



WTO OMC

# **Preferential Market Access and Preferential Rules of Origin for Least Developed Countries at the WTO**

Darlan F. Marti

Secretary of the Committee on Rules of Origin

World Trade Organization (WTO)

# Overview

- WTO initiatives to improve market access conditions for Least Developed Countries (LDCs)
- Ministerial Decisions on preferential rules of origin for LDCs: The Nairobi Decision
- Latest developments in the CRO



# 1. Market Access

Duty Free, Quota Free initiative and  
tariff preferences

# *Duty Free Quota Free: Objective*

- 2005 Hong Kong Decision (Annex F of the Ministerial Declaration) :

developed countries  
*shall* provide  
preferences on *at least*  
*97%* of tariff lines and;

developing countries  
*declaring them in a*  
*position to do so should*  
introduce schemes

- “Full coverage”: i.e. all tariff lines should be covered by the schemes (preferences on all products - gradually)
- 2013 Bali Ministerial Decision (WT/L/919): reiterated these objectives and enhanced the monitoring and reporting function of the CTD (WT/COMTD/W/214)

# Developed country schemes

Member	Tariff lines covered	Exclusions (Nb. of lines)	Products excluded	WTO reference
Australia	100%	0	0	WT/COMTD/N/18
Canada	98.6%	105	Dairy, eggs, poultry	WT/COMTD/N/15
EU	99%	91	Arms and ammunitions	WT/COMTD/N/4
Iceland (2014)	91.8%	707	Meat, dairy, eggs, vegetables, cereals, food preparations	WT/COMTD/N/17
Japan (2014)	97.9%	197	Rice, sugar, fish, articles of leather	WT/COMTD/N/2
New Zealand	100%	0	0	WT/COMTD/N/27
Norway	100%	0	0	WT/COMTD/N/6
Russian Fed. (2014)	36.3%	7415	Petroleum, copper, iron ores, articles of leather, apparel, clothing	WT/COMTD/N/42
Switzerland	100	0	0	WT/COMTD/N7
USA GSP * AGOA	82.6% 97%	1864	Dairy, sugar, cocoa, articles of leather, cotton, apparel, clothing, footwear, watches	WT/COMTD/N/1

# Developing country schemes

Member	Tariff lines covered	Exclusions (NB. Of lines)	Products excluded	WTO reference
Chile	99.5%	41	Wheat, flour, sugar	WT/COMTD/N/44
China (2014)	94.9%	673	Agricultural & chemical products, paper, wood, cotton, skins	WT/COMTD/N/39
India	94%	686	Meat, dairy, vegetables, coffee, tobacco, iron and steel, copper	WT/COMTD/N/38
Korea, Rep. of	90.3%	1185	Meat, fish, vegetables	WT/COMTD/N/12
Ch. Taipei	31%	6159	Products covered: plastic items, raw skins, textiles and clothing, parts of vehicles, precious stones	WT/COMTD/N/40
Thailand	73.2%	n.a.	n.a.	WT/COMTD/N/46
Turkey	79%	2480	Meat, fish, food products, steel products	*

# The 2005 Mandate

- Notion that preferential market access for LDCs need to build on both pillars:

## Coverage

- increase coverage to at least 97% of TL

## Rules of Origin

- “simple and transparent”

