

REPORT (2000) OF THE COMMITTEE ON RULES OF ORIGIN TO THE COUNCIL FOR TRADE IN GOODS¹

1. The Committee on Rules of Origin (CRO) held eight meetings on 16 November 1999, on 28 January, 18 February, 14 April, 23 June, 18 July, 29 September and 3 November 2000 (G/RO/M/26-33). At its meeting in June the CRO elected Mr. Sándor Simon (Hungary) as Chairman and Mr. Ho-Young Ahn (Korea) as Vice-Chairman for 2000. 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 were invited to attend meetings of the CRO in an observer capacity.

2. The Harmonization Work Programme (HWP) for non-preferential rules of origin, set out in Part IV of the Agreement, was to be completed within three years of its initiation, i.e. by 20 July 1998. This work could not be completed by then and in July 1998, the CRO agreed to make its best endeavours to complete it by November 1999. At its meeting in November 1999, the CRO considered that very useful work and substantial progress had been made since July 1998. However, the remaining work could still not be completed and Members introduced various proposals for completing the HWP. There were differing views amongst Members on whether, the CRO should make a recommendation on the deadline for completion of the HWP, noting that the Third Ministerial Meeting would be considering this matter. One Member proposed that the CRO make a recommendation on the deadline for completion of the HWP by 31 July 2000. While Members agreed that establishing a deadline was useful for completing the work programme, they considered that a deadline had to be realistic and achievable and that the results of the HWP should be a quality product. Without prejudice to the Members' position on the deadline, it was agreed that, in the meantime, the CRO should develop its management plan for completing the remaining work. The CRO made a progress report to the Council for Trade in Goods (G/RO/42). At its meeting in January 2000, the CRO agreed to the Notional Work Programme for 2000 (G/RO/M/27);

3. At its meetings in November 1999, in February, April, June, September and November 2000, the CRO continued discussion of a deadline for the completion of the work programme on harmonizing rules of origin (G/RO/M/26, 28-33). Pursuant to the consultations mandated by the CRO, the Chairman, at the meeting of the CRO in September 2000, suggested as the new deadline the Fourth Session of the Ministerial Conference, or at the latest, the end of 2001. There was growing support for this suggestion and the CRO mandated the Chairman to continue these consultations. The CRO, at its meeting in November 2000, took note of the communication of the Chairman of the General Council to the Chairman of the CRO regarding discussions on implementation in the General Council Special Session of 18 October 2000 relating to rules of origin issues. The communication mentioned that the following elements had emerged which might form a basis on which to deal with this issue:

- First, to consider as the new deadline the Fourth Session of the Ministerial Conference, or at the latest the end of 2001, as has been suggested by the Chairman of the Committee;

¹ This report covers the period November 1999-November 2000.

- Second, to urge Members to exercise the political will necessary to expedite the remaining work on harmonizing non-preferential rules of origin; and
- Third, to request the Chairman of the Committee to report to the General Council, on his own responsibility, on the progress of work in the Committee; the first such report would be submitted to the Council at its first regular meeting next year, and subsequently at each regular meeting until the completion of the work programme.

The CRO agreed that informal consultations on this matter would continue, and to revert to this issue at the December meeting.

4. Substantial work on the HWP continued on the basis of the notional work programme during January - November 2000 in the CRO. The CRO:

- discussed the remaining issues relating to the overall architecture of the harmonized rules of origin, drawing upon the technical work forwarded by the TCRO and additional contributions made by Members. Consensus has been reached on General Rules 1, 3, 6 and 7; Definition 1 of Appendix 1; and Rule 1 of Appendix 2 (G/RO/M/26, 28, 30 and 32). At the stocktaking meeting of the CRO in July 2000, there was a recognition of the need for more focused work on the overall architecture. Members hoped to make substantial progress in this regard and that the work on overall architecture could be substantially finished by the end of 2000 or as soon as possible thereafter (G/RO/M/31);
- at its stocktaking meeting in July 2000, agreed that special attention should be paid to cross-sectoral issues; hence informal discussions on the cross-sectoral have been scheduled for November 2000 (G/RO/M/31 and 32);
- discussed outstanding issues on product-specific rules for chapters 1-24 (agricultural products and fish), 25-27 (mineral products), 28-40 (chemicals), 41-43 (leather), 44-49 (wood and paper), 50-63 (textile products), 64-67 (footwear and headgear), 68-70 (stone, glass and ceramics), 71 (precious stones and metals), 72-73 (iron and steel), 74-80 (non-ferrous metals), 81-82 (articles of metals), 84-90 (machinery) and 92-97 (other articles). Consensus has been reached on seven issues (G/RO/M/26, 28, 30 and 32).

5. At its meetings in November 1999 and February, April, June and September 2000, the CRO included in its agenda the issue "implications of the implementation of the harmonized rules of origin on other WTO Agreements" (G/ROM/26, 28, 29, 30 and 32). In November 1999 and February 2000, substantial discussions took place on this issue on the basis of an additional submission from India (G/RO/W/42), as well as questions from the United States to India (G/RO/W/48) and the replies by India (G/RO/W/50). The discussions are continuing.

6.. Pursuant to Article 5.1 and paragraph 4 of Annex II of the Agreement, all Members are required to notify their rules of origin, judicial decisions and administrative rulings of general application relating to rules of origin. To date, 72 Members have made notifications relating to non-preferential rules of origin and 75 Members have made notifications relating to preferential rules of origin.