

WORLD TRADE ORGANIZATION

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Committee on Rules of Origin

MINUTES OF THE MEETING OF 16 NOVEMBER 1999

Chairman: Mr. A.R. Moroz

The agenda proposed for the meeting, contained in WTO/AIR/1202, was adopted by the Committee on Rules of Origin (CRO) as follows:

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I.	OVERALL ARCHITECTURE OF THE HARMONIZED RULES OF ORIGIN (G/RO/41, PAGES 2-35)
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1.1 Based on informal consultations which had taken place from 28-29 October and 3-4 November 1999, the Chairman summarized the discussion on this issue as follows:

"In terms of rule 2 of Appendix 2, the European Communities reported on the results of plurilateral discussions held on 1 November 1999. The EC also tabled a proposed text for rule 2, which formed the basis of the discussion during the informal meeting.

As regards rule 2(a), one Member made a proposal designed to expand the application of this rule. Other Members indicated that they did not want to change rule 2(a) and that if that Member wanted to pursue its proposal, it should bring it forth as a proposal for a separate rule under rule 2. This situation was now reflected in the revised text for rule 2 by the reference to Attachment IV after the title of rule 2. Also with regard to rule 2(a), another delegation expressed a view that rule 2(a) was a rule of application and not a rule of origin determination and therefore it might be better placed in rule 3 of Appendix 2. Other Members indicated that they wanted rule 2(a) to stay under rule 2 and not to be moved to rule 3.

There was little discussion with regards to rule 2(b) because Members agreed with it.

The discussion on rule 2(d) covered three elements: (i) the internal workings of the rule; (ii) the question of sequence; and (iii) whether or not rule 2(d) was a rule of origin determination or a rule of application. As regards the internal workings of rule 2(d), the text as proposed by the EC was discussed. It was agreed to delete the phrase, "already has the essential characteristics of the good" in the text proposed by the EC, and to add the word "single" in the second to last line. The remaining discussion focused on the phrase, "finished article". It was agreed that this term might need to be defined. There were also questions on whether or not the adjective "finished" should be kept.

As regards sequencing, two Members indicated that they still had reservations on the placement of rule 2(d) before rule 2(c). One of these Members indicated its intention to review the chapter residual rules to see if there were any that it might want to propose as being requalified from chapter residual rules to chapter primary rules in order to see if its concerns on the sequencing question could be addressed. This Member indicated its intention to make these proposals at the meeting in February 2000. To reflect this question of sequencing a bracket had been placed around rules 2(d) and 2(c) with a footnote, "Sequencing to be addressed" in the revised text for Appendix 2.

As regards the third element concerning rule 2(d), a Member was of the view that rule 2(d) was a rule of application, not a rule of determination, and therefore should be moved to rule 3. Other Members, however, indicated that they wanted rule 2(d) to remain where it was now.

Turning to rule 2(c), the only question concerned the sequencing, which was discussed above.

As for rule 2(e), one Member indicated that it had a number of concerns regarding the current text of rule 2(e) and would provide written questions on this later.

Turning to rule 2(f), the various proposals were discussed and some ideas were considered. Based on this discussion, one Member proposed splitting its proposal into two parts as its original proposal might not have covered all the possible cases or scenarios rule 2(f) might need to deal with. As regards the other proposals for rule 2(f), they remained on the table, unchanged. All Members were encouraged to submit detailed papers on how rule 2(f) might operate, based on various scenarios. It was also recognized by Members that rule 2(f) was the final rule in the hierarchy of rules for determining origin and that the determination of origin had to go through all the other rules before getting to rule 2(f).