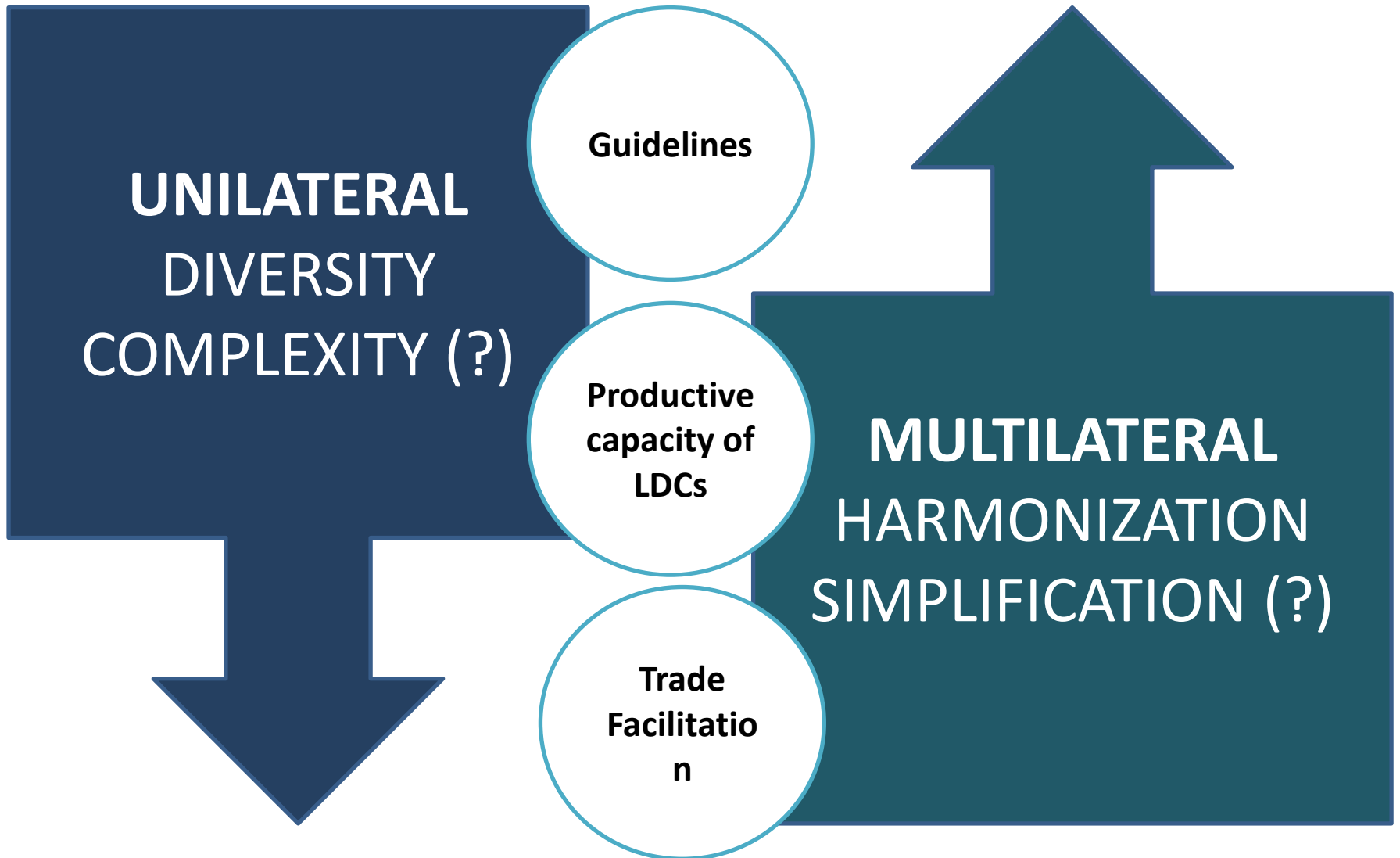
- Problem: how to operationalize that objective (*what are “simple” rules?*)
- Focus was on tariff / coverage pillar until 2012-2013

