With reference to document L/4027/Add.5, the delegation of Canada has notified, for circulation to contracting parties, the following details on Canada’s GSP duty-free treatment of certain handicraft products.

The statutory item under which the Handicraft Goods Order was established is as follows:

"87500-1: Handicraft goods designated by Order of the Governor in Council, the growth, produce or manufacture of a country entitled to the benefits of the General Preferential Tariff, when certified by the government of the country of production or by any other authority in the country of production recognized by the Minister as competent for that purpose:
(a) to be handicraft products with traditional or artistic characteristics that are typical of the geographical region where produced, and

(b) to have acquired their essential characteristics by the handiwork of individual craftsmen 

under such regulations as the Minister may prescribe."

This legislation was established by the Parliament of Canada on 18 November 1974, and consequently followed by the Handicraft Goods Order approved on 28 June 1976 (cf. L/4027/Add.5).

Regulations and clarification on administrative policy relevant to this Order-in-Council on handicraft goods are attached.

In addition, the following points are relevant.

(1) In establishing whether handicraft goods possess traditional or artistic characteristics that are typical of the geographical region where produced, customs officials will rely on documentary evidence in the form of the Certificate of Handicraft Goods provided by the government of the country of production or another authority in the country of production recognized as being competent for that purpose. Using this documentary evidence, customs officials will then decide whether the handicraft goods meet the criteria set out in the Handicraft Goods Order.

(2) Customs officials will determine whether handicraft goods are not a copy or imitation of products of any country other than the country in which they were produced by relying on documentary evidence in the form of the Certificate of Handicraft Goods. Cases where customs officials cannot establish clearly whether the goods covered by the certificate are original handicraft products and not copies will be referred to customs headquarters where a more detailed review will be undertaken. At this stage, an attempt will be made to determine whether the craftsman intended to produce an original article with characteristics typical of a geographical region or to produce a copy of an article typical of another region.
(3) To qualify for entry under the tariff item, the goods must be produced by individual craftsmen working independently. An article produced by several craftsmen working in a shop would not qualify for entry under the item. Custom officials will rely on the Certificate of Handicraft Goods for assistance in determining whether the goods meet this criteria. Ambiguous cases will be referred to customs headquarters for further review.

(4) Section 3 (3) (a) (ii) of the Handicraft Goods Order specifies that handicraft goods shall be deemed not to have acquired traditional or artistic characteristics by the handiwork of individual craftsmen unless the goods were produced by the use of tools held by the hand or tools not powered by machine other than those powered by hand or foot. Goods produced from materials like clay or bone rotated or shaped by mechanical power but decorated by hand tools will not qualify for entry under the item. However, paragraph 3 (3) b provides an exception to this rule as it is recognized that the articles described in sections 1 and 9 of the Schedule to the Order may have attained their primary shape (wood blocks, steel sheets) by mechanically powered tools or machines.

(5) The tariff items under which handicraft goods are likely to be classified if they do not qualify for entry under 87500-1 are as follows:

<table>
<thead>
<tr>
<th>Product Description</th>
<th>Tariff Item</th>
<th>Rates of Duty</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>MFN</td>
</tr>
<tr>
<td>Puppets</td>
<td>50700-1</td>
<td>15 p.c.</td>
</tr>
<tr>
<td>Musical Instruments</td>
<td>59725-1</td>
<td>15 p.c.</td>
</tr>
<tr>
<td>Gourds</td>
<td>50600-1</td>
<td>15 p.c.</td>
</tr>
<tr>
<td>Calabashes</td>
<td>50600-1</td>
<td>15 p.c.</td>
</tr>
<tr>
<td>Incense Burners</td>
<td>50600-1</td>
<td>15 p.c.</td>
</tr>
<tr>
<td>Retablos (hand-made wooden boxes with ceramic figures)</td>
<td>50600-1</td>
<td>15 p.c.</td>
</tr>
<tr>
<td>Ornaments</td>
<td>71100-1</td>
<td>17½ p.c.</td>
</tr>
<tr>
<td>Mirrors</td>
<td>32305-1</td>
<td>15 p.c.</td>
</tr>
</tbody>
</table>

