



HARMONIZED SYSTEM
COMMITTEE

-
25th Session
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NC0239E1

O. Eng.

Brussels, 16 March 2000.

DRAFT RECOMMENDATION OF THE CUSTOMS CO-OPERATION COUNCIL
CONCERNING ARTISANAL PRODUCTS

(Item IV.1 on Agenda)

Reference documents :

41.333 (RSC/16)	NR0028E1 (RSC/19)
41.580 Annex C/2 (RSC/16 - Report)	NR0045E2 Annexes C/2 and D/25 (RSC/19 – Report)
41.803 (RSC/17)	NC0017E1 Paras. 99 to 105 (HSC/23)
41.920 (RSC/17 - Report)	NC0090E2 Annex F/1, Paras. 96 to 101 (HSC/23 – Report)
42.234 (RSC/18)	NC0103E1 (HSC/24)
42.500 Annex C/2 (RSC/18 - Report)	NC0160E2 Annex D/1 (HSC/24 – Report)
	NC0179E1 (HSC/25)

1. On 21 February 2000, the Secretariat received the following note from the Australian Administration concerning artisanal products.

I. NOTE FROM AUSTRALIA

2. "The following are the Australian comments and proposals in response to your questions numbered (i) to (iv).

Question (i) :

3. Australia supports the establishment of a definition based on paragraphs 41 and 42 of Doc. 42.234. In the absence of conclusive evidence to distinguish between hand-made and machine-made goods Australia relies, *prima facie*, on a manufacturer registration system. The registration system is complemented with the advice of industry experts where there are instances of reasonable doubt.
4. Apart from the term "sophisticated machinery", which should be clarified, Australia considers the definition set out at paragraph 3 of Doc. NC0103E1 to be a satisfactory starting point.

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5. No doubt issues will arise during the administration of this definition. They can be addressed as they occur.

Question (ii) :

6. Australia currently has criteria for distinguishing hand-made products from those that are made by other means.
7. Australia defines hand-made goods, other than textile goods, as being made by one or more of the following processes, and by no other process :
- (i) by hand;
 - (ii) by non-powered tools held in the hand;
 - (iii) by machines powered by foot or hand; and
 - (iv) are wholly or in chief part by weight of materials traditionally used in the production of handicrafts, and
 - (v) have attained, by reason of being hand-made, an artistic or decorative character generally comparable with traditional hand-made products of the country in which the goods were made.
8. In the case of textiles, hand-made products are those being :
- (i) fabric containing not less than 90% by weight of natural fibres, being fabric the Collector is satisfied;
 - (ii) is made by one or more of the following processes, and by no other process :
 - (a) by hand;
 - (b) by non-mechanical, non-powered tools held in the hand;
 - (c) produced by machines powered by foot or hand.

Question (iii) :

9. On 14 December 1998, Australia wrote to the then Director, Nomenclature and Classification Directorate, with a concern that the insertion of a "hand-made" subheading within particular headings may result in some hand-made products not being specified, and thus receiving inconsistent treatment. This letter was in response to the draft list of "hand-made" subheadings provided in Annex III to Doc. 42.234.
10. In order to overcome this, Australia proposed that a new heading for hand-made goods be created at the conclusion of each relevant Chapter. It also suggested that perhaps only one heading, for all hand-made goods, could be created within Chapter 96.

11. It is noted in the observations in paragraph 3 of Report of the 19th Session of the Review Sub-Committee (Doc. NR0045E2) that they did not consider the amount of added details to be excessively burdensome.
12. After examining the list of subheadings in the Annex to the Draft Recommendation and comparing this list with its national handicrafts arrangements, Australia requests "hand-made" provisions be inserted within the following additional headings/Chapters :
- 42.03
 - 42.05
 - 44.18
 - 4420.90
 - 4601.20
 - Chapter 48
 - Chapters 50 to 58 (inclusive)
 - Chapters 61 and 62
 - 6403.59
 - 66.01
 - 66.02
 - 68.15
 - 69.01
 - 6914.90
 - Chapters 73, 74, 78 and 82
 - 9112.80
 - 9606.2
 - 96.15.
13. In view of an Australian request for these additional subheadings; and possible additional requests that may be received from other Members; and perhaps further requests for future amendments after this list is "finalised", Australia considers that the "hand-made" heading concept, that was put forward on 14 December 1998, should be further re-examined.

Question (iv) :

14. Australia considers the proposed subheading splits can only be acceptable if there is an international definition of hand-made products and a certification procedure.
15. Australia does not consider that the WCO should act as an international certification authority, nor does it consider that individual administrations should formulate their own schemes. Rather the formulation of a scheme should be done under the auspices of the International Trade Centre (ITC), with input from WCO Members. Administering the scheme should be then left to the discretion of individual countries, with disputes being heard by the ITC.

16. At present, for Australia to be satisfied that the goods entered are, hand-made, acceptable evidence must be produced. This may be in the form of either a video or a series of photographs authenticated (signed and dated) by a senior member of the manufacturing firm. The video/photographs must show the manufacturer's factory or premises and all stages of manufacture within that establishment to produce the handicraft. In addition, a written description is required, on company letterhead, of the various processes of manufacture.
17. This material, together with samples of the handicraft, is currently sent to the Australian Customs prior to commercial consignments of the goods being, shipped into this country.
18. The goods deemed to be hand-made are registered as such on an Australia wide basis. The registration is valid for five years. After that time the evidence must be updated."

II. SECRETARIAT COMMENTS

19. In respect of the definition of "hand-made" products, Australia considers the definition set out in paragraph 3 of Doc. NC0103E1 to be a satisfactory starting point, subject to the clarification of the term "sophisticated machinery". Issues which might arise during the administration of this definition could be addressed as they occur. The Secretariat's comment in this regard (see paragraph 10 of Doc. NC0179E1) is that the question regarding definitions should be left to the discretion of individual administrations.
20. As to the criteria to distinguish between "hand-made" products and their "machine-made" counterparts, Australia explains the criteria used for the purposes of the Australian scheme (see paragraphs 6 to 8 above). It should be noted, however, that even the criteria suggested by Australia also include certain elements (e.g., "material traditionally used", "fabric the Collector is satisfied") which might need a definition to clarify the scope of the term "hand-made".
21. Regarding the proposed list of breakouts in the Annex to the draft Recommendation, Australia requests that additional breakouts be inserted within certain other headings and Chapters (see paragraph 12 above). In this connection, Australia refers to its earlier proposal that a new heading for "hand-made" products be created at the end of each relevant Chapter or one heading for all "hand-made" goods be created within Chapter 96. The Committee is requested to express its views in this respect.
22. Finally, as to a possible certification scheme concerning "hand-made" products, Australia does not consider the WCO should act as an international certification body. Such a certification scheme should be formulated by the International Trade Centre (ITC), with input from the WCO Members. Administration of the scheme should then be left to the discretion of individual countries, with disputes being solved by the ITC. Since, so far, the ITC was not in a position to formulate an international scheme, the Secretariat's comment in this connection is in agreement with the Committee's view that the questions relating to certification procedure should also be left to the discretion of individual administrations (see paragraph 11 of Doc. NC0179E1).

III. CONCLUSION

23. The Committee is requested to take into account the Australian comments above while examining the draft Council Recommendation concerning artisanal products.
