - UPDATE ON THE IMPLEMENTATION OF THE REX SYSTEM OF SELF-CERTIFICATION BY THE EUROPEAN UNION;
    - UPDATE ON THE REVIEW OF PREFERENTIAL RULES OF ORIGIN BY THE UNITED KINGDOM;
    - UPDATE BY OTHER PREFERENCE-GRANTING MEMBERS WISHING TO SHARE ANY DEVELOPMENTS
  - B. STATUS OF NOTIFICATIONS OF PREFERENTIAL RULES OF ORIGIN FOR LDCS AND PREFERENTIAL IMPORT DATA (G/RO/W/163/REV.9)
    - REPORT BY THE SECRETARIAT
  - C. FURTHER SUBMISSION ON RULES OF ORIGIN BASED ON A CHANGE OF TARIFF CLASSIFICATION: THE CASE OF RULES OF ORIGIN USED BY JAPAN (G/RO/W/209) - SUBMISSION BY THE LDC GROUP

<sup>1</sup> TECHNICAL AND LOGISTICAL DETAILS ON HOW TO NAVIGATE THE INTERPREFY PLATFORM ARE AVAILABLE TO MEMBERS VIA A LINK ON THE RESPECTIVE MEETING TAB ON THE WTO WEBSITE OR AT:

[HTTPS://WWW.WTO.ORG/LIBRARY/EVENTS/INTERPREFY TECHNICAL NOTE/WTO INTERPREFY DELEGATE GUIDE E.PDF](https://www.wto.org/library/events/interprefy_technical_note/wto_interprefy_delegate_guide_e.pdf)

21-7434

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- D. STOCKTAKING OF IMPLEMENTATION OF THE BALI AND NAIROBI DECISIONS ON PREFERENTIAL RULES OF ORIGIN FOR LEAST DEVELOPED COUNTRIES - STATEMENT BY THE LDC GROUP (TO BE ISSUED);
- E. DRAFT REPORT (2021) OF THE CRO TO THE GENERAL COUNCIL ON PREFERENTIAL RULES OF ORIGIN FOR LDCs (G/RO/W/207);
2. NOTIFICATIONS UNDER ARTICLE 5 AND UNDER PARAGRAPH 4 OF ANNEX II OF THE AGREEMENT ON RULES OF ORIGIN (G/RO/N/226 AND G/RO/N/227);
  3. DRAFT TRANSPARENCY DECISION ON NON-PREFERENTIAL RULES OF ORIGIN (G/RO/W/182/REV.3) - REPORT BY THE CO-SPONSORS AND OTHER DELEGATIONS
  4. TWENTY-SEVENTH ANNUAL REVIEW OF THE IMPLEMENTATION AND OPERATION OF THE AGREEMENT ON RULES OF ORIGIN (G/RO/W/206);
  5. DRAFT REPORT (2021) OF THE CRO TO THE COUNCIL FOR TRADE IN GOODS (G/RO/W/208)
  6. ROUND TABLE ON RULES OF ORIGIN AT THE EUROPEAN UNIVERSITY INSTITUTE - ANNOUNCEMENT BY THE UNCTAD
  7. DATES OF NEXT MEETINGS OF THE COMMITTEE;
  8. 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.

NGOZI OKONJO-IWEALA



# REX state of play

**CRO, WTO**  
**13 October 2021**



## **Reminder – what is the Registered Exporter system**

- A system of self-certification of the origin of goods
- Replacing certification of origin by means of certificates of origin
- Exporters are “registered” in the REX system by the competent authorities
- Exporters declare themselves the origin of the goods



## **The Registered Exporter system**

- Exporters declare the origin by making out statements on origin indicating their REX number
- Statements on origin are indicated on commercial documents (invoice, packing list, delivery note, ...)



## **The Registered Exporter system**

- The REX system is applied in the Generalized System of Preferences of the EU since 1 January 2017
- The transition period, including an additional extension for some countries related to the COVID19 crisis, ended on 31 December 2020



- In the Generalized System of Preferences of the EU, **only the REX system is now applicable**
- Certificates of origin **Form A are no longer admissible**, to get the GSP preference in the EU, for any of the beneficiary countries
- A certificate of origin Form A issued in a GSP beneficiary country during the transition period, and which is in its validity period, is still admissible in the EU to claim the benefit of the GSP



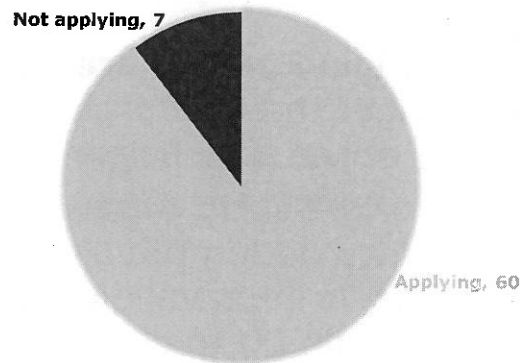
## **Support provided to the GSP beneficiary countries**

During 2017-2020:

- 17 3-days training sessions, financed by the EU
  - In Brussels
  - In some GSP beneficiary countries: Cape Verde, India, Bangladesh, Philippines, Curaçao
- Many training by videoconferences (also in 2021)



## APPLICATION OF THE REX SYSTEM BY THE 67 GSP BENEFICIARY COUNTRIES



## Beneficiary countries not applying yet the REX system

- Central African Republic
- Chad
- Democratic Republic of Congo
- Djibouti
- Somalia
- South Sudan
- Syria

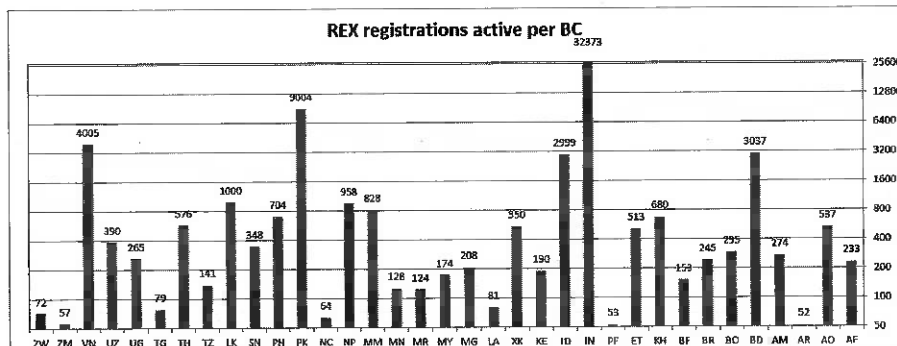


## Beneficiary countries not applying yet the REX system

- Those countries are still benefiting from the GSP
- The preferences are not suspended nor withdrawn
- As soon as the technical requirements of the GSP rules of origin are complied with (i.e. application of the REX system), these countries will be able to benefit from the GSP
- The services of the European Commission are available to provide assistance to these countries if needed ([TAXUD-UNIT-E5@ec.europa.eu](mailto:TAXUD-UNIT-E5@ec.europa.eu))



## Registered exporters in beneficiary countries status on 03-10-2021 – 68416 registered exporters

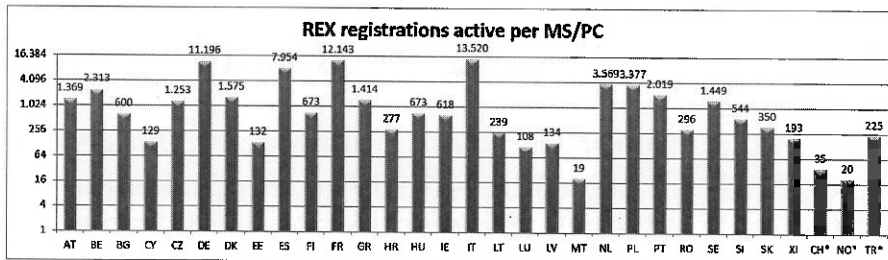




## Registered exporters in the EU status on 13-10-2021 – 61442 registered exporters

Status of 03/10/2021

REX authorizations active per MS/PC



Canada, Japan, Vietnam, the UK, Ivory Coast, Ghana, Eastern and Southern Africa (ESA)



4 October 2021

(21-7397)

Page: 1/4

**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(1)	Notifications (CTD)	Notifications (CRO)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
22. Turkey	WT/TPR/S/259/Rev.1 7 March 2012 (?)	G/RO/LDC/N/TUR/1 18 September 2019	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes*	Yes*	Yes	Yes*	Yes*
23. United Kingdom	WT/COMTD/PTA4/N/1.2 February 2021	G/RO/LDC/N/GBR/1 23 February 2021	-	-	-	-	-	-	-	-	-	-	-	-
24. USA - GSP	WT/COMTD/N/1/Add.11 27 March 2020	G/RO/LDC/N/USA/1 11 July 2017	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
USA - CBERA/Haiti	WT/L/1096 21 September 2020	G/RO/LDC/N/USA/2 11 July 2017	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes*
USA - AGOA	WT/L/1097 14 October 2020	G/RO/LDC/N/USA/3 11 July 2017	Yes	Yes	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	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

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.

(ii) Information provided by the European Union on the period since 1 January 2021 covers its current 27 Member States. For the period until 31 December 2020, tariff information provided by the European Union also covers the United Kingdom.

- Yes submission received and disseminated;
- Yes\* submission received but not yet disseminated;
- no submission received;
- n.a. PTA not yet in force.

Status of submissions as of 29 September, 18:00 GMT.

4 October 2021

(21-7399)

Page: 1/16

Committee on Rules of Origin

Original: English

**FURTHER SUBMISSION ON RULES OF ORIGIN BASED ON A CHANGE OF TARIFF  
CLASSIFICATION – THE CASE OF RULES OF ORIGIN USED BY JAPAN**

The following submission, dated 1 October 2021, is being circulated at the request of the delegation of Tanzania on behalf of the LDC Group.

1.1. It is recalled that the LDC submitted a previous submission on change of tariff classification in May 2019<sup>1</sup>. The submission recalled that *Paragraph 1.2 of the Nairobi Decision* provides as follows:

*1.2 When applying a change of tariff classification criterion to determine substantial transformation, Preference-granting Members shall:*

- a) *As a general principle, allow for a simple change of tariff heading or change of tariff sub-heading.*
- b) *Eliminate all exclusions or restrictions to change of tariff classification rules, except where the Preference-granting Member deems that such exclusions or restrictions are needed, including to ensure that a substantial transformation occurs.*
- c) *Introduce, where appropriate, a tolerance allowance so that inputs from the same heading or sub-heading may be used.*

1.2. According to such paragraph the general principle for applying a CTC is a change of tariff heading (CTH) or a change of tariff subheading (CTSH).