The CRO discussed rule 3 of Appendix 2 on the basis of the contribution by one Member that consolidated the various earlier drafts, issues and proposals. Members agreed that this consolidation was a good basis to proceed upon. Over the course of the discussion, Members discussed whether or not general rule 5 on minimal operations should apply to rule

3, and no consensus was reached. Members also discussed a proposal that the text of rule 3 should clarify that where more than one primary rule was applicable to a good, the country of origin of the good was the last country of production provided any one of the primary rules was satisfied in that country. There was also a proposal that the text would reflect the fact that residual rules would be applied only when none of the primary rules applicable to a particular product were satisfied. There were also a number of other proposals regarding changes to rule 3, including an alternative text for paragraph (b).

1.2 The CRO agreed that the texts of rules 2 and 3 of Appendix 2 of the Integrated Negotiating Text be revised in accordance with the Chairman's summary in paragraph 1.3 above (Amending Supplement No. 2 of G/RO/41, pages 10-35A).

II. PRODUCT-SPECIFIC RULES OF ORIGIN (G/RO/41)

A. CHAPTERS 25-27 (MINERAL PRODUCTS) AND 71 (PRECIOUS STONES AND METALS)

2.1 The representative of the Philippines, rapporteur for the informal plurilateral discussions on chapters 25-27 and 71, stated as follows:

"On chapters 25-27:

Issue No. 1 – Members agreed that consensus on this issue was still elusive.

Issue No. 2 – Consensus was reached for option B last 20 July.

Issue Nos. 3-6 – Consensus was reached for option A in the meeting held on 10-21 November 1997. This consensus was reflected on page 7 of document G/RO/M/12.

Issue No. 7 – There was growing agreement to delete in para.43 on page 293 of G/RO/41 the processes in brackets (b), (l), (m) and (n) of chapter note 2 of chapter 27. However, no agreement was reached on the inclusion of "atmospheric distillation" in process (a) of chapter note 2 of chapter 27.

Issue Nos 8-9 – As reported in the July and September meetings, there was growing consensus towards option A. At this meeting the Member who found it difficult to join the consensus for option A informed that it was still working on a compromise proposal.

Issue No. 10 – Consensus was reached for option B.

On chapter 71

Issue No. 1 – There was growing consensus towards option A.

Issue No. 2(a) – Working of industrial diamonds

Consensus was reached that the origin rule should be "CTSH provided that the goods are cut or ground to final shape".

Issue No. 2(b) – Workings of non-industrial diamonds and precious and semi-precious stones

Consensus was reached that the origin rule should be "CTSH provided that the goods are cut, ground or otherwise worked to final shape, whether or not polished".

Issue No. 2(c) – Working of reconstructed stones

There was agreement that issue No. 2(c) should be split into two parts: issue No. 2(c) covers only reconstructed stones, while 2(d) covers synthetic stones. As concerns this new issue No. 2(c), consensus was reached for the same origin rule as for issue No. 2(b).

Issue No. 2(d) – Working of synthetic stones

It was agreed that the proposed origin rule for option A be the same as for issue No. 2(b), while the proposed origin rule for option B should read "The country in which these goods are obtained in their unworked state". Members will further consider these two options at the next meeting.

Issue No. 3 – No consensus was reached.

Issue No. 4 – No consensus was reached.

Issue No. 5 – It was agreed that this issue would be considered together with other horizontal issues in chapters 82-90."

B. CHAPTERS 28-40 (CHEMICALS)

2.2 The representative of India, rapporteur for the informal plurilateral discussions on chapters 28-40, summarized the results of the discussions as follows:

"Issue No. 1 – No consensus was reached. However there was agreement that mixing of two or more active ingredients was origin-conferring. The remaining disagreement concerned whether or not the mixing of active ingredients with inactive ingredients was origin-conferring.

Issue No. 2 – No consensus was reached. However it was agreed that putting up medicaments in packaging for retail sale was, in itself, not origin-conferring. It was also noted that the chapter note on mixtures should apply for change from outside to heading 30.04.

Issue No. 3 – No consensus was reached. Some Members stated that they would consult with their industries in order to confirm the technical explanation provided by the Members supporting option B.

