

WORLD TRADE ORGANIZATION

RESTRICTED

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Committee on Rules of Origin

MINUTES OF THE MEETING OF 23 JULY 2001

Chairman: Mr. H. Ahn

The agenda proposed for the meeting, contained in WTO/AIR/1578, was adopted by the Committee on Rules of Origin (CRO) as follows:

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I. PRODUCT-SPECIFIC RULES OF ORIGIN (G/RO/41, G/RO/45/ADDS.1-5, JOB/01)/52)

1.1 The Chairman stated as follows:

A. CHAPTERS 1-24 (AGRICULTURAL PRODUCTS AND FISH)

Issue No. 43: Three Members supporting option A indicated flexibility on this issue in order to support the Chairman's recommendations. Two more Members joined option A. One Member stated that for countries supporting Option B, heading 1502 should be split in "rendered" and "raw" fats view that this heading covers principally the same products as classified under 1501 and 0209 (and Option B allows for a change between 0209 to 1501, but does not allow for the same change within 1502).

Issue No. 44: No consensus was reached.

Issue No. 45: One Member supporting option A stated that all three operations should take place to confer origin. One Member supporting option B stated that this was a priority issue for them. Another Member supporting option B pointed out that it might be impossible to find how many operations took place to refine soya oil. A third Member supporting option B expressed concern over other oils, such as olive oil. One Member supporting option A indicated their willingness to accept a package deal proposed by another Member (reading Option A for Issue 43, Option B for Issue 44 and Option A for Issues 45 and 46).

Issue No. 46: While the Chairman's recommendations were supported by a majority of members, three more Members joined option B.

Issue Nos. 49 and 50:

- heading 1601: Eight more Members joined the Chairman's recommendations, as a result of which a large majority of Members supported "CC subject to Chapter Note 1(a) rule".
- heading 1602(a): Many Members stated that international trade in cooked meat might be rare; hence the CTHS rule might be more relevant. Five more Members joined the Chairman's recommendation ("CC subject to Chapter Note 1(a) rule").
- ex 1602(b): Four more Members joined the Chairman's recommendation ("CC subject to Chapter Note 1(a) rule"). One Member stated that for a matter of consistency the rule should read "CTHS" instead of "CC". Other Members expressed concerns to recognise "cooking" as an origin conferring event.
- headings 1603-1605: Based on informal discussions the Chairman changed his recommendation from "CC" to "CC/CTH", since the "CC" rule and the "CTH" rule would result in the same origin determination. The "CTH/CC" is supported by the majority of the Members.

Issue Nos. 51-56: Based on informal discussions the Chairman proposed the following package deal:

- heading 1701: CC (recognising the extraction as origin conferring, but not refining or the addition of flavouring or colouring alone).
- split heading 1702(a): CTHS (recognising the manufacture of chemically pure sugar as origin conferring).
- split heading 1702(b)-(e): CC (recognising the manufacture of the sugars of this heading by extraction, but not recognising the production of invert sugar or obtaining sugar syrups inside this heading). One Member pointed out, that the rule should read "CTH" instead of "CC".

Issue No. 57: The origin outcome should be based on the same rule as the extraction of sugar, therefore the origin rule decided under headings 1701 ad 1702 will be reflected here (if package above is accepted: "CC").

Issue Nos. 58-64: Based on informal discussions the Chairman proposed the following package deal:

- Issue No. 58: option B
- Issue No. 59: option B
- Issue No. 60: option C
- Issue No. 61: "No" , not recognising the addition of sugar to cocoa powder as origin conferring (options B, C and D). Rule to be further discussed also in light of the architecture.
- Issue Nos. 62-64: option B

Issue No. 69: One more Member joined the Chairman's recommendation, as a result of which a large majority of Members supported the Chair's recommendation.

Issue No. 70: Growing consensus towards option A.

Issue No. 71: Growing consensus towards option B.

Issue No. 72: Growing consensus towards option B.

Issue No. 73: A Member supporting Option A stressed other Members to the fact, that rules of origin should take into account the commercial reality of jam/jellies producers, as they can't relay the whole year on fresh fruits. Based on informal discussions the Chairman changed his recommendation from "option B" to "option A". Seven more Members joined the Chairman's recommendation, as a result of which the Chairman's recommendation enjoys the support of the majority of Members.

Issue No. 74: Growing consensus towards option B.

Issue No. 75: Two more Members joined the Chairman's recommendation. The majority of Members supported the Chairman's recommendation. One member supporting Option C proposed as compromise to split peanuts and other nuts, recognising the production of roasted peanuts but not of other nuts.

Issue No. 76: Consensus on option B subject to CAN, GUA, THA.

Issue No. 77: Two more Members joined the Chairman's recommendation. It was noted that Issue No. 77 was not a real issue, since many fruit or vegetable juices are reconstituted ones. No consensus was however reached.

Issue No. 78: One more Member joined the Chairman's recommendation. The Vice-Chair recalled that in commercial reality many fruit or vegetable juices are reconstituted ones, similar to the reasoning expressed in Issue 73.

Issue No. 79: Option B was deleted.

Issue No. 80: Consensus on option B (CTH) (subject to EGY, SG, THA, DOM, GUA, US).

Issue No. 81: Growing consensus towards option B.

Issue No. 82: Growing consensus towards option B.

Issue No. 83: Growing consensus towards option A (CTH) was confirmed.

Issue No. 84: Consensus on option B (CTH).

Issue No. 85: Based on the informal discussion, the Vice-Chairman changed its recommendation to Option A. As a result, consensus on option A (CTSH) (subject to IND, KOR, VEN) was achieved.

Issue No. 86: Consensus on option A (CTSHS).

