Note by the Secretariat

1. At their twenty-fourth session the CONTRACTING PARTIES urged the developed countries to give early and sympathetic consideration to requests made by developing countries for separate identification of products for which these countries are seeking or may be seeking further concessions or duty-free entry. The CONTRACTING PARTIES further agreed to give special attention to the trade problems of developing countries, including the possibility of eliminating duties, inter alia, on products made by hand and other labour intensive products of interest to developing countries (BISD, 15th Suppl. pages 71 and 72, Sections C(d) and (i)).

2. In this connexion, it might be recalled that in its report submitted to the CONTRACTING PARTIES at their twenty-fourth session the Committee on Trade and Development pointed out that one of the technical problems which prevented certain developed countries from taking action on products of interest to the developing countries during the Kennedy Round was that their tariff nomenclature did not differentiate between products which are produced in developing countries and those emanating from developed countries, viz. handicraft products (L/2912, Annex I, paragraph 15 (vi)).

3. Proposals to the effect that such differentiation in tariff nomenclature be introduced were made by developing countries in the course of the Kennedy Round. The sense of these proposals was summed up in a note prepared by the secretariat for the Sub-Committee on the Participation of the Less-Developed Countries in the following terms:

"The customs tariffs of most developed countries are so structured that they indicate specifically and separately only the main lines of primary products exported by the developing countries (on which, in their own interest, the developed countries usually apply no, or only low, rates of duty) and not the other sectors in which the developing countries have distinct possibilities for development of trade. When concessions to the trade of developing countries are requested from the developed countries, they often argue that such concessions would benefit the developed countries more than the developing countries. ... The tariffs of the highly-developed countries should, therefore, be restructured with a view:

(a) to separating those products which are of export interest to less-developed countries from those exported by the industrialized countries;
(b) the elimination or very substantial reduction of
duties levied by the highly-developed countries on products of export
interest to less-developed countries and the elimination or reduction
of differential duties on these products in their semi-processed and
processed form”.

4. At the subsequent discussion of the matter in the Sub-Committee, it was
agreed that work on this question should proceed on the basis of specific
suggestions from developing countries. A number of suggestions were received
from the delegations of India, Pakistan and the United Arab Republic. These
were circulated in documents TN.64/W/10, TN.64/W/11 and TN.64/W/11/Add.1, and
TN.64/W/12 respectively and are now being made available to those members of the
Committee which were not members of the Sub-Committee on Participation of Less-
Developed Countries.

5. The Indian note identified four main areas in which elimination or reduction
of duties on exports of developing countries could be facilitated by the opening
of appropriate tariff headings: (i) handicrafts; (ii) certain tropical fruits
and vegetables; (iii) certain semi-tanned hides and skins and (iv) miscellaneous.
It also made specific suggestions for the creation of appropriate headings in
respect of each of these categories. Thus, in regard to handicrafts, it was
proposed that these be defined as products made by hand in cottage industries
with or without simple hand-operated instruments or implements which have
traditional or artistic characteristics typical of particular geographical
regions: and further that to give duty-free treatment to them, a new tariff
heading covering all handicrafts as defined above be opened in the chapter
devoted to miscellaneous products. Separate identification was sought for
tropical fruits and vegetables and preparations thereof falling under
BTN Chapters 8 and 20 by listing these under the relevant BTN numbers separately
from other fruits and vegetables and preparations thereof. Under (iii), the
creation of new tariff headings was also proposed for certain types of bovine
cattle leather and cowskin leather and goat and kid skin leather which was either
vegetable tanned or required further processing before use in the manufacture of
leather articles. The suggestions under the section "Miscellaneous" covered a
variety of proposals aimed at separately identifying in tariff nomenclature on
the basis of distinction in composition and end use, a number of products of
Indian origin. The Pakistani list mentions under the relevant four digit BTN
numbers certain products grown and produced in Pakistan. Some of these, such as
apples, pears or rice, are equally produced in temperate zones. The rest of
the list, however, takes the form essentially of distinguishing under the
relevant tariff item numbers, products made by hand from other products classi-
ifiable under the same tariff or sub-tariff heading. (It might be noted, however,
that both the Indian and Pakistani lists seek a separate heading for woven
fabrics of jute above a certain unit weight). The UAR list shows broadly the
same pattern as that submitted by Pakistan.
6. An examination of post-Kennedy Round tariff schedules reveals a number of
tariff sub-headings as per list annexed (see Annex I) that appear to have been
provided specifically to permit the separate classification of products of
developing countries so that these products may be given concessional tariff
treatment. The list is not exhaustive and some of the sub-headings had existed
before the Kennedy Round of trade negotiations. Nor are they all related to the
specific requests for tariff reclassification made in the three notes mentioned
above.

