WORLD TRADE ORGANIZATION

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Committee on Rules of Origin

INTEGRATED NEGOTIATING TEXT FOR THE HARMONIZATION WORK PROGRAMME

CHAPTER 91 (WATCHES AND CLOCKS)

Note by the Secretariat

Revision

1. At its meeting on 10 May 1996, the Committee on Rules of Origin (CRO) decided to establish an Integrated Negotiating Text (INT) for the Harmonization Work Programme. The first INT was circulated in document G/RO/W/13 (24 May 1996), and had been periodically updated (G/RO/W/13/Rev.1-3, G/RO/W/13/Rev.3/Add.1 and 2). A further consolidated INT was circulated in document G/RO/41(3 September 1999), and has also been periodically updated (JOB(99)/5869, JOB(99)/7617, JOB(00)/1573, JOB(00)/3230, JOB(00) /5207 and JOB(00)/7194).

2. The attached document is the latest update of the negotiating text for Chapter 91 and reflects the progress made by the CRO in April 2002.

ISSUES FOR DECISION: CHAPTER 91

ISSUE FOR DECISION NO. 1 :

1. Is the country of origin of a finished watch or clock the country of final assembly or the country of origin of the movement used in its production?

Differing views presented in the relevant Technical Committee discussions

OPTION A: a rule of origin based on the origin of the movement for the following reasons:

2. The essence of a watch, or clock, is a device which indicates the time or measures the intervals of time (see explanatory notes under heading 91.02 (and 91.03)). A movement is defined in the HS chapter notes as a device capable of determining intervals of time (see Note 3 to Chapter 91). There is no difference in the essential character between a watch and a movement and it is the movement which imparts the essential character of a watch.

In the manufacture of a watch or clock, the assembly of the movement is considered the last substantial transformation because at the stage of completion of the movement, the essential character of the watch - time-telling - is already fixed.

The final assembly from movement to watch does not substantially change the essential character of time-telling and cannot amount to substantial transformation.

Because the essential character and quality of a watch or a clock is determined by the movement, the origin of the movement is most important from a commercial point of view.

OPTION B: a rule of origin based on the assembly of the watch or clock, for the following reasons:

3. The structure of the HS reflects that movements and watches are essentially different commercial goods.

Various finished goods can be obtained from the same movement by final assembly.

While the movement is important, timekeeping is a minimum characteristic. The movement does not represent time and is invisible after assembly.

It is the change from components to a watch which is the last substantial transformation in watch manufacture. The accuracy, durability and life span of a watch are determined and guaranteed by the final assembly.

Some Members are of the opinion that testing and adjustment, which constitute an essential part of assembly, are also of particular importance because they determine the above-mentioned quality of a watch.

Relevant HS code numbers and descriptions

4. 91.01 - Wrist-watches, pocket-watches and other watches, including stop-watches, w with case of precious metal or of metal clad with precious metal;

91.02 - Wrist-watches, pocket-watches and other watches, including stop-watches, other than those of heading 91.01;

91.03	-	Clocks with watch movements, excluding clocks of heading 91.04;
91.04	-	Instrument panel clocks and clocks of a similar type for vehicles, aircraft, spacecraft or vessels;
91.05	-	Other clocks;
91.06	-	Time of day recording apparatus and apparatus for measuring, recording or otherwise indicating intervals of time, with clock or watch movement or with synchronous motor (for example, time-registers, time-recorders);
91.07	-	Time switches with clock or watch movement or with synchronous motor.

~~ISSUE FOR DECISION NO. 2~~

~~5. What is the appropriate description in ex-91.10(b) of complete movements, partly assembled and of incomplete movements?~~

~~Differing views presented in the relevant Technical Committee discussions~~

~~OPTION A:~~

~~6. - movements of ex-91.10(b) must contain at least two of the key components on a common support. The proponents consider that the specification of at least two of these components is sufficient to take up any one of the three types of movement: mechanical; analog electronic; or digital electronic.~~

~~OPTION B:~~

~~7. - all of the key components, as appropriate, must be present. This formulation is intended to provide a more clear delineation between the types of movements and components.~~

~~Relevant HS code number and description~~

~~8. 91.10~~	~~-~~	~~Complete watch or clock movements, unassembled or partly assembled (movement sets); incomplete watch or clock movements, assembled; rough watch or clock movements.~~

~~ISSUE FOR DECISION NO. 3~~

~~9. Are changes to complete and assembled movements of headings 91.08 or 91.09 from partly assembled complete movements or incomplete movements of ex-91.10(b), or from other movements of ex-91.10(c), substantial transformations?~~

~~Differing views presented in the relevant Technical Committee discussions~~

~~OPTION A:~~

~~10. - change to these headings from any other headings, that is, from 91.10 or 91.14, is considered substantial transformation by reason of the assembly operations involved.~~

