

## CHAPTER 35

### Chapter Notes

#### 1. Chemical Reaction Basket 1

A “chemical reaction” is a process (including a biochemical process) which results in a molecule with a new structure by breaking intramolecular bonds and by forming new intramolecular bonds, or by altering the spatial arrangement of atoms in a molecule.

The following are not considered to be chemical reactions for the purposes of this definition:

- 1) dissolving in water or other solvents;
- 2) the elimination of solvents including solvent water; or
- 3) the addition or elimination of water of crystallization

A chemical reaction as defined above is to be considered origin-conferring.

#### 2. Mixtures and Blends Basket 1, Submitted to CRO for decision for Bracketed text (Doc.42.626, Issue No.5)

For the purposes of subheading 3502.20 and headings 35.06 and 35.07, the deliberate and proportionally controlled mixing or blending (including dispersing) of materials [other than the addition of diluents only] to conform to predetermined specifications which results in the production of a good having physical or chemical characteristics which are relevant to the purposes or uses of the good and are different from the input materials is to be considered to be origin conferring.

#### 3. Purification Basket 1, Submitted to CRO for decision for bracketed text (Doc.OC0014, Issue No.25)

Purification is considered to be origin conferring provided that one of the following criteria is satisfied :

- a) purification of a good resulting in the elimination of 50 percent of the content of existing impurities; or
- b) the reduction or elimination of impurities resulting in a good suitable for one or more of the following applications:
  - (i) pharmaceutical, medical, cosmetic, veterinary or food grade substances;
  - (ii) chemical products and reagents for analytical, diagnostic or laboratory uses;
  - (iii) elements and components for use in in micro-electronics;

- (iv) specialized optical uses;
- [(v) [non toxic uses for health and safety] ;
- (vi) biotechnical use (e.g., in cell culturing, in genetic technology, or as a catalyst);
- (vii) carriers used in a separation process; or
- (viii) nuclear grade uses.

**4. Reduction in particle size Basket 1**

The deliberate and controlled reduction in particle size of a good, other than by merely crushing, resulting in a good having a defined particle size, defined particle size distribution or defined surface area, which are relevant to the purposes of the resulting good and have different physical or chemical characteristics from the input materials is considered to be origin conferring.

**5. Standard Materials Basket 1**

Standard materials (including standard solutions) are preparations suitable for analytical, calibrating or referencing uses having precise degrees of purity or proportions which are certified by the manufacturer. The production of standard materials is to be considered as origin conferring.

**6. Isomer Separation Basket 1**

The isolation or separation of isomers from a mixture of isomers is to be considered as origin-conferring.

**7. Non-Origin Conferring Processes Submitted to CRO for decision (Doc.OC0032, Issue No.24)**

[- For the purposes of Chapters 30-38 the addition, whether or not in combination, of the additives enumerated in HS Chapter Notes 1(f) and 1(g) to Chapter 29 for the purposes indicated therein is not origin conferring. (CAN) (PHI) (US)]

**8. Packing for retail sale Basket 1**

For the purposes of heading 35.06, the change of classification resulting from the mere putting up for retail sale of products of this Chapter is not to be considered origin-conferring.

**[Criteria to apply Appendix 2, Rule 2(g)]**

The criteria to determine the major portion of the materials as set forth in Appendix 2, Rule2(g) for this Chapter are:

[Weight (CAN)]

[Weight or volume (EC) (US)]

[Total value of parts and related processing activity (CH)]

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
<b>Chapter 35</b>	<b>Albuminoidal substances; modified starches; glues; enzymes</b>			
<b>35.01</b>	<b>Casein, caseinates and other casein derivatives; casein glues.</b>	<i>As indicated at the subheading level</i>		
3501.10	- Casein	CTSH/CTH		<b>Basket 2 (Terminology Only)</b> - to be finalised
3501.90	- Other	<i>As indicated at the split subheading level</i>		<i>Decisions as specified for the split subheading</i>
ex 3501.90(a)	<u>Casein glues</u>	CTSHS		<b>Basket 1 (Endorsed by CRO)</b>
ex 3501.90(b)	<u>Other</u>	CTSH		<b>Basket 1 (Endorsed by CRO)</b>
<b>35.02</b>	<b>Albumins (including concentrates of two or more whey proteins, containing by weight more than 80 % whey proteins, calculated on the dry matter), albuminates and other albumin derivatives.</b>	<i>As indicated at the subheading level</i>		
	- Egg albumin :			
3502.11	-- Dried	CTSH		<b>Basket 1 (Endorsed by CRO)</b>
3502.19	-- Other	[CTSH] (JPN) (EGY) (CH)  [CTH] (COL) (NZ)(PHI)		<b>Submitted to CRO for decision (Doc.42.626) Issue n° 15</b>

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
		[CTH, except from heading 04.07 or 04.08] (EC) (US) [CTSH except from subheading 3502.11] (CAN) (MEX)		
3502.20	- Milk albumin, including concentrates of two or more whey proteins	CTSH/CTH		<b>Basket 2 (Terminology Only)</b> - to be finalised
3502.90	- Other	CTSH/CTH		<b>Basket 2 (Terminology Only)</b> - to be finalised
<b>35.03</b>	<b>Gelatin (including gelatin in rectangular (including square) sheets, whether or not surface-worked or coloured) and gelatin derivatives; isinglass; other glues of animal origin, excluding casein glues of heading No. 35.01.</b>	[CTH]		<b>Basket 1 (Endorsed by CRO)</b>
<b>35.04</b>	<b>Peptones and their derivatives; other protein substances and their derivatives, not elsewhere specified or included; hide powder, whether or not chromed.</b>	[CTH] (JPN) (COL) (CAN) (MEX) (EGY) (NZ) (CH) (EC) (US)(PHI)		<b>Basket 1 (Endorsed by CRO)</b>
<b>35.05</b>	<b>Dextrins and other modified starches (for example, pregelatinised or esterified starches); glues based on starches, or on dextrins or other modified starches.</b>	<i>As indicated at the subheading level</i>		
3505.10	- Dextrins and other modified starches	CTH/CTSH		<b>Basket 2 (Terminology Only)</b> - to be finalised

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
3505.20	- Glues	CTSH		<b>Basket 1 (Endorsed by CRO)</b>
<b>35.06</b>	<b>Prepared glues and other prepared adhesives, not elsewhere specified or included; products suitable for use as glues or adhesives, put up for retail sale as glues or adhesives, not exceeding a net weight of 1 kg.</b>	<i>As indicated at the subheading level</i>		
3506.10	- Products suitable for use as glues or adhesives, put up for retail sale as glues or adhesives, not exceeding a net weight of 1 kg	CTSH		<b>Basket 1 (Endorsed by CRO)</b>
	Other :			
3506.91	-- Adhesives based on rubber or plastics (including artificial resins)	CTSH		<b>Basket 1 (Endorsed by CRO)</b>
3506.99	-- Other	CTSH		<b>Basket 1 (Endorsed by CRO)</b>
<b>35.07</b>	<b>Enzymes; prepared enzymes not elsewhere specified or included.</b>	<i>As indicated at the split heading and subheading level</i>		<b>Submitted to CRO for decision</b>
[ex 35.07(a)]	<u>Isolated enzymes</u>	CTHS (US)(PHI)		
ex 35.07(b)	<u>Enzyme concentrates</u>	CTHS (US)(PHI)		
ex 35.07(c)	<u>Enzyme</u>	CTHS (US)(PHI)]		
3507.10	- Rennet and concentrates thereof	[CTSH] (JPN) (MEX) (CH) [CTH] (COL) (CAN) (NZ) (EGY)(EC)		
3507.90	- Other	[CTSH] (JPN) (MEX) (CH) [CTH] (COL) (CAN) (NZ) (EGY)(EC)		

