

Update on the Implementation of the WTO Nairobi Decision: An International Governmental Organization (IGO) Perspective

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Introduction

- The outcome text of the WTO Ministerial MC12 contains wording referring to the **CRO decision** (G/RO/95) adopted on 14 April 2022
- The challenge of the LDC WTO Group is to **outline the vision and present a work program** in line with the above-mentioned Decision
- The objective of work program should aim at:
 - Allow **early preparation** and contributions to hold fruitful CROs
 - **Reporting effectively** the results of debates and outcomes to MC 13

The CRO Decision

- “Members underscore the importance of identifying and addressing as appropriate **specific challenges** that least-developed countries (LDCs) face, in **complying with preferential rules of origin** and origin requirements to **effectively use trade preferences**”
- “Towards that end, the Committee on Rules of Origin (CRO) should **continue its efforts to facilitate the implementation of the Nairobi Ministerial Decision** on preferential rules of origin for LDCs (WT/L/917/Add.1) with a view to ensuring that preferential rules of origin applicable to imports from LDCs are **transparent** and **simple** and contribute to **facilitating market access**.”
- “The work of the CRO could include **identifying and agreeing upon best practices** by all Members on **preferential rules of origin** and related administrative requirements and further analyzing existing origin requirements and the utilization of trade preferences. The CRO should report its work to the General Council ahead of the Thirteenth Ministerial Conference”

Background of CRO Work from 2015

- Some **progresses were** recorded in the LDC communication on *The 5th Anniversary of the Nairobi Ministerial Decision: review of implementation, identification of gaps and the way forward – communication from the LDC Group*.
- However, **few preference-giving countries** have undertaken steps to make their RoO more transparent and simpler according to the **Nairobi Decision**
- Most importantly, **no substantive contributions by PGC in the CRO**
- Welcome the efforts showed by the **UK and Canada** in revising their rules of origin object of **preliminary analyses**

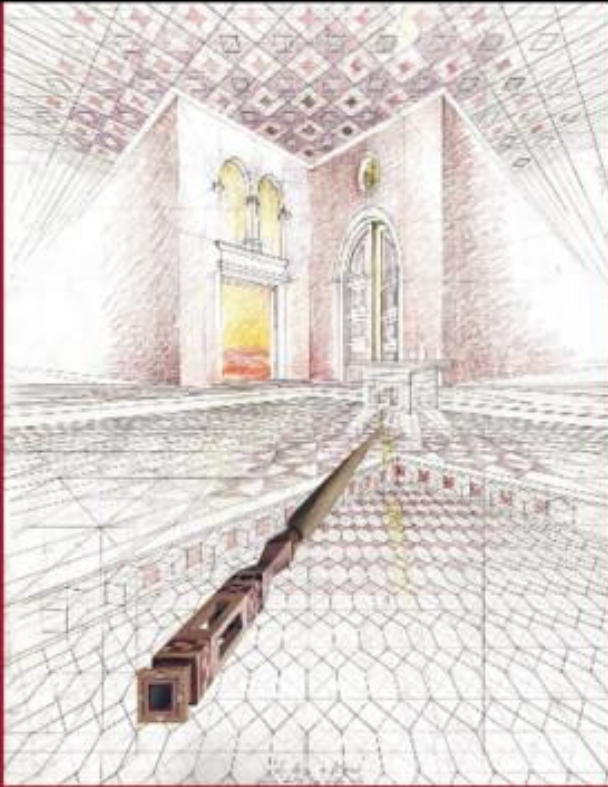
Background and Rationale

- There is no multilateral discipline on rules of origin. The CRO has a **key role** to play
- With more than a **decade of experience**, the WTO LDC Group has demonstrated that discussions of the implementation of Nairobi decision has positive spillovers such as:
 - The Swiss proposal on notification of non preferential rules of origin
 - The research on utilization rates as tool to measure the effectiveness of trade preferences
- The CRO should increase its work aimed at **identifying and agreeing upon best practices** by all Members on **preferential rules of origin**
- Increased multilateral action on rules of origin could be **highly beneficial** to the LDCs and international trading system

