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**Committee on Rules of Origin**

MINUTES OF THE MEETING OF 27 APRIL-1 MAY 1998

Chairman: Mr. R. Wells (Australia)

The agenda proposed for the meeting, contained in WTO/AIR/816, was adopted by the Committee on Rules of Origin (CRO) as follows:

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1. Update of origin rules adopted by the CRO (G/RO/W/22/Rev.3)

1.1 The Chairman stated that the Secretariat had circulated, in document G/RO/W/22/Rev.3, an updated list of the origin rules endorsed by the CRO, reflecting the work done at its meeting from 16-27 March 1998. He recalled that the CRO, at its meeting on 3 October 1997, had agreed that the rules contained in this document should not be reopened, keeping in mind that, in accordance with Article 9.3(b) of the Agreement, the CRO would finally consider the results of the Harmonization Work Programme in terms of their overall coherence.

1.2 The CRO took note of the updated document.

2. Examination of product-specific rules of origin concerning Chapters 50-63 (textiles) (G/RO/W/27)

2.1 Following the discussion at the informal meetings of the CRO on 1 May 1998, the CRO agreed as follows:

"The CRO examined unresolved issues on agricultural products submitted to the CRO by the Technical Committee on Rules of Origin (TCRO).

Group 1 (fibre and yarn production)

- There was emerging consensus on Issue No. 1 toward Option A. Argentina, Colombia and Costa Rica reserved their positions on this issue.
- Issues Nos. 2, 3, 14 and 15 remained unresolved, with a number of delegations supporting the various options in these issues.

Group 2 (yarn processing)

- Issues Nos. 5-8, 17 and 21-23 remained unresolved, with a number of delegations supporting the various options in these issues.
- As concerns Issue No. 6, some delegations stated that core spinning and slub yarn processing were part of the spinning process outlined in Issue No. 3, and requested delegations supporting Option B to reconsider this issue.

Group 3 (yarn and fabric finishing)

- The CRO reached consensus on Option B for Issue No. 68.
- Issues Nos. 4, 9, 11-13, 16, 18-20, 24, 25, 29, 37, 44 and 57 remained unresolved, with a number of delegations supporting the various options in these issues.
- As concerns Issues Nos. 24 and 25, since some delegations shifted their positions from Option A to Option B, there was wide support for Option B.

Group 4A (made-up goods)

- Issues Nos. 26-28, 30-32, 55-56, 59-67 and 69-71 remained unresolved, with a number of delegations supporting the various options in these issues.
- As concerns Issues Nos. 30-32, one delegation stated that its position in these issues was also related to the dyeing/printing processes.
- As concerns Issues Nos. 55, 56 and 59-65, it was observed that these issues were linked with the issues concerning apparel.

Group 4B (speciality goods)

- Issues Nos. 10 and 38-43 remained unresolved, with a number of delegations supporting the various options in these issues.

Group 4C (embroidery)

- There was wide support for Option A in Issue No. 33.
- There was consensus that Option C in Issue No. 34 should be deleted.
- Issues Nos. 35, 47, 52 and 58 were not discussed since the TCRO Report concerning these issues had not been officially submitted to the CRO.

Group 4D (other)

- The Committee reached consensus on Option A in Issue No. 72. It was also agreed that the square brackets around the word "last" should be deleted. It was noted that the "Ottawa" definition should be reconsidered in light of overall coherence and consistency of language when work on product-specific rules for all Chapters had been finished.

- Issue No. 36 remained unresolved, with a number of delegations supporting various positions.

Group 5 (apparel)

- The Committee agreed to narrow down various positions in Option A of Issue No. 46. Option A of Issue No. 46 should now read:

"OPTION A : Yes, provided

- The assembly of an article in one country from parts cut to shape is a substantial transformation. However, if items such as accessories, buttons or other fasteners, pockets, trimmings, cuffs, labels etc. are added and if button holes and hems are made, and if any of these operations are carried out in another country, before or after the main assembly operation, these operations are not taken into account in determining the origin of the goods.

1. The rule should be (ARG, AUS, CH, CR, EC, EGY, FIJ, GUA, HK, IND, JPN, MAL, MEX, MOR, NOR, PHI, SEN, US):

- Change to goods of this split chapter provided that the goods are assembled in a single country in accordance with Chapter Note 1.

2. The following chapter note is proposed. Square brackets indicate additions proposed by some of the countries:

- Chapter Note 1

(a) For the purposes of this chapter, and subject to paragraph (b), the term "assembled in a single country" means that all of the assembly operations following the cutting of the fabric, [or the knitting or crocheting,]\* to shape of the parts have been performed in that country.

(b) For the purposes of paragraph (a) performing or not performing operations such as the following shall not affect the determination of whether the good has been assembled in a single country:

- attaching [to garments or accessories (US)] items such as accessories, buttons and other fasteners, pockets, trimmings, cuffs, plackets, labels, [foot straps, ornaments, belt loops, epaulettes (US)], [collars (AUS, CH, JPN, MAL, NOR, PHI, US)];
- making button holes, hemming, [pressing, stone or acid washing (US)]"
- Issues Nos. 45, 46, 48-51, 54 and 73 remained unresolved, with a number of delegations supporting the various options in these issues."

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\*Not relevant to Issue No. 46.

India's proposal concerning preparation of an analytical paper on the textiles sector

2.2 The Chairman recalled that the Secretariat had circulated a proposal from India concerning the preparation of an analytical paper by the Secretariat in regard to the major proposals on rules of origin in the textile sector (G/RO/W/28). Another proposal from India concerning this matter had also been circulated informally that week (later circulated as document G/RO/W/30).

2.3 Based on informal consultations with Members, the Chairman stated that there was agreement on the importance of the issue raised by India, but that there was no consensus on requesting the Secretariat to prepare an analytical paper on this issue. He also stated that many Members had expressed concern that it would be unavoidable for the Secretariat to face the problem of interpreting the provisions of various WTO Agreements. These Members also stated that the analytical work should be carried out by the Committee itself and that the coverage of work should not only be confined to textile products, but extended to all other products.

2.4 The Committee took note of the statements made and agreed to revert to India's proposal at the next meeting.

3. Other business

- Date of the next meeting

3.1 It was agreed that the CRO hold its next meeting from 25-29 May 1998.

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