Issue No. 87: Consensus on option B (CTH).

Issue No. 88: Consensus on option A (CTSH) (subject to IND, DOM, HON).

Issue No. 89: Growing consensus towards option A (CTSH).

Issue No. 90: Consensus on option B (CTSH/CTH, except from 1702).

Issue No. 91: Growing consensus towards option A (CTSH/CTH).

Issue No. 92: Consensus on option B (CTSH) (subject to JPN, NZ).

Issue No. 93: No consensus was reached. The Chairman indicated that based on the same reasoning as in Issue No. 85 he might change his recommendation towards a “CTSH” rule (Option A).

Issue No. 94: Option B was deleted. Two more Members joined the Chairman's recommendation (option C).

Issue No. 95: No consensus was reached. Members supporting Option C and D flagged some flexibility in order to exclude only Chapter 4 in their proposed rule. However the majority supports the Chairman's recommendation.

Issue No. 96: The majority of Members supported the Chairman's recommendation.

Issue No. 97: The majority of Members supported the Chairman's recommendation.

Issue No. 98: No consensus was reached.

Issue No. 99: No consensus was reached.

Issue No. 100: The issue was deferred until the general discussion on mixtures in agriculture can take place.

Issue No. 101: No consensus was reached.

Issue No. 102: Consensus on option A (subject to CR).

Issue No. 103: Growing consensus towards Option C. The resolution of this issue depends also on the result in Issue 104.

Issue No. 104: After extended discussion and analysis of the products concerned, the Chairman's recommendation should read:

- heading 2208.20 - .70: “CTH”
- split heading 2208.90 (a): “CTH, except from 2207”
- split heading 2208.90 (b): “CTH”
- split heading 2208.90 (c): “CTH, except by dilution only and except from 2106.90”

Issue No. 105: No discussion has taken place in substance. The Chairman's recommendation should read "Option B" instead of the rule "CTH, except by denaturing only".

Issue No. 106: The issue was deferred until the general discussion on mixtures in agriculture can take place.

Issue No. 107: Dealt in Issue 104.

Issue No. 108: One Member in Option A reconsidered its position and joined Option B. One member in Option C hold a strong position. No consensus was reached.

Issue No. 109: Growing consensus towards Option A.

Issue No. 110: No consensus was reached. Members supporting Option B flagged some flexibility in order to exclude only Chapter 4 in their proposed rule.

Issue No. 111: Consensus on "CTSH" (subject to IND).

B. CHAPTERS 28-40 (CHEMICAL PRODUCTS)

Issue No. 1: Growing consensus towards option A.

Issue No. 2: Three more Members (CHI, COL, JPN) joined the Chairman's recommendation (CTH), as a result of which the Chairman's recommendation enjoys the support of a majority of Members. The United States indicated that they would submit a modified proposal to the CRO for consideration at the September meeting.

Issue No. 3: It was noted that this issue was linked to Issue No. 2.

Issue No. 4: No consensus was reached.

Issue No. 5: Three more Members (CH, SRI, THA) joined the Chairman's recommendation (option B), as a result of which the Chairman's recommendation enjoys the support of a majority of Members.

Issue No. 6: Growing consensus towards the Chairman's recommendation (option A for headings 3302, 3304 to 3307). Therefor the mixture rule would not apply to headings 3301 and 3303.

Issue No. 7: Growing support for option A. Several Members stated that the text of Chapter Note 3 should be rediscussed in order to refine the wording and coverage.

Issue Nos.9 and 10: Growing consensus towards the Chairman's proposal. In Issue 10 the mixture rule should apply also to heading 3302 (as seen also in Issue No. 6)

Issue No. 11: Consensus on the Chairman's recommendation (CTH, except by cutting and putting up for retail sale only).

Issue Nos. 13 and 14: The Chairman's recommendation enjoys the support of a majority of Members. The Option B proponent stated, that Members in Option A should relook into this issue as Option A would allow a simple dilution of soap as origin conferring.

Issue No. 15: Consensus on option C.

Issue No. 16: Consensus on option A.

Issue No. 18: Consensus on option A (without prejudice to Members' positions on Chapter 15).

Issue No. 22: No consensus was reached.

Issue No. 24: It was noted that this issue was not linked to the matrix rule but to the mixture rule.

Issue No. 25: Consensus on option B (subject to THA).

Issue No. 26: Canada redrafted the following proposal deleting the percentage rule for Members' consideration:

"Chapter Note 1(b) (p. 155 of G/RO/45/Add.9)

(b) Notwithstanding paragraph (a) above, for purposes of Chapter 39, the chemical reaction must occur to the polymer component, including all types of polymerization reactions and chemical modifications of polymers, such as cross-linking by hardener/cross-linking agents and irradiation."

Issue No. 27: No consensus was reached.

Issue No. 28: Growing consensus towards option C.

Issue No. 30: Connected to Issue No. 1 in Chapters 84-90.

Issue No. 31: Consensus on option B.

Issue No. 32: No consensus was reached.

Issue No. 33: Consensus on option B.

Issue No. 35: Consensus on option B.

Issue No. 37: Consensus on option B1.

C. CHAPTERS 50-63 (TEXTILE PRODUCTS) AND RELATED CHAPTERS

Issue Nos. 2 and 3: Growing consensus towards the package deal proposed by the Chairman (option B). The only disputed question is the carding or combing of cotton.

Issue No. 4: Growing consensus towards option B.

Issue No. 5: Growing support for the Chairman's recommendation (option B).

Issue No. 6: It was agreed that corespinning starting from yarn or from fibres is a substantial transformation (subject to HK). It was agreed that knopping and looping are not a substantial transformation. Substantiality of other processes (compact yarn process and slub yarn process) will be further discussed.