## CHAPTER 36

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
<b>Chapter 36</b>	<b>Explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations</b>			
<b>36.01</b>	<b>Propellant powders.</b>	CTH		<b>Basket 1 (Endorsed by CRO)</b>
<b>36.02</b>	<b>Prepared explosives, other than propellant powders.</b>	CTH		<b>Basket 1 (Endorsed by CRO)</b>
<b>36.03</b>	<b>Safety fuses; detonating fuses; percussion or detonating caps; igniters; electric detonators.</b>	CTH		<b>Basket 1 (Endorsed by CRO)</b>
<b>36.04</b>	<b>Fireworks, signalling flares, rain rockets, fog signals and other pyrotechnic articles.</b>	CTH		<b>Basket 1 (Endorsed by CRO)</b>
<b>36.05</b>	<b>Matches, other than pyrotechnic articles of heading No. 36.04.</b>	CTH		<b>Basket 1 (Endorsed by CRO)</b>
<b>36.06</b>	<b>Ferro-cerium and other pyrophoric alloys in all forms; articles of combustible materials as specified in Note 2 to this Chapter.</b>	CTH except when this change results from the liquefaction or putting up for retail sale of products of other headings		<b>Basket 1 (Endorsed by CRO)</b>
3606.10	- Liquid or liquefied-gas fuels in containers of a kind used for filling or refilling cigarette or similar lighters and of a capacity not exceeding 300 cm <sup>3</sup>	<i>As indicated at the heading level</i>		<i>Decisions as specified for the heading</i>
3606.90	- Other			

## CHAPTER 37

### Chapter Notes

**1. Mixtures and Blends Submitted to CRO for decision (Doc.42.626, Issue No.5)**

[For the purposes of heading 37.07, the deliberate and proportionally controlled mixing or blending (including dispersing) of materials [other than the addition of diluents only] to conform to predetermined specifications which results in the production of a good having physical or chemical characteristics which are relevant to the purposes or uses of the good and are different from the input materials is to be considered to be origin conferring.]

**2. Non-Origin Conferring Processes Submitted to CRO for decision (Doc.OC0032, Issue No.24)**

[- For the purposes of Chapters 30-38 the addition, whether or not in combination, of the additives enumerated in HS Chapter Notes 1(f) and 1(g) to Chapter 29 for the purposes indicated therein is not origin conferring. (CAN) (PHI) (US)]

**[Criteria to apply Appendix 2, Rule 2(g)]**

The criteria to determine the major portion of the materials as set forth in Appendix 2, Rule2(g) for this Chapter are:

[Weight (CAN)]

[Weight or volume, as appropriate (US)]

[Weight, volume or value, as appropriate (EC)]

[Total value of parts and related processing activity (CH)]

## CHAPTER 37

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
<b>Chapter 37</b>	<b>Photographic or cinematographic goods</b>			
<b>37.01</b>	<b>Photographic plates and film in the flat, sensitised, unexposed, of any material other than paper, paperboard or Photographic plates and film in the flat, sensitised, unexposed, of any material other than paper, paperboard or textiles; instant print film in the flat, sensitised, unexposed, whether or not in packs.</b>	<i>As indicated at the subheading level</i>		
3701.10	- For X-ray	CTH except from heading 37.02		<b>Basket 1 (Endorsed by CRO)</b>
3701.20	- Instant print film	[CTH, except from heading 37.02 or 37.03] [CTH] (EC)		<b>Submitted to CRO for decision (Doc.42.626) Issue n° 16</b>
3701.30	- Other plates and film, with any side exceeding 255 mm	CTH except from heading 37.02		<b>Basket 1 (Endorsed by CRO)</b>
	-- Other			
3701.91	-- For colour photography (polychrome)	CTH except from heading 37.02		<b>Basket 1 (Endorsed by CRO)</b>
3701.99	-- Other	CTH except from heading 37.02		<b>Basket 1 (Endorsed by CRO)</b>



HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
<b>37.02</b>	<b>Photographic film in rolls, sensitised, unexposed, of any material other than paper, paperboard or textiles; instant print film in rolls, sensitised, unexposed.</b>	<i>As indicated at the subheading level</i>		
3702.10	- For X-ray	CTH except from heading 37.01		<b>Basket 1 (Endorsed by CRO)</b>
3702.20	- Instant print film	[CTH, except from heading 37.01 or 37.03] [CTH, except from heading 37.01] (EC)		<b>Submitted to CRO for decision (Doc.42.626) Issue n° 16</b>
	- Other film, without perforations, of a width not exceeding 105 mm :			
3702.31	-- For colour photography (polychrome)	CTH except from heading 37.01		<b>Basket 1 (Endorsed by CRO)</b>
3702.32	-- Other, with silver halide emulsion	CTH except from heading 37.01		<b>Basket 1 (Endorsed by CRO)</b>
3702.39	-- Other	CTH except from heading 37.01		<b>Basket 1 (Endorsed by CRO)</b>
	- Other film, without perforations, of a width exceeding 105 mm :			
3702.41	-- Of a width exceeding 610 mm and of a length exceeding 200 m, for colour photography (polychrome)	CTH except from heading 37.01		<b>Basket 1 (Endorsed by CRO)</b>
3702.42	-- Of a width exceeding 610 mm and of a length exceeding 200 m, other than for colour photography	CTH except from heading 37.01		<b>Basket 1 (Endorsed by CRO)</b>

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
3702.43	-- Of a width exceeding 610 mm and of a length not exceeding 200 m	CTH except from heading 37.01		<b>Basket 1 (Endorsed by CRO)</b>
3702.44	-- Of a width exceeding 105 mm but not exceeding 610 mm	CTH except from heading 37.01		<b>Basket 1 (Endorsed by CRO)</b>
	- Other film, for colour photography (polychrome) :			
3702.51	-- Of a width not exceeding 16 mm and of a length not exceeding 14 m	CTH except from heading 37.01		<b>Basket 1 (Endorsed by CRO)</b>
3702.52	-- Of a width not exceeding 16 mm and of a length exceeding 14 m	CTH except from heading 37.01		<b>Basket 1 (Endorsed by CRO)</b>
3702.53	-- Of a width exceeding 16 mm but not exceeding 35 mm and of a length not exceeding 30 m, for slides	CTH except from heading 37.01		<b>Basket 1 (Endorsed by CRO)</b>
3702.54	-- Of a width exceeding 16 mm but not exceeding 35 mm and of a length not exceeding 30 m, other than for slides	CTH except from heading 37.01		<b>Basket 1 (Endorsed by CRO)</b>
3702.55	-- Of a width exceeding 16 mm but not exceeding 35 mm and of a length exceeding 30 m	CTH except from heading 37.01		<b>Basket 1 (Endorsed by CRO)</b>
3702.56	- Of a width exceeding 35 mm	CTH except from heading 37.01		<b>Basket 1 (Endorsed by CRO)</b>
	Other :			
3702.91	-- Of a width not exceeding 16 mm and of a length not exceeding 14 m	CTH except from heading 37.01		<b>Basket 1 (Endorsed by CRO)</b>