1.3. The second subparagraph (b) calls for an elimination of all exclusions or restrictions on such general principle of applying CTH or CTSH as general rules "*except where the Preference-granting Member deems that such exclusions or restrictions are needed, including to ensure that a substantial transformation occurs.*"

1.4. In addition, *Paragraph 1.4* covers situations where combinations of two requirements have to be complied with to obtain originating status.

*1.4. Preference-granting Members shall, to the extent possible, avoid requirements which impose a combination of two or more criteria for the same product. If a Preference-granting Member still requires maintaining a combination of two or more criteria for the same product, that Preference-granting Member remains open to consider relaxing such requirements for that specific product upon due request by an LDC.*

1.5. The former submission contained an extensive Annex I, concerning both the EU; Japan; Switzerland; and Norway that extensively use a combination of CTC with other requirements.

<sup>1</sup> See document G/RO/W/184 dated 7 May 2019.

1.6. The result of the analysis in Annex I carried out in the above-mentioned submission concluded as follows:

*"The issues to be considered to bring into conformity with the Paragraph 1.2 and 1.4 of the Nairobi decisions the current use of the CTC criterion by the CTC group are threefold:*

- a) *The exceptions to the general rules of CTH and CTSH are the norm rather than the exception for the CTC group. For instance, the rules of origin of Japan provides for CTH as a general rule, however there are 26 pages of exceptions to such general rule covering the majority of the HS chapters and at time entire HS chapters.*
- b) *The exceptions to the general rules are by far much stricter than the general rules going beyond any conceivable requirement for substantial transformation and as such they are not justifiable.*
- c) *In some cases, the same preference giving countries have adopted more lenient rules of origin for the same products under FTAs that they have negotiated with other partners and/or there are existing best practices under other FTAs on how substantial transformation could be achieved adopting less stringent requirements"*

1.7. Following the submission and the debate at the CRO meeting of May 2019 it was agreed that further consultations were necessary at bilateral level.

1.8. Such bilateral consultation took place with Japan in 2019. However, at present, it has to be noted that conclusive responses to the detailed queries raised in the submission and reiterated by the LDC WTO group during the bilateral consultations with Japan have yet to be addressed.

1.9. Annex I of this submission takes the point from where it has been left and it brings it forward.

1.10. The LDCs acknowledge that URs under the GSP are relatively in the high range above 80% in the last decade while the trade volume in terms of imports from LDC has basically remained unaltered when external shocks are taken into account. However, as shown in the Annex, while utilization rates may be relatively high at general level, there are consistent pockets of underutilization that may be caused by stringent product specific rules of origin and/or related administrative requirements like documentary evidence of direct shipment.

1.11. In addition, utilization rates are one the benchmarks that may be used in assessing the adequacy of rules of origin to LDC needs, but not the only one. As stated in an earlier submission by the LDC group<sup>2</sup>, rules of origin for LDCs should be development-oriented and contribute to creating trade and investment opportunities for LDCs to build productive capacities and insertion in value chains. There are examples of such possibilities contained in the above mentioned LDC submission.

1.12. As it is the understanding of the LDC group that Japan may be considering the revision of Japanese rules of origin under the periodical review of the Japanese scheme during 2021 it is hoped that this submission may be considered as a valuable input for such review. The tables in Annex I are by no means exhaustive and complete and the LDC WTO group could refine this data and analysis in the future. The table has been assembled to start a constructive debate.

1.13. It should also be noted that in the case of African LDCs there are no parallel or overlapping trade preferences besides the GSP. In the case of ASEAN LDCs, the ASEAN-Japan FTA provides alternative preferences that may be available to ASEAN LDCs. However preliminary analysis that will be shown at the next session of the Committee on rules of origin shows that utilization rates under such FTA are rather low and that RoO are stringent.

1.14. Such table outlines a number of examples where Japan is invited to introduce reforms to bring GSP rules of origin in conformity with the relevant paragraphs of the Nairobi decision.

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<sup>2</sup> 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 of 28 October 2014.

1.15. As outlined in a recent submission by the LDC WTO group<sup>3</sup> more than 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 notification of the utilization rates of the Duty Free and Quote Free 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.

1.16. As we are now approaching the next WTO Ministerial Conference, it is of paramount importance to show that concrete progress has been made that could be adequately reflected in the outcome of the forthcoming Ministerial. Thus, 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.

1.17. We hope that the submission may mark the start of a constructive engagement in improving rules of origin for LDC by all preference giving countries.

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<sup>3</sup> See document G/RO/W/194 of 5 March 2020: 5<sup>th</sup> Anniversary of the Nairobi Ministerial Decision: Review of Implementation, Identification of Gaps, and the Way Forward – Communication from the LDC Group.

## ANNEX

TABLE 1: UTILIZATION OF THE GSP SCHEME OF JAPAN BY HS HEADING, RANKED BY DESCENDING VALUE OF DUTIABLE IMPORTS

*Reporter: JAPAN; Partner: LDCs; Year: 2019; Imports in US\$ thousand*

HS Code	Description	Total from Partner (3)	Import Dutiable (4)	Value of Imports		GSP RoO (8)	Comments (9)	Technical Elements (10)	Suggested Best RoO Practice (11)
				Covered (5)	Received (6)				
6203	Suits (Men/Boys)	560,990	560,990	560,990	33	Manufactured from woven fabrics, felt, nonwovens, KoC fabrics or lace of Chapter 50 to 56 or 58 to 60	Although Japan has improved the rules of origin for chapter 61 and 62 in recent years the data shows that for the HS headings examined in this table there is still almost no utilization	The PSRO requires manufacturing from woven fabrics. It may be the case that the garments have been assembled from parts of garments in the same chapter. To be further investigated	There is need to discuss further the reasons for such low utilization that may be due to the PSRO or related administrative requirement such as documentary evidence of direct shipment requirement
6204	Suits (Women/Girls)	514,001	514,001	514,001	52				
6110	Jerseys, pullovers	479,410	479,410	479,410	28				
6109	T-shirts, singlets (KoC)	340,900	340,900	340,900	13				
4202	Trunks; suit, camera	235,402	235,402	235,402	30	Manufactured from products of the different tariff headings (excluding heading 42.05) of the products	Heading 4205 classifies Other articles of leather or of composition leather including parts. The exclusion of this headings means that assembly of parts of leather into a finished article of leather is not origin conferring	Excluding non-originating parts from the assembly process may be overly stringent rule even taking into account the tolerance rule	Manufacture from materials of any heading, except that of the product or Manufacture in which the value of all the materials used does not exceed 70% of the ex-works price of the product (EU rules of origin for LDCs)



HS Code	Description	Value of Imports						GSP RoO	Comments	Technical Elements	Suggested Best RoO Practice
		Total from Partner (3)	Import Dutiable (4)	GSP		Received MFN (7)					
				Covered (5)	Received (6)						
(1) 6403	(2) Footwear, with outer soles	211,056	211,056	211,056	23	170,786	(8) Manufactured from products of the different tariff heading (excluding heading 64.06) of the products	(9) It is clear that this PSRO is overly stringent as already contained in the former submission <sup>1</sup>	(10) Assembly of parts of shoes into shoes is a substantial transformation	(11) Manufacture from materials of any heading, except from assemblies of uppers affixed to inner soles or to other sole components of heading 6406 (EU rules of origin for LDCs)	
6205	Shirts (men/boys) (not KoC)	209,724	209,724	209,724	12	209,454	Manufactured from woven fabrics, felt, nonwovens, KoC fabrics or lace of Chapters 50 to 56 or 58 to 60	Although Japan has improved the rules of origin for chapter 61 and 62 in recent years the data shows that for the HS headings examined there is still almost no utilization.	The PSRO requires manufacturing from woven fabrics. It may be the case that the garments have been assembled from parts of garments in the same chapter. To be further investigated	There is need to discuss further the reasons for such low utilization that may be due to the PSRO or related administrative requirement such as documentary evidence of direct shipment requirement	
6201	Overcoats, carcoats,	196,613	196,613	196,613	11	196,600					
6202	Coats (Women)	168,549	168,549	168,549	15	168,327					
6104	Suits (women/girls)	157,301	157,301	157,301	31	155,610					
7502	Nickel; unwrought	157,276	157,276	157,276	1	157,275	Manufactured from products other than those of heading 75.01 or 75.02	Heading 75.01 is classifying Nickel mattes, nickel oxide sinters and other intermediate products of nickel metallurgy.	By excluding heading 7501 and 7502 the PSRO does not recognize the manufacturing process of casting <sup>2</sup> or making alloys <sup>3</sup> as origin conferring operation	CTH for nickel not alloyed and CTSH for nickel alloys <sup>4</sup>	

<sup>1</sup> Document G/RO/W/184 of 7 May 2019.

<sup>2</sup> Casting is a manufacturing process by which a liquid material is usually poured into a mold, which contains a hollow cavity of the desired shape, and then allowed to solidify. The solidified part is also known as a casting, which is ejected or broken out of the mold to complete the process.

<sup>3</sup> To make Nickel Alloys, start with the purest available raw materials to achieve the required chemical composition. A correct chemical composition is necessary to give uniform and required properties to different alloys. The alloys are then Melted, Hot-Rolled and Processed to final sizes using state-of-the-art technology. All processes are constantly monitored at each step using statistical process control tools to ensure the best quality of the final products. The process for making each alloy is set after a detailed exercise using concepts such as Failure Mode Effect Analysis (FEMA) and Design of Experiments (DOE)

<sup>4</sup> From Harmonized Rules of Origin. See JOB/RO/5/Rev.1 for further details.

HS Code	Description	Value of Imports						GSP RoO	Comments	Technical Elements	Suggested Best RoO Practice
		Total from Partner (3)	Import Dutiable (4)	Covered (5)	GSP Received (6)	Received MFN (7)					
(1) 0307	(2) Molluscs;	138,527	138,527	137,711	2	137,731	(8) Manufactured from products other than those of Chapter 3	(9) This PSRO practically requires that all products of chapter 3 are wholly obtained and practically disregard a number of working or processing operation that may be carried out within the chapter such making flours or pellets out of molluscs	(10) Further investigation has to be carried out on the reason for low utilization. Direct shipment requirement in any case it may be observed that making flours and smoke molluscs within the same chapter should be considered a substantial transformation	(11) There is need to discuss further the reasons for such low utilization and reform the actual Rules of origin accordingly	
6211	Track suits, swimwear and other garments (not KoC)	118,563	118,563	118,563	21	116,749	Manufactured from woven fabrics, felt, nonwovens, KoC fabrics or lace of Chapter 50 to 56 or 58 to 60	Although Japan has improved the rules of origin for chapter 61 and 62 in recent years. The data shows that for the HS headings examined there is still almost no utilization	The PSRO requires manufacturing from woven fabrics. It may be the case that the garments have been assembled from parts of garments in the same chapter. To be further investigated	There is need to discuss further the reasons for such low utilization that may be due to the PSRO or related administrative requirement such as documentary evidence of direct shipment requirement	
6206	Blouses (women/girls)	108,697	108,697	108,697	10	107,661					
6404	Footwear	81,124	81,124	81,124	5	38,822	Manufactured from products of the different tariff heading (excluding heading 64.06) of the products	It is clear that this PSRO is overly stringent as already contained in the former submission <sup>5</sup>	Assembly of parts of shoes into shoes is a substantial transformation	Manufacture from materials of any heading, except from assemblies of uppers affixed to inner soles or to other sole components of heading 6406 (EU rules of origin for LDCs)	
6402	Footwear	79,950	79,950	0	0	15,754					

<sup>5</sup> Document G/RO/W/184 of 7 May 2019.