Issue No. 4 – No consensus was reached. One Member stated that this issue should not be addressed until the mixture issue was resolved.

Issue No. 5 – No consensus was reached.

Issue No. 6 – There was consensus on notes 4 and 5 of chapter 33. As concerns note 1 of chapter 33, no consensus was reached.

Issue No. 7 – No consensus was reached.

Issue No. 8 – There was consensus on option A.

Issue No. 9 – There was a common understanding that the tariff change resulting from the mere addition of alcohol to odoriferous substances or to a perfume base is not origin-conferring. There was no consensus.

Issue No. 10 – No consensus was reached.

Issue No. 11 – There was agreement to delete option B.

Issue No. 12 – No consensus was reached. One Member noted that this issue was connected with issue No. 5.

Issue No. 13 – No consensus was reached.

Issue No. 14 – No consensus was reached.

Issue No. 15 – No consensus was reached.

Issue No. 16 – There was growing consensus towards option A.

Issue No. 17 – No consensus was reached.

Issue No. 18 – No consensus was reached.

Issue No. 19 – No consensus was reached. One Member stated that this issue should not be addressed until the mixture issue was resolved.

Issue No. 20 – No consensus was reached. One Member stated that this issues should not be addressed until the mixture issue was resolved.

Issue No. 21 – No consensus was reached. One Member stated that this issues should not be addressed until the mixture issue was resolved.

Issue No. 22 – No consensus was reached.

Issue No. 23 – Consensus was reached for option B (subject to verification of Mexico and the Philippines).

Issue No. 24 – No consensus was reached. One Member noted that this issue was connected with issue No. 5.

Issue No. 25 – No consensus was reached.

Issue No. 26 – No consensus was reached.

Issue No. 27 – No consensus was reached.

Issue No. 28 – No consensus was reached..

Issue No. 29 –No consensus was reached.

Issue No. 30 – It was agreed that this issue should be addressed together with the textile issue.

Issue No. 31 – No consensus was reached.

Issue No. 32 – No consensus was reached.

Issue No. 33 – No consensus was reached.

Issue No. 34 – No consensus was reached.

Issue No. 35 – No consensus was reached.

Issue No. 36 - No consensus was reached.

Issue No. 37 – No consensus was reached.

Issue No. 38 – No consensus was reached."

C. CHAPTERS 41-43 (LEATHER)

2.3 The representative of Canada, rapporteur for the informal plurilateral discussions on chapters 41-43, summarized the results of the discussions as follows:

"Issue No. 1 – No consensus was reached.

Issue No. 2 – Consensus was reached on option B at the meeting of the CRO on 10-29 November 1997 (G/RO/M/12, page 7).

Issue No. 3 – Consensus was reached on option A at the meeting of the CRO on 10-29 November 1997 (G/RO/M/12, page 7)

Issue No. 4 – Consensus was reached on option A at the meeting of the CRO on 3 October 1997 (G/RO/M/11, page 3).

Issue No. 5 – There was growing consensus towards option A. There was agreement to delete option B. One Member made a new proposal as option C.

Issue No. 6 – No consensus was reached. There was agreement to delete option C.

Issue No. 7 – No consensus was reached. There was agreement to delete options C and E.

Issue No. 8 – No consensus was reached."

D. CHAPTERS 44-49 (WOOD AND PAPER)

2.4 The representative of Switzerland, rapporteur for the informal plurilateral discussions on chapters 44-49, summarized the results of the discussions as follows:

"Issue No. 1 – Consensus was reached that "finger-joining" should be origin-conferring. Furthermore, there was growing consensus that "finger- or end-jointing" should be origin-conferring.

Issue No. 2 – No consensus was reached. Members supporting option A were invited to provide further information in order to clarify substantiality of beading or moulding.

Issue No. 3 – No consensus was reached.

Issue No. 4 – No consensus was reached. It has been suggested that the operation "surface-covering" be further split up for consideration at the next meeting (Canada).