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
3702.92	-- Of a width not exceeding 16 mm and of a length exceeding 14 m	CTH except from heading 37.01		<b>Basket 1 (Endorsed by CRO)</b>
3702.93	-- Of a width exceeding 16 mm but not exceeding 35 mm and of a length not exceeding 30 m	CTH except from heading 37.01		<b>Basket 1 (Endorsed by CRO)</b>
3702.94	-- Of a width exceeding 16 mm but not exceeding 35 mm and of a length exceeding 30 m	CTH except from heading 37.01		<b>Basket 1 (Endorsed by CRO)</b>
3702.95	-- Of a width exceeding 35 mm	CTH except from heading 37.01		<b>Basket 1 (Endorsed by CRO)</b>
<b>37.03</b>	<b>Photographic paper, paperboard and textiles, sensitised, unexposed.</b>	CTH		<b>Basket 1 (Endorsed by CRO)</b>
3703.10	- In rolls of a width exceeding 610 mm	<i>As indicated at the heading level</i>		
3703.20	- Other, for colour photography (polychrome)			
3703.90	- Other			
<b>37.04</b>	<b>Photographic plates, film, paper, paperboard and textiles, exposed but not developed.</b>	CTH		<b>Basket 1 (Endorsed by CRO)</b>
<b>37.05</b>	<b>Photographic plates and film, exposed and developed, other than cinematographic film.</b>	CTH		<b>Basket 1 (Endorsed by CRO)</b>

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
37.06	Cinematographic film, exposed and developed, whether or not incorporating sound track or consisting only of sound track.	CTH		Basket 1 (Endorsed by CRO)
37.07	Chemical preparations for photographic uses (other than varnishes, glues, adhesives and similar preparations); unmixed products for photographic uses, put up in measured portions or put up for retail sale in a form ready for use.	[CTH except when this change results from putting up in measured portions or for retail sale of products of other headings] [CTH, Chapter Note on Mixtures and Blends not applied. (CAN)]		Submitted to CRO for decision (Doc.42.626) Issue n° 17
3707.10 3707.90	- Sensitising emulsions - Other	<i>As indicated at the heading level</i>		

## CHAPTER 38

### Chapter Notes

#### 1. Chemical Reaction Basket 1

A “chemical reaction” is a process (including a biochemical process) which results in a molecule with a new structure by breaking intramolecular bonds and by forming new intramolecular bonds, or by altering the spatial arrangement of atoms in a molecule.

The following are not considered to be chemical reactions for the purposes of this definition:

- 1) dissolving in water or other solvents;
- 2) the elimination of solvents including solvent water; or
- 3) the addition or elimination of water of crystallization

A chemical reaction as defined above is to be considered origin conferring.

#### 2. Mixtures and Blends Basket 1, Submitted to CRO for decision for Bracketed Text (Doc.42.626, Issue No.5)

For the purposes of headings 38.01, 38.04, 38.06, 38.07, 38.08 through 38.15, 38.19 through 38.21, 38.23 and 38.24, the deliberate and proportionally controlled mixing or blending (including dispersing) of materials [other than the addition of diluents only (SG) (US)] to conform to predetermined specifications which results in the production of a good having physical or chemical characteristics which are relevant to the purposes or uses of the good and are different from the input materials is to be considered to be origin conferring.

#### 3. Purification Basket 1, Submitted to CRO for decision for bracketed text to CRO (Doc.OC0014, Issue No.25)

Purification is considered to be origin conferring provided that one of the following criteria is satisfied:

- a) purification of a good resulting in the elimination of 80 percent of the content of existing impurities; or
- b) the reduction or elimination of impurities resulting in a good suitable for one or more of the following applications:
  - (i) pharmaceutical, medical, cosmetic, veterinary or food grade substances;
  - (ii) chemical products and reagents for analytical, diagnostic or laboratory uses;
  - (iii) elements and components for use in in micro-electronics;

- (iv) specialized optical uses;
- [(v) non toxic uses for health and safety] ;
- (vi) biotechnical use (e.g., in cell culturing, in genetic technology, or as a catalyst);
- (vii) carriers used in a separation process; or
- (viii) nuclear grade uses.

**4. Separation Submitted to CRO for decision (Doc.42.626, Issue No.7)**

Separation, by chromatography, extraction, precipitation, (refining), or specific mechanical treatments, is considered to be origin conferring provided that one of the following criteria is satisfied:

- (i) obtaining goods with specific purity;
- [(ii) obtaining goods with specific odoriferous characteristics;
- (iii) obtaining goods with specific flavouring characteristics;] or
- (iv) obtaining goods suitable for specific uses.. (EC) (CH) (SG)]

**5. Change in particle size**

**1) Reduction in particle size: Basket 1**

For the purposes of headings 38.02, 38.08, 38.09, 38.11, 38.12 and 38.15, the deliberate and controlled reduction in particle size of a good, other than by merely crushing, resulting in a good having a defined particle size, defined particle size distribution or defined surface area, which are relevant to the purposes of the resulting good and have different physical or chemical characteristics from the input materials is considered to be origin conferring.

**2) Increase in particle size: Submitted to CRO for decision ( Doc.42.626, Issue No.4 )**

[For the purposes of headings 38.02, 38.08, 38.09, 38.11, 38.12 and 38.15, the deliberate and controlled [modification] in particle size of a good, other than by merely crushing [or pressing,] resulting in a good having a defined particle size, defined particle size distribution or defined surface area, which are relevant to the purposes of the resulting good and have different physical or chemical characteristics from the input materials is considered to be origin conferring.]

***Note: If Paragraph 2 is accepted by the CRO, it should be adopted in the place of Paragraph 1; only the words “modification” and “or pressing” are for decision.***

**6. Standard Materials Basket 1**

Standard materials (including standard solutions) are preparations suitable for analytical, calibrating or referencing uses having precise degrees of purity or proportions which are certified by the manufacturer. The production of standard materials is to be considered as origin conferring.

**7. Packing for retail sale Basket 1**

For the purposes of headings 38.08 and 38.13, the change of classification resulting from the mere putting up for retail sale of products of this Chapter is to be disregarded for the determination of origin.