(2) Figurines

<table>
<thead>
<tr>
<th>Tariff Item</th>
<th>Rates of Duty</th>
</tr>
</thead>
<tbody>
<tr>
<td>62400-1</td>
<td>17½ p.c.</td>
</tr>
<tr>
<td>Item Description</td>
<td>Code</td>
</tr>
<tr>
<td>----------------------------------------------</td>
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</tr>
<tr>
<td>Hookahs (water pipes)</td>
<td>65605-1</td>
</tr>
<tr>
<td>Nargiles (oriental pipe or smoking tobacco similar to hookah)</td>
<td>65605-1</td>
</tr>
<tr>
<td>Candelabra</td>
<td>71100-1</td>
</tr>
<tr>
<td>Incense Burners</td>
<td>71100-1</td>
</tr>
<tr>
<td>Figurines</td>
<td>62400-1</td>
</tr>
<tr>
<td>Fans</td>
<td>54305-1</td>
</tr>
<tr>
<td>Musical Instruments</td>
<td>59725-1</td>
</tr>
<tr>
<td>Toys</td>
<td>62410-1</td>
</tr>
<tr>
<td>Sitkas (knotted cords traditionally used to suspend baskets)</td>
<td>54305-1</td>
</tr>
<tr>
<td>Paper</td>
<td>19900-1</td>
</tr>
<tr>
<td>Figurines</td>
<td>62400-1</td>
</tr>
<tr>
<td>Masks</td>
<td>19900-1</td>
</tr>
<tr>
<td>Baskets</td>
<td>62200-1</td>
</tr>
<tr>
<td>Puppets</td>
<td>61300-1</td>
</tr>
<tr>
<td>Bellows</td>
<td>61300-1</td>
</tr>
<tr>
<td>Pouffes</td>
<td>61300-1</td>
</tr>
<tr>
<td>Bottle Cases</td>
<td>61300-1</td>
</tr>
<tr>
<td>Wine or Water Bottles</td>
<td>32603-1</td>
</tr>
<tr>
<td>Jugs</td>
<td>61300-1</td>
</tr>
<tr>
<td>Figurines</td>
<td>62400-1</td>
</tr>
<tr>
<td>Musical Instruments</td>
<td>59725-1</td>
</tr>
<tr>
<td>Chimes</td>
<td>71100-1</td>
</tr>
<tr>
<td>Combs</td>
<td>65200-1</td>
</tr>
<tr>
<td>Fans</td>
<td>71100-1</td>
</tr>
<tr>
<td>Buttons</td>
<td>65100-1</td>
</tr>
<tr>
<td>and, per gross</td>
<td></td>
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<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Hookahs</td>
<td>65605-1</td>
</tr>
<tr>
<td>Nargiles</td>
<td>65605-1</td>
</tr>
<tr>
<td>Musical Instruments</td>
<td>59725-1</td>
</tr>
<tr>
<td>Bells</td>
<td>35200-1</td>
</tr>
<tr>
<td>Gongs</td>
<td>35200-1</td>
</tr>
<tr>
<td>Incense Burners</td>
<td>35200-1</td>
</tr>
<tr>
<td>Masks</td>
<td>35200-1</td>
</tr>
<tr>
<td>Adzes</td>
<td>43120-1</td>
</tr>
<tr>
<td>Mattocks</td>
<td>43120-1</td>
</tr>
<tr>
<td>Finger and Keyhole Plates</td>
<td>35200-1</td>
</tr>
</tbody>
</table>
(6) The only certificate required by persons wishing to import goods under tariff item 87500-1 is the Certificate of Handicraft Goods. In addition, however, it would be useful for importers to have on hand Form A required for GSP qualification; the handicraft goods that do not qualify for entry under the tariff item 87500-1 could then be eligible for entry under other tariff provisions at GSP rates of duty.

In certain cases traders may wish to claim entry of qualified Handicraft Goods under the British Preferential or Most Favoured Nation Tariffs. In such cases, Form "A" would not be required. In other cases, traders may wish to claim entry of their Handicraft Goods under the General Preferential Tariff and, in such circumstances, Form "A" must be presented to Customs.

The above are formal requirements for entry under the three mentioned Tariffs. From a practical application, however, it is expected that most firms will enter their Handicraft Goods under tariff item 87500-1 under the Most Favoured Nation Tariff. The only danger to this method of entry would be where the goods, for some reason, did not qualify under tariff item 87500-1. In the selection of another tariff item, the General Preferential rate of duty could not be extended unless the goods were covered by a Certificate of Origin Form "A".
HANDICRAFTS IMPORT TARIFF ITEM 87500-1 REGULATIONS

The Minister of National Revenue, pursuant to tariff item 87500-1 of the Customs Tariff, made the following regulations respecting the importation of handicraft goods from countries entitled to the General Preferential Tariff, September 9, 1976, (SOR/76-597, September 10, 1976).