HS Code (1)	Description (2)	Value of Imports						GSP RoO (8)	Comments (9)	Technical Elements (10)	Suggested Best RoO Practice (11)
		Total from Partner (3)	Import Dutiable (4)	GSP		Received MFN (7)					
				Covered (5)	Received (6)						
6103	Suits, ensembles, jackets,	79,390	79,390	79,390	14	78,227	Manufactured from woven fabrics, felt, nonwovens, KoC fabrics or lace of Chapter 50 to 56 or 58 to 60	Although Japan has improved the rules of origin for chapter 61 and 62 in recent years. The data shows that for the HS headings examined there is still almost no utilization	The PSRO requires manufacturing from woven fabrics. It may be the case that the garments have been assembled from parts of garments in the same chapter. To be further investigated	There is need to discuss further the reasons for such low utilization that may be due to the PSRO or related administrative requirement such as documentary evidence of direct shipment requirement	
0306	Crustaceans	68,983	68,983	68,983	4	68,872	Manufactured from products other than those of Chapter 3	This rule practically requires that all products of chapter 3 are wholly obtained and practically disregard a number of working or processing operation that may be carried out within the chapter such making flours or pellets out of crustaceans	Further investigation has to be carried out on the reason for low utilization. In any case it may be observed that making flours and smoke crustaceans should be considered a substantial transformation	There is need to discuss further the reasons for such low utilization and reform the actual Rules of origin accordingly	
6106	Blouses, shirts and shirt blouses; women's or girls', KoC	65,999	65,999	65,999	11	65,707	Manufactured from woven fabrics, felt, nonwovens, KoC fabrics or lace of Chapter 50 to 56 or 58 to 60	Although Japan has improved the rules of origin for chapter 61 and 62 in recent years the data shows that for the HS headings examined there is still almost no utilization	The PSRO requires manufacturing from woven fabrics. It may be the case that the garments have been assembled from parts of garments in the same chapter. To be further investigated	There is need to discuss further the reasons for such low utilization that may be due to the PSRO or related administrative requirement such as documentary evidence of direct shipment requirement	

HS Code (1)	Description (2)	Value of Imports						GSP RoO (8)	Comments (9)	Technical Elements (10)	Suggested Best RoO Practice (11)
		Total from Partner (3)	Import Dutiable (4)	Covered (5)	GSP Received (6)	Received MFN (7)					
0303	Fish; frozen	60,073	60,073	60,073	2	60,071	Manufactured from products other than those of Chapter 3	This rule practically requires that all products of chapter 3 are wholly obtained and practically disregard that filleting of fish is a substantial transformation	Further investigation has to be carried out on the reason for low utilization. In any case, it may be observed that filleting fish should be considered as a substantial transformation.	There is need to discuss further the reasons for such low utilization and reform the actual Rules of origin accordingly	
6210	Garments made up of fabrics	58,115	58,115	58,115	9	56,551	Manufactured from woven fabrics, felt, nonwovens, KoC fabrics or face of Chapter 50 to 56 or 58 to 60	Although Japan has improved the rules of origin for chapter 61 and 62 in recent years the data shows that for the HS headings examined there is still almost no utilization	The PSRO requires manufacturing from woven fabrics. It may be the case that the garments have been assembled from parts of garments in the same chapter. To be further investigated	There is need to discuss further the reasons for such low utilization that may be due to the PSRO or related administrative requirement such as documentary evidence of direct shipment requirement	
6107	Underpants, briefs, nightshirts	52,227	52,227	52,227	10	51,786					
6108	Slips, petticoats, briefs	48,287	48,287	48,287	19	43,166					
6302	Bed linen, table linen, toilet linen and kitchen linen	45,022	45,022	45,022	6	33,602	Manufactured from chemical products, from products of heading 47.01 to 47.06, or 50.01, or from natural textile fibres (excluding raw silk), manmade staple fibres or textile fibre waste	The rule is basically requiring a double transformation requirement: the making up of fabrics and the making of the textile articles from fabrics	Double transformation requirements are obsolete and do not respect real value chains commercially meaningful	Making up from fabric or Manufacture in which the value of all the non-originating materials used does not exceed 70% of the ex-works price of the product	

HS Code	Description	Value of Imports						GSP RoO	Comments	Technical Elements	Suggested Best RoO Practice
		Total from Partner	Import Dutiable	GSP		Received MFN	(8)				
				Covered	Received						
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(9)	(10)	(11)		
6105	Shirts (mens/boys)	42,493	42,493	42,493	8	42,402	Manufactured from woven fabrics, felt, nonwovens, KoC fabrics or lace of Chapter 50 to 56 or 58 to 60	Although Japan has improved the rules of origin for chapter 61 and 62 in recent years the data shows that for the HS headings examined there is still almost no utilization	The PSRO requires manufacturing from woven fabrics. It may be the case that the garments have been assembled from parts of garments in the same chapter. To be further investigated	There is need to discuss further the reasons for such low utilization that may be due to the PSRO or related administrative requirement such as documentary evidence of direct shipment requirement	
6601	Umbrellas	35,298	35,298	35,298	2	24,815	Manufactured from products other than those of heading 66.01, provided that the value of non-originating products used does not exceed 50 % of the value of the products	This PSRO provides for a double requirement of CTH with exception and an <i>ad valorem</i> percentage requirement not in line with paragraph 1.3 of the Nairobi decision	This PSRO cumulate two requirements of CTH and <i>ad valorem</i> percentage requirement while for the same products other countries provide for simple CTH and as alternative an <i>ad valorem</i> percentage requirement with a higher and more liberal threshold of non-originating material	Manufacture from materials of any heading, except that of the product or Manufacture in which the value of all the non-originating materials used does not exceed 70% of the ex-works price of the product (EU rules of origin for LDCs)	
6111	Garments and clothing accessories, babies	29,704	29,704	29,704	8	29,663	Manufactured from woven fabrics, felt, nonwovens, KoC fabrics or lace of Chapter 50 to 56 or 58 to 60	Although Japan has improved the rules of origin for chapter 61 and 62 in recent years the data shows that for the HS headings examined there is still almost no utilization	The PSRO requires manufacturing from woven fabrics. It may be the case that the garments have been assembled from parts of garments in the same chapter. To be further investigated	There is a need to discuss further the reasons for such low utilization that may be due to the PSRO or related administrative requirement such as documentary evidence of direct shipment requirement	

HS Code	Description	Value of Imports					GSP RoO	Comments	Technical Elements	Suggested Best RoO Practice
		Total from Partner	Import Dutiable	GSP		Received MFN				
				Covered	Received					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(9)	(10)	(11)	
6307	Other made-up articles incl. dress patterns	23,962	23,962	23,962	7	13,257	(8) Manufactured from chemical products, from products of heading 47.01 to 47.06, or 50.01, or from natural textile fibres (excluding raw silk), manmade staple fibres or textile fibre waste	The rule is basically requiring a double transformation requirement: the making up of fabrics and the making of the textile articles from fabrics	Double transformation requirements are obsolete and do not respect real value chains commercially meaningful	Making up from fabric or Manufacture in which the value of all the no-originating materials used does not exceed 70% of the ex-works price of the product
6115	Hosiery; panty hose, tights,	23,612	23,612	23,612	9	21,683	Manufactured from woven fabrics, felt, nonwovens, lace of Chapter 50 to 56 or 58 to 60	Although Japan has improved the rules of origin for chapter 61 and 62 in recent years the data shows that for the HS headings examined there is still almost no utilization	The PSRO requires manufacturing from woven fabrics. It may be the case that the garments have been assembled from parts of garments in the same chapter. To be further investigated	There is need to discuss further the reasons for such low utilization that may be due to the PSRO or related administrative requirement such as documentary evidence of direct shipment requirement
6207	Singlets & other vests	22,185	22,185	22,185	6	22,180				
6208	Singlets & other vests	20,229	20,229	20,229	7	20,154				
0304	Fish fillets and other fish meat	19,947	19,947	19,947	5	19,943	Manufactured from products other than those of Chapter 3	This rules practically requires that all products of chapter 3 are wholly obtained and practically disregard the fact that filleting fish may be an origin conferring operation	Filleting of fish should be considered as a substantial transformation	There is need to further discuss the reasons for such low utilization and reform the actual Rules of origin accordingly

HS Code	Description	Value of Imports						GSP RoO	Comments	Technical Elements	Suggested Best RoO Practice
		Total from Partner	Import Dutiable	GSP		Received MFN					
				Covered	Received						
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
6114 6102	Garments; KoC Coats (women/girls)	19,258 16,523	19,258 16,523	19,258 16,523	8 4	19,059 16,513	Manufactured from woven fabrics, felt, nonwovens, KoC fabrics or lace of Chapter 50 to 56 or 58 to 60	Although Japan has improved the rules of origin for chapter 61 and 62 in recent years the data shows that for the HS headings examined there is still almost no utilization	The PSRO requires manufacturing from woven fabrics. It may be the case that the garments have been assembled from parts of garments in the same chapter. To be further investigated	There is need to discuss further the reasons for such low utilization that may be due to the PSRO or related administrative requirement such as documentary evidence of direct shipment requirement	
4203	Articles of apparel and clothing accessories, leather	13,999	13,999	0	0	13,999	Manufactured from products of the different tariff headings (excluding heading 42.05) of the products	Heading 4205 classifies Other articles of leather or of composition leather including parts. The exclusion of this heading means that assembly of parts of leather into a finished article of leather is not origin conferring	Assembly article of leather from parts should be considered substantial transformation	CTH	
6116	Gloves, mittens and mitts; KoC	12,927	12,927	12,927	13	12,282	Manufactured from woven fabrics, felt, nonwovens, KoC fabrics or lace of Chapter 50 to 56 or 58 to 60	Although Japan has improved the rules of origin for chapter 61 and 62 in recent years the data shows that for the HS headings examined there is still almost no utilization	The PSRO requires manufacturing from woven fabrics. It may be the case that the garments have been assembled from parts of garments in the same chapter. To be further investigated	There is need to discuss further the reasons for such low utilization that may be due to the PSRO or related administrative requirement such as documentary evidence of direct shipment requirement	