**8. Non-Origin Conferring Processes Submitted to CRO for decision (Doc. OC0032, Issue No. 24)**

[- For the purposes of Chapters 30-38 the addition, whether or not in combination, of the additives enumerated in HS Chapter Notes 1(f) and 1(g) to Chapter 29 for the purposes indicated therein is not origin conferring. (CAN) (PHI) (US)]

**[Criteria to apply Appendix 2, Rule 2(g)]**

The criteria to determine the major portion of the materials as set forth in Appendix 2, Rule 2(g) for this Chapter are:

[Weight (CAN)]

[Weight or volume, as appropriate (US)]

[Weight, volume or value, as appropriate (EC)]

[Total value of parts and related processing activity (CH)]

CHAPTER 38

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
<b>Chapter 38</b>	<b>Miscellaneous chemical products</b>			
<b>38.01</b>	<b>Artificial graphite; colloidal or semi-colloidal graphite; preparations based on graphite or other carbon in the form of pastes, blocks, plates or other semi-manufactures.</b>	<i>As indicated at the subheading level</i>		
3801.10	- Artificial graphite	CTSH; or Change within the subheading from waste, scrap or worn-out articles		<b>Basket 1 (Endorsed by CRO)</b>
3801.20	- Colloidal or semi-colloidal graphite	CTSH		<b>Basket 1 (Endorsed by CRO)</b>
3801.30	- Carbonaceous pastes for electrodes and similar pastes for furnace linings	CTSH		<b>Basket 1 (Endorsed by CRO)</b>
3801.90	- Other	CTSH		<b>Basket 1 (Endorsed by CRO)</b>
<b>38.02</b>	<b>Activated carbon; activated natural mineral products; animal black, including spent animal black.</b>	CTH		<b>Basket 1 (Endorsed by CRO)</b>
3802.10 3802.90	- Activated carbon - Other	<i>As indicated at the heading level</i>		
<b>38.03</b>	<b>Tall oil, whether or not refined.</b>	<i>As indicated at the split heading level</i>		



HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
ex 38.03(a)	- <u>Refined</u>	[CTHS] (EC) (CH) (JPN)(NOR) [CTH] (US) (PHI)		Submitted to CRO for decision (Doc.42.626) Issue n° 18
ex 38.03(b)	- <u>Other</u>	CTH		Basket 1 (Endorsed by CRO)
<b>38.04</b>	Residual lyes from the manufacture of wood pulp, whether or not concentrated, desugared or chemically treated, including lignin sulphonates, but excluding tall oil of heading No. 38.03.	CTH		Basket 1 (Endorsed by CRO)
<b>38.05</b>	Gum, wood or sulphate turpentine and other terpenic oils produced by the distillation or other treatment of coniferous woods; crude dipentene; sulphite turpentine and other crude para-cymene; pine oil containing alpha-terpineol as the main constituent.	<i>As indicated at the subheading level</i>		
3805.10	- Gum, wood or sulphate turpentine oils	CTH		Basket 1 (Endorsed by CRO)
3805.20	- Pine oil	CTSH		Basket 1 (Endorsed by CRO)
3805.90	- Other	CTSH		Basket 1 (Endorsed by CRO)
<b>38.06</b>	Rosin and resin acids, and derivatives thereof; rosin spirit and rosin oils; run gums.	<i>As indicated at the subheading level</i>		
3806.10	- Rosin and resin acids	CTSH		Basket 1 (Endorsed by CRO)

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
3806.20	- Salts of rosin, of resin acids or of derivatives of rosin or resin acids, other than salts of rosin adducts	CTSH		<b>Basket 1 (Endorsed by CRO)</b>
3806.30	- Ester gums	CTSH		<b>Basket 1 (Endorsed by CRO)</b>
3806.90	- Other	CTSH		<b>Basket 1 (Endorsed by CRO)</b>
<b>38.07</b>	<b>Wood tar; wood tar oils; wood creosote; wood naphtha; vegetable pitch; brewers' pitch and similar preparations based on rosin, resin acids or on vegetable pitch.</b>	CTH		<b>Basket 1 (Endorsed by CRO)</b>
<b>38.08</b>	<b>Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth regulators, disinfectants and similar products, put up in forms or packings for retail sale or as preparations or articles (for example, sulphur-treated bands, wicks and candles, and fly-papers).</b>	[CTH] (JPN) (US) (NZ) (BRA) (CH) (EC)[CTSH] (CAN) (MEX) (SG)		<b>Submitted to CRO for decision (Doc.42.626) Issue n° 19</b>
3808.10 3808.20 3808.30  3808.40 3808.90	- Insecticides - Fungicides - Herbicides, anti-sprouting products and plant-growth regulators - Disinfectants - Other	<i>As indicated at the heading level</i>		

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
<b>38.09</b>	<b>Finishing agents, dye carriers to accelerate the dyeing or fixing of dyestuffs and other products and preparations (for example, dressings and mordants), of a kind used in the textile, paper, leather or like industries, not elsewhere specified or included.</b>	[CTH] (EC) (CH) (CAN) (JPN) (NZ) [CTSH] (US) (SG)		<b>Submitted to CRO for decision (Doc.42.626) Issue n° 20</b>
3809.10	- With a basis of amylaceous substances	<i>As indicated at the heading level</i>		
3809.91	- Other :			
3809.92	-- Of a kind used in the textile or like industries			
3809.93	-- Of a kind used in the paper or like industries			
	-- Of a kind used in the leather or like industries			
<b>38.10</b>	<b>Pickling preparations for metal surfaces; fluxes and other auxiliary preparations for soldering, brazing or welding; soldering, brazing or welding powders and pastes consisting of metal and other materials; preparations of a kind used as cores or coatings for welding electrodes or rods.</b>	CTH		<b>Basket 1 (Endorsed by CRO)</b>

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
3810.10	- Pickling preparations for metal surfaces; soldering, brazing or welding powders and pastes consisting of metal and other materials	<i>As indicated at the heading level</i>		
3810.90	- Other			
<b>38.11</b>	<b>Anti-knock preparations, oxidation inhibitors, gum inhibitors, viscosity improvers, anti-corrosive preparations and other prepared additives, for mineral oils (including gasoline) or for other liquids used for the same purposes as mineral oils.</b>	[CTH] (JPN) (CAN) (MEX) (EC) (US) (CH)(NZ) [CTSH] (SG)		<b>Submitted to CRO for decision (Doc.42.626) Issue n° 21</b>
3811.11 3811.19  3811.21  3811.29 3811.90	-Anti-knock preparations : -- Based on lead compounds -- Other - Additives for lubricating oils : -- Containing petroleum oils or oils obtained from bituminous minerals -- Other - Other	<i>As indicated at the heading level</i>		
<b>38.12</b>	<b>Prepared rubber accelerators; compound plasticisers for rubber or plastics, not elsewhere specified or included; anti-oxidising preparations and other compound stabilisers for rubber or plastics.</b>	CTH		<b>Basket 1 (Endorsed by CRO)</b>

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
3812.10	- Prepared rubber accelerators	<i>As indicated at the heading level</i>		
3812.20	- Compound plasticisers for rubber or plastics			
3812.30	- Anti-oxidising preparations and other compound stabilisers for rubber or plastics			
<b>38.13</b>	<b>Preparations and charges for fire-extinguishers; charged fire-extinguishing grenades.</b>	CTH		<b>Basket 1 (Endorsed by CRO)</b>
<b>38.14</b>	<b>Organic composite solvents and thinners, not elsewhere specified or included; prepared paint or varnish removers.</b>	CTH		<b>Basket 1 (Endorsed by CRO)</b>
<b>38.15</b>	<b>Reaction initiators, reaction accelerators and catalytic preparations, not elsewhere specified or included.</b>	CTH		<b>Basket 1 (Endorsed by CRO)</b>
	- Supported catalysts :	<i>As indicated at the heading level</i>		
3815.11	-- With nickel or nickel compounds as the active substance	<i>As indicated at the heading level</i>		
3815.12	-- With precious metal or precious metal compounds as the active substance			
3815.19	-- Other			
3815.90	- Other			