Issue No. 8: It was agreed that the manufacture of sewing thread (classified in headings 5204 and 5508) by corespinning starting from yarn or fibres is origin-conferring. A question was raised concerning the relevance of this issue for heading 5401(c).

Issue No. 9: Consensus on option B (subject to PAK).

Issue No. 10: Based on informal discussions, the Chairman changed his recommendation from option A to option B. Three more Members joined the Chair's recommendation, as a result of which option B enjoys the support of the majority of Members.

Issue No. 11: Linked to Issue Nos. 12 and 13.

Issue Nos. 12 and 13: Option A2 of yarn and options A4 and A5 of Issue No. 12, and option A2 of yarn and option A4 of fabrics of Issue No. 12 were deleted. One delegation questioned the necessity of keeping the word "permanent".

Issue Nos. 14 and 15: During the discussions, a package deal put forward by EC was not favourably considered by other Members. The EC therefor suggested another package deal (option A for Issue No. 14, option B for Issue No. 15).

Issue No. 16: Growing consensus towards option B.

Issue No. 18: Consensus on option D (subject to NOR, PAK, DOM, MAL).

Issue No. 19: Consensus on option A.

Issue No. 20: Two more Members joined the Chairman's recommendation, as a result of which option A enjoys the support of a large majority of Members. As a compromise, one Member supporting Option C suggested the compromise rule as under Issue 37. Another Member did not agree on the weight standard and flagged as a possible compromise in this issue a value-added standard.

Issue No. 22: Consensus on "CTH, except by cutting only" (subject to HK). It was agreed that the language of the agreed rule be fine-tuned later on. One Member agreed only in view of the discussion about the Section note (see Issue 74).

Issue No. 23: Growing consensus towards option A.

Issue No. 24: All Members supporting option A (IND, SG, GUA) accepted the Chairman's package deal (option A for Issue No. 23, option B for Issue No. 24).

Issue No. 26: Four more Members joined the Chairman's recommendation, as a result of which option B enjoys the support of a large majority of Members.

Issue No. 27: Growing consensus towards option B.

Issue No. 30: Consensus on option A. It was agreed that the language of the agreed rule be fine-tuned later on.

Issue No. 32: Consensus on option A.

Issue No. 35: Seven more Members joined the Chairman's recommendation, as a result of which option B enjoys the support of a large majority of Members.

Issue No. 36: Linked to issue No. 60. Five more Members joined the Chairman's recommendation, as a result of which option B enjoys the support of a majority of Members.

Issue No. 37: Several more Members joined the Chairman's recommendation, as a result of which option A enjoys the support of a majority of Members.

Issue No. 38: The majority of Members supported the Chairman's recommendation.

Issue No. 39: The Chairman indicated he would modify his recommendation with a view to finding a middle ground between option A and option C. Eleven Members (ARG, AUS, BRA, CAN, COL, JPN, KOR, PHI, THA, US, VEN) supported the middle ground approach. See also some comments made under Issue No. 20.

Issue No. 40: Growing consensus towards option A.

Issue Nos. 41-43: Consensus on option A (CTHS/CTH)(subject to MEX). One Member agreed only in view of the discussion about the Section note (see Issue 74).

Issue No. 44: Growing consensus towards option D. It was also noted that this issue deals with the split headings 60.01 (c) and 60.02 (c) only. Only invisible coatings are classified in heading 60.02.

Issue No. 45: No consensus was reached. The discussion showed also some concerns dealing with small amounts of parts to assemble or with only one part.

Issue No. 46: Consensus on option A1 (subject to PAK).

Issue no. 47: No consensus was reached.

Issue No. 48: The Chairman noted that products of this issue were usually woven or knitted directly from yarn, a change allowed by Option B. The majority of Members supported the Chairman's recommendation.

Issue No. 49: Based on informal discussions the Chairman modified his recommendation from option A1 to B1. Some Members supporting Option A/1 however stated that Issues 45 and 49 should be dealt with in consistent manner.

Issue No. 50: Consensus on option A1 (subject to FIJ, PAK, THA). One Member agreed only in view of the discussion about the Section note (see Issue 74).

Issue Nos. 51 and 53: Growing consensus towards option B (the language of the primary rule is to be fine-tuned).

Issue Nos. 54, 55, 59, 69 and 71: Most Members were in favour of the Chairman's effort to find a middle ground between options A and C. The Chairman indicated his intention to modify his recommendation on these issues. The middle ground lays possibly between the intent of the Chairman's recommendation and Option B.

Issue No. 57: Similar to Issue No. 18. Members supporting options A and C were requested to reconsider their positions. Some Members stated that this issue is naturally linked to the outcome in issues 12 and 13.

Issue No. 58: No consensus was reached. Linked to Issues Nos. 35 and 47.

Issue No. 59: One Member supporting Option A was ready to accept the Chairman's recommendation. A possible middle ground could come from the consideration of Issues Nos. 60-67.

Issue Nos. 60-67: Australia was requested to draft a compromise proposal for these issues for consideration in September. A good compromise for those issues is in between the Chairman's recommendation and Option B.

Issue No. 69: Related to the outcome of other "flat" products in Issues Nos. 48, 54 and 59.

Issue No. 71: To deal in consistent manner by providing a split subheading for flat products and other products. Therefor related to the outcome of rules to be applied to flat products (Issues 48, 54 and 59) and other products (Issues 60-67 mainly).

Issue No. 73: It was agreed to delete this issue (and the related proposed splits in Chapters 61 and 62).

Issue Nos. 74, 75, 77: To be further discussed in view of progress in other issues.

Issue No. 76: Consensus on "CTH, except when resulting only from putting up in sets" (subject to US, HK, CAN, JPN, EGY).