Issue No. 5 – There was growing consensus towards option A.

Issue Nos. 6 and 7 – No consensus was reached. Members were invited to reconsider their positions in light of consistency concerning assembly.

Issue No. 8 – There was growing consensus towards option B.

Issue No. 9 – Consensus for option A was reached at the last meeting.

Issue No. 10 – There is growing consensus towards option A.

Issue No. 11 – There is growing consensus towards option A."

2.5 The representatives of Brazil and Mexico stated that as concerns issue 5, they supported option B.

E. CHAPTERS 68-70 (STONE, GLASS AND CERAMICS) AND 72-73 (IRON AND STEEL)

2.6 The representative of New Zealand, rapporteur for the informal plurilateral discussions on chapters 68-70 and 72-73, summarized the discussions as follows:

"A plurilateral was held on 2 November 1999 to review for the first time chapters 68-70 and 72-73. It was intended that chapters 74-81 would also be reviewed during this meeting but there was not enough time.

The meeting was attended by 16 Members – Argentina; Australia; Brazil; Canada; Chile; European Communities; Fiji; India; Hong Kong, China; Japan; Korea; New Zealand; Norway; Philippines; Switzerland; and United States.

The basic document used for the meeting was G/RO/41 plus an additional issue for chapters 68-70 (issue 12) which was distributed to all Members.

Below is a summary of the outcome of the plurilateral discussions:

Chapters 68-70 (stone, ceramics and glass)

Issues 1 and 2 - Members indicated which options they supported under each of these issues and a useful exchange of views was held. It was noted that issue 1 is linked to issue 8 which also deals with glazing.

Issue 3 - With a change in position indicated by one delegation, option B was deleted. Strong positions were set out in favour of both options A and C.

Issue 4 - There was a growing consensus towards option A, with a number of Members showing welcome flexibility.

Issue 5 - As no delegation indicated support for option C it was deleted. There was a growing consensus towards option A. This issue is closely linked to the chapter note on cutting and trimming, and also relates to issue 6.

Issue 6 - It was again possible to reduce the number of options by deleting option D. There was a growing consensus towards option A and it was noted that there did not appear to be much difference between options B and C.

Issue 7 - No consensus was reached.

Issue 8 - As noted above, this issue is related to issue 1 and consistent positions were adopted by some Members. No consensus was possible at this meeting.

Issues 9, 10 and 11 - It was agreed that issues 9, 10 and 11 on cut glassware would be considered together as they essentially address the same question. In the revised text for these issues, three options will be presented. The first two will be similar as the delegations supporting these recognise that a substantial transformation occurs when there is "substantial cutting or polishing". The difference will be in the test to determine what is "substantial".

Issue 12 - A third option was added to reflect the view of one Member that a chapter note is not required because the issue of trimming or cutting is provided for at the heading level. This is closely related to issues 5 and 6.

Chapters 72-73 (steel)

Issues 1 and 2 - These are particularly complex issues and it was agreed that to assist future discussions the sub-issues would be grouped according to the type of steel involved. It was felt that this would better allow delegations to consider the various sub-issues in a consistent manner.

There was a growing consensus towards option B for issue 1(c). It was noted that this outcome would provide a certain coherence with the basket 1 decision for 72.14 products.

There was a growing consensus towards option A for issue 2(a), with option C to be deleted as the concerns of the Member supporting this option were addressed by the chapter note on cutting.

There was some confusion over the question addressed in issue 2(b) and delegations undertook to consider this carefully before the next meeting.

Issue 3 - The strong views of a number of Members on the issue of coating were noted and it was not possible to reach consensus at this stage.

Issue 4 - No consensus was reached.

Issue 6 - It was not possible to reach a consensus on this issue but there was a useful discussion of the technical points involved, including cold-rolling.

It was not possible to discuss the other issues under chapter 73 in the time available."

