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**REPORT (2017) OF THE COMMITTEE ON RULES OF ORIGIN
TO THE COUNCIL FOR TRADE IN GOODS**

1. This report is being submitted to the Council for Trade in Goods in accordance with Article 6.1 of the Agreement on Rules of Origin (the Agreement), 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 Committee shall annually inform the Council for Trade in Goods of developments during the period covered by such reviews."

2. The Committee on Rules of Origin (CRO) held two formal meetings in 2017: on 2 March and on 4 October under the chairmanship of Mr. Chih-Tung CHANG (Chinese Taipei) and of Mr. Gerald PAJUELO (Peru) respectively. One "information session" on non-preferential rules of origin was also held on 2 March and a number of informal consultations were organized throughout 2017. At its meeting of 4 October, the CRO conducted the twenty-third review of the implementation and operation of the Agreement and also conducted a yearly review of developments with relation to preferential rules of origin for LDCs.

3. With relation to non-preferential rules of origin, the Committee did not hold discussions specifically related to the Harmonization Work Programme (HWP). The HWP, mandated under Part IV of the Agreement, has been stalled since 2007 due to divergences on a number of "core policy issues". As noted in the 2013 Report of the CRO to the Council for Trade in Goods (G/L/1047), Members hold different views regarding the need to finalize or not the HWP.

4. Pending the continuation of the HWP, the Committee pursued its "educational exercise" and held, in March 2017, another "information session" on non-preferential rules of origin. Following that session, the Chairman invited Members to reflect on the main messages which emerged from this educational exercise and to explore alternatives to take forward the work of the Committee on non-preferential origin matters. Additional sessions may be organized in the future depending on Members' needs.

5. With respect to preferential rules of origin, the Committee advanced significantly in the implementation of the 2015 Ministerial Decision on preferential rules of origin for least developed countries (LDCs) (WT/L/917/Add.1). In particular, the Committee took note of reports by several preference-granting Members about the "efforts being made" to implement the Decision. It also adopted a template for the notification of preferential rules of origin for LDCs (G/RO/84) and considered the information submitted by several preference-granting Members. Members discussed several aspects related to preferential rules of origin in dedicated agenda items. Furthermore, The Committee adopted a methodology for the calculation of preferential utilization rates and considered a report by the Secretariat on the matter.

6. Finally, the CRO conducted its yearly review of new developments in preferential rules of origin for LDCs according to the requirements of Ministerial Decision. As mandated by the Ministerial Decision, the Committee adopted a report of such review for the General Council (G/RO/85) and will also inform the Sub-Committee on LDCs accordingly.