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
38.16	Refractory cements, mortars, concretes and similar compositions, other than products of heading No. 38.01.	CTH		Basket 1 (Endorsed by CRO)
38.17	Mixed alkylbenzenes and mixed alkylnaphthalenes, other than those of heading No. 27.07 or 29.02.	CTH		Basket 1 (Endorsed by CRO)
3817.10 3817.20	- Mixed alkylbenzenes - Mixed alkylnaphthalenes	<i>As indicated at the heading level</i>		
38.18	Chemical elements doped for use in electronics, in the form of discs, wafers or similar forms; chemical compounds doped for use in electronics.	[CTH] (JPN) (US) (CAN) (MEX) (NZ) (CH) [CTH; or Change within this heading following the cutting into discs, wafers or similar forms, polishing or coating with an epitaxial layer (EC)] [Value added rule] (SG)		Submitted to CRO for decision (Doc.42.626) Issue n° 22
38.19	Hydraulic brake fluids and other prepared liquids for hydraulic transmission, not containing or containing less than 70 % by weight of petroleum oils or oils obtained from bituminous minerals.	CTH		Basket 1 (Endorsed by CRO)
38.20	Anti-freezing preparations and prepared de-icing fluids.	CTH		Basket 1 (Endorsed by CRO)
38.21	Prepared culture media for development of micro-organisms.	CTH		Basket 1 (Endorsed by CRO)

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
38.22	Diagnostic or laboratory reagents on a backing and prepared diagnostic or laboratory reagents whether or not on a backing, other than those of heading No. 30.02 or 30.06.	CTH		Basket 1 (Endorsed by CRO)
38.23	Industrial monocarboxylic fatty acids; acid oils from refining; industrial fatty alcohols.	<i>As indicated at the subheading level</i>		
	- Industrial monocarboxylic fatty acids; acid oils from refining :			
3823.11	-- Stearic acid	CTSH		Basket 1 (Endorsed by CRO)
3823.12	-- Oleic acid	CTSH		Basket 1 (Endorsed by CRO)
3823.13	-- Tall oil fatty acids	CTSH		Basket 1 (Endorsed by CRO)
3823.19	-- Other	CTSH		Basket 1 (Endorsed by CRO)
3823.70	- Industrial fatty alcohols	CTSH		Basket 1 (Endorsed by CRO)
38.24	Prepared binders for foundry moulds or cores; chemical products and preparations of the chemical or allied industries (including those consisting of mixtures of natural products), not elsewhere specified or included; residual products of the chemical or allied industries, not elsewhere specified or included.	<i>As indicated at the subheading level</i>		

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
3824.10	- Prepared binders for foundry moulds or cores	CTSH		<b>Basket 1 (Endorsed by CRO)</b>
3824.20	- Naphthenic acids, their water-insoluble salts and their esters	CTSH		<b>Basket 1 (Endorsed by CRO)</b>
3824.30	- Non-agglomerated metal carbides mixed together or with metallic binders	CTSH		<b>Basket 1 (Endorsed by CRO)</b>
3824.40	- Prepared additives for cements, mortars or concretes	CTSH		<b>Basket 1 (Endorsed by CRO)</b>
3824.50	- Non-refractory mortars and concretes	CTSH		<b>Basket 1 (Endorsed by CRO)</b>
3824.60	- Sorbitol other than that of subheading No. 2905.44	CTSH		<b>Basket 1 (Endorsed by CRO)</b>
	- Mixtures containing perhalogenated derivatives of acyclic hydrocarbons containing two or more different halogens :			
3824.71	-- Containing acyclic hydrocarbons perhalogenated only with fluorine and chlorine	CTSH		<b>Basket 1 (Endorsed by CRO)</b>
3824.79	-- Other	CTSH		<b>Basket 1 (Endorsed by CRO)</b>
3824.90	- Other	CTSH		<b>Basket 1 (Endorsed by CRO)</b>



## CHAPTER 39

### Chapter Notes

1. **Chemical Reaction** *Paragraph a) : Basket 1*  
*Paragraph b) : Submitted to CRO for decision (Doc.42.627, Issue No.1)*

a) A “chemical reaction” is a process (including a biochemical process) which results in a molecule with a new structure by breaking intramolecular bonds and by forming new intramolecular bonds, or by altering the spatial arrangement of atoms in a molecule.

The following are not considered to be chemical reactions for the purposes of this definition:

- 1) dissolving in water or other solvents;
- 2) the elimination of solvents including solvent water; or
- 3) the addition or elimination of water of crystallization

A chemical reaction as defined above is to be considered origin conferring.

This definition comprises all types of polymerization reactions and chemical modification of polymers, including cross-linking by hardener/cross-linking agents and irradiation.

b) [The products are considered to have undergone a chemical reaction only if more than 30% by weight of the monomer units in the total polymer content have undergone a modification which results in the breaking of the bonds of the appendages to the main polymer chain and by forming new intramolecular bonds or by altering the spatial arrangement of the atoms of the appendages.

The following are not considered to be chemical reactions for the purposes of this definition:

- 1) dissolving in water or other solvents;
- 2) the elimination of solvents including solvent water; or
- 3) the addition or elimination of water of crystallization.

(This rule applies to headings 39.01- 39.13.) (CAN)]

**2. Mixtures and Blends Submitted to CRO for decision (Doc.42.627, Issue No.2 )**

a) [The deliberate and proportionally controlled mixing or blending including dispersing of materials [other than the addition of diluents only] to conform to predetermined specifications which results in the production of a good having physical or chemical characteristics which are relevant to the purposes or uses of the good and are different from the input materials is to be considered to be origin conferring.]

b) [The deliberate and proportionally controlled mixing or blending of polymers, which results in the production of a polymer blend having physical and/or chemical characteristics different from the individual constituents, is considered to be origin conferring. (Headings 39.01-39.15)

This definition comprises polymer compounding and the use of recycled polymers. (EC)]

c) [The deliberate and proportionally controlled mixing or blending of materials other than only the addition of solvents or diluents, to conform to predetermined specifications which results in the production of a good having performance characteristics which are relevant to the purposes or uses of the good and are different from those of the input materials, provided that no more than 60 percent by weight of the total polymeric component in the finished good originates from a country other than the country where the blending occurred. (CAN)]

**3. Purification Basket 1, Submitted to CRO for decision for bracketed text (Doc.OC0014, Issue No.25)**

Purification is considered to be origin conferring provided that one of the following criteria is satisfied:

- a) purification of a good resulting in the elimination of 80 percent of the content of existing impurities; or
- b) the reduction or elimination of impurities resulting in a good suitable for one or more of the following applications:
  - (i) pharmaceutical, medical, cosmetic, veterinary or food grade substances;
  - (ii) chemical products and reagents for analytical, diagnostic or laboratory uses;
  - (iii) elements and components for use in in micro-electronics;
  - (iv) specialized optical uses;
  - [(v) [non toxic uses for health and safety] ;
  - (vi) biotechnical use (e.g., in cell culturing, in genetic technology, or as a catalyst);
  - (vii) carriers used in a separation process; or
  - (viii) nuclear grade uses.