2.7 The representative of Mexico stated that he had been unable to participate in the plurilateral meetings which took place from 25 October 1999 to 12 November 1999, and he reserved his country's position on any consensus reached by Members at the plurilateral meetings.

2.8 The CRO took note of the statements made.

III. ENDORSEMENT OF PROPOSALS ON HARMONIZED RULES

3.1 The CRO endorsed the following proposals for harmonized rules of origin:

- option B for issue No. 2 of chapters 25-27. The origin rule of subheading 2526.20 should read, "The country of origin of the goods shall be the country in which the minerals of this subheading are obtained in their natural or unprocessed state";
- Chapter Notes 4 and 5 of chapter 33: note 4 should read "For the purposes of this chapter the change of classification resulting from the mere putting up for retail sale of products is not to be considered origin-conferring". Note 5 should read "The change of classification resulting from the mere change in use is not to be considered origin-conferring".

3.2 The CRO agreed to revert to the endorsement of option A for issue No. 8 of chapters 28-40 (Malaysia reserved its position), and option A for issue No. 9 of chapters 44-49 (Argentina supported option B on this issue), at the meeting scheduled for February 2000.

IV. IMPLICATIONS OF THE IMPLEMENTATION OF THE HARMONIZED RULES OF ORIGIN ON OTHER WTO AGREEMENTS (G/RO/W/28/REV.1, G/RO/W/30-34, 38 AND 42)

4.1 The Chairman recalled that, as concerned this agenda item, there had been five submissions on the table: from India (G/RO/W/28/Rev.1, G/RO/W/30 and 42); from the United States (G/RO/W/32); from the Dominican Republic and Honduras (G/RO/W/33); from El Salvador (G/RO/W/34); and from Korea (G/RO/W/38). The Secretariat had also circulated questions from the United States to India and the replies of India to those questions in documents G/RO/W/48 and G/RO/W/50, respectively.

4.2 The representative of the United States thanked India for its responses to the questions raised by his delegation. With respect to the problem of adverse effects, the questions concerned how these adverse effects would be determined and what criteria would be established in order to examine whether an origin rule would result in impairing or distorting the conditions of access for a good. The Agreement on Rules of Origin (the Agreement) had established a consistent discipline of approach with respect to the work on the harmonization of non-preferential rules of origin; origin should be based on the criterion of substantial transformation. However, Members held differing views as to when the substantial transformation had been carried out. The substantial transformation might not always occur in the last country of production or the country of export, which might generate certain inconveniences. The problems identified by India in document G/RO/W/42 were not so much concerned with the particular proposals as with the fact that the last substantial transformation had not always been carried out in the country of export; proposals themselves did not give rise to adverse effects. However, when the Harmonization Work Programme (HWP) was completed, every Member would use the same rules of origin, which would ameliorate the problems described by India. The completion of the HWP would also help Members to recognize the need for more streamlined administrative procedures, addressing India's concerns expressed in document G/RO/W/42.

4.3 The representative of India stated that some of the proposals for specific rules of origin were not based on the criterion of substantial transformation. If these proposals were accepted, the rights and obligations of Members under the Agreement would be impaired. He also noted that some of the

interim arrangements were not based on the criterion of substantial transformation and were under dispute.

4.4 The representative of Canada stated that Members held differing views as to which processes constituted substantial transformation, and were working hard to reach agreement on them. She had found the plurilateral discussions very constructive.