7. The secretariat has no information as to whether any other requests for
the creation of new tariff sub-headings were addressed to developed countries
during the Kennedy Round or subsequently and of the consideration given to
these requests. The Committee on Trade and Development might wish to invite
developing countries making such requests to notify these to the Committee. It
might also request the developed countries concerned to advise it in due course
of the consideration given to these requests.

8. Since as part of their work programme the CONTRACTING PARTIES have also
agreed to give special attention to the trade problems of the developing
countries, including the possibility of eliminating duties on products made
by hand and other labour intensive products of cottage industries, etc. (the
second point in paragraph 1 above) the Committee may wish to consider how the
elimination or reduction of duties on these products might be facilitated by
their separate identification in tariff nomenclatures.

9. It seems evident that the request for separate tariff identification of
products of developing countries in particular hand-made products or other
labour intensive products of cottage industry is based on two grounds:

(a) that for the purpose of customs control it is technically easy to
distinguish such goods from similar goods processed in the developed
countries;

(b) that such goods do not normally compete with machine-made goods and
consequently should not be faced with restrictive tariffs.

10. The annexed list of tariff sub-headings in post-Kennedy Round schedules to
which reference has been made earlier indicates that these considerations have,
in fact, led governments in a number of instances to provide separate tariff
classifications for certain goods made by hand or with simple mechanical aids,
such as handicrafts. It is not, however, clear how far the absence of fuller
action in this direction is to be related to the practical difficulties of
distinguishing these goods from machine-made products or is related to other
substantive problems of competition with domestic productions in the developed
countries, etc.
11. In response to a request by the UNCTAD a detailed examination of the possibilities of distinguishing hand-made products from others has been made by the Customs Co-operation Council in respect of handloom fabrics. In the course of this examination the Council has also suggested the criteria that might be applied for distinguishing such fabrics from similar fabrics made on mechanical looms (see UNCTAD document TD/B/C.27/Add.1 Annex II). Broadly, the Nomenclature Committee of the Customs Co-operation Council reached the conclusion that the identification of handloom fabrics would be fairly easy in some cases and more difficult in others requiring specialized knowledge on the part of customs officials. Because of this, the Committee concluded that the granting of special tariff treatment for handloom fabrics should not rest solely on the customs official identification of such fabrics by reference only to their technical characteristics. It was, therefore, considered that supplementary provisions would be essential, such as:

(a) production of a certificate from the competent authorities of the country of origin;

(b) marking the selvedges by the same authorities;

(c) prior submission of representative samples of the fabrics.

12. Although these conclusions were based on a study related solely to handloom fabrics from India, the Customs Co-operation Council considered that after further study of information and samples of other developing countries, these conclusions might well be extended to similar fabrics of different origin.

13. In so far as other hand-made goods are concerned, it might be noted that the definition provided by India for handicrafts appears to be intended to limit the problem of identification in respect of at least certain classes of such products. "Handicrafts may be defined as products made by hand in cottage industries with or without simple hand-operated instruments or implements which have traditional or artistic characteristics typical of particular geographical regions." Prima facie, it should be possible to establish a tentative list of handicrafts conforming to such a definition as per illustrative list annexed (see Annex II).