~~OPTION B:~~

~~11. - change to these headings from any other headings, except that change from ex-91.10(b) should be excluded because such goods have already acquired the character of movements prior to final assembly and finishing.~~

~~OPTION C:~~

~~12. – changes from ex 91.10(c) should be excluded as well as changes from ex 91.10(b) because goods of ex 91.10(c) have already undergone some amount of assembly which means that a change to complete and assembled goods is not substantial transformation.~~

~~OPTION D:~~

~~13. – change from any other heading, provided that all of the following components, as appropriate, are assembled on a common support: time reference device, device for converting the time reference for the purpose of display, time setting mechanism or opto-electronic display.~~

~~Relevant HS code numbers and descriptions~~

~~14. 91.08 – Watch movements, complete and assembled;~~

~~91.09 – Clock movements, complete and assembled.~~

~~ISSUE FOR DECISION NO. 4~~

~~15. Are changes to finished watch or clock cases from case parts, or to watch or clock cases from case blanks, substantial transformation?~~

~~Differing views presented in the relevant Technical Committee discussions~~

~~OPTION A:~~

~~16. – Change of tariff heading. No changes from subheadings for parts, or within subheadings from blanks to finished goods, could reflect substantial transformation in these headings because the watch and clock cases are produced from a small number of parts, and usually one principal part, by basic operations.~~

~~OPTION B:~~

~~17. – Change of tariff subheading. Changes from parts to finished goods of these headings reflects substantial transformation.~~

~~OPTION C:~~

~~18. – Change of tariff heading or change within subheadings by the finishing of blanks. Changes at the subheading level from goods classified as parts to finished goods should not be substantial transformation; but changes within subheadings by the working, machining and polishing of blanks should be origin-conferring.~~

~~Relevant HS code numbers and descriptions~~

~~19. 91.11 – Watch cases and parts thereof;~~

~~91.12 – Clock cases and cases of a similar type for goods of this Chapter, and parts t thereof.~~

~~ISSUE FOR DECISION NO. 5~~

~~20. Is change to finished straps, bands or bracelets from parts classified within 91.13, or change from blanks classified within 91.13, substantial transformation? This issue applies also to the heading 91.14, but only to the question of blanks (mutatis mutandis), i.e. option A and B.~~

~~Differing views presented in the relevant Technical Committee discussions~~

~~OPTION A:~~

~~21. – Change of tariff heading, indicating that no changes from parts or from blanks are considered substantial transformation.~~

~~OPTION B:~~

~~22. – Change of tariff heading or change from blanks to finished goods within the same subheadings by working, machining or polishing.~~

~~OPTION C:~~

~~23. – Change of tariff heading or change within subheadings from parts to finished goods.~~

~~Relevant HS code number and description~~

~~24. 91.13 – Watch straps, watch bands and watch bracelets, and parts thereof~~

~~91.14 – Other clock or watch parts~~

~~ISSUE FOR DECISION NO. 6~~

~~25. Is the manufacture of unassembled watch straps from fabric substantial transformation?~~

~~Differing views presented in the relevant Technical Committee discussions~~

~~OPTION A:~~

~~26. – the origin of unassembled straps and bands of this subheading should be based on the country of origin of the fabric; change to unassembled straps of this subheading from fabric is not substantial transformation as it requires operations such as cutting, hemming and looping.~~

~~OPTION B:~~

~~27. – change to unassembled goods of this subheading from any other heading is sufficient to express substantial transformation.~~

~~Relevant HS code number and description~~

~~28. 9113.90 Other~~

~~References to Technical Committee documents~~

~~29. Report of 4th Session (Doc. 40.245) Annex H/1. paragraphs 1-14~~

- ~~Report of 5th Session (Doc. 40.510) Annex E/1~~
- ~~Draft Report of 8th Session (Doc. 41.511) Annexes IJ/1 and IJ/2~~
- ~~Secretariat's Issues List for Basket 2 (Doc. 41.221)~~
- ~~Working Document: Second Examination (Doc. 41.225)~~
- ~~Report of the Tokyo Intersessional Group (Doc. 41.209)~~
- ~~Reference Document 41.236~~
- ~~Reference Document 41.218~~
- ~~Reference Document 41.208~~
- ~~Reference Document 41.416~~
- ~~Reference Document 41.433~~
- ~~Reference Document 41.507~~

CHAPTER 91

Primary rule: Chapter Notes

Disassembly operations, including those which result in a change of tariff classification, shall not be considered origin conferring. **Basket 1 (Endorsed by CRO)**

[Product specific] [Chapter] residual rules

When application of the primary rules of this chapter (including the product specific rules provided in the matrix) does not result in a determination of a country of origin, the country of origin shall be determined as follows:

1. The country of origin of goods of heading 91.13 that contain textile fabric or other textile material shall be the country where the textile fabric or other material was formed, or in the case of a good containing textile materials of more than one country, the origin of the good is the country in which the textile fabric or other textile material that predominates by weight was formed. (US)] **Submitted to CRO for decision (Doc.OC0023E2, Issue No.77)**

HS Code Number	Description of goods	Primary rule	Notes	Comments
A	B	C	D	E
91.01	**Wrist-watches, pocket-watches and other watches, including stop-watches, with case of precious metal or of metal clad with precious metal.**	[CTH] [CTH, except from heading 91.08 or 91.09]		**Submitted to the CRO for decision**
91.02	**Wrist-watches, pocket-watches and other watches, including stop-watches, other than those of heading No. 91.01.**	[CTH] [CTH, except from heading 91.08 or 91.09]		**Submitted to the CRO for decision**
91.03	**Clocks with watch movements, excluding clocks of heading No. 91.04.**	[CTH] [CTH, except from heading 91.08 or 91.09]		**Submitted to the CRO for decision**
91.04	**Instrument panel clocks and clocks of a similar type for vehicles aircraft, spacecraft or vessels.**	[CTH] [CTH, except from heading 91.08 or 91.09]		**Submitted to the CRO for decision**
91.05	**Other clocks.**	[CTH] [CTH, except from heading 91.08 or 91.09		**Submitted to the CRO for decision**

HS Code Number	Description of goods	Primary rule	Notes	Comments
A	B	C	D	E
91.06	**Time of day recording apparatus and apparatus for measuring, recording or otherwise indicating intervals of time, with clock or watch movement or with synchronous motor (for example, time-registers, time-recorders).**	[CTH] [CTH, except from heading 91.08 or 91.09]		**Submitted to the CRO for decision**
91.07	**Time switches with clock or watch movement or with synchronous motor.**	[CTH] [CTH, except from heading 91.08 or 91.09]		**Submitted to the CRO for decision**
91.08	**Watch movements, complete and assembled.**	CTH, except from ex 91.10 (b)		Endorsed
91.09	**Clock movements, complete and assembled.**	CTH, except from ex 91.10 (b)		Endorsed
91.10	**Complete watch or clock movements, unassembled or partly assembled (movement sets); incomplete watch or clock movements, assembled; rough watch or clock movements.**	*As indicated for split heading*		
ex 91.10 (a)	Complete watch or clock movements, unassembled; rough watch or clock movements	CTH except from heading 91.14		**Basket 1 (endorsed by CRO)**

HS Code Number	Description of goods	Primary rule	Notes	Comments
A	B	C	D	E
ex 91.10 (b)	Complete watch or clock movements, partly assembled and incomplete watch or clock movements, assembled, containing at least two of the following components on a common support: time reference device, device for converting the time reference for purposes of display, time setting mechanism or opto-electronic display	CTH ; or Change from split heading ex - 91.10 (a),		
ex 91.10 (c)	Other	CTH, except from heading 91.14		**Basket 1 (endorsed by CRO)**
91.11	**Watch cases and parts thereof.**	*As specified for subheadings*		
9111.10	-Cases of precious metal or of metal clad with precious metal	CTH or change from blanks to finished goods classified in the same subheading		Endorsed
9111.20	-Cases of base metal, whether or not gold- or silver-plated	CTH or change from blanks to finished goods classified in the same subheading		Endorsed
9111.80	-Other cases	CTH or change from blanks to finished goods classified in the same subheading		Endorsed
9111.90	-Parts	CTH		**Basket 1 (endorsed by CRO)**
91.12	**Clock cases and cases of a similar type for other goods of this Chapter, and parts thereof.**	*As specified for subheadings.*		
9112.10	-Cases of metal	CTH or change from blanks to finished goods classified in the same subheading		Endorsed
9112.80	-Other cases	CTH or change from blanks to finished goods classified in the same subheading		Endorsed
9112.90	-Parts	CTH		**Basket 1 (endorsed by CRO)**
91.13	**Watch straps, watch bands and watch bracelets, and parts thereof.**	*As specified for subheadings.*		

HS Code Number	Description of goods	Primary rule	Notes	Comments
A	**B**	**C**	**D**	**E**
9113.10	-Of precious metal or of metal clad with precious metal	CTH or change from parts to finished goods classified in the same subheading		Endorsed
9113.20	-Of base metal, whether or not gold- or silver-plated	CTH or change from parts to finished goods classified in the same subheading		Endorsed
9113.90	-Other	CTH		Endorsed by the CRO
91.14	**Other clock or watch parts.**	CTH		**Submitted to the CRO for decision**