



**United Nations  
Conference  
on Trade and  
Development**

Distr.  
LIMITED

TD/B/SCP/AC.1/L.2  
21 July 1995

Original: ENGLISH

---

TRADE AND DEVELOPMENT BOARD  
Special Committee on Preferences  
Intergovernmental Group of Experts  
on Rules of Origin  
Geneva, 19 July 1995  
Agenda items 3 and 4

CONSULTATIONS ON HARMONIZATION OF THE RULES OF ORIGIN

CONSULTATIONS ON SIMPLIFICATION AND IMPROVEMENT OF THE  
RULES OF ORIGIN

Draft agreed conclusions of the Intergovernmental  
Group of Experts on Rules of Origin

In accordance with its terms of reference, the Intergovernmental Group of Experts on Rules of Origin met on 19-21 July 1995 to make proposals to the Special Committee, in view of the policy review on the GSP in 1995, on the harmonization, simplification and improvement of the rules of origin. The IGE reached the following conclusions:

**I. Harmonization of rules of origin**

With a view to progressing towards the harmonization of GSP rules of origin and recognizing the importance and value of the work to be undertaken by the Technical Committee established within the World Customs Organization, the Intergovernmental Group of Experts on Rules of Origin recommends that the Special Committee on Preferences adopt the following text at its 22nd session:

The UNCTAD secretariat is requested to:

- (a) Follow and monitor, as an observer, the work carried out within the Technical Committee and, when appropriate, contribute to the technical aspects of this work;

- (b) Report annually to the Special Committee on Preferences on the progress made and results achieved by the Technical Committee with a view to progressing towards harmonization of the GSP rules of origin;
- (c) Propose, once the Technical Committee has achieved its objectives and taking due account of the WTO's work, a harmonized set of rules of origin, including modifications and amendments where appropriate, to UNCTAD member States, for their consideration and adoption.

## **II. Simplification and improvement**

### **A. Cumulation**

Some preference-giving countries grant partial or full cumulation for regional groupings. In the past few years, several regional groupings have strengthened their relationships and new groupings have been created. Moreover, preference-receiving countries emphasized the importance of global cumulation. Recommendation: Improvements in the rules of origin should be sought by expanding global or regional cumulation and its scope to additional or newly formed regional groupings. To this end, the secretariats of these regional groupings may request to be granted regional cumulation, according to the provisions laid down by the preference-giving countries.

### **B. Relaxation of stringent rules of origin**

Some rules of origin have requirements which may be met only with great difficulty and limit the efficient sourcing of inputs. Recommendation: Improvements and simplification of such rules should be sought to facilitate their use by preference-receiving countries.

### **C. Direct consignment**

For some preference-receiving countries, especially land-locked countries, the direct consignment requirements hamper the utilization of GSP benefits. These requirements do not take into account the possibility of intermediate trading. In particular, when exported goods are in transit in a third country, the customs authorities in the country of transshipment usually do not issue the required documentary evidence. In some cases the exporters are not in a position to know the final destination of the goods as the transactions are being made by trading houses which do not reveal the name of the final consignee.

Recommendation: Improvements in the system for countries facing direct consignment problems should be sought through adequate arrangements with preference-giving countries with regard to alternative means of documentary evidence.

D. Least developed countries

Several preference-giving countries have special programmes to relax rules of origin for LDCs.

Recommendation: Improvements for LDCs should be sought within the existing arrangements provided by some preference-giving countries by allowing that the request for derogation be made by certifying authorities.

E. Binding origin information and judiciary review

The Intergovernmental Group of Experts on Rules of Origin noted the value of the commitment made by preference-giving countries within the Common Declaration on Preferential Rules of Origin of the WTO Agreement on Rules of Origin. In this context, the Intergovernmental Group of Experts recommends the consistent implementation of the provisions contained in Article 3, paras. (d) and (f) of the Common Declaration.

The implementation of this commitment will contribute to imparting transparency, stability and legal certainty to origin determination.

F. Administrative cooperation between donor countries and receiving countries

The functioning of the GSP can be improved with enhanced administrative cooperation between preference-giving and receiving countries for ex-post controls, meeting deadlines and reliability of the information provided in the origin certificates.

G. Administrative procedures

- (i) Consideration should be given to abolishing Form APR and to accepting a simple certification made by the exporter on the invoice as sufficient proof of origin status;
- (ii) The notes on the back of GSP Form A should be modified as follows:
  - European Economic Community should be replaced by European Union;
  - Austria, Finland and Sweden should be listed under the European Union;
  - Union of Soviet Socialist Republics should be replaced by Russian Federation;

- Czechoslovakia should be replaced by Czech Republic and Slovakia;
  - The note marked with asterisks concerning the United States should be replaced by an insertion in the text as follows: "The United States does not require GSP Form A. A declaration setting forth all pertinent detailed information concerning the production of manufacture of the merchandise is considered sufficient only if requested by the District Collector of Customs";
  - The old stock of GSP Form A should remain valid until 31 December 1997;
- (iii) During discussions on the need to maintain the requirement of GSP Form A and the quality of its paper, several preference-giving countries stated that they no longer required GSP Form A since it had been replaced either by computerization or by a declaration made by the importer. However, other preference-giving countries wished to maintain the present rules as they were of the opinion that GSP Form A was necessary in order to avoid fraud and counterfeiting and to facilitate any verification procedure which their authorities might carry out.