HS Code	Description	Value of Imports					GSP RoO	Comments	Technical Elements	Suggested Best RoO Practice
		Total from Partner	Import Dutiable	Covered	GSP Received	Received MFN				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
6505	Hats and other headgear	12,647	12,647	12,647	7	12,629	Manufactured from products other than those of heading 65.01 or 65.05 (felt hats and other felt headgear, made from the hat bodies, hoods or plateaux of heading 65.01, whether or not lined or trimmed)	There is a need to further explore in detail the reason for such underutilization	The specific heading exception of 6501 disregard the fact that blocking to shape of hat-forms or hat bodies is an important working pr processing of felt he PSRO excluded the possibility of	Manufacture from materials of any heading, except that of the product (EU PSRO for LDcs)
6112	Track suits, ski suits and swimwear; KoC	12,596	12,596	12,596	5	12,585	Manufactured from woven fabrics, felt, nonwovens, KoC fabrics or face of Chapter 50 to 56 or 58 to 60	Although Japan has improved the rules of origin for chapter 61 and 62 in recent years the data shows that for the HS headings examined there is still almost no utilization	The PSRO requires manufacturing from woven fabrics. It may be the case that the garments have been assembled from parts of garments in the same chapter. To be further investigated	There is need to discuss further the reasons for such low utilization that may be due to the PSRO or related administrative requirement such as documentary evidence of direct shipment requirement
6101	Coats (men/boys)	11,870	11,870	11,870	3	11,853				
0713	Vegetables, leguminous;	23,801	11,811	11,811	5	11,805	Manufactured from products other than those of Chapter 7	This PSRO required that all fruits and vegetables have to be wholly obtained as such low utilization may be due to evidence of direct consignment requirements	Moderate heating for preserving an packaging may be carried out for leguminous	There is need to discuss further the reasons for such low utilization that may be due to the PSRO or related administrative requirement such as documentary evidence of direct shipment requirement



HS Code	Description	Value of Imports					GSP RoO	Comments	Technical Elements	Suggested Best RoO Practice
		Total from Partner (3)	Import Dutiable (4)	Covered (5)	GSP Received (6)	Received MFN (7)				
(1) 3923	(2) Plastic for goods packing	10,110	10,065	10,065	2	3,425	(8) CTH	(9) Introducing an alternative criterion based on ad valorem percentage may be a trade facilitation provision	(10) CTH for heading 3926 does not take into account that other working and processing may take place not generating a CTH such as Colouring, printing or vacuum deposition of metal. In addition parts of articles 3926 are classified in the same heading and a CTH is excluding assembly operations as origin conferring	(11) Manufacture from materials of any heading, except that of the product, or Manufacture in which the value of all the materials used does not exceed 70% of the ex-works price of the product
3926	Articles of plastics	8,708	8,708	8,708	5	7,342				
5607	Twine, cordage, ropes and cables	13,010	8,132	8,132	5	8,127	Manufactured from chemical products, from products of heading 47.01 to 47.06, or from natural textile fibres, manmade staple fibres or textile fibre waste, neither carded nor combed	This PSRO requires a double or triple transformation including spinning or extruding while manufacturing cables and ropes from yarn or filaments requires manufacturing processed like spinning, folding or cabling. Plaiting or braiding	Obtaining ropes and cables from yarns should be considered a substantial transformation	Manufacture from yarn or filament by folding or cabling or Plaiting or braiding.

HS Code (1)	Description (2)	Total from Partner (3)	Import Dutiable (4)	Value of Imports			GSP RoO (8)	Comments (9)	Technical Elements (10)	Suggested Best RoO Practice (11)
				Covered (5)	GSP Received (6)	Received MFN (7)				
6406	Footwear; parts of footwear	7,560	7,560	0	0	6,523	Manufactured from products of the different tariff heading (excluding heading 64.06) of the products	It is clear that this PSRO is overly stringent as already contained in the former submission <sup>6</sup>	Assembly of parts of shoes into shoes is a substantial transformation	Manufacture from materials of any heading, except from assemblies of uppers affixed to inner soles or to other sole components of heading 6406 (EU rules of origin for LDCs)
6306	Tarpaulins, awnings and sunblinds	7,226	7,226	7,226	0	6,790	Manufactured from chemical products, from products of heading 47.01 to 47.06, or 50.01, or from natural textile fibres (excluding raw silk), manmade staple fibres or textile fibre waste	The rule is basically requiring a double transformation requirement: the making up of fabrics and the making of the textile's articles from fabrics	Double transformation requirements are obsolete and do not respect real value chains commercially meaningful	Making up from fabric or Manufacture in which the value of all the non-originating materials used does not exceed 70% of the ex-works price of the product
3307	Perfumery, cosmetic or toilet preparations	6,905	6,905	6,905	0	7	CTH	CTH seems to permit the manufacturing from different components. Further investigation should be conducted to find out the reasons for poor utilization		CTSH

<sup>6</sup> Document G/RO/W/184 of 7 May 2019.

HS Code (1)	Description (2)	Value of Imports					GSP RoO (8)	Comments (9)	Technical Elements (10)	Suggested Best RoO Practice (11)
		Total from Partner (3)	Import Dutiable (4)	GSP		Received MFN (7)				
				Covered (5)	Received (6)					
6305	Sacks and bags	6,194	5,833	5,833	1	411	Manufactured from chemical products, from heading 47.01 to 47.06, or 50.01, or from natural textile fibres (excluding raw silk), manmade staple fibres or textile fibre waste	The rule is basically requiring a double transformation requirement: the making up of fabrics and the making of the textile's articles from fabrics	Double transformation requirements are obsolete and do not respect real value chains commercially meaningful	Making up from fabric or Manufacture in which the value of all the non-originating materials used does not exceed 70% of the ex-works price of the product
6405	Footwear	5,739	5,739	5,739	3	4,689	Manufactured from products of the different tariff heading (excluding heading 64.06) of the products	It is clear that this PSRO is overly stringent as already contained in the former submission	Assembly of parts of shoes into shoes is a substantial transformation	Manufacture from materials of any heading, except from assemblies of uppers affixed to inner soles or to other sole components of heading 6406 (EU rules of origin for LDCs)
1504	Fats and oils (fish)	5,648	5,648	5,648	0	5,648	Manufactured from products other than those of Chapter 1 or 15	The exclusion of product of entire Chapter 1 and 15 makes the PSRO excessively demanding of ingredients	Obtaining oils from primary ingredients of chapter 1 or by refining products of chapter 15 is clearly a substantial process	CTH

HS Code	Description	Value of Imports						GSP RoO	Comments	Technical Elements	Suggested Best RoO Practice
		Total from Partner	Import Dutiable	GSP Covered		Received MFN					
				(3)	(4)		(5)				
(1) 6209	(2) Garments and clothing accessories; 'babies' (not KoC)	(3) 5,421	(4) 5,421	(5) 5,421	(6) 6	(7) 5,399	(8) Manufactured from woven fabrics, felt, nonwovens, lace of Chapter 50 to 56 or 58 to 60	(9) Although Japan has improved the rules of origin for chapter 61 and 62 in recent years the data shows that for the HS headings examined there is still almost no utilization	(10) The PSRO requires manufacturing from woven fabrics. It may be the case that the garments have been assembled from parts of garments in the same chapter. To be further investigated	(11) There is need to discuss further the reasons for such low utilization that may be due to the PSRO or related administrative requirement such as documentary evidence of direct shipment requirement	
4107	Leather further prepared after tanning or crusting	4,901	4,901	4,901	6	4,895	Manufactured from products other than those of heading 41.01, 41.04 or 41.07	Manufacturing of leather from tanned skins should be considered a substantial transformation		CTH	
1605	Crustaceans, molluscs	4,442	4,442	4,442	3	4,439	Manufactured from products other than those of Chapter 1, 2, 3, 5 or 16	The exclusion of several chapters that are containing the essential material is an excessive stringent PSRO	The multiple exceptions of several chapters including chapter 3 where fresh molluscs are classified means that several working of processing to prepare preserved molluscs of heading 1605 are disregarded making this PSRO excessively demanding	CTH	

World Trade Organization  
Least Developed Countries Group



**Submission of the LDC WTO group to the Committee  
on Rules of Origin: Note on Change of Tariff  
Classification  
Paragraph 1.2 and 1.4 of the Nairobi Decision**

**Communication from the LDC Group**

October 2021

**Background**



- Almost six years have now passed from the adoption of the Nairobi Decision on preferential rules of origin for LDCs.
  - **Progress:** Better transparency through the adoption of a notification template and the notification of the utilization rates of the Duty Free and Quote Free schemes
  - **To be improved:** Implement the substantive part of the Nairobi Decision, concerning the substantial transformation and certification requirements
- As we are now approaching MC 12, it is important to show how progress can be made
- **Focus:** *“How to effectively implement the substantive aspects of the Nairobi Decision on preferential rules of origin for LDCs?”*

## Background *cntd.*



WTO LDC Group

- The LDC WTO group started a process in 2018 to progressively bring to the attention of the Committee on Rules of Origin (CRO) the substantive aspects of rules of origin that needs reform by contrasting them with the relevant paragraphs of the Nairobi Decision and identified best practices
- **Ultimate Goal:** Achieve better utilization of the Duty-Free Quota-Free (DFQF) and the development objectives of SDG, namely target 12 of SDG 17 :
  - *“Ensuring that preferential rules of origin applicable to imports from least developed countries are transparent and simple, and contribute to facilitating market access.”*

## Background *cntd.*



WTO LDC Group

- The LDC WTO group have submitted a series of technical notes on each of the methodologies to define substantial transformation, namely
  - Ad valorem percentage criterion
  - Change of tariff classification
  - Specific working or processing as well as cumulation and certification procedure
- A first technical presentation on the change of tariff classification (CTC) has been made by the LDC Group in October 2018 (RD/RO/72) where several issues have emerged.

## Background *cntd.*



- A second exhaustive submission presented in May 2019 (see G/RO/184)
- In November 2020 a submission has been made concerning the use of ad valorem percentage in complying with Nairobi Decision
- The present submission builds upon the previous submissions on CTC focusing on aspects of the CTC criterion bring them into compliance with Nairobi Decision

## Nairobi Decision Paragraph 1.2 on Change of Tariff Classification (CTC)



Paragraph 1.2 of the Nairobi Decision provides as follows:

*1.2 When applying a change of tariff classification criterion to determine substantial transformation, Preference-granting Members shall:*

- 1) As a general principle, allow for a simple change of tariff heading or change of tariff sub-heading;*
- 2) Eliminate all exclusions or restrictions to change of tariff classification rules, except where the Preference-granting Member deems that such exclusions or restrictions are needed, including to ensure that a substantial transformation occurs;*
- 3) Introduce, where appropriate, a tolerance allowance so that inputs from the same heading or sub-heading may be used.*

## Nairobi Decision Paragraph 1.2



WTO LDC Group

- According to such paragraph the general principle for applying a CTC is a change of tariff heading (CTH) or a change of tariff subheading (CTSH).
- The second subparagraph (b) calls for an **elimination of all exclusion or restrictions** on such general principle of applying CTH or CTSH as general rules *“except where the Preference-granting Member deems that such exclusions or restrictions are needed, including to ensure that a substantial transformation occurs.”*

## Nairobi Decision Paragraph 1.4 on Combination of Criteria (CTC and valorem percentage)



WTO LDC Group

- Paragraph 1.4 below cover situations where a combination of two requirements to obtain originating status.
- As examined in Annex I of the submission made in 2019, Japan use extensively a combination of CTC with other requirement.
- These combinations may exclude particular materials or combine the CTC requirement with an ad valorem percentage.