14. The extent to which even such separate identification of handicrafts requires corroborative evidence in the form of certificates or other documentary evidence can only be determined in the light of the actual experience of governments. Before taking up this question, however, it may be useful for the Committee to seek information as to how far the problems in dealing with requests by developing countries for the creation of new tariff sub-headings are of an essentially technical character or whether they involve considerations of a more substantive character. For example, not all the products listed as hand-made products in the lists submitted by India, Pakistan and the UAR appear to possess the special
characteristics attributed to handicrafts in the definition cited earlier. Others may have these characteristics but may, nevertheless, be considered by the authorities of the importing countries to be competing with domestic products. For these and other products the problem of separate tariff identification would appear to be secondary and even consequential to the questions of policy. To the extent, however, that the problem is one of identifying products and product ranges which on the basis of differences of quality, process of manufacture or end use, can be regarded as non-comparable with domestic production in developed countries, the matter might lend itself for examination and appropriate action by a technical group.
# Annex I

**TARIFF SUB-HEADING APPEARING IN THE TARIFF SCHEDULES RESULTING FROM THE KENNEDY ROUND**

### A. PROCESSED TROPICAL FRUITS AND VEGETABLES

#### European Economic Community

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
</table>
| 20.01 | Vegetable and fruit, prepared or preserved, etc.  
ex mango chutney |
| 20.04 | Fruit, fruit peel and parts of plants  
 preserved by sugar  
ex ginger |
| 20.06 | Fruit otherwise prepared or preserved, etc.  
 B II (a) ex ginger, prepared or preserved without added spirit, containing added sugar in immediate containers of a net capacity of more than 1 kg. |
| 20.06 |  
 B II (b) ex ginger, prepared or preserved not containing added spirit, containing added sugar in immediate containers of a net capacity of 1 kg. or less |
| 21.04 | Sauces etc.  
ex liquid mango chutney |
| 22.09 | Spirits - liqueurs and other spirituous beverages, etc.  
 B III ex Angostura bitters, etc.  
 30 with min. charge of 1.6 AV per degree and per hl. |

#### Switzerland

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
</table>
| 20.01 | Preserved fruit (in vinegar etc.)  
 20/22 Tropical fruits  
 Other |
| 20.03 | Fruit preserved by freezing, containing added sugar  
 .01 Tropical fruit  
 Other |
| 20.04 | Fruit preserved by sugar  
 .01 Tropical fruit  
 Other |
20.05 10 Unsweetened purées, etc. of tropical fruit
20 Jams, etc. containing sugar of tropical fruits
Other
20.06 10 Unsweetened pulp of tropical fruits
22 Preserved tropical fruits

B. TROPICAL WOOD AND PRODUCTS

European Economic Community

44.03 A Wood in the rough whether or not stripped of its bark, or merely roughed down; tropical wood of the species specified in Additional Note 1 to Chapter 44 of the C.C.T.

44.04 A Wood roughly squared or half squared but not further manufactured; tropical wood of the species specified in Additional Note 1 to Chapter 44 of the C.C.T.

44.05 A Wood sawn lengthwise, sliced or peeled but not further prepared, of a thickness exceeding 5 mm; tropical wood of the species specified in Additional Note 1 to Chapter 44 of the C.C.T.