#### **4. Change in particle size**

##### **1) Reduction in particle size: **Basket 1****

The deliberate and controlled reduction in particle size of a good including micronizing by dissolving a polymer and subsequent precipitation, other than by merely crushing, resulting in a good having a defined particle size, defined particle size distribution or defined surface area relevant to the purposes of the resulting good and having different physical or chemical characteristics from the input materials is considered to be origin conferring.

##### **2) Increase in particle size: **Submitted to CRO for decision (Doc.42.626, Issue No.4)****

[The deliberate and controlled modification in particle size of a good including micronizing by dissolving a polymer and subsequent precipitation, other than by merely crushing, resulting in a good having a defined particle size, defined particle size distribution or defined surface area, which are relevant to the purposes of the resulting good and have different physical or chemical characteristics from the input materials is considered to be origin conferring. (CH)]

Note: If Paragraph 2 is accepted by the CRO, the term “reduction” in Paragraph 1 shall be amended to “modification”. (Sec)

#### **5. Separation (Headings 39.01- 39.14) **Submitted to CRO for decision (Doc.42.626, Issue No.7)****

[Separation, by chromatography, extraction, precipitation, (refining), or specific mechanical treatments, is considered to be origin conferring provided that one of the following criteria is satisfied:

- (i) obtaining goods with specific molecular weight distribution;
- (ii) obtaining goods with specific purity;
- [(iii) obtaining goods with specific odoriferous characteristics;
- (iv) obtaining goods with specific flavouring characteristics;] or
- (v) obtaining goods suitable for specific uses.. (EC) (CH) (SG)]

#### **6. Shaping and further processing on semi-finished articles (Headings 39.16 - 39.17 and 39.19 - 39.21) **Submitted to CRO for decision (Doc.42.626, Issue No.3)****

[The following shaping and other processes on semi-finished articles in order to obtain finished articles are regarded as substantial transformations:

Cold drawing, hand-fabricating thermoforming, laminating, forming of vulcanized fibre, bonding of plastics, machining, and coating with an adhesive layer. (EC) (CH)]

**[Product Specific] [Chapter] Residual Rule**

[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. Goods of headings 39.01 through 39.14 produced by mixing or otherwise combining materials of different origins, originate in the country that produced the polymers that predominate by weight or volume, as appropriate, over those of each other single country.]

**[Criteria to apply Appendix 2, Rule 2(g)]**

The criteria to determine the major portion of the materials as set forth in Appendix 2, Rule2(g) for this Chapter are:

[Weight (CAN)]

[Weight or volume, as appropriate (EC)]

[Total value of parts and related processing activity (CH)]

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
<b>Chapter 39</b>	<b>Plastics and articles thereof</b>			
<b>39.01</b>	<b>Polymers of ethylene, in primary forms</b>	[CTSH or Chapter Rules (SG)] [CTH or Chapter Rules (JPN) (EC) (BRA) (US)] [CC or Chapter Rules (CAN) ]		<b>Submitted to CRO for decision ( doc. 42.627 )</b> <b>Issue n° 1</b> <b>Issue n° 2</b>
3901.10	- Polyethylene having a specific gravity of less than 0.94	<i>As indicated at the heading level.</i>		
3901.20	- Polyethylene having a specific gravity of 0.94 or more			
3901.30	- Ethylene-vinyl acetate copolymers			
3901.90	- Other			

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
<b>39.02</b>	<b>Polymers of propylene or of other olefins, in primary forms.</b>	[CTSH or Chapter Rules (SG)] [CTH or Chapter Rules (JPN)(EC)(BRA) (US)] [CC or Chapter Rules (CAN) ]		<b>Submitted to CRO for decision (Doc. 42.627)</b> <b>Issue n° 1</b> <b>Issue n° 2</b>
3902.10	- Polypropylene	<i>As indicated at the heading level.</i>		
3902.20	- Polyisobutylene	<i>As indicated at the heading level.</i>		
3902.30	- Propylene copolymers			
3902.90	- Other	.		
<b>39.03</b>	<b>Polymers of styrene, in primary forms.</b>	[CTSH or Chapter Rules (SG)] [CTH or Chapter Rules (JPN)(EC)(BRA) (US)] [CC or Chapter Rules (CAN) ]		<b>Submitted to CRO for decision (Doc. 42.627)</b> <b>Issue n° 1</b> <b>Issue n° 2</b>
3903.11	- Polystyrene :	<i>As indicated at the heading level.</i>		
3903.19	-- Expansible			
3903.20	-- Other			
3903.30	- Styrene-acrylonitrile (SAN) copolymers			
3903.90	- Acrylonitrile-butadiene-styrene (ABS) copolymers			
3904.10	- Other			
<b>39.04</b>	<b>Polymers of vinyl chloride or of other halogenated olefins, in primary forms.</b>	[CTSH or Chapter Rules (SG)] [CTH or Chapter Rules (JPN)(EC)(BRA) (US)] [CC or Chapter Rules (CAN) ]		<b>Submitted to CRO for decision (Doc. 42.627)</b> <b>Issue n° 1</b> <b>Issue n° 2</b>
3904.21	- Polyvinyl chloride, not mixed with any other substances	<i>As indicated at the heading level.</i>		
3904.22	- Other polyvinyl chloride :			
3904.30	-- Non-plasticised			
	-- Plasticised			
	- Vinyl chloride-vinyl acetate copolymers			

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
3904.40	- Other vinyl chloride copolymers			
3904.50	- Vinylidene chloride polymers			
3904.61	- Fluoro-polymers :			
3904.69	-- Polytetrafluoroethylene			
3904.90	-- Other			
<b>39.05</b>	<b>Polymers of vinyl acetate or of other vinyl esters, in primary forms; other vinyl polymers in primary forms.</b>	[CTSH or Chapter Rules (SG)] [CTH or Chapter Rules (JPN)(EC)(BRA) (US)] [CC or Chapter Rules (CAN) ]		<b>Submitted to CRO for decision (Doc. 42.627)</b> <b>Issue n° 1</b> <b>Issue n° 2</b>
3905.12	- Polyvinyl acetate :	<i>As indicated at the heading level.</i>		
3905.19	-- In aqueous dispersion			
3905.21	-- Other			
3905.29	- Vinyl acetate copolymers :			
3905.30	-- In aqueous dispersion			
3905.91	-- Other			
3905.99	Other			
3906.10	- Polyvinyl alcohol, whether or not containing unhydrolysed acetate groups			
3906.90	- Other :			
3906.10	-- Copolymers			
3906.90	-- Other			
<b>39.06</b>	<b>Acrylic polymers in primary forms.</b>	[CTSH or Chapter Rules (SG)] [CTH or Chapter Rules (JPN)(EC)(BRA) (US)] [CC or Chapter Rules (CAN) ]		<b>Submitted to CRO for decision (Doc. 42.627)</b> <b>Issue n° 1</b> <b>Issue n° 2</b>
3906.10	- Polymethyl methacrylate	<i>As indicated at the heading level.</i>		
3906.90	- Other			