*“1.4. Preference-granting Members shall, to the extent possible, **avoid requirements which impose a combination of two or more criteria for the same product.** If a Preference-granting Member still requires maintaining a combination of two or more criteria for the same product, that Preference-granting Member remains open to **consider relaxing such requirements for that specific product upon due request by an LDC.**”*



## Examination of the Application of CTC by Japan



- Uses the CTH as standard general rule in compliance with Nairobi decision
- The utilization rates of Japan shows a relatively high values of 80 percent over a decade period
- There have been significant trade effects from liberalization of rules of origin for Chapter 61 (i.e., knitted or crocheted garments)

## Examination of the Application of CTC by Japan *cntd.*



- However, there are pockets of underutilization and room to generate more trade effects by a general reform of rules of origin of Japan expected for 2021 (see 2019 submission on the example of rules of origin reforms)
- Alternative trade preferences available for mainly ASEAN LDCs show low utilization rates and stringent rules of origin
- Japan does not adopt best practices in terms of direct consignment

## Findings and Recommendations to bring into conformity the use of CTC with Nairobi Decision



Issues to be considered to bring into conformity with the Paragraphs 1.2 and 1.4 of the Nairobi Decision the current use of the CTC criterion Japan:

**1. The exceptions to the general rules of CTH and CTSH are the norm rather than the exception for the CTC group.**

- The rules of origin of Japan provides for CTH as a general rule, however, there are 26 pages of exceptions<sup>1</sup> to such general rule covering the majority of the HS chapters and at time entire HS chapters even if some MFN zero tariffs are applicable for many HS chapters like 84 or 85;

<sup>1</sup> See website of Japan Ministry of Foreign Affairs at <https://www.mofa.go.jp/files/000072857.pdf>

## Findings and Recommendations to bring into conformity the use of CTC with Nairobi Decision *cntd.*



Issues to be considered to bring into conformity with the Paragraphs 1.2 and 1.4 of the Nairobi Decision the current use of the CTC criterion Japan:

- 2. The exceptions to the CTH and CTSH are by far much stricter than the general rules** going beyond any conceivable requirement for substantial transformation and as such they are not justifiable;
- 3. In some cases, Japan has adopted more lenient rules of origin for the same products under FTAs** than they have negotiated with other partners

## Explanation of Annex I



- Annex I of the present submission adds up to the previous submission made in 2019 containing examples of rules of origin showing pockets of underutilization even if overall there are findings of high utilization rate
- These rules of origin have been summarized in a comparative table of products specific rules of origin including rules of origin of the ASEAN-Japan FTA with respective utilization rates and specific suggestions of best practices in a number of cases
- Such table is by no way exhaustive and final, and LDC are open to comments to further improve it.
- The table has been assembled to start a constructive debate

## Annex I Japan GSP Product Specific Rules of Origin: Comments, Technical Elements, and Suggestions



HS Code	Description	Value of Imports (USD thousands)						UR (%)		Rules of Origin		Comments on GSP PSRO	Technical Elements	Suggested Best RoO Practice
		Duti-able	GSP Covered	Received under			GSP	EPA	ASEAN-JPN	GSP	ASEAN-JPN			
				GSP	EPA	MFN								
(1)	(2)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	
0303	Fish; frozen	60,073	60,073	998	0	59,075	2	0	Manu- factured from products other than those of Chapter 3	CC	This rule practically requires that all products of chapter 3 are wholly obtained and practically disregard that filleting of fish is a substantial transformation	Further investigation has to be carried out on the reason for low utilization. In any case, it may be observed that filleting fish should be considered as a substantial transformation.	There is need to further discuss the reasons for such low utilization and reform the actual Rules of origin accordingly.	
4202	Trunks, suit, camera	235,402	235,402	184,413	6,695	44,294	78	3	Manu- factured from products of the different tariff headings (excluding heading 42.05) of the products	CC	Heading 4205 classifies Other articles of leather or of composition leather including parts. The exclusion of this heading means that assembly of parts of leather into a finished article of leather is not origin conferring	Excluding non-originating parts from the assembly process may be overly stringent rule even taking into account the tolerance rule	Manufacture from materials of any heading, except that of the product or Manufacture in which the value of all the materials used does not exceed 70 of the ex-works price of the product (EU RoO for LDCs)	
0307	Mollusc s;	138,527	137,711	118,908	794	18,825	86	1	Manu- factured from products other than those of Chapter 3	CC	This PSRO practically requires that all products of chapter 3 are wholly obtained and practically disregard a number of working or processing operation that may be carried out within the chapter such making flours or pellets our of molluscs.	Further investigation has to be carried out on the reason for high value of trade receiving MFN treatment. In any case it may be observed that making flours and smoke mollusks within the same chapter should be considered a substantial transformation.	There is need to further discuss the reasons explaining almost 19 million of imports receiving MFN treatment and reform the actual Rules of origin accordingly	

Annex I - Japan GSP Product Specific Rules of Origin (con't)														
HS Code	Description	Value of Imports (USD thousands)					UR (%)		Rules of Origin		Comments	Technical Elements	Suggested Best RoO Practice	
		Dutiable	GSP Covered	Received under			GSP	EP A	GSP	ASEAN-Japan				
				GSP	EPA	MFN								
(1)	(2)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	
6109	T-shirts, singlets (KoC)	340,900	340,900	319,808	3,624	17,468	94	1	Manufactured from woven fabrics, felt, nonwovens, KoC fabrics or lace of Chapter 50 to 56 or 58 to 60	CC, s.t., where NOM of heading 50.07, 51.11 through 51.13, 52.08 through 52.12, 53.09 through 53.11, 54.07 through 54.08, 55.12 through 55.16 or chapter 60 are used, each of the NOM is KoC entirely in one or more of the Parties.	In spite of the high utilization rates, there are still significant amounts of trade receiving MFN treatment.	The PSRO requires manufacturing from woven fabrics. It may be the case that the garments have been assembled from parts of garments in the same chapter. To be further investigated	There is a need to further discuss the reasons for the large value of imports receiving MFN treatment that may be due to the PSRO or related administrative requirement such as documentary evidence of direct shipment requirement	
6110	Jerseys, pullovers	479,410	479,410	461,101	2,532	15,777	96	1	Manufactured from products of the different tariff heading (excluding heading 64.06) of the products	CC	It is clear that this PSRO is overly stringent as already contained in the former submission.	Assembly of parts of shoes into shoes is a substantial transformation	Manufacture from materials of any heading, except from assemblies of uppers affixed to inner soles or to other sole components of heading 6406 (EU RoO for LDCs)	
6402	Footwear	79,950	0	0	64,196	15,754	0	80	Manufactured from products of the different tariff heading (excluding heading 64.06) of the products	CC	It is clear that this PSRO is overly stringent as already contained in the former submission.	Assembly of parts of shoes into shoes is a substantial transformation	Manufacture from materials of any heading, except from assemblies of uppers affixed to inner soles or to other sole components of heading 6406 (EU RoO for LDCs)	

Annex I - Japan GSP Product Specific Rules of Origin (con't)														
HS Code	Description	Value of Imports (USD thousands)					UR (%)		Rules of Origin		Comments on GSP PSRO	Technical Elements	Suggested Best RoO Practice	
		Dutiable	GSP Covered	Received under			GSP	EP A	GSP	ASEAN-JPN				
				GSP	EPA	MFN								
(1)	(2)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	
4203	Articles of apparel and clothing accessories, leather	13,999	0	0	0	13,999	0	0	Manufactured from products of the different tariff headings (excl. heading 42.05) of the products	CC	Heading 4205 classifies Other articles of leather or of composition leather including parts. The exclusion of this headings means that assembly of parts of leather into a finished article of leather is not origin conferring.	Assembly article of leather from parts should be considered substantial transformation	CTH	
6201	Overcoats, carcoats,	196,613	196,613	184,315	2	12,296	94	0	Manufactured from woven fabrics, felt, nonwovens, KoC fabrics or lace of Chapter 50 to 56 or 58 to 60	CC, s.t., where NOM of heading 50.07, 51.11 through 51.13, 52.08 through 52.12, 53.09 through 53.11, 54.07 through 54.08, 55.12 through 55.16 or chapter 60 are used, each of the NOM is woven entirely in one or more of the Parties.	In spite of the high utilization rates, there are still significant amounts of trade receiving MFN treatment.	The PSRO requires manufacturing from woven fabrics. It may be the case that the garments have been assembled from parts of garments in the same chapter. To be further investigated	There is a need to further discuss the possible reasons for the amount of trade receiving MFN treatment that may be due to the PSRO or related administrative requirement such as documentary evidence of direct shipment requirement	
6202	Coats (Women)	168,549	168,549	156,700	207	11,642	94	0	Manufactured from woven fabrics, felt, nonwovens, KoC fabrics or lace of Chapter 50 to 56 or 58 to 60	CC, s.t., where NOM of heading 50.07, 51.11 through 51.13, 52.08 through 52.12, 53.09 through 53.11, 54.07 through 54.08, 55.12 through 55.16 or chapter 60 are used, each of the NOM is woven entirely in one or more of the Parties.	In spite of the high utilization rates, there are still significant amounts of trade receiving MFN treatment.	The PSRO requires manufacturing from woven fabrics. It may be the case that the garments have been assembled from parts of garments in the same chapter. To be further investigated	There is a need to further discuss the possible reasons for the amount of trade receiving MFN treatment that may be due to the PSRO or related administrative requirement such as documentary evidence of direct shipment requirement	
6204	Suits (Women/Girls)	514,001	514,001	491,393	12,005	10,603	96	2	Manufactured from woven fabrics, felt, nonwovens, KoC fabrics or lace of Chapter 50 to 56 or 58 to 60	CC, s.t., where NOM of heading 50.07, 51.11 through 51.13, 52.08 through 52.12, 53.09 through 53.11, 54.07 through 54.08, 55.12 through 55.16 or chapter 60 are used, each of the NOM is woven entirely in one or more of the Parties.	In spite of the high utilization rates, there are still significant amounts of trade receiving MFN treatment.	The PSRO requires manufacturing from woven fabrics. It may be the case that the garments have been assembled from parts of garments in the same chapter. To be further investigated	There is a need to further discuss the possible reasons for the amount of trade receiving MFN treatment that may be due to the PSRO or related administrative requirement such as documentary evidence of direct shipment requirement	