4.5 The representative of the European Communities recalled that in accordance with Article 9.1 of the Agreement rules of origin should be applied equally for all purposes as set out in Article 1, and stated that the establishment of these rules should not be influenced by other WTO Agreements or by the desired outcome of various non-preferential commercial policies. Rules of origin should be based on neutral and technical criteria of the wholly obtained concept, or the last substantial transformation. Therefore the EC did not agree with India's view that the substantiality of a production process should be assessed in terms of the trade effects occurring in the last country of production of the good, and that the last country of production should always be recognized as the country of origin. All the proposals on the table were based on the criterion of substantial transformation, although these proposals differed from each other. If one proposal did not recognize the cutting of fabric as a substantial transformation, that did not mean that the proponent of the proposal intended to distort trade. With regard to textiles, the EC's proposals were the same as had been applied for many years within the EC. If these proposals were accepted as harmonized rules, they would not disrupt trade between the EC and its trading partners. She also stated that the analysis of the implications of major proposals for harmonization of rules of origin on other WTO Agreements, which had been requested by India, would cause several problems. Since rules of origin were a tool used in non-preferential trade relations and for the implementation of non-preferential trade policy instruments, it appeared very difficult to analyze the provisions of all the WTO Agreements in the light of origin determination. The analysis could possibly end up with an unexpected result, demanding several rules of origin for the same product, if Members, as a result of the analysis, became convinced that different origin outcomes were necessary for different Agreements. There was also the danger of reopening Basket 1 decisions if Members considered that some Basket 1 decisions would create distorting effects on their trade. Ultimately, she acknowledged that substantial transformation reflected the technicalities of production processes which were an industrial and economic reality and represented a significant value added.

4.6 The representative of Korea stated that rules of origin should be applied equally to all WTO Agreements and all commercial policy instruments. Although concern about the adverse effects of certain proposals on trade and other WTO Agreements was understandable and should be minimized as much as possible, absolute neutrality of rules of origin would not be feasible.

4.7 The representative of India stated that origin outcomes should be the same for tariff purposes, for statistics, for origin-making and for other trade policy instruments. He also stated that India did not intend to reopen any Basket 1 decisions.

4.8 The representatives of the EC; Hong Kong, China; India; Korea; and Turkey proposed that the CRO should confirm that, in accordance with Articles 3(a) and 9.1(a) of the Agreement, rules of origin should be applied equally for all purposes as set out in Article 1 of the Agreement. The representatives of Argentina, Colombia and the US questioned whether confirmation of isolated parts of the Agreement in the context of this discussion was an appropriate way to proceed.

4.9 The CRO took note of the statements made and agreed to continue its discussions on the implications of the implementation of the harmonized rules of origin for other WTO Agreements at its meeting scheduled for February 2000. The CRO also confirmed that while there could be legitimate differences of view as to which processes constituted the last substantial transformation, the best

approach remained for Members to continue discussions on product-specific rules on the basis of technical considerations in accordance with Articles 9.1 and 9.2 of the Agreement.

V. PROGRESS REPORT OF THE COMMITTEE ON RULES OF ORIGIN TO THE COUNCIL FOR TRADE IN GOODS ON THE STATUS OF THE HARMONIZATION WORK PROGRAMME

5.1 Based on the informal consultations which had taken place from 28 October-5 November 1999, the CRO adopted its progress report to the Council for Trade in Goods (CTG) (G/RO/42).

5.2 As concerns the continuation of the HWP (paragraph 6 of document G/RO/42), the Secretariat had circulated a proposal by India (G/RO/W/49).

5.3 The representative of India stated that Article 9 of the Agreement set out a period of three years for the completion of the HWP as well as an explicit role for the Technical Committee on Rules of Origin (TCRO) during this period. India's proposal was a continuation of its proposal made in June 1999 when the TCRO submitted its final report to the CRO. All technical issues had been dealt with and the results of the TCRO's work were before the CRO. Since the CRO at that stage had not undertaken an examination of the report of the TCRO, India had suggested that the consideration of the deadline should be postponed to the end of October. Since then, the CRO, in July, September and October 1999, had held substantive discussions on the issues that had been transferred to it by the TCRO. Therefore, it was India's assessment that the CRO should be in a position to complete the remaining work by 31 July 2000. The work could be arranged in accordance with the EC's proposal for a management plan (G/RO/W/45). In the meantime, a serious imbalance in the rights and obligations of the Uruguay Round agreements, against India and developing countries in general, was occurring. Accordingly India had sought to bring its concerns to the notice of Ministers at the third Ministerial Conference in Seattle, and looked to guidance from them on this matter of time-bound completion of the HWP. To facilitate a decision by Ministers, it would be useful for the CRO to consider and send a recommendation to Ministers. It would clearly signal to Ministers that there were a certain number of delegations that were delaying the process of completion and thereby denying others the benefits that had been expected to accrue to them from the Uruguay Round. Resolution of trade policy issues required a political will. In this regard, sending a recommendation to Ministers would show the necessary political will to bring this important work to an early conclusion.