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
<b>39.07</b>	<b>Polyacetals, other polyethers and epoxide resins, in primary forms; polycarbonates, alkyd resins, polyallyl esters and other polyesters, in primary forms.</b>	[CTSH or Chapter Rules (SG)] [CTH or Chapter Rules (JPN)(EC)(BRA) (US)] [CC or Chapter Rules (CAN) ]		<b>Submitted to CRO for Decision (Doc. 42.627)</b> <b>Issue n° 1</b> <b>Issue n° 2</b>
3907.10 3907.20	- Polyacetals - Other polyethers	<i>As indicated at the heading level.</i>		
3907.30 3907.40 3907.50 3907.60 3907.91 3907.99	- Epoxide resins - Polycarbonates - Alkyd resins - Polyethylene terephthalate - Other polyesters : -- Unsaturated -- Other	<i>As indicated at the heading level.</i>		
<b>39.08</b>	<b>Polyamides in primary forms.</b>	[CTSH or Chapter Rules (SG)] [CTH or Chapter Rules (JPN)(EC)(BRA) (US)] [CC or Chapter Rules (CAN) ]		<b>Submitted to CRO for decision (Doc. 42.627)</b> <b>Issue n° 1</b> <b>Issue n° 2</b>
3908.10 3908.90	- Polyamide-6, -11, -12, -6-,6, -6,9, -6,10 or -6,12 - Other	<i>As indicated at the heading level.</i>		
<b>39.09</b>	<b>Amino-resins, phenolic resins and polyurethanes, in primary forms.</b>	[CTSH or Chapter Rules (SG)] [CTH or Chapter Rules (JPN)(EC)(BRA) (US)] [CC or Chapter Rules (CAN) ]		<b>Submitted to CRO for decision (Doc. 42.627)</b> <b>Issue n° 1</b> <b>Issue n° 2</b>
3909.10 3909.20 3909.30 3909.40 3909.50	- Urea resins; thiourea resins - Melamine resins - Other amino-resins - Phenolic resins - Polyurethanes	<i>As indicated at the heading level.</i>		

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
39.10	Silicones in primary forms	[CTSH or Chapter Rules (SG)] [CTH or Chapter Rules (JPN)(EC)(BRA) (US)] [CC or Chapter Rules (CAN) ]		Submitted to CRO for decision (Doc. 42.627) Issue n° 1 Issue n° 2
39.11	Petroleum resins, coumarone-indene resins, polyterpenes, polysulphides, polysulphones and other products specified in Note 3 to this Chapter, not elsewhere specified or included, in primary forms.	[CTSH or Chapter Rules (SG)] [CTH or Chapter Rules (JPN)(EC)(BRA) (US)] [CC or Chapter Rules (CAN) ]		Submitted to CRO for decision (Doc. 42.627) Issue n° 1 Issue n° 2
3911.10 3911.90	- Petroleum resins, coumarone, indene or coumarone-indene resins and polyterpenes - Other	<i>As indicated at the heading level.</i>		
39.12	Cellulose and its chemical derivatives, not elsewhere specified or included, in primary forms.	[CTSH or Chapter Rules (SG)] [CTH or Chapter Rules (JPN)(EC)(BRA) (US)] [CC or Chapter Rules (CAN) ]		Submitted to CRO for decision (Doc. 42.627) Issue n° 1 Issue n° 2
3912.11 3912.12 3912.20 3912.31 3912.39 3912.90	- Cellulose acetates : -- Non-plasticised -- Plasticised - Cellulose nitrates (including collodions) - Cellulose ethers : -- Carboxymethylcellulose and its salts -- Other - Other	<i>As indicated at the heading level.</i>		



HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
<b>39.13</b>	<b>Natural polymers (for example, alginic acid) and modified natural polymers (for example, hardened proteins, chemical derivatives of natural rubber), not elsewhere specified or included, in primary forms.</b>	[CTSH or Chapter Rules (SG)] [CTH or Chapter Rules (JPN)(EC)(BRA) (US)] [CC or Chapter Rules (CAN) ]		<b>Submitted to CRO for decision (Doc. 42.627)</b> <b>Issue n° 1</b> <b>Issue n° 2</b>
3913.10 3913.90	- Alginic acid, its salts and esters - Other	<i>As indicated at the heading level.</i>		
<b>39.14</b>	<b>Ion-exchangers based on polymers of headings Nos. 39.01 to 39.13, in primary forms.</b>	[CTSH or Chapter Rules (SG)] [CTH or Chapter Rules (JPN)(EC)(BRA) (US)] [CC or Chapter Rules (CAN) ]		<b>Submitted to CRO for decision (Doc. 42.627)</b> <b>Issue n° 1</b> <b>Issue n° 2</b>
<b>39.15</b>	<b>Waste, parings and scrap of plastics.</b>	The origin of the goods shall be the country in which the waste and scrap of this heading is collected or derived from manufacturing or processing operations or from consumption, [or Chapter Rule on recycling of waste and scrap. (EC)]		<b>Basket 1</b> <b>Basket 2 for the bracketed text.</b>
3915.10 3915.20 3915.30 3915.90	- Of polymers of ethylene - Of polymers of styrene - Of polymers of vinyl chloride - Of other plastics	<i>As indicated at the heading level.</i>		
<b>39.16</b>	<b>Monofilament of which any cross-sectional dimension exceeds 1 mm, rods, sticks and profile shapes, whether or not surface-worked but not otherwise worked, of plastics.</b>	CTH [or Chapter Rule for forming and further processing on semi-finished articles (EC) CH] [or coating of articles of this heading with an adhesive layer. (EC)]		<b>Submitted to CRO for decision (Doc. 42.627)</b> <b>Issue n° 3</b>
3916.10	- Of polymers of ethylene	<i>As indicated at the heading level.</i>		

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
3916.20 3916.90	- Of polymers of vinyl chloride - Of other plastics	<i>As indicated at the heading level.</i>		
<b>39.17</b>	<b>Tubes, pipes and hoses, and fittings therefor (for example, joints, elbows, flanges), of plastics.</b>	CTH [or Chapter Rule for forming and further processing on semi-finished articles (EC) CH]		<b>Submitted to CRO for decision (Doc. 42.627)</b>  <b>Issue n° 3</b>
3917.10  3917.21 3917.22 3917.23 3917.29  3917.31  3917.32  3917.33  3917.39 3917.40	- Artificial guts (sausage casings) of hardened protein or of cellulosic materials - Tubes, pipes and hoses, rigid: -- Of polymers of ethylene -- Of polymers of propylene -- Of polymers of vinyl chloride -- Of other plastics - Other tubes, pipes and hoses: -- Flexible tubes, pipes and hoses, having a minimum burst pressure of 27.6 MPa -- Other, not reinforced or otherwise combined with other materials, without fittings -- Other, not reinforced or otherwise combined with other materials, with fittings -- Other - Fittings	<i>As indicated at the heading level.</i>		