Annex I - Japan GSP Product Specific Rules of Origin (con't)



HS Code	Description	Value of Imports (USD thousands)								UR (%)		Rules of Origin		Comments on GSP PSRO	Technical Elements	Suggested Best RoO Practice
		Dutiable	GSP Covered	Received under			GSP	EPA	UR (%)	EPA	GSP	ASEAN-JPN				
				GSP	EPA	MFN										
(1)	(2)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)			
0304	Fish fillets and other fish meat	19,947	19,947	10,230	0	9,717	51	0	Manufactured from products other than those of Chapter 3	CC	This rule practically requires that all products of chapter 3 are wholly obtained and practically disregard a number of working or processing operation that may be carried out within the chapter such as filleting, making flours, or pellets out of crustaceans.	Filleting of fish should be considered as a substantial transformation. Further investigation has to be carried out on the reason for relatively low utilization. In any case it may be observed that making flours and smoke crustaceans should be considered a substantial transformation	There is need to further discuss the reasons for relatively low utilization and reform the actual RoO accordingly			
0306	Crustaceans	68,983	68,983	60,868	106	8,009	88	0								
6307	Other made up articles incl. dress patterns	23,962	23,962	5,912	10,697	7,353	25	45	Manufactured from chemical products, from products of heading 47.01 to 47.06, or 50.01, or from natural textile fibres (excluding raw silk), manmade staple fibres or textile fibre waste	CC, s.t., where NOM of heading 50.07, 51.11 through 51.13, 52.08 through 52.12, 53.09 through 53.11, 54.07 through 54.08, 55.12 through 55.16 or chapter 60 are used, each of the NOM is woven, or KoC entirely in one or more of the Parties.	The rule is basically requiring a double transformation requirement: the making up of fabrics and the making of the textile articles from fabrics	Double transformation requirements are obsolete and do not respect real value chains commercially meaningful	Making up from fabric or Manufacture in which the value of all the no-originating materials used does not exceed 70 of the ex-works price of the product			
6306	Tarpaulins, awnings and sunblinds	7,226	7,226	0	437	6,789	0	6								

Annex I - Japan GSP Product Specific Rules of Origin (con't)



HS Code	Description	Value of Imports (USD thousands)								UR (%)		Rules of Origin		Comments	Technical Elements	Suggested Best RoO Practice
		Dutiable	GSP Covered	Received under			GSP	EPA	UR (%)	EPA	GSP	ASEAN-JPN				
				GSP	EPA	MFN										
(1)	(2)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)			
6406	Footwear; parts of footwear	7,560	0	0	1,037	6,523	0	14	Manufactured from products of the different tariff heading (excluding heading 64.06) of the products	CC	It is clear that this PSRO is overly stringent for parts of shoes as already contained in the former submission.	Assembly of parts of shoes into shoes is a substantial transformation	Manufacture from materials of any heading, except from assemblies of uppers affixed to inner soles or to other sole components of heading 6406 (EU rules of origin for LDCs)			
6403	Footwear; with outer soles	211,056	211,056	164,668	40,248	6,140	78	19			For footwear products, the utilization rate could be improved.					
6203	Suits (Men/Boys)	560,990	560,990	534,362	958	5,670	99	0	Manufactured from woven fabrics, felt, nonwovens, KoC fabrics or lace of Chapter 50 to 56 or 58 to 60	CC, s.t., where NOM of heading 50.07, 51.11 through 51.13, 52.08 through 52.12, 53.09 through 53.11, 54.07 through 54.08, 55.12 through 55.16 or chapter 60 are used, each of the NOM is woven entirely in one or more of the Parties.	In spite of the high utilization rates, there are still more than five million USD of trade receiving MFN treatment.	The PSRO requires manufacturing from woven fabrics. It may be the case that the garments have been assembled from parts of garments in the same chapter. To be further investigated	There is a need to further discuss the possible reasons for the amount of trade receiving MFN treatment that may be due to the PSRO or related administrative requirement such as documentary evidence of direct shipment requirement			

## Conclusion and Way Forward



- This presentation outlines that while the utilization rates of Japan are relatively high (over 80% over the last decade) there are still pockets of underutilization that need to be addressed
- The LDC group invites Japan to undertake the necessary steps to carry out the necessary reforms to liberalize the rules of origin to generate further trade effects and improve utilization rates bringing them into conformity with the Nairobi Decision, as contained in Paragraphs 1.2 and 1.4.
- The LDCs are ready to further discuss and elaborate on the materials presented in the present and previous submissions



7 October 2021

(21-7545)

Page: 1/1

**Committee on Rules of Origin**

Original: English

**TAKING NOTE OF THE IMPLEMENTATION OF THE BALI AND NAIROBI MINISTERIAL  
DECISIONS AT MC-12**

SUBMISSION BY THE LDC GROUP

The following submission, dated 6 October 2021, is being circulated at the request of Tanzania, on behalf of the LDC Group.

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The LDC Group would like to submit the draft text below for discussion in the next CRO meeting on 14 October 2021. The text would be inserted in the MC12 Ministerial Declaration. The text emanates from our previous submissions on the implementation of the Nairobi Decision.

"Members reaffirm their commitment and shared responsibility to identifying and addressing the specific challenges that LDCs face in complying with rules of origin and origin requirements to effectively use trade preferences.

Towards that end, we instruct the Committee on Rules of Origin to redouble its efforts to implement the Nairobi Ministerial Decision with a view to facilitating export growth from LDCs, further explore the linkages between existing origin requirements and the utilization of trade preferences, adopt best practices on preferential rules of origin and related administrative requirements. The result of such work program should be reported to the next Ministerial Conference."

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**Committee on Rules of Origin**

**DRAFT**

**REPORT (2021) 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. The CRO discussed several matters related to preferential rules of origin for LDCs in its two meetings held in 2021 (on 20 May and on 14 October). The minutes of these meetings are contained in documents G/RO/M/76 and [G/RO/M/77] respectively. The following are some of the recent developments Members took note of:

Transparency (notifications)

- Members have detailed information about preferential rules of origin and origin requirements for LDCs. Almost all preference-granting Members have submitted a notification using the agreed notification template (G/RO/84). The United Kingdom has submitted a notification describing its preferential rules of origin in February 2021. A notification about preferential rules of origin applied to LDCs is only missing for the schemes of Armenia, Iceland and Morocco.
- These notifications and detailed information about these preferential origin requirements can be accessed, at the tariff-line level, through the WTO, ITC and WCO "Origin Facilitator" ([www.findrulesoforigin.org](http://www.findrulesoforigin.org))
- 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 and preferential tariffs and imports by Iceland (2010-2019) and by Turkey (2010-2020). No statistics or partial statistics only continue to be available for some preference-granting Members: Armenia; China; Iceland; India; Kazakhstan; Kyrgyz Republic; Montenegro; Morocco; New Zealand; and Russian Federation and Tajikistan. Document G/RO/W/163/Rev.9 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>).

Recent developments

- The European Union updated<sup>1</sup> Members on the implementation of the self-certification system for registered exporters (Registered Exporter system, REX, also used by Norway, Switzerland and Turkey). The system is a trade facilitating tool as it allows exporters to declare the origin of the goods without the need to request a certificate of origin form designated third-party authorities. According to the EU, a few least-developed countries had not yet completed the

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<sup>1</sup> The presentation was circulated in document RD/RO/95.

necessary procedures to transition to this new system and were therefore not able to utilize trade preferences in the EU for the moment.

- The United Kingdom explained that its General System of Preferences (GSP) had been launched successfully. The delegation also reported that it was in the process of reviewing its preferential rules of origin with a view to simplifying them. Members, and specially LGCs, were encouraged to provide comments in a consultative process which had been launched.
- A representative of UNCTAD made a presentation regarding the newly developed website (<https://gsp.unctad.org/home>) and database on the utilization of preferential schemes. Three main search options were possible for the database, namely: i) utilization by product; (ii) top products imported from a beneficiary; and (iii) utilization by country. As noted, the methodology for calculation of utilization rates was similar to the one applied by the WTO.

#### Stocktaking of implementation of the Bali and Nairobi Ministerial Decisions

- Tanzania (on behalf of the LDC Group) indicated that document G/RO/W/194 had been prepared on the occasion of the 5<sup>th</sup> anniversary of the Nairobi Ministerial Decision. It acknowledged progress made on transparency but noted that restrictive rules of origin and origin requirements continued to be used by many preference-granting Members in several cases.

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

- Members considered a note (G/RO/W/204) by the Secretariat on "Utilization of Trade Preferences by Least Developed Countries: 2015-2019 Patterns and Trends". Thanks to better data availability, the Secretariat analysed trends in utilization rates over a five-year period. The note confirmed that underutilization could be significant for some preferential schemes and some sectors. It also confirmed that the ability to utilize trade preferences varied greatly from one LDC to another. Finally, it had shown that that landlocked LDCs faced greater challenges in utilizing trade preferences: while there had been a slight improvement in the level of preference utilization by LDCs with sea access, a noticeable deterioration in utilization could be observed for landlocked LDCs.
- On 19 May, members participated in a webinar on "What Drives the Utilization of Trade Preferences" organized by the Secretariat. The webinar was an opportunity to review the research conducted so far by the Secretariat on the utilization of trade preferences by LDCs. In addition, it was also an opportunity to learn more about research being conducted by other institutions on the linkages between rules of origin and the utilization of trade preferences. Finally, the workshop also offered Members an opportunity to learn from each other's experiences in monitoring the utilization of trade preferences and working with the private sector to train operators on origin requirements and promote a fuller utilization of trade preferences. The programme, presentations and video recording of an event can be accessed through the rules of origin page of the WTO website ([https://www.wto.org/english/tratop\\_e/roi\\_e/preference\\_utilization\\_190521\\_e.htm](https://www.wto.org/english/tratop_e/roi_e/preference_utilization_190521_e.htm)).

#### Annual review of implementation

- The report of the CRO to the General Council was considered and adopted on 14 October 2021.
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1 June 2021

(21-4542)

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:

**INDONESIA**

**A. PREFERENTIAL RULES OF ORIGIN**

Indonesia maintains Preferential Rules of Origin under the following Agreements:

1. ASEAN - Australia - New Zealand<sup>1</sup>;
2. ASEAN - China<sup>2</sup>;
3. ASEAN - Hongkong<sup>3</sup>;
4. ASEAN - India<sup>4</sup>;
5. ASEAN - Japan<sup>5</sup>;
6. ASEAN - Korea, Republic of<sup>6</sup>;
7. ASEAN Free Trade Area (AFTA)<sup>7</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).