Possible Work Program

- **UNCTAD/EUI program** will continue to support the WTO LDC **undertaking research and capacity building activities**
- Utilization Rates of China and India DFQF schemes
- AGOA renewal – rules of origin improvements
- New UK DCTS rules of origin
- Cumulation procedures
- Convergence on product specific rules of origin
- Setting appropriate levels of ad valorem percentage requirements
- Draft report to MC13

Rules of Origin in International Trade



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Resources

- [Rules of origin in International Trade \(2022\) Stefano Inama, Cambridge University Press.](#)
- [The Utilization of Trade Preferences by COMESA Member States: Intra-regional Trade and North-South Trade \(2023\)](#)
- [Getting to better rules of origin for LDCs using utilization rates - from the WTO Ministerial decision in Hong Kong \(2005\) to Bali \(2013\), Nairobi \(2015\) and beyond, Geneva.](#)
- [Compendium of technical notes prepared for the LDC WTO group on preferential rules of origin \(2020\). UNCTAD/ALDC/2020/6](#)

Additional Resources I

- **Crivelli, P. and S. Inama. 2021.** “Improving market for LDCs: The impact of the EU Reform of Rules of Origin on Utilization Rates and Trade Flows under the Everything But Arms Initiative (EBA)”, *UN LDC5 Conference paper*
https://www.un.org/ldc5/sites/www.un.org.ldc5/files/t6_inama_eu_reform_2021_16_helsinki_final_20210816_clean.pdf
- **Crivelli, P., Inama, S., and J. Kasteng. 2021.** “Using utilization rates to identify rules of origin reforms: the case of EU free trade area agreements”, *EUI RSC*, 2021/21, Global Governance Programme-437 <https://cadmus.eui.eu/handle/1814/70396>
- **Ghetti, PP. and S. Inama, 2020.** The Real Cost of Rules of Origin: A Business Perspective to Discipline Rules of Origin in a Post COVID-19 Scenario, *Global Trade and Customs Journal*, Vol. 15, Issue 10, pp. 479-486, <https://doi.org/10.54648/gtcj2020086>

Additional Resources II

- **UNCTAD website of utilization rates** of trade preferences granted by QUAD countries available at: gsp.unctad.org
- **UNCTAD website** of Integrated trade statistics, tariff offers and rules of origin under the African Continental Free Trade Area available at: <https://afcfta.unctad.org/>
- **UNCTAD-EUI platform of experts**, researchers, practitioners, government officials and the private sector to discuss developments in the area of RoO and URs on an annual basis (June 2019, February 2020, October 2021)
 - Rules of Origin | Interview Series: <https://globalgovernanceprogramme.eui.eu/rules-of-origin-interview-series/>
 - Trade Facilitation and Rules of Origin: <https://globalgovernanceprogramme.eui.eu/trade-facilitation-and-rules-of-origin/>

Additional Resources III

- Ongoing cooperation with researchers from the **Asian Development Bank** on studying Rules of Origin and URs in the Asian region and especially mega-regionals (CPTPP and RCEP).
 - Crivelli, P. and S. Inama. 2021. Making RCEP Successful Through Business-friendly Rules of Origin. Asian Development Blog. <https://blogs.adb.org/blog/making-rcep-successful-through-business-friendly-rules-of-origin>.
 - Inama, S., P. Crivelli, and P.M. Ha, 2022. The Low Use by Firms of ASEAN Trade Preferences: Will RCEP Follow the Same Destiny? An Agenda for Rescue to Reform Rules of Origin in the Asian and Pacific Region. Global Trade and Customs Journal, 17(6). <https://doi.org/10.54648/gtcj2022033>
 - Crivelli, P., S. Inama, and M. Pearson. 2022. An Analysis of the Product-Specific Rules of Origin of the Regional Comprehensive Economic Partnership. Manila: Asian Development Bank <https://dx.doi.org/10.22617/TCS220167-2>

Thank you!