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
<b>39.18</b>	<b>Floor coverings of plastics, whether or not self-adhesive, in rolls or in the form of tiles; wall or ceiling coverings of plastics, as defined in Note 9 to this Chapter.</b>	CTH		<b>Basket 1 (Endorsed by CRO)</b>
3918.10 3918.90	- Of polymers of vinyl chloride - Of other plastics	<i>As indicated at the heading level.</i>		
<b>39.19</b>	<b>Self-adhesive plates, sheets, film, foil, tape, strip and other flat shapes, of plastics, whether or not in rolls.</b>	CTH [or a change within the heading to reinforced, laminated or supported material, provided supplementary criteria are satisfied (US)] [or Chapter Rule for forming and further processing on semi-finished articles (EC) CH)]		<b>Submitted to CRO for decision (Doc. 42.627) Issue n° 3</b>
3919.10 3919.90	- In rolls of a width not exceeding 20 cm - Other	<i>As indicated at the heading level.</i>		
<b>39.20</b>	<b>Other plates, sheets, film, foil and strip, of plastics, non-cellular and not reinforced, laminated, supported or similarly combined with other materials.</b>	CTH [or change within this heading following the vacuum deposition of metal on the surface of plastics (EC)] [or Chapter Rule for forming and further processing on semi-finished articles (EC) CH)]		<b>Submitted to CRO for decision (Doc. 42.627) Issue n° 3 Issue n° 4</b>
3920.10 3920.20 3920.30 3920.41 3920.42	- Of polymers of ethylene - Of polymer of propylene - Of polymers of styrene - Of polymers of vinyl chloride: -- Rigid -- Flexible	<i>As indicated at the heading level</i>    .		

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
3920.51 3920.59  3920.61 3920.62 3920.63 3920.69  3920.71 3920.72 3920.73 3920.79  3920.91 3920.92 3920.93 3920.94 3920.99	<ul style="list-style-type: none"> <li>- Of acrylic polymers:</li> <li>-- Of polymethyl methacrylate</li> <li>-- Other</li> <li>- Of polycarbonates, alkyd resins, polyallyl esters or other polyesters:</li> <li>-- Of polycarbonates</li> <li>-- Of polyethylene terephthalate</li> <li>-- Of unsaturated polyesters</li> <li>-- Of other polyesters</li> <li>- Of cellulose or its chemical derivatives:</li> <li>-- Of regenerated cellulose</li> <li>-- Of vulcanised fibre</li> <li>-- Of cellulose acetate</li> <li>-- Of other cellulose derivatives</li> <li>- Of other plastics:</li> <li>-- Of polyvinyl butyral</li> <li>-- Of polyamides</li> <li>-- Of amino-resins</li> <li>-- Of phenolic resins</li> <li>-- Of other plastics</li> </ul>	<i>As indicated at the heading level.</i>		

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
39.21	<b>Other plates, sheets, film, foil and strip, of plastics.</b>	CTH [or a change within the heading to reinforced, laminated or supported material, provided supplementary criteria are satisfied (US)] [or change within this heading following the vacuum deposition of metal on the surface of plastics (EC)] [or Chapter Rule for forming and further processing on semi-finished articles (EC) CH]		<b>Submitted to CRO for decision (Doc. 42.627)</b> <b>Issue n° 3</b> <b>Issue n° 4</b>
3921.11 3921.12 3921.13 3921.14 3921.19 3921.90	- Cellular: -- Of polymers of styrene -- Of polymers of vinyl chloride -- Of polyurethanes -- Of regenerated cellulose -- Of other plastics - Other	<i>As indicated at the heading level</i>		
39.22	<b>Baths, shower-baths, wash-basins, bidets, lavatory pans, seats and covers, flushing cisterns and similar sanitary ware, of plastics.</b>	CTH		<b>Basket 1 (Endorsed by CRO)</b>
3922.10 3922.20 3922.90	- Baths, shower-baths and wash-basins - Lavatory seats and covers - Other	<i>As indicated at the heading level</i>		
39.23	<b>Articles for the conveyance or packing of goods, of plastics; stoppers, lids, caps and other closures, of plastics.</b>	CTH		<b>Basket 1 (Endorsed by CRO)</b>

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
3923.10	- Boxes, cases, crates and similar articles	<i>As indicated at the heading level</i>		
	- Sacks and bags (including cones):			
3923.21	-- Of polymers of ethylene			
3923.29	-- Of other plastics			
3923.30	- Carboys, bottles, flasks and similar articles			
3923.40	- Spools, cops, bobbins and similar supports			
3923.50	-- Stoppers, lids, caps and other closures			
3923.90	- Other			
<b>39.24</b>	<b>Tableware, kitchenware, other household articles and toilet articles, of plastics.</b>	CTH		<b>Basket 1 (Endorsed by CRO)</b>
3924.10	- Tableware and kitchenware	<i>As indicated at the heading level</i>		
3924.90	- Other			
<b>39.25</b>	<b>Builders' ware of plastics, not elsewhere specified or included.</b>	CTH [or assembly of articles from parts or components classified within the heading. (US) (CH) (PHI)]		<b>Submitted to CRO for decision (Doc. 42.627) Issue n° 5</b>
3925.10	- Reservoirs, tanks, vats and similar containers, of a capacity exceeding 300 l	<i>As indicated at the heading level.</i>		
3925.20	- Doors, windows and their frames and thresholds for doors			
3925.30	- Shutters, blinds (including Venetian blinds) and similar articles and parts thereof			
3925.90	- Other	<i>As indicated at the heading level.</i>		

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
39.26	<b>Other articles of plastics and articles of other materials of headings Nos. 39.01 to 39.14.</b>	CTH [or assembly of articles from parts or components classified within the heading. (US) (PHI)] [for subheading 3926.20, CTH or change within this subheading following complete making-up (EC)]		<b>Submitted to CRO for decision (Doc. 42.627)</b> <b>Issue n° 5</b> <i>The origin criterion for goods of 3926.20 is to be laid down in accordance with the CRO decision on the origin criterion for assembled or made up textile apparel.</i>
3926.10 3926.20  3926.30 3926.40 3926.90	- Office or school supplies - Articles of apparel and clothing accessories including gloves) - Fittings for furniture, coachwork or the like - Satuettes and other ornamental articles - Other	<i>As indicated at the heading level.</i>		

## CHAPTER 40

### Chapter Notes

#### 1. Chemical Reaction Basket 1

A “chemical reaction” is a process (including a biochemical process) which results in a molecule with a new structure by breaking intramolecular bonds and by forming new intramolecular bonds, or by altering the spatial arrangement of atoms in a molecule.

The following are not considered to be chemical reactions for the purposes of this definition:

- a) dissolving in water or other solvents;
- b) the elimination of solvents including solvent water; or
- c) the addition or elimination of water of crystallization

A chemical reaction as defined above is to be considered origin conferring.

#### 2. Mixtures and Blends 1) addition of diluents only; and 2) percentage of originating polymer content. **Submitted to CRO for decision (Doc.42.627, Issue No.6)**

[The deliberate and proportionally controlled mixing or blending (including dispersing) of materials [other than the addition of diluents only] to conform to predetermined specifications which results in the production of a good having physical or chemical characteristics which are relevant to the purposes or uses of the good and are different from the input materials is to be considered to be origin conferring [ provided that no more than 60 percent by weight of the total polymeric component in the finished good originates from a country other than the country where the blending occurred. (CAN)]