<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 Regional Trade Agreements (CRTA) on 10 February 2021 (document WT/REG448/N/1).

<sup>4</sup> The Agreement has been notified to the Committee on Trade and Development (CTD) on 19 August 2010 (document WT/COMTD/N/35).

<sup>5</sup> The Agreement has been notified to the Committee on Regional Trade Agreements (CRTA) on 23 November 2009 (document WT/REG277/N/1).

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

<sup>7</sup> The Agreement has been notified to the GATT on 19 August 1977 (document L/4581).

8. Indonesia – Chile<sup>8</sup>;
  9. Global System of Trade Preferences among Developing Countries (GSTP)<sup>9</sup>;
  10. Indonesia – Australia<sup>10</sup>;
  11. Indonesia – Pakistan<sup>11</sup>;
  12. Japan – Indonesia<sup>12</sup>.
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<sup>8</sup> The Agreement has been notified to the Committee on Regional Trade Agreements (CRTA) on 1 April 2020 (document WT/REG403/N/1).

<sup>9</sup> The Agreement has been notified to the GATT on 21 March 1990 (document L/6564/add.1).

<sup>10</sup> The Agreement has been notified to the Committee on Regional Trade Agreements (CRTA) on 27 January 2021 (document WT/REG446/N/1).

<sup>11</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>12</sup> The Agreement has been notified to the Committee on Regional Trade Agreements (CRTA) on 27 June 2008 (document WT/REG241/N/1).

12 July 2021

(21-5478)

Page: 1/4

**Committee on Rules of Origin**

Original: English

**NOTIFICATION UNDER ARTICLE 5 TO 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. With reference to these rules, the following notification has been received:

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

Non-preferential rules are provided for under sections 309-311 of the Customs Act of 2018<sup>1</sup>. These provisions cover the wholly produced rules adopted from the World Trade Organization (WTO) Rules of Origin Agreement and the rule for manufactured goods. These prescribe that the goods should be substantially transformed in the exporting country.

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<sup>1</sup> Reproduced as an Annex to this document.

**ANNEX**

**CUSTOMS ACT, 2018**



**No. 33**

**of 2018**

**ARRANGEMENT OF SECTIONS**

**SECTION**

**PART I - Preliminary**

1. Short title
  2. Interpretation
  3. Territorial application
  4. Application of this Act in relation to SACU member states
- PART II – Powers and Duties of Commissioner General**

5. Powers and duties of Commissioner General
6. Identification of customs officers
7. Ethics
8. Customs controls
9. Types of customs controls
10. Use of risk management
11. Audit-based customs controls
12. Right to inspect goods, means of transport etc.
13. Right and interview
14. Right to stop and search means of transport
15. Right of access to areas, premises and facilities
16. Request for information
17. Search of persons
18. Internal bodily search
19. Reporting of personal searches
20. Right to detain or seize goods, etc.
21. Duty to comply with demands of customs officer
22. No right to compensation
23. Disclosure of confidential information
24. Cooperation between Government agencies
25. Authority to participate in controlled deliveries

**PART III – General Provisions**

26. *A: Right of representation*  
Representation before Revenue Services
27. *B: Information of general nature*  
Information to be made readily available
28. *C: Decisions relative to application of customs legislation*  
Revocation or modification of decision

- (2) The Rules of Origin shall provide for –
- (a) the determination of the origin of all imported into or exported from Botswana; and
  - (b) the establishment or recognition, as appropriate, and the application of –
    - (i) Non-Preferential Rules of Origin of all goods imported into or exported from Botswana, except those goods that benefit from Preferential Rules of Origin, and
    - (ii) Preferential Rules of Origin for determining –
      - (aa) the origin of goods imported into or exported from Botswana when such determination is necessary for purposes of preferential treatment as the result of an applicable bilateral or multilateral trade agreement and for determining in relation to a country or territory implementing a non- reciprocal Generalized System of Preferences, and
      - (bb) the Origin of goods exported from Botswana to that country or territory when such determination is necessary for purposes of preferential tariff treatment claims under that system of preferences.

*C – Non-Preferential Origin of Goods*

- 309.** (1) Non-Preferential Rules of Origin shall consist of –
- (a) the Rules contained in this paragraph; and
  - (b) Any Rules of Origin made under the WTO Agreement on Non-Preferential Rules of Origin.
- (2) In the event of an inconsistency between the Rules referred to in paragraphs (a) and (b), the Rules of Origin referred to in paragraph (b) shall prevail.
- 310.** (1) The Revenue Service shall consider goods to originate in a country or territory if the goods have been wholly obtained or produced in that country or territory.
- (2) The terms "goods wholly obtained or produced" in a country or territory include –
- (a) mineral products extracted from the soil of the country or territory, from its territorial water or from its sea-bed;
  - (b) fruit or vegetable products harvested or gathered in that country or territory;
  - (c) live animals born and raised in that country or territory;
  - (d) products obtained from hunting or fishing in that country or territory;
  - (f) products obtained by maritime fishing and other products taken from the sea by a vessel of that country or territory;
  - (g) products obtained aboard a factory ship of that country or territory solely from products of the kind covered by paragraph (f);

Non-  
preferential  
Rules of Origin

Goods wholly  
obtained or  
produced in  
country

- (h) products taken from the seabed or subsoil beneath the seabed outside the territorial sea provided that country or territory has exclusive rights to exploit that seabed or subsoil;
- (i) waste and scrap from manufacturing and processing operations, and used articles, collected in that country or territory and fit only for the recovery of raw materials; and
- (j) goods produced in that country or territory solely from the products referred to in the paragraphs (a) to (i).
- 311.** Goods whose production was undertaken in more than one country or territory shall be deemed by Revenue Service to originate in the country where they underwent their last substantial processing or working, resulting in the manufacture of a new product or representing an important stage of manufacture.
- 312.** Accessories, spare parts and tools for use with a machine, appliance, apparatus or vehicle shall be deemed by Revenue Service to have the same origin as the machine, appliance, apparatus or vehicle, if –
- (a) they are imported and normally sold with the machine, appliance, apparatus or vehicle; and
- (b) they correspond, in kind and in quantity, to the normal equipment of machines, appliances, apparatuses or vehicles of that kind.
- 313.** An unassembled or disassembled article which is imported in more than one consignment because it is not feasible, for transport or production reasons, to import it in a single consignment shall, if the importer so requests, be treated by Revenue Service as one article for the purpose of determining origin
- 314.** (1) The packaging in which goods are contained shall be deemed by Revenue Service to have the same origin as the goods they contain.
- (2) Subsection (1) shall not apply to packaging required to be declared separately for tariff purposes, where duties and taxes are payable separately from goods contained in the packaging.
- 315.** When determining the origin of goods, Revenue Service shall not take into account the origin of any energy, plant, machinery or tools used in the manufacturing or processing of the goods.
- D – Proof of origin*
- 316.** (1) The Revenue Service may require proof of origin of goods for –
- (a) preferential tariff treatment;
- (b) economic or trade measures adopted nationally or under bilateral or multilateral agreements;
- (c) considering or making an origin determination or re-determination regarding such goods;
- (d) measures in relation to public health or public order;
- (e) combating fraud or the evasion of duties and taxes; or
- (f) statistical purposes.



13 October 2021

(21-7757)

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; THE UNITED KINGDOM; AND THE UNITED STATES

*Revision\**

The following communication, dated 13 October 2021, 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.

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\* The only change to the previous version is the inclusion of the United Kingdom as co-sponsor.

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* * If your answer is 'No', the subsequent questions of this Annex do not need to be completed
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>	

**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:	

<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>	

## 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.



**Committee on Rules of Origin**

**TWENTY SEVENTH 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 27<sup>th</sup> 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. Sulaiman SATARI (Afghanistan) was elected Chairperson of the Committee in July 2021. He followed Mr. Han-Ming HUANG (Chinese Taipei) as a Chairperson of the Committee. Mrs Laura GAUER (Switzerland) was elected Vice-Chairperson of the Committee in September 2021.

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

5.1 The CRO held two formal meetings in 2021: on 20 May and on 14 October. The minutes of these meetings are contained in documents G/RO/M/76 and [G/RO/M/77] respectively.

**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: first ever notifications were received by Tonga (G/RO/N/213), Saint Kitts and Nevis (G/RO/N/216) and Botswana (G/RO/N/227) and updated notifications from the Russian Federation (G/RO/N/207) and Albania (G/RO/N/209). The United Kingdom (G/RO/N/214) submitted its notification on the application of non-preferential rules of origin (G/RO/N/214).

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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.

6.2 As a result of these notifications and updated information, 52 WTO Members have notified the Secretariat that they apply non-preferential rules of origin (counting the EU and its member states as one). Sixty-two WTO Members have informed the Secretariat that they do not apply any non-preferential rules of origin. The remaining 22 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 three 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, 21 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.9.

## **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 2021.

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 2021. 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). Despite broadening support for this proposal, additional consultations will be needed with some delegations who have raised some questions about it.

## **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. On 30 October 2020, the delegation of Hong Kong, China, requested consultations with the delegation of the United States pursuant to Articles 1 and 4 of the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU) and Article 7 of the Agreement on Rules of Origin (WT/DS597/1; G/RO/D/8). The request for consultations cites, *inter alia*, Articles 2(c); 2(d), and 2(e) of the Agreement on Rules of Origin. A panel was composed on 29 April 2021 and dispute settlement procedures are underway.

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

11.1. On 19 May, members participated in a webinar on "What Drives the Utilization of Trade Preferences" organized by the Secretariat. The webinar was an opportunity to review the research conducted so far by the Secretariat on the utilization of trade preferences by LDCs. In addition, it was also an opportunity to learn more about research being conducted by other institutions on the linkages between rules of origin and the utilization of trade preferences. Finally, the workshop also offered Members an opportunity to learn from each other's experiences in monitoring the utilization of trade preferences and working with the private sector to train operators on origin requirements and promote a fuller utilization of trade preferences. The programme, presentations and video recording of an event can be accessed through the rules of origin page of the WTO website.

11.2. Delegations also considered a note prepared by the Secretariat (G/RO/W/204) which examined the utilization of trade preferences by LDCs in a five-year period (2015-2019). The note confirmed that *underutilization* could be significant for some preferential schemes and some sectors. It also confirmed that the ability to utilize trade preferences varied greatly from one LDC to another. Finally, it had shown that that landlocked LDCs faced greater challenges in utilizing trade preferences: while there had been a slight improvement in the level of preference utilization by LDCs with sea access, a noticeable deterioration in utilization could be observed for landlocked LDCs.

11.3 As required by the 2013 and 2015 Ministerial Decisions on preferential rules of origin for LDCs (WT/L/917 and WT/L/917/Add.1 respectively), a separate report on recent developments in this area was prepared for the General Council (G/RO/W/207).