Issue Nos. 78 and 79: It was agreed to delete these issues. (They will be solved through Issue No. 1 in the machinery chapters).

Issue No.80: Consensus on option A.

Issue No. 81: Consensus on option A (CTH) for subheading 9494.30. Subheading 9494.90 will be further discussed.

Issues Nos. 82 and 83: One Member supporting option C indicated their flexibility on this issue but needed further time to consult.

Issue No. 84: The Member supporting option B will possibly reconsider this issue. Option A is supported by large majority of the Members.

D. CHAPTERS 68-70 (CERAMICS)

Issue No. 1: One more Member (CAN) joined the Chairman's recommendation (option A), as a result of which the Chairman's recommendation enjoys the support of a majority of Members.

Issue No. 2: Consensus on option B (subject to DOM).

Issue No. 3: Consensus on option C (subject to DOM).

Issue No. 4: Consensus on option A.

Issue No. 7: Three more Members (CAN, KOR, US) joined the Chairman's recommendation (option B), as a result of which the Chairman's recommendation enjoys the support of a majority of Members.

Issue No. 8: Consensus on option B.

Issue Nos. 9, 10 and 11: The European Communities and the United States were requested to submit a joint proposal on these issues.

Issue No. 12: Consensus on option A.

E. CHAPTER 71 (PRECIOUS STONES)

Issue No. 1: Growing consensus towards option A was reconfirmed.

Issue No. 2: Growing consensus towards option A was reconfirmed.

Issue No. 3: Growing consensus towards option A.

Issue No. 4: A number of Members changed their positions in favour of option A which enjoys the support of the majority of Members.

Issue No. 5: Switzerland and the United States were requested to refine the text of the blanks rule.

F. CHAPTERS 72-73 (IRON AND STEEL)

Issue No. 1(a)(i): A text drafted by the working group was submitted to the CRO for consideration at the September meeting.

"Working group text:

CTH, except from headings 7208-7212, and except [from headings 7213 to 7215] when this change results from cutting or bending."

Issue No. 1(a)(ii)-(iii): To be reviewed in view of the above working group text.

Issue No. 1(b): Consensus on option A.

Issue No. 1(c): Consensus on option B (subject to MAL).

Issue No. 2(a)(i): Consensus on option A (subject to ARG).

Issue No. 2(a)(ii): Consensus on option A (subject to ARG).

Issue No. 2(b)(i): Two more Members (AUS and VEN) joined the Chairman's recommendation (option B), as a result of which the Chairman's recommendation enjoys the support of a majority of Members.

Issue No. 2(b)(ii): Related to Issue 1(a)(i). Option D was modified.

Issue No. 2(b)(iii): Connected to Issue Nos. 2(b)(i) and 1(a)(i).

Issue Nos. 2(b)(iv) and 2(e)(i): Related to Issue No. 1(a)(i).

Issue No. 2(c)(i) and (ii): Consensus on option A.

Issue No. 2(d)(i) and (ii): Consensus on option A.

Issue No. 3(a) and (c): Switzerland made a proposal for consideration by the CRO at its September meeting.

Issue No. 3(b): Consensus on option B (CTH) (subject to ARG).

Issue No. 4: Option D was modified. A large number of Members expressed interest in moving to option D and in including a Chapter Note in order to exclude skin-pass. US was requested to draft the Chapter Note.

Issue No. 5: Related to Issue Nos. 3(a) and (c).

Issue No. 6: No consensus was reached. Members supporting option A were requested to provide more technical detail before September. One Member supporting Option A stated that in the case of aluminium, copper or nickel, the changes proposed were recognised as origin conferring.

Issue No. 7: Linked to the assembly rule. No meaningful progress could be made.

Issue No. 8: Growing consensus towards option B.

Issue No. 9: Canada submitted the following compromise proposal:

"CTH, except a change from any other heading when it occurs solely as a result of any of the following:

- (1) drilling, punching, notching, cutting, cambering or sweeping, whether performed individually or in combination;
- (2) adding attachments or weldments for composite construction;
- (3) adding attachments for handling purposes;
- (4) adding weldments, connectors or attachments to H-sections or I-sections, provided that the maximum dimensions of the weldments, connectors or attachments is not greater than the dimension between the inner surfaces of the flanges of the H-sections or I-sections;
- (5) painting, galvanizing or otherwise coating;
- (6) adding a simple base plate without stiffening elements, individually or in combination with drilling, punching, notching or cutting, to create an article suitable as a column."

Issue No. 10: Consensus on option B (subject to DR).

Issue No. 11: Four more Members (CH, KOR, MEX, VEN) joined the Chairman's recommendation (option B), as a result of which the Chairman's recommendation enjoys the support of a majority of Members.

Issue No. 12: Consensus on option B.

G. CHAPTERS 74-81 (NON-FERROUS METALS)

Issue No. 1: Consensus on option A1.

Issue No. 4: Consensus on option A.

Issue No. 8: Consensus on option A.

Issue No. 9: No consensus was reached. The US indicated that it would submit language for a Chapter Note, in light of parallel discussions in Chapters 72-73.

Issue No. 10: Consensus on option A for HS 74.10, ex 7506(a), 7804(a). HS 7607.11 will be further discussed where one delegation flagged the need for a rule on “skin pass”.

Issue No. 11: Consensus on option B1.

Issue No. 13: Option A supporters were invited to provide further justification.

Issue No. 14: Cold drawing issue.

Issue Nos. 15 and 16: No consensus was reached. Some Members stated that manufacture of fittings from tubes was possible and that there should be consistent treatments for fittings in all metals.

Issue No. 17: Assembly issue; no consensus was reached.

