

**Multi-Agency Support Team (MAST) Meeting on Non-Tariff
Measures (NTMs) Classification
5-6 October 2016, UNCTAD**

Working Group on Rules of Origin : Chapter O

Chairs: Mondher Mimouni and Ursula Hermelink (ITC)

UNCTAD focal point: Samuel Munyaneza

MAST group members met to discuss the proposed new structure for chapter O on Rules of Origin (ROO) of the International Classification of Non-Tariff Measures. In line with other chapters of this classification, the chapter on ROO shall allow for the further processing of available ROO-related information, allowing distinguishing between different types of rules and related certification requirements. The discussion took place on the basis of a draft taxonomy which had been developed by the Working Group chaired by the ITC since the last MAST meeting in September 2015. A number of important questions were raised:

- First, the initial draft introduced a distinction between preferential and non-preferential ROO. This distinction was swiftly approved by the Working Group because these two types of ROO are treated differently under WTO law, are found in different data sources and have different implications for businesses.
- Second, the draft proposed a sub-division of each type of rule (i.e. preferential or non-preferential) into (a) the origin criterion laid down by product-specific ROO, and (b) the proof of origin required for a product to obtain originating status. The distinction was approved and brings chapter O in coherence with chapters A and B that also distinguish between the technical requirements and conformity assessment.
- Third, Working Group members then discussed about the suggested further disaggregation of the origin criterion, examining in particular whether the proposed sub-categories were sufficiently comprehensive. The Group concluded that additional details were necessary, notably to distinguish

different types of the “substantial transformation” criterion. , which are reflected in the draft that forms the output of this meeting.

-
- Fourth, a preliminary coding of the ROO in nine preferential trade agreements on the basis of the draft taxonomy, conducted by the ITC, highlighted the importance of collecting information on whether a combination of origin criteria have to be fulfilled or different origin criteria existed as alternatives. In the discussion, several working group members suggested that, in line with other NTM classification chapters, combinations of origin criteria should be coded and counted as two simultaneously existing requirements and coded under the existing classification (e.g. value addition *and* change of tariff heading), while a separate code should be introduced for origin rules that give the choice between different criteria. This is now reflected in this meeting’s draft.
- Subheadings for “proof of origin” and “proof of direct shipment” were also included into the draft, given that these requirements often constitute obstacles to exporters and are therefore important to assess the stringency of ROO.
- Last, the inclusion of cumulation rules into the taxonomy was discussed. While information on cumulation is crucial to assess the stringency of a specific set of ROO, cumulation rules are not separate requirements but define the flexibility (or lack thereof) in establishing the origin. An agreement was reached to establish, for each origin criterion, four-digit codes to reflect the applicable cumulation rules.

Looking ahead, the draft taxonomy will now be finalised and an explanatory text will be added. Once this process is completed, the final draft will be circulated among the MAST group for comments.