REGULATIONS RESPECTING THE IMPORTATION OF HANDICRAFT GOODS FROM COUNTRIES ENTITLED TO THE GENERAL PREFERENTIAL TARIFF

Short Title

1. These Regulations may be cited as the Handicrafts Import Tariff Item 87500-1 Regulations.

Interpretation

2. In these Regulations, "Minister" means the Minister of National Revenue.

Application

3. These Regulations apply to handicraft goods designated by order of the Governor in Council pursuant to tariff item 87500-1 of Schedule A to the Customs Tariff.

Certificate

4. Handicraft goods may be entered under tariff item 87500-1 on production of a certificate in duplicate
(a) in the form set out in the schedule hereto and containing the information required therein; and
(b) signed by a representative of
(i) the government of the country of production, or
(ii) an organization included on a list prepared by the Minister.

SCHEDULE

Certificate of Handicraft Goods

The undersigned hereby declares that the following goods are the growth, produce or manufacture of (insert country), which is entitled to the benefit of the General Preferential Tariff:

(Description)

and certifies that the above described goods are handicraft products with traditional or artistic characteristics that are typical of the geographical region where produced, namely, (insert region) and have acquired their essential characteristic by the handiwork of individual craftsmen by means of the following process (carving, knitting, handweaving, etc.)

Authorising Agency

Title and Signature of Authorised Signatory

Place and Date

REGLEMENT SUR L'IMPORTATION DE MARCHANDISES D'ARTISANAT VISEES AU NUMERO TARIFAIRE 87500-1


RÈGLEMENT SUR L'IMPORTATION DE MARCHANDISES D'ARTISANAT DE PAYS ÉLIGIBLES AUX AVANTAGES DU TARIF DE PRÉFÉRENCE GÉNÉRAL

Titre abrégé

1. Ce règlement peut être cité sous le titre: Règlement sur l'importation de marchandises d'artisanat visées au numéro tarifaire 87500-1.

Interprétation

2. Dans ce règlement, «Ministre» désigne le ministre du Revenu national.

Application

3. Ce règlement s'applique aux marchandises d'artisanat désignées par le gouverneur en conseil conformément au numéro tarifaire 87500-1 de l'annexe A du Tarif des douanes.

Certificat

4. Les marchandises d'artisanat peuvent être déclarées, conformément au numéro tarifaire 87500-1, sur production d'un certificat en double exemplaire établi selon la formule de l'annexe et signé par un représentant du gouvernement de production ou par une organisation agréée par le Ministre.

ANNEXE

Certificat pour les marchandises d'artisanat

Le soussigné déclare que les marchandises suivantes sont produites ou fabriquées par (indiquer le pays), pays éligible aux avantages du Tarif de préférence général:

(Désignation)

et certifie que ces marchandises sont des produits d'artisanat conformes à l'art et aux traditions de leur contrée d'origine, en l'occurrence (indiquer la région), et dont l'originalité est essentiellement le fruit du travail manuel d'artisans au moyen du procédé suivant (sculpture, tricot, tissage, etc.)

Organisme d'agrément

Titre et signature du signataire autorisé

Date et endroit
ADMINISTRATIVE POLICY

Pursuant to the regulations outlined in Memorandum D49-28, for Handicraft Goods, designated by Order in Council P.C. 1976-1589, June 28, 1976, the following comments are intended to explain the administrative policy and to assist in the classification of goods under tariff item 87500-1.

1. "Traditional characteristic" means any form or decoration which has been used widely or habitually by the indigenous people of the geographical region where produced or which represents any accepted national, territorial or religious symbol of the country of manufacture (e.g. for Canada, the Maple Leaf or Beaver).

2. "Artistic characteristic" includes any form or decoration developed from a traditional form or design but executed in a contemporary idiom.

3. "Geographical region" means the country of manufacture being a country entitled to the benefits of the General Preferential Tariff, or a specific region of that country.

4. To have acquired their essential characteristic by the handiwork of individual craftsmen, employing traditional manual skills, handicraft products must have been made by one or more of the following processes:

   (a) solely by hand
   
   (b) tools held in the hand which are not powered by machinery other than by machines powered by foot or by hand.