Issue No. 18: Parallel discussions in Issue No. 7 of Chapters 72-73; no consensus was reached.

Issue No. 19: Consensus on option B (subject to CAN).

Issue No. 20: Parallel discussions in Issue No. 9 of Chapters 72-73; Canada was requested to propose a compromise language.

Issue No. 21: Consensus on option B.

Issue No. 24: No consensus was reached.

H. CHAPTERS 82-83 (ARTICLES OF METAL)

Issue Nos. 1 and 9: Switzerland and the United States were requested to submit a joint proposal for consideration by the CRO at its September meeting. Working draft submitted by CH is as follows:

"Chapter Rule: Production of an article from a blank as defined in GIR 2(a)(ii):

The production of a good from a blank as defined in GIR 2(a)(ii) is considered to be origin-conferring provided that the blank was not capable of functioning for its ultimate use, and at least two of the following processes are carried out:

- (a) configuration of the blank to final shape by the removal of material through processes such as turning, milling, drilling, broaching or eroding (other than by polishing only), or by forming processes such as bending, hammering, pressing or stamping;
- (b) heat treatment or thermochemical treatment such as glowing, tempering, hardening;
- (c) surface treatment such as coating, compressing, condensing, impregnating (excluding temporary conservation for transport and/or storage purpose), insulating."

Issue No. 2: Consensus on option B.

Issue No. 3: Four more Members (CHI, COL, JPN, VEN) joined the Chairman's recommendation (option A), as a result of which the Chairman's recommendation enjoys the support of a majority of Members.

Issue No. 4: Consensus on option B1 (subject to CH).

Issue No. 5: Growing consensus on option A1 was confirmed.

Issue No. 6: Consensus on option B.

Issue No. 10: Three more Members (COL, JPN, MEX) joined the Chairman's recommendation (option A), as a result of which the Chairman's recommendation enjoys the support of a majority of Members.

Issue No. 11: Consensus on option B for subheading 8302.10-8302.50 (subject to MAL). Subheading 8302.60 was split into (a) parts: CTH; and (b) other: CTSHS for consideration in September.

Issue No. 12: Consensus on option A2 (subject to MAL).

Issue No. 13: The majority of Members were of the view that this was a simple assembly.

Issue No. 15: Consensus on option C.

Issue no. 16: Consensus on option B (CTH).

Issue No. 17: Consensus on option B (subject to MAL).

I. CHAPTERS 84, 85 AND 90 (MACHINERY)

Issue No. 1: Two Members supporting option B expressed their interest in changing their positions to support the Swiss compromise proposal.

Issue No. 2: A text for the blanks rule drafted by the working group was submitted to the CRO. Switzerland also made a new proposal. Switzerland and the United States were requested to make a joint proposal for consideration by the CRO at the September meeting.

Working group text¹:

"X. Parts and accessories produced from blanks

The country of origin of goods that are produced from blanks which by application of the Harmonized System General Interpretative Rule 2(a), in the same heading or subheading as the complete or finished goods, shall be the country in which the blank was finished provided finishing included configuring to final shape by the removal of material (other than merely by honing or polishing or both), or by forming processes such as bending, hammering, pressing or stamping.

¹ It is intended that this rule be considered also for Chapters 85 and 90. For Chapter 90, the rule would apply to parts and accessories and goods classifiable in headings 90.17, 90.18, 90.21 and 90.23.

Y. Paragraph X above applies to goods classifiable in provisions for parts or parts and accessories, including goods specifically named under such provisions, and to goods classifiable in headings 84.80 and 84.83."

Issue Nos. 3 and 7: It was noted that these issues are dealt with in Issue No. 1, hence it was agreed to delete them.

Issue No. 4: Consensus on option B (subject to India).

Issue No. 5: Consensus on the text recommended by the Chairman (subject to India, Japan and Venezuela).

Issue No. 6: Consensus on the text recommended by the Chairman (subject to India and the Philippines).

Issue Nos. 11 and 12: Growing consensus on the following text:

"A change of classification which results from the disassembly of goods shall not be considered as the change required by the rule set forth in the matrix. The country of origin of the parts recovered from the goods shall be the country where the parts are recovered, unless the importer, exporter or any person with a justifiable cause to determine the origin of parts demonstrates another country of origin on the basis of verifiable evidence such as origin marks on the part itself or documents."

Issue Nos. 13 and 14: It was noted that these issues are linked to Issue No. 1; hence it was agreed to revert to these issues after resolution of Issue No. 1.

Issue Nos. 15-17: There was agreement that the particular operations concerned reflected a substantial transformation. However, supplementary questions were raised by some delegations, and therefore the rules for the relevant headings remain unresolved.

Issue No. 18: Growing consensus on the following proposal: CTH for (a) non-numerically controlled; CTHS for (b) numerically controlled.

Issue No. 19: Growing consensus towards option B.

Issue No. 32: Three more Members (CAN, MEX, THA) joined option B.

Issue No. 34: Five more Members (CHI, JPN, MEX, US, VEN) [six if IND confirms] joined the Chairman's recommendation (CTSH), as a result of which the Chairman's recommendation enjoys support from a large majority of Members.

Issue No. 35: Based on informal discussions the Chairman's recommendation was modified to "CTSHS, except from 8482.99(a)"; and the description of split subheading ex 8482.99(a) was changed to "Inner or outer rings of ball or roller bearings finished by heat treatment and any necessary grinding"; and the description of split subheading ex 8482.99(b) to "Other". There was a growing consensus towards the modified recommendation.

Issue No. 36: Seven Members (AUS, CAN, COL, JPN, MEX, MOR, TUR, US) supported the Chairman's recommendation (CTH, or from 8482.99(b)), as a result of which the Chairman's recommendation enjoys support from a majority of Members.