Switzerland

44.03 .08 Wood in the rough, etc.
Tropical wood

44.04 .08 Wood roughly squared or half-squared, etc.
Tropical wood

44.05 .08 Wood sawn lengthwise, sliced or peeled, etc.
Tropical wood

C. PRE-TANNED LEATHER

Norway

ex 41.02) Skins having undergone processes prior to tanning - imported by tanneries for subsequent tanning
European Economic Community

41.05 Other kinds of leather, except leather falling within heading 41.06, 41.07 or 41.08. Reptile leather, not further prepared than vegetable tanned, whether or not prepared in any other way, but clearly not suitable for use without further processing for the manufacture of leather goods

Sweden

ex 41.02 Bovine cattle leather etc. Pre-tanned, intended exclusively for further tanning
ex 41.03 Sheep and lambskin leather etc. Pre-tanned, intended exclusively for further tanning
ex 41.04 Goat and skin leather etc. Pre-tanned, intended exclusively for further tanning
ex 41.05 Other kinds of leather etc. Pre-tanned, intended exclusively for further tanning

Denmark

ex 41.02 Bovine cattle hides (including buffalo hides) having undergone processes prior to tanning, imported by tanneries for subsequent tanning
ex 41.05 Skins having undergone processes prior to tanning, imported by tanneries for subsequent tanning

Switzerland

ex 41.01.20 Pre-tanned hides or skins, not dried, falling within headings nos. 41.02 to 41.05 (mainly no. 41.02.52)

Canada

60600-1 Leather produced from East India banned kip n.o.p. ............. per square foot
D. COTTON FABRICS OF COTTAGE INDUSTRY

United States

55.09 Woven fabrics, wholly of cotton. Made on a handloom (i.e. a non-power driven loom) by a cottage industry and which prior to exportation have been certified by an official of a government agency of the country where the fabrics are produced

Cancelled 320.01 through 320.88
321.00 through 325.00

Substituted 319.01 of number 14 or coarser
319.03 of number 15 to 34
319.05 of number 35 to 49
319.07 of number 50 to 59