5. Traditional manual skills are those skills handed down from generation to generation and, as a consequence, not normally acquired by formal training of individual craftsmen working under close supervision, such as:

   - applique work
   - beating
   - branding
   - carving
   - chasing
   - crocheting
   - cutting
   - drawing
   - dyeing
   - embossing
   - embrodering
   - enamelling
   - engraving
   - etching
   - filigreeing
   - hammering
   - inlaying
   - joining

   - knitting
   - knotting
   - moulding
   - needlework
   - netting
   - painting
   - plaiting
   - printing
   - punching
   - quilting
   - rubbing
   - scraping or scratching
   - tatting
   - tooling
   - twisting
   - studding
   - weaving
   - etc.

POLITIQUE ADMINISTRATIVE

Conformément au règlement figurant dans le mémorandum D49-28, pour les marchandises d’artisanat, établi par le décret C.P. 1976-1589 du 28 juin 1976, les commentaires suivants sont une explication de la politique administrative et seront utiles pour la classification des marchandises sous le numéro tarifaire 87500-1.

1. "Caractéristiques traditionnelles" signifient toute forme ou décoration largement ou ordinairement utilisée par les autochtones de la région géographique de production ou qui représentent un symbole national, territorial ou religieux reconnu du pays ou de fabrication (par exemple pour le Canada, la feuille d’érable ou le castor).

2. "Caractéristiques artistiques" incluent toute forme ou décoration issue d’une forme ou d’un modèle traditionnel mais effectuée dans un style contemporain.

3. "Région géographique" signifie le pays de fabrication qui est un pays admissible aux avantages du tarif de préférence général ou toute région particulière de ce pays.

4. Pour qu’on considère les caractéristiques essentielles acquises par le travail manuel d’artisans individuels utilisant les techniques manuelles traditionnelles, les produits d’artisanat doivent avoir été faits selon un ou plusieurs des procédés suivants:

   a) seulement à la main
   
   b) à l’aide d’outils manuels qui ne sont pas actionnés par des machines actionnées par la main ou le pied.

5. Les techniques manuelles traditionnelles sont les techniques transmises de génération en génération et, qui ne sont donc pas ordinairement acquises par la formation régulière des artisans individuels travaillant sous surveillance, par exemple:

   - appliqué
   - battage
   - impression au fer chaud
   - sculpture
   - ciselage
   - crochet
   - coupe
   - dessin
   - teinture
   - repoussage (du cuir)
   - broderie
   - émaillage
   - gravure
   - gravure à l’eau forte
   - filigrane
   - martelage
   - marqueterie
   - assemblage

   - tricot
   - macramé
   - moulage
   - travail à l’aiguille
   - fabrication de filet
   - peinture
   - vanisage
   - imprimerie
   - étamage
   - piquage
   - frottement abrasif
   - raclage ou éraillure
   - dentelle frivolité
   - travail à l’outil
   - retordage
   - lattage
   - tissage
   - etc.
6. Goods will not be regarded as having traditional or artistic characteristics if

(a) they are plain utilitarian goods with no particular artistic or decorative features;

(b) they copy or imitate, or attempt to copy or imitate, traditional, decorative, artistic or indigenous products of any country other than the country of manufacture and export;

(c) their essential characteristics are identical (in terms of size, design, method of production) to each other and if it is evident that their quality was closely controlled;

(d) there is evidence that an original handicraft product was used as a "model" and reproduced in large quantities partly by hand and partly by sophisticated tools or by moulding.

6. On ne considère pas que les marchandises possèdent les caractéristiques traditionnelles ou artistiques

a) s’il s’agit de marchandises utilitaires, simples ne possédant aucune particularité décorative ou artistique;

b) s’il s’agit de copie ou d’imitation ou des essais de copie ou d’imitation de produits traditionnels, décoratifs, artistiques ou autochtones d’un pays autre que le pays de fabrication et d’exportation;

c) si leurs caractéristiques essentielles sont identiques (la taille, la conception, la méthode de production) et si leur qualité a été contrôlée avec soin;

d) s’il est démontré que l’on a utilisé comme "modèle" un produit d’artisanat original et qu’il a été reproduit en grandes quantités, en partie à l’aide d’outils perfectionnés ou par moulage.

Sous-ministre du Revenu national,
Douanes et Accise.

J.P. Connell,
Deputy Minister of National Revenue,
Customs and Excise.