## 2. Rules of Origin

Preferential rules of origin for LDCs



# Negotiation of multilateral guidelines



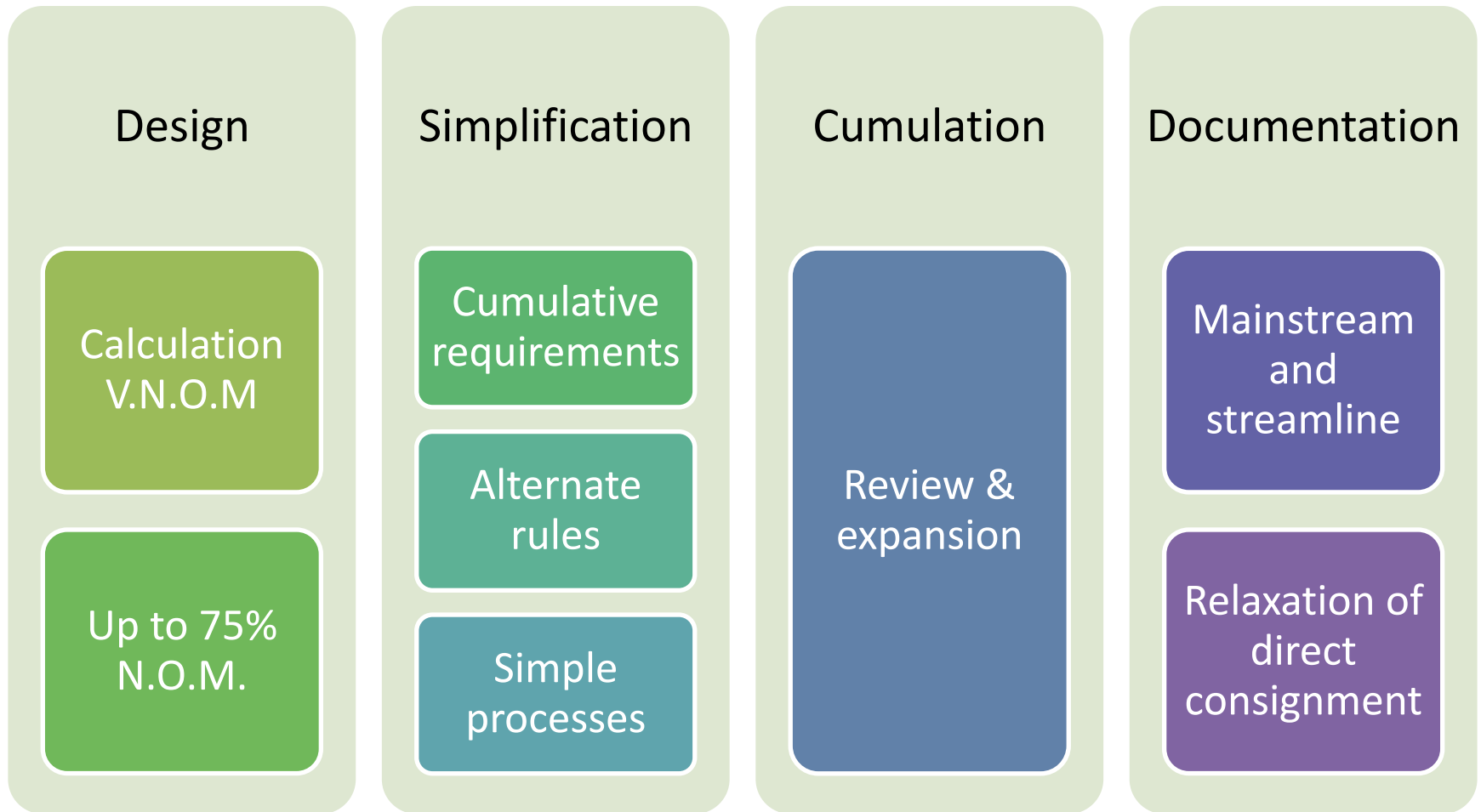
# The 2013 Bali Ministerial Decision

- WT/L/917: First WTO legal instrument on Pref. R.O.
- (but Annex II of the 1994 WTO Agreement on Rules of Origin)
- Decision provides guidelines or examples of what “simple and transparent” rules could be
- Explicit recognition that each Preference Granting Member may maintain its own approach while achieving the objectives of the Decision (*no single system is “better”*)
- Voluntary language
- Broad scope: product specific rules, cumulation

# The 2015 Nairobi Ministerial Decision

- Builds upon the previous Decision: WT/L/917/add.1
- Same “spirit”: encourages preference-granting WTO Members to reform their rules of origin.
- But also lays out specific framework for the *simplification and relaxation of specific aspects of rules of origin*
- Includes provisions not only on the rules themselves (design of product specific rules and cumulation) but also includes some language on origin-related procedures (certification, non-manipulation)
- Enhances transparency provisions and the monitoring and reporting function of the CRO

# Nairobi Decision - coverage



# Implementation of the Nairobi Decision

Information of efforts being made to implement the Decision

New template for notification of Pref.RO – 30/06/2017

Better coverage of preferential trade data

Utilization rates as an indicator of the restrictiveness of Pref.RO

Annual reports by the CRO to the General Council

Regular work to 'take stock' of implementation

# Implementation

- The Decision will not necessarily / automatically trigger reforms in Pref. R.O, but Committee (CRO) process should:

Keep pressure on preference-granting members and generate momentum for reform

Contribute to identifying best practices and trade facilitating solutions

Promote better understanding of existing rules and therefore facilitate compliance

Uphold a high degree of transparency in the rules and procedures

# Latest developments

Annual review of  
annual  
developments

Chile and Thailand:  
new DFQF schemes  
and Pref. R.O.

Japan: simplification  
of R.O for clothing  
(HS Chapters 61 and  
62)

China: expansion of  
cumulation  
possibilities

Australia:  
comments and  
comprehensive  
reform of Pref. R.O.

New template:  
compare  
comprehensive and  
updated information

Comprehensive  
stock taking -  
October 2017

# Thank you for your attention!

Darlan F. Marti

Trade Policy Specialist, Market Access Division

World Trade Organization (WTO)

[Darlan.Marti@wto.org](mailto:Darlan.Marti@wto.org)