E. CARPETS AND MATS OF SISAL, COCO, STRAW AND OTHER FIBRES

Canada

57015-1 Carpeting, rugs, mats and matting of sisal, palm straw or cane straw

57105-1 Mats with cut pile, of coco fibre - per square foot

57110 Mats, rugs, carpeting and matting of coco fibre n.o.p. ... per square yard

57205-1 Carpets of sisal, palm straw or cane straw

Switzerland

57.07 Yarn of coconut fibres

F. SPORTS GOODS

European Economic Community

97.06 Appliances, apparatus etc. for outdoor games
ex appliances etc. for cricket and polo
## Annex II

**ILLUSTRATIVE LIST OF "HAND-MADE" GOODS**

### A. OF THE "TRADITIONAL AND REGIONAL" TYPE NORMALLY NOT COMPETING WITH INDUSTRIAL GOODS

<table>
<thead>
<tr>
<th>BTN</th>
<th>Short description</th>
<th>Suggested by</th>
</tr>
</thead>
<tbody>
<tr>
<td>42.02</td>
<td>Travel goods</td>
<td>Pakistan, UAR</td>
</tr>
<tr>
<td>ex 42.05</td>
<td>Other leather goods of the costume type</td>
<td>India</td>
</tr>
<tr>
<td>44.27</td>
<td>Wooden small ware</td>
<td>India, Pakistan, UAR</td>
</tr>
<tr>
<td>ex 46.01</td>
<td>Plaits of cane and bamboo</td>
<td>Pakistan</td>
</tr>
<tr>
<td>ex 46.02</td>
<td>Mats of bamboo, palm leaves or straw</td>
<td>Pakistan</td>
</tr>
<tr>
<td>ex 46.03</td>
<td>Basket work of cane or bamboo</td>
<td>Pakistan</td>
</tr>
<tr>
<td>48.21</td>
<td>Paper ware</td>
<td>India</td>
</tr>
<tr>
<td>ex 58.09</td>
<td>Lace</td>
<td>India</td>
</tr>
<tr>
<td>ex 58.10</td>
<td>Embroidery made up (without carpets)</td>
<td>Pakistan</td>
</tr>
<tr>
<td>ex 61.01</td>
<td>Men's and women's outergarments and folk costumes</td>
<td>Pakistan</td>
</tr>
<tr>
<td>61.05</td>
<td>Handkerchiefs</td>
<td>Pakistan</td>
</tr>
<tr>
<td>61.06</td>
<td>Shawls etc.</td>
<td>India, Pakistan</td>
</tr>
<tr>
<td>64.02-04</td>
<td>Shoes (slippers, yard shoes etc.)</td>
<td>Pakistan</td>
</tr>
<tr>
<td>65.03-06</td>
<td>Hats</td>
<td>Pakistan</td>
</tr>
<tr>
<td>67.05</td>
<td>Fans</td>
<td>Pakistan</td>
</tr>
<tr>
<td>ex 68.16</td>
<td>Articles of stone (statuette and other small ware)</td>
<td>India, Pakistan</td>
</tr>
<tr>
<td>69.12</td>
<td>Tableware of pottery</td>
<td>Pakistan</td>
</tr>
<tr>
<td>69.13</td>
<td>Statuette of ceramic ware</td>
<td>India</td>
</tr>
<tr>
<td>ex 71.16</td>
<td>Typical costume jewellery</td>
<td>Pakistan</td>
</tr>
<tr>
<td>ex 74.18</td>
<td>Domestic articles of copper (&quot;Turkish&quot; coffee cups etc.)</td>
<td>Pakistan</td>
</tr>
<tr>
<td>74.19</td>
<td>Copper articles (e.g. spangles)</td>
<td>Pakistan, UAR</td>
</tr>
<tr>
<td>83.06</td>
<td>Statuette etc. of box metal</td>
<td>India</td>
</tr>
<tr>
<td>ex 83.07</td>
<td>Lamps and lamp shades</td>
<td>Pakistan</td>
</tr>
<tr>
<td>83.11</td>
<td>Bells and gongs</td>
<td>Pakistan</td>
</tr>
<tr>
<td>92.02-06</td>
<td>Various musical instruments</td>
<td>Pakistan</td>
</tr>
<tr>
<td>95.01-08</td>
<td>Carved articles</td>
<td>India, Pakistan, UAR</td>
</tr>
</tbody>
</table>
B. OF THE "TRADITIONAL AND REGIONAL" TYPE WHICH MAY COMPETE WITH INDUSTRIAL GOODS

<table>
<thead>
<tr>
<th>BTN</th>
<th>Short description</th>
<th>Suggested by</th>
</tr>
</thead>
<tbody>
<tr>
<td>ex Chapter 50-57</td>
<td>Handloom weaves of various materials</td>
<td>India, Pakistan</td>
</tr>
<tr>
<td>58.01</td>
<td>Hand knotted carpets</td>
<td>India, Pakistan</td>
</tr>
<tr>
<td>58.02</td>
<td>Khilim etc. carpets</td>
<td>India, Pakistan</td>
</tr>
<tr>
<td>ex 58.10/59.02</td>
<td>Felt carpets (embroidered or not) ('Namdas')</td>
<td>India, Pakistan</td>
</tr>
</tbody>
</table>

1 Saris etc. handloom made fall under Chapters 58 to 63 if they are woven endless in such a way that the individual piece can be separated by cutting dividing lines (see explanatory note to the BTN page 718).
### C. NOT OF THE TRADITIONAL AND REGIONAL TYPE

