

## REPORT (2007) 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 (CTG) in accordance with Article 6.1 of the Agreement on Rules of Origin (the Agreement), which provides as follows:

"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 one meeting 25 October 2007. The CRO re-elected Ms. Vera Thorstensen (Brazil) as Chairperson and Mr. Yoshitomo Kondo (Japan) as Vice-Chairman for 2007. Observer governments in the General Council of the WTO have observer status in the CRO. In addition, representatives of the ACP, EFTA, IADB, IMF, ITCB, OECD, UNCTAD, WCO and the World Bank attend meetings of the CRO in the capacity of observers.

3. With regard to the work under Part II of the Agreement, the CRO discussed the issue "transitional review under paragraph 18 of the Protocol of Accession of the People's Republic of China" (G/RO/64).

4. With regard to the work under Part III of the Agreement, the CRO, took note of the notifications under Article 5 and paragraph 4 of Annex II of the Agreement (G/RO/N/47-55). To date 77 Members have made notifications of non-preferential rules of origin and 83 Members have made notifications of preferential rules of origin. The Chairperson expressed concern that a number of Members had not yet complied with the notification requirements. She urged Members who had not yet notified to do so as early as possible.

5. The Chairperson of the CRO, at the request and on behalf of the Chairman of the General Council, has conducted intense consultations with Members in order to resolve the 94 core policy issues with regard to the Harmonization Work Programme under Part IV of the Agreement. The General Council, at its meetings on 27 July 2007, recognized that, although important progress had been made over the last year, delegations in the CRO felt that the difficulties they had encountered on the "implications" issue and in the sector of machinery was such that guidance from the General Council was now warranted on how to take these issues forward. The recommendation of delegations in the CRO was that work on these issues be suspended until such guidance from the General Council would be forthcoming. The General Council then agreed that, in the meantime, the CRO continue its work with a view to resolving all technical issues, including the technical aspects of the overall architecture, as soon as possible. The CRO, at its meeting on 25 October 2007, discussed 42 technical issues (G/RO/W/111 and JOB(07)/84/Rev.1).

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