5.4 The representatives of Brazil, Cuba and the Dominican Republic supported the statement made by India.

5.5 The representatives of Argentina, Mexico and the United States stated that they were still considering this issue.

5.6 The representative of the Philippines, speaking on behalf of ASEAN, supported India's proposal to set a time-limit for the completion of the HWP. Completion of the HWP was long overdue since this Work Programme, which was initiated on 20 July 1995, should have been completed on 20 July 1998, as provided for in Part IV, Article 9, paragraph 2 of the Agreement. In connection with the preparations for the forthcoming Ministerial Conference, there was a proposal to undertake new commitments and obligations under trade facilitation. Trade facilitation *per se* was a goal shared by all, but ASEAN was of the view that before any new obligations were undertaken under trade facilitation, existing obligations, such as completion of the HWP, among others, which would contribute to trade facilitation, should be completed and implemented.

5.7 The representative of Korea supported the establishment of a definite but realistic deadline. However, Korea was flexible on a specific date. He was also of the view that the CRO should make a recommendation on a deadline to facilitate a decision by Ministers at the Third Ministerial Conference.

5.8 The representative of Hong Kong, China stated that harmonized rules of origin were necessary for trade facilitation purposes and for providing certainty in international trade. Hong Kong, China attached great importance to an early conclusion of the HWP and were disappointed at the lack of progress. Hong Kong, China urged all Members that in the interests of the credibility of the WTO, the remaining work should be carried forward actively and without delay. It had always been Hong Kong, China's preference to have a definite timetable in order to sustain work momentum. When considering a new deadline, at least two major elements should be taken into account. First, the CRO should aim for a quality product. Second, a realistic and definite extension was required so as to sustain work momentum. However, Hong Kong, China did not have any preconceived ideas on a new timeframe. A realistic and achievable deadline should be set after the CRO had made a full assessment of the size of all unresolved issues and agreed to a detailed management plan on how and when to press ahead with the various issues. It would be logical for the CRO, which had been directly involved with the HWP, to consider the issue of continuation of the work. When the HWP was last extended in July 1998, it was the CRO which initiated the recommendation for adoption by the General Council. It was appreciated that Members might be reluctant to continue discussion of the issue at this particular point in time, with the Seattle process going on, but there might be no sound justification for pushing this debate outside the boundaries of the CRO.

5.9 The representative of Canada stated that establishing a deadline was useful for completing the HWP. However Canada was still considering whether the proposed deadline of July 2000 was realistic and achievable, taking into account the work which still needed to be done. She also shared the view expressed by several Members that this matter should be considered by the General Council.

5.10 The representative of the European Communities stated that, in order to respect the rights and obligations of all Members, the results of the HWP should be a quality product. Taking into account the amount of remaining work (about 500 pending issues in product-specific rules, the overall architecture and other general issues), a deadline should be realistic and achievable. Although, in light of the progress achieved on the overall architecture at this meeting, the EC was optimistic, more time was needed to assess correctly by when it would be possible to finalize this work. The EC did not wish to find the CRO in the same situation next year, having failed to meet the deadline again, and discussing another extension of the HWP.