Issue No. 37: Based on informal discussions, the facilitator of this Chapter expressed his intention to provide a new recommendation for this issue.

Issue No. 38: There was growing consensus on option B.

Issue No. 39: It was noted that this issue is linked to Issue No. 1. The facilitator expressed his intention to reconsider his recommendation.

Issue No. 40: Five more Member (MOR, SG, TUR, US, VEN) joined the Chairman's recommendation (CTH), as a result of which the Chairman's recommendation enjoys the support of a majority of Members.

Issue No. 41: Based on informal discussions, the Chairman's recommendation was modified to "CTH, except when the change results only from mounting or from making provision for mounting together as a single unit or on a common base. Three Members (KOR, MEX, US) joined the Chairman's recommendation.

Issue No. 42: Five more Members (CHI, MEX, MOR, US, VEN) joined the Chairman's recommendation (CTSH); as a result of which the Chairman's recommendation enjoys the support of a majority of Members.

Issue No. 43: Four more Members (CAN, CHI, US, VEN) joined the Chairman's recommendation (CTSH), as a result of which the Chairman's recommendation enjoys the support of a majority of Members.

Issue No. 44: Five more Members (CHI, KOR, THA, US, VEN) joined the Chairman's recommendation (CTH), as a result of which the Chairman's recommendation enjoys the support of a majority of Members.

Issue No. 45: Three more Members (JPN, KOR, MEX) joined option D1. Two Members (BRA, CH) supported the Chairman's recommendation.

Issue No. 46: Two more Members (US, VEN) joined the Chairman's recommendation (CTSH), as a result of which the Chairman's recommendation enjoys the support of a majority of Members.

Issue No. 47: Two more Members (JPN, KOR) joined the Chairman's recommendation (CTSH), as a result of which the Chairman's recommendation enjoys the support of a majority of Members.

Issue No. 48: The majority of Members supported origin-conferring rules.

Issue No. 49: Four more Members (CHI, EGY, US, VEN) [six, if AUS and PHI confirm] joined the Chairman's recommendation (CTSH), as a result of which the Chairman's recommendation enjoys the support of a majority of Members.

Issue No. 50: Five more Members (CHI, KOR, TUR, US, VEN) joined the Chairman's recommendation (CTH), as a result of which the Chairman's recommendation enjoys the support of a majority of Members.

Issue No. 51: No consensus. Members supporting option B stated that clarification of implications of the harmonized rules of origin for TRIPS was needed for resolution of this issue.

Issue No. 52: Growing consensus towards option C.

Issue No. 53: Four more Members (CHI, JPN, KOR, US, VEN) [five, if AUS confirms] joined the Chairman's recommendation (CTH), as a result of which the Chairman's recommendation enjoys the support of a majority of Members.

Issue No. 54: Four more Members (CHI, MEX, US, VEN) [five if AUS confirms] joined the Chairman's recommendation (CTH), as a result of which the Chairman's recommendation enjoys the support of a majority of Members.

Issue No. 57: A question was raised as to whether the good concerned can be classified in ex 8537(a).

Issue No. 63: Five more Members (CHI, COL, MOR, THA, VEN) joined the Chairman's recommendation (CTSH/CTH), as a result of which the Chairman's recommendation enjoys the support of a majority of Members.

Issue No. 64: Five more Members (CH, CHI, COL, MEX, MOR) [six, if AUS confirms] joined the Chairman's recommendation, as a result of which the Chairman's recommendation enjoys the support of a majority of Members.

Issue No. 66: Three more Members (CH, MEX, MOR) joined the Chairman's recommendation (CTSH), as a result of which the Chairman's recommendation enjoys the support of a majority of Members.

Issue No. 67: No consensus was reached.

J. CHAPTER 91 (CLOCKS AND WATCHES)

Issue No. 1: No consensus was reached.

Issue No. 2: Growing consensus towards option A was confirmed.

Issue No. 3: Growing consensus towards option B was confirmed.

Issue No. 4: Members supporting option B expressed their intention to reconsider their positions. Switzerland and the United States were requested to draft a blanks rule for watch cases.

Issue No. 5: It was agreed to delete option B; hence there was consensus on "CTH" for heading 91.14. For 91.13, there was a growing consensus that assembly is origin-conferring.

II. ENDORSEMENT OF PROPOSALS ON HARMONIZED RULES OF ORIGIN (G/RO/W/67)

2.1 The Chairman recalled that consensus was reached on 42 issues at the meeting of the CRO in July 2001, and that these issues had been forwarded to the CRO for endorsement (G/RO/W/67). The CRO agreed to endorse:

- Chapters 1-24 – Issue No. 3: to endorse Option B (split heading ex02.09(c) should be deleted).
- Chapters 1-24 – Issue No.4 for HS ex07.12(c), 07.13, 08.13, and ex08.14(a): to endorse Option C (each primary rule of headings 07.13, 08.13, and split heading ex07.12(c) should read "the country of origin of the goods of this [split] heading shall be the country in which

the vegetable grew"; the primary rule of heading 08.14 should read "the country of origin of the goods of this heading shall be the country in which the citrus fruits or melons (including water melons) grew").

