



HARMONIZED SYSTEM
COMMITTEE

NC0008E1

-
23rd Session

O. Eng.

H3-1

Brussels, 28 April 1999.

CO-OPERATION WITH THE TECHNICAL COMMITTEE ON RULES OF ORIGIN

(Item III.1 on Agenda)

Reference documents :

42.009 (HSC/21)	42.711 (TCRO/14 – Report)
42.100, Annex C/3 (HSC/21 – Report)	42.397 (HSC/22)
42.262 (TCRO/12 – Report)	42.750, Annex C/1 (HSC/22 – Report)
42.263 (TCRO/12/13 – Report to the Committee on Rules of Origin)	42.820 (TCRO/15 – Report)
42.557 (TCRO/13 – Report)	OC0010E1 (TCRO/16 –Draft report)

I. BACKGROUND

1. The Technical Committee on Rules of Origin (Technical Committee or TCRO) held its 15th and 16th Sessions from 7 to 18 December 1998 and from 1 to 12 March 1999, respectively. Members of the Tariff and Trade Affairs Directorate attended both sessions.
2. The following is a summary of the discussions and conclusions of the Technical Committee concerning agenda items of a technical nature which have a direct bearing on the HS.

II. SUMMARY OF THE DISCUSSIONS AND CONCLUSIONS OF THE TECHNICAL COMMITTEE

3. At its 15th and 16th Sessions, the Technical Committee examined extensively the overall architecture of the harmonized rules of origin. It considered and elaborated the scope and application of origin conferring Primary Rules and their relation to Residual Rules. At its 16th Session it also re-examined the Rules proposed for Chapters 25 to 49, 64 to 81 and 92 to 97, in the light of the results of the discussions on the overall architecture.
4. In a number of cases the Technical Committee concluded the debates on technical issues but did not find consensus concerning the proposed rules of origin. These cases were placed in square brackets and submitted to the WTO Committee on Rules of Origin (CRO) for consideration and decision, or were deferred until the next session. Those items where the Technical Committee did find consensus on the proposed rules of origin were also submitted to the CRO for endorsement.

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5. A summary of important topics is given below.

A. Continuation of the work program

6. The work program on the elaboration of Harmonized Rules of Origin was officially launched on 20 July 1995, and was scheduled for completion by 20 July 1998. The CRO has noted that, despite the complexity of the issues under discussion, substantial progress had been made, though additional work is still necessary. Therefore, it has set a new schedule for completion by November 1999. Consequently, the CRO recommended, among other things, that TCRO should continue its work, in accordance with the following work program :

- (i) The TCRO shall submit the results of its work on overall architecture to the CRO in January 1999; and
- (ii) The TCRO shall submit the final results of its work to the CRO by the end of May 1999.

7. The TCRO's 17th Session is scheduled for 17 to 28 May 1999, during which it will re-examine the remaining Chapters and any outstanding questions concerning the overall architecture.

B. References to Harmonized System

8. The TCRO re-confirmed its earlier position that any reference to the Harmonized System would be a reference to the Harmonized System as presently in force. The TCRO accepted the principle that amendments to the Harmonized System did not have the effect of changing the results of the rules of origin. In this context, the TCRO took note of the amendment procedure as laid down in Article 16 of the Harmonized System Convention.

9. To cope with future amendments to the HS, a draft text concerning an amendment mechanism for the Harmonized Rules of Origin was included in the General Rules for further examination at the next session.

C. Reclassification by repackaging or change in use

10. When considering the rules of origin for Chapter 95, certain delegations argued that babies' garments of Section XI may be re-classified in heading 95.02 when re-packaged as doll's garments or due to the change in use (i.e., as an accessory to dolls). Such re-packaging or change in use of babies' garments should not result in an origin conferring process and should, consequently, be excluded.

11. The representative of the Tariff and Trade Affairs Directorate clarified that the re-packaging of babies' garments or changing the use of such garments would not result in a re-classification of these goods from Section XI to heading 95.02. Therefore, such a reference might give a wrong impression vis-à-vis the classification of babies' garments on the one hand and of doll's accessories on the other.

III. SECRETARIAT COMMENTS

12. Unlike certain delegations in the TCRO, the Secretariat holds the view that in the case of babies' garments and in similar cases a re-packaging or change in use would not lead to a change in classification of these products. The Committee may wish to give its view on this particular issue.

IV. CONCLUSION

13. The Committee is requested (i) to take note of the above developments in the Technical Committee on Rules of Origin and (ii) to indicate whether it wishes to consider the question of a possible re-classification of certain products as a result of re-packaging or change in use.