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

12.1. The annual report of the CRO to the Council for Trade in Goods was considered and adopted by the CRO on 14 October 2021 (G/RO/W/208).

## 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
	G/RO/N/209	11.01.2021	1. <a href="http://www.dogana.gov.al/dokument/3019/origjina-jo-preferenciale-kd">http://www.dogana.gov.al/dokument/3019/origjina-jo-preferenciale-kd</a> 2. <a href="http://www.dogana.gov.al/dokument/3018/origjina-jo-preferenciale-dz">http://www.dogana.gov.al/dokument/3018/origjina-jo-preferenciale-dz</a> 3. <a href="http://www.dogana.gov.al/dokument/3023/aneksi-22-14-shtojca-b">http://www.dogana.gov.al/dokument/3023/aneksi-22-14-shtojca-b</a> 4. <a href="http://www.dogana.gov.al/dokument/3022/aneksi-22-09-shtojca-b">http://www.dogana.gov.al/dokument/3022/aneksi-22-09-shtojca-b</a>
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/Atos/2011-2014/2011/Lei/L12546.htm">http://www.planalto.gov.br/ccivil_03/Atos/2011-2014/2011/Lei/L12546.htm</a>
7. Botswana	G/RO/N/227	12.07.2021	Sections 309-311 annexed in document
8. Burkina Faso	G/RO/N/19	23.01.1998	n/a
9. Canada	G/RO/N/1	09.05.1995	n/a
	G/RO/N/1/Add.1	22.06.1995	Scanned copy available
10. 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
11. 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_637_DEL_11_DE_ABRIL_DE_2018.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>
12. Cuba	G/RO/N/3	27.07.1995	Scanned copy available
	G/RO/N/125	13.01.2015	Scanned copy available
13. 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
14. Georgia	G/RO/N/37	03.06.2002	n/a
	G/RO/N/37 Rev.1	02.08.2002	Scanned copy available
15. 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	

<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		
16. 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>
17. Japan	G/RO/N/1	09.05.1995	n/a
	G/RO/N/1/Add.1	22.06.1995	Scanned copy available
18. Jordan	G/RO/N/30	21.11.2000	Scanned copy available
19. 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>
20. 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>
21. 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
22. Lao People's Dem. Rep.	G/RO/N/96	24.07.2013	Scanned copy available
23. Lesotho	G/RO/N/56	27.05.2008	n/a
24. 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>
25. Madagascar	G/RO/N/11	10.09.1996	Scanned copy available
26. Mexico	G/RO/N/12	01.10.1996	n/a
27. 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
28. 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 law and Customs Tariff and Tax law.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>
29. 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.upravacarina.gov.me/ResourceManager/FileDownload.aspx?rid=230824&amp;rType=2&amp;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&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.upravacarina.gov.me/ResourceManager/FileDownload.aspx?rid=385912&amp;rType=2&amp;file=Uredba%20za%20sprov.odjenje%20car.%20zakona%202019.pdf">http://www.upravacarina.gov.me/ResourceManager/FileDownload.aspx?rid=385912&amp;rType=2&amp;file=Uredba%20za%20sprov.odjenje%20car.%20zakona%202019.pdf</a>
30. Morocco	G/RO/N/2	22.06.1995	n/a
31. New Zealand	G/RO/N/1	09.05.1995	n/a
	G/RO/N/1/Add.1	22.06.1995	n/a
32. Niger	G/RO/N/19	23.01.1998	n/a

Member	HAVE NP RO	Date	Link to the legislation / scanned copy of the legislation
	Document Symbol		
33. 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>
34. 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>
35. 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
36. Qatar	G/RO/N/25	13.04.1999	n/a
37. 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> <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	
	G/RO/N/207	2.11.2020	
38. 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>
39. 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>
40. Seychelles	G/RO/N/141	02.05.2016	Description of obligations available in the notification & scanned copy available
41. South Africa	G/RO/N/3	27.07.1995	Scanned copy available
42. 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
43. 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>
44. Chinese Taipei	G/RO/N/37	03.06.2002	n/a
	G/RO/N/37 Rev.1	02.08.2002	Scanned copy available
45. Togo	G/RO/N/70	16.06.2011	n/a
46. Tunisia	G/RO/N/7	12.02.1996	Scanned copy available
	G/RO/N/61	19.02.2009	Scanned copy available

Member	HAVE NP RO	Date	Link to the legislation / scanned copy of the legislation
	Document Symbol		
47. Turkey	G/RO/N/8	05.03.1996	Scanned copy available
	G/RO/N/28	30.05.2000	Scanned copy available
48. Ukraine	G/RO/N/57	07.07.2008	n/a
	G/RO/N/81	10.08.2012	Scanned copy available
49. 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
50. United Kingdom	G/RO/N/214	23.02.2021	<a href="https://www.legislation.gov.uk/ukpga/2018/22/contents/enacted">https://www.legislation.gov.uk/ukpga/2018/22/contents/enacted</a> <a href="https://www.legislation.gov.uk/uksi/2020/1433/contents/made">https://www.legislation.gov.uk/uksi/2020/1433/contents/made</a> <a href="https://www.gov.uk/government/publications/referen ce-document-for-the-customs-origin-of-chargeablegoods-eu-exit-regulations-2020">https://www.gov.uk/government/publications/referen ce-document-for-the-customs-origin-of-chargeablegoods-eu-exit-regulations-2020</a>
51. 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
52. Yemen	G/RO/N/140	08.04.2016	Original available
53. 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 NPROO	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	09.05.1995
	G/RO/N/1/Add.1	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	10.12.2003
	G/RO/N/42/Rev.1	12.09.2016
24. Haiti	G/RO/N/20/	14.05.1998
	G/RO/N/20/Rev.1	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	09.05.1995
	G/RO/N/1/Add.1	22.06.1995
28. Israel	G/RO/N/13	19.11.1996
	G/RO/N/163	15.02.2018

Member	Do NOT apply NPRO	Date
	Document Symbol	
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	11.07.2014
	G/RO/N/146	12.09.2016
38. Mauritius	G/RO/N/1	09.05.1995
	G/RO/N/1/Add.1	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
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. Saint Kitts and Nevis	G/RO/N/216	23.02.2021
51. Saudi Arabia, Kingdom of	G/RO/N/48	08.11.2006
52. Singapore	G/RO/N/3	27.07.1995
53. Sri Lanka	G/RO/N/178	28.11.2018
54. Tonga	G/RO/N/213	04.02.2021
55. Thailand	G/RO/N/1	09.05.1995
	G/RO/N/1/Add.1	22.06.1995
56. Trinidad and Tobago	G/RO/N/7	12.02.1996
57. Uganda	G/RO/N/13	19.01.1996
58. United Arab Emirates	G/RO/N/13	19.11.1996
	G/RO/N/17	10.04.1997
59. Uruguay	G/RO/N/12	01.10.1996
60. Vanuatu	G/RO/W/189	13.12.2019
61. Viet Nam	G/RO/N/68	22.02.2011
	G/RO/N/79	01.06.2012
62. 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              | 11. Grenada                          | 21. Tajikistan |
| 2. Bahrain, Kingdom of              | 12. Guinea                           | 22. Tanzania   |
| 3. Bangladesh                       | 13. Guinea Bissau                    |                |
| 4. Barbados                         | 14. Mauritania                       |                |
| 5. Cabo Verde                       | 15. Mozambique                       |                |
| 6. Central African Republic         | 16. Nigeria                          |                |
| 7. Democratic Republic of the Congo | 17. Saint Lucia                      |                |
| 8. Djibouti                         | 18. Saint Vincent and the Grenadines |                |
| 9. Egypt                            | 19. Sierra Leone                     |                |
| 10. Gabon                           | 20. Solomon Islands                  |                |

**Committee on Rules of Origin**

**DRAFT**

**REPORT (2021) OF THE COMMITTEE ON RULES OF ORIGIN  
TO THE COUNCIL FOR TRADE IN GOODS**

1. This report summarises the work of the Committee on Rules of Origin (CRO) throughout 2021. 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 2021: on 20 May and on 14 October. The minutes of these meetings are contained in documents G/RO/M/76 and [G/RO/M/77] respectively. Mr. Sulaiman SATARI (Afghanistan) was elected Chairperson of the CRO in July 2021 and Mrs Laura GAUER (Switzerland) was elected vice-Chairperson in September 2021. The work of the Committee continued to be structured around two broad issues: (1) non-preferential rules of origin; and (2) preferential rules of origin for LDCs.

3. On non-preferential rules of origin, the Committee did not hold specific discussions related to the Harmonization Work Programme (HWP), launched in 1995 in accordance with Article 9.2(a) of the Agreement on Rules of Origin. Members have expressed diverse visions regarding the implications that harmonized rules of origin could have for other trade policy instruments ("core policy issues"). Therefore, the negotiations have not seen much development since 2007.

4. Instead, Members have been focusing on improving their understanding and knowledge about national practices related to non-preferential rules of origin. In this regard, a proposal to "enhance transparency on non-preferential rules of origin" (G/RO/W/182/Rev.3) has been on the Committee's agenda for almost three years. In 2021, consultations were held between proponents of the draft decision and certain members. Despite progress, additional consultations need to be held on the proposal.

5. With respect to preferential rules of origin, the Committee continued its practice of reviewing the implementation of the Bali and the Nairobi Ministerial Decisions on preferential rules of origin for least developed countries (LDCs) (WT/L/917 and WT/L/917/Add.1).

6. In this context, preference-granting members presented the latest developments regarding their preferential rules of origin for LDCs. The representative of the United Kingdom recalled the successful launch of the General System of Preferences (GSP) and underlined the importance of further simplification of rules of origin. In this regard, members, specially LDC partners, were invited to share insights on how to make such improvements. The representative of the European Union gave updates on the implementation of the REX system.

7. The WTO secretariat presented note (G/RO/W/204) on "Utilization of Trade Preferences by Least Developed Countries: 2015-2019 Patterns and Trends".

8. Members heard a presentation by the UNCTAD regarding a new website and database on the utilization of GSP schemes (<https://gsp.unctad.org/home>).

9. Finally, on 19 May, members participated in a webinar on "What Drives the Utilization of Trade Preferences" organized by the Secretariat. The webinar was an opportunity to review the research conducted so far by the Secretariat on the utilization of trade preferences by LDCs. In addition, it was also an opportunity to learn more about research being conducted by other institutions on the

linkages between rules of origin and the utilization of trade preferences. Finally, the workshop also offered Members an opportunity to learn from each other's experiences in monitoring the utilization of trade preferences and working with the private sector to train operators on origin requirements and promote a fuller utilization of trade preferences. The programme, presentations and video recording of an event can be accessed through the rules of origin page of the WTO website.

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