- Chapters 1-24 – Issue No.7: to endorse Option A (the primary rule of split heading ex02.10(j) should read "CTHS, except from split heading ex02.10(i) "; the primary rule of split heading ex03.05(e) should read "CTHS, except from split heading ex03.05(d)"; the primary rule of heading ex03.06(d) should read "CTHS, except from split heading ex03.06(c)"; and the primary rule of split heading ex03.07(d) should read "CTHS, except from ex03.07(c)").
- Chapters 1-24 – Issue No. 39: to endorse Option B (the primary rule of heading 13.01 should read "the country of origin of the goods of this heading shall be the country in which the plant grew").
- Chapters 1-24 – Issue No. 40: to endorse Option B (each primary rule of headings 14.01, 14.02, 14.03 and 14.04 should read "the country of origin of the goods of this heading shall be country in which the plant grew"; split subheading ex14.01.20(c) should be deleted).
- Chapters 1-24 – Issue No. 65: to endorse Option A (the primary rule of subheading 1901.10 should read "CTSH, except from putting up for retail sale").
- Chapters 1-24 – Issue No. 66: to endorse Option A (the primary rule of subheading 1901.20 should read "CTSH").
- Chapters 1-24 – Issue No. 67: to endorse Option A (the primary rule of subheading 1902.20 should read "CTSH").
- Chapters 1-24 – Issue No. 68: to endorse Option A (the primary rule of split subheading ex1905.90(a) should read "CTSHS").
- Chapters 25-27 – Issue No. 10: to delete the proposed Note 5 of Chapter 27.
- Chapters 28-40 – Issue No. 36: to endorse Option B (the primary rule of heading 40.08 should read "CTH").
- Chapters 41-43 – Issue No.1: to endorse Option B (each primary rule of subheadings 4102.21 and 4102.29 should read "CTH").
- Chapters 41-43 – Issue No. 8: to endorse option C (the primary rules should read as follows:
 - "CTHS, except from split headings ex41.04(b), ex41.04(c) or ex41.04(d)" for ex41.04(e);
 - "CTHS, except from split headings ex41.05(b), ex41.05(c) or ex41.05(d)" for ex41.05(e) ;
 - "CTHS, except from split headings ex41.06(b), ex41.06(c) or ex41.06(d)" for ex41.06(e); and
 - "CTHS, except from split headings ex41.07(b), ex41.07(c) or ex41.07(d)" for ex41.07(e).)
- Chapters 44-49 – Issues Nos 1-2: to endorse the following primary rules: "CTHS" for split headings ex44.07(a), ex44.08(a) and ex44.09(a) (description of good of ex44.07(a) and ex44.09(a) should be "- finger or end-jointed"; description of good of ex44.08(a) should be "- finger or end-jointed, [or reinforced]; "CTH" for headings 44.13 and 44.18 (split headings ex44.13(a), ex44.13(b), ex44.18(a) and ex44.18(b) should be deleted).

- Chapters 44-49 – Issue No. 10: to endorse the following primary rules: "CTH" for subheadings 4808.20 and 4808.30"; "CC" for subheading 4808.90.
- Chapters 50-63 – Issue No. 10: to endorse the following primary rule: "CTH, except from heading 56.02" for split heading ex57.04(a).
- Chapters 50-63 – Issue No. 21: to endorse Option A (the primary rule of heading 5605 should read "CTH").
- Chapters 50-63 – Issue No.25: to endorse Option B (split heading ex56.08(a) should be deleted; the description of goods of ex56.08(b) should read "knotted netting of twine, cordage or rope").
- Chapters 50-63 – Issue No.28: to endorse Option A (the primary rule of heading 56.09 should read "CTH").
- Chapters 50-63 – Issue No.29: to endorse Option B (split headings ex58.07(b) and ex58.08(b) should be deleted).
- Chapters 50-63 – Issue No. 31: to endorse Option A (the primary rule of split heading ex58.08(c) should read "CTH").
- Chapters 50-63 – Issues Nos. 33 and 34: to endorse Option A (split headings ex58.10(a) and ex58.10(b) should be deleted).
- Chapters 50-63 – Issue No.56: to endorse Option A (the primary rule for subheading 6301.10 should read "CTH").
- Chapters 50-63 – Issue No.70: to endorse Option A (the primary rule of subheading 6307.20 should read "CTH").
- Chapters 64-67 – Issue No. 2: to endorse Option A (the primary rule of heading 65.04 should read "CTH").
- Chapters 64-67 – Issues Nos. 4 and 5: to endorse Option A (each primary rule of headings 66.01 and 66.02 should read "CTH").
- Chapters 64-67 – Issue No.6: to endorse the following primary rules: "CTH" for split heading ex67.01(a); "CTHS" for split heading ex67.01(b) and "CTHS" for split heading ex67.01(c).
- Chapters 64-67 – Issue No.8: to endorse Option A (the primary rule of heading 67.03 should read "CTH"; split headings ex67.03(a) and (b) should be deleted).
- Chapters 64-67 – Issue No.10: to endorse Option A (the primary rule of subheading 6406.99 should read "CTH"; split headings ex6406.9(a) and (b) should be deleted).
- Chapters 86-89 – Issue No. 74: to endorse Option B (the primary rule of the heading 89.08 should read "the country of origin of this heading shall be the country of origin of the vessels and other floating structures prior to being classified in this heading").
- Chapter 92 – Issue No. 2: to delete this issue.

- Chapters 93-97 – Issue No. 3: to endorse Option B (each primary rule of subheadings 9306.10, 9306.21, 9306.29, 9306.30 should read "CTH; or loading the munitions").
- Chapters 93-97 – Issue No.11: to delete the proposed rule "CTH, except from cushions and mattresses of heading 94.04" for headings 9401 and 9403.
- Chapters 93-97 – Issue No.31: to endorse Option B (the primary rule of heading 96.15 should read "CTH"; split subheadings ex9615.90(a) and (b) should be deleted).
- Chapters 93-97 – Issue No.32: to endorse option A (the primary rule of split heading ex96.17(a) should read "CTHS").