<table>
<thead>
<tr>
<th>BTN</th>
<th>Short description</th>
<th>Qualification</th>
<th>Suggested by</th>
</tr>
</thead>
<tbody>
<tr>
<td>ex 39.01</td>
<td>Plastics</td>
<td>Badminton guts</td>
<td>Pakistan</td>
</tr>
<tr>
<td>42.01</td>
<td>Saddlery</td>
<td></td>
<td>Pakistan</td>
</tr>
<tr>
<td>42.02</td>
<td>Travel goods (other than in Annex I)</td>
<td></td>
<td>Pakistan/UAR</td>
</tr>
<tr>
<td>ex 42.03</td>
<td>Leather apparel</td>
<td>Leather jackets</td>
<td>Pakistan</td>
</tr>
<tr>
<td>ex 42.06</td>
<td>Articles of gut</td>
<td>Badminton guts</td>
<td>Pakistan</td>
</tr>
<tr>
<td>44.25</td>
<td>Wooden tools</td>
<td></td>
<td>Pakistan</td>
</tr>
<tr>
<td>48.17</td>
<td>Box files</td>
<td></td>
<td>Pakistan</td>
</tr>
<tr>
<td>ex 61.01/02</td>
<td>Men's and women's garments (other than in Annex I)</td>
<td>Of handloom material</td>
<td>India, Pakistan</td>
</tr>
<tr>
<td>ex 61.03/04</td>
<td>Men's and women's undergarments</td>
<td>Of handloom material</td>
<td>India</td>
</tr>
<tr>
<td>ex 61.07</td>
<td>Ties</td>
<td>Of handloom material</td>
<td>India</td>
</tr>
<tr>
<td>62.01</td>
<td>Travelling rugs</td>
<td>Handloom duster cloth</td>
<td>Pakistan</td>
</tr>
<tr>
<td>62.02</td>
<td>Bed linen</td>
<td></td>
<td>Pakistan</td>
</tr>
<tr>
<td>ex 62.05</td>
<td>Other made-up textile articles</td>
<td></td>
<td>Pakistan</td>
</tr>
<tr>
<td>64.02</td>
<td>Shoes (other than in Annex I)</td>
<td></td>
<td>Pakistan</td>
</tr>
<tr>
<td>64.05/06</td>
<td>Parts of footwear, leggings, etc.</td>
<td></td>
<td>Pakistan</td>
</tr>
<tr>
<td>66.02/03</td>
<td>Walking sticks, and parts thereof</td>
<td></td>
<td>Pakistan</td>
</tr>
<tr>
<td>70.19 and 21</td>
<td>Glass beads and bangles</td>
<td></td>
<td>Pakistan</td>
</tr>
<tr>
<td>ex 71.02/03</td>
<td>Natural and synthetic precious stones</td>
<td>Cut or polished</td>
<td>Pakistan, UAR</td>
</tr>
<tr>
<td>71.12/13/16</td>
<td>Jewellery</td>
<td></td>
<td>Pakistan</td>
</tr>
<tr>
<td>74.17</td>
<td>Cooking apparatus</td>
<td></td>
<td>Pakistan</td>
</tr>
<tr>
<td>74.18</td>
<td>Domestic articles of copper, (other than in Annex I)</td>
<td></td>
<td>Pakistan</td>
</tr>
<tr>
<td>BTN</td>
<td>Short description</td>
<td>Qualification</td>
<td>Suggested by</td>
</tr>
<tr>
<td>-------</td>
<td>-----------------------------</td>
<td>---------------</td>
<td>----------------</td>
</tr>
<tr>
<td>82.09-14</td>
<td>Cutlery, razor blades, spoons</td>
<td></td>
<td>Pakistan</td>
</tr>
<tr>
<td>83.14</td>
<td>Sign plates</td>
<td></td>
<td>Pakistan</td>
</tr>
<tr>
<td>ex 92.03</td>
<td>Organs</td>
<td>Harmonium</td>
<td>Pakistan</td>
</tr>
<tr>
<td>97.02</td>
<td>Dolls</td>
<td></td>
<td>India, Pakistan</td>
</tr>
<tr>
<td>97.03</td>
<td>Toys</td>
<td></td>
<td>India, Pakistan</td>
</tr>
<tr>
<td>97.06</td>
<td>Sports' requisites</td>
<td></td>
<td>Pakistan</td>
</tr>
<tr>
<td>99.01</td>
<td>Paintings</td>
<td></td>
<td>Pakistan</td>
</tr>
<tr>
<td>99.03</td>
<td>Antiques</td>
<td></td>
<td>UAR</td>
</tr>
</tbody>
</table>