5.11 The representative of Japan stated that the completion of the HWP would greatly contribute to trade facilitation. Since the harmonized non-preferential rules of origin might affect the rights and obligations of each Member, the results of the HWP should be a quality product. The new deadline should be realistic and achievable.

5.12 The representative of New Zealand stated that establishing a deadline would be useful for completing the HWP and that the results of the HWP should be a quality product. The CRO should undertake an assessment of the current status of work to identify how much work remained, and it should develop a management plan for completing the HWP before making a recommendation on a deadline.

5.13 The CRO took note of the statements made.

VI. FIFTH ANNUAL REVIEW OF THE IMPLEMENTATION AND OPERATION OF THE AGREEMENT ON RULES OF ORIGIN (G/RO/W/47)

6.1 Based on the informal consultations which had taken place from 28 October-5 November 1999, the CRO adopted its fifth annual review of the implementation and operation of the Agreement on Rules of Origin (G/RO/43).

VII. INTERIM ARRANGEMENTS

7.1 The Chairman noted that the Secretariat had circulated a proposal by India on interim arrangements (G/RO/W/49).

7.2 The representative of India stated that the negotiations in the CRO on the disciplines to govern the application of rules of origin were still ongoing. In the meantime the interim arrangements that had been introduced by some Members were creating restrictive, distortive and disruptive effects on trade, in particular in sectors of export interest to developing country Members. Therefore India proposed that no new interim arrangements be introduced, and further that any interim arrangements introduced by any Member with effect from 1 January 1995 or any subsequent date should be suspended with effect from 4 December 1999.

7.3 The representative of the Philippines stated that the balance of rights and obligations that had been carefully crafted in the WTO would be upset by interim measures that might be introduced by other Members. Any interim measure that might be introduced by a Member was contrary to the letter and spirit of the disciplines during the transition period as provided in Article 2 of the Agreement.

7.4 The representative of Hong Kong, China reserved his position on India's proposal, based on the consideration that it would disallow all interim arrangements, including those consistent with the Agreement. Hong Kong, China's understanding was that Members might modify their rules of origin or introduce any new ones as long as such modifications were in accordance with the disciplines stipulated in Article 2 of the Agreement and the Members concerned had fulfilled the requirements set out in Article 5.2 of the Agreement.

7.5 The representative of Korea supported the statement made by the representative of Hong Kong, China, and reserved his position on India's proposal.

7.6 The representative of Brazil stated that Brazil, in principle, did not support any kind of standstill, although there was a possibility that the area of rules of origin might fall outside Brazil's opposition to a standstill.

VIII. DATE OF THE NEXT MEETING

8.1 The CRO agreed to meet on 27 and 28 January 2000 to develop its management work programme for the HWP. It was also agreed that the CRO would meet from 7-18 February 2000 to continue its work on the basis of the following agenda:

7 February 2000	Plurilateral meetings hosted by the Philippines to discuss the product-specific rules of chapters 25-27 (mineral products) and 71 (precious stones and metals)
8 February 2000	Plurilateral meetings hosted by Canada to discuss the product-specific rules of chapters 41-43 (leather)

9-11 February 2000	Plurilateral meetings hosted by New Zealand to discuss product-specific rules of chapters 72-73 (iron and steel). Plurilateral meetings hosted by Australia to discuss the product-specific rules of chapters 74-81 (non-ferrous metals)
14-15 February 2000	Plurilateral meetings hosted by the EC to discuss the overall architecture, including rule 2 of Appendix 2
16-17 February 2000	Informal meetings to discuss the overall architecture, including rule 2 of Appendix 2
18 February 2000 (a.m.)	Informal meeting to discuss the implications of the implementation of the harmonized rules of origin on other WTO Agreements, including confirmation that rules of origin should be applied equally for all purposes as set out in Article 1 of the Agreement; reporting of the plurilateral meetings; endorsement of the proposals on the harmonized rules of origin; other issues
18 February 2000 (p.m.)	Formal meeting