2.2 The representative of Malaysia stated that they joined the consensus for the sake of moving forward and reserved the right to revisit these issues if necessary, at the appropriate time, when the subject of overall coherence was discussed.

2.3 The CRO took note of the statements, and agreed to revert to the nine unendorsed issues² at the next meeting of the CRO.

III. IMPLICATIONS OF THE IMPLEMENTATION OF THE HARMONIZED RULES OF ORIGIN ON OTHER WTO AGREEMENTS

3.1 The Chairman recalled that the CRO had been discussing this issue since May 2001. There had been submissions from the Dominican Republic and Honduras (G/RO/W/33); El Salvador (G/RO/W/34); India (G/RO/W/28/Rev.1, G/RO/W/30, 42 and 50); Japan (G/RO/W/66); Korea (G/RO/W/38); and the United States (G/RO/W/32, 48 and 56).

3.2 Based on the informal consultations held with Members, the Chairman summarized the discussion on this issue as follows:

- "- The informal discussion on the implications of the Harmonized Work Programme (HWP) for other WTO Agreements was conducted with respect to (1) the implications of the completed harmonized rules and (2) the implications of the proposed rules for harmonization.
- Discussions on both subjects were lively and helped to identify many of the important problems that should be addressed both before and after the completion of the HWP. However, the discussion could not lead to any agreement on concrete actions.
- All Members agreed that any discussion on the implications of the HWP should be conducted in such a manner as to facilitate the HWP and should not hinder its progress."

3.3 The CRO took note of the statements and agreed to revert to this issue at the next meeting.

IV. NOTIFICATIONS UNDER ARTICLE 5 AND PARAGRAPH 4 OF ANNEX II OF THE AGREEMENT ON RULES OF ORIGIN (G/RO/34)

4.1 The Chairman recalled that since the last meeting the Secretariat had circulated a document informing delegations of notifications submitted by Burundi and Estonia. To date, 76 Members had made notifications of non-preferential rules of origin and 77 Members had made notifications of preferential rules of origin.

² Contained in document G/RO/W/67/Rev.1.

4.2 The Chairman expressed concern that a number of Members had not yet complied with the notification requirements. He urged Members who had not yet notified to do so as early as possible.

4.3 The CRO took note of the statement.

V. OTHER BUSINESS

(i) *Chairman's reflections on the way to expedite the Harmonization Work Programme*

5.1 In the informal meeting convoked by the EC on 19 July 2001 on the margins of the CRO session, many delegations shared their views on how to expedite the progress of the HWP. The Chairman found many of them thoughtful and practical suggestions, and thought it useful to leave them on record as a part of the minutes of the July 23 Session of the CRO. The Chairman thanked many Members for their comments on the draft circulated on 26 July 2001. The Chairman summarized the discussion on this issue as follows:

"The Development of the Threshold Rule

- More efforts should be focused on identifying a set of key issues and developing a middle ground solution on those issues.
- These efforts are being made. For example, during the July 23 session of the CRO, tangible progress has been made on the production of angles, shapes and sections (with respect to Chapters 72-73), on the blank rule (with respect to 82-83), etc.
- Such efforts should be expanded. In particular, it is critically urgent to forge a threshold rule applicable to the assembly in machinery chapters. All the Members were encouraged to give sufficient and flexible thoughts to this issue so that progress could be made at the earliest possible time.

More preparatory work to be done at home/mandate

- This is the final stage of the HWP. Delegations are advised to conduct and complete necessary consultation among the concerned government ministries and the industries before their participation at the CRO negotiations.
- At the same time, delegations are encouraged to come with sufficient mandate (full powers, if you like) so that they can be spared from the efforts to refer decisions back to their capital.

Priority check

- One important point, which had often been raised, was re-iterated at the informal meeting.
- The Committee was reminded that it is only a limited number of issues that would be of genuinely serious commercial interest to any delegation. On other issues, delegations should be ready to show maximum flexibility, if the HWP could be completed within the time limit.
- The combination of focus on priority issues and flexibility on other issues has in fact been demonstrated by large number of delegations, to whom the Chair is profoundly thankful. At the same time, let us be reminded once again that such a combination is a quintessential ingredient to accomplish the HWP within the mandated timeframe."

5.2 The CRO took note of the statement.

(ii) *Agenda and date of the next meeting*

5.3 The Chairman suggested that the next meeting of the CRO take place on Monday, 8 October 2001, preceded by informal meetings starting from 24 September 2001 on the basis of the following agenda:

Informal Meetings

Note: meetings will start at 9 a.m. and finish at 7 p.m. each day except Mondays, when they will start at 10 a.m.

24-26 September	Chapters 28-40 (chemicals) Chapters 72-73 (iron and steel) Chapters 74-81 (non-ferrous metals) Chapters 82-83 (articles of metal) Chapters 68-70 (ceramics) Chapter 71 (precious stones) Chapter 91 (watches)
27-29 September	Chapters 86-89 (transportation equipment) Chapters 84, 85 and 90 (machinery)
1 October	Chapters 25-27 (mineral products), Chapters 41-43 (leather) Chapters 44-49 (wood and paper) Chapters 92-97 (Musical instrument and other articles)
2-3 October	Chapters 50-63 (textiles) and related chapters Chapters 64-67 (footwear and headgear)
4-6 October	Chapters 1-24 (agricultural products and fish)
8 October	<ul style="list-style-type: none">- Reporting of the informal meetings;- Endorsement of the proposals on the harmonised rules of origin;- Implications of the implementation of the harmonised rules of origin on other WTO Agreements;- Notifications;- Annual report to the CTG; and- Other business

Formal Meeting

8 October

Future Meetings

- Date for November CRO meeting – 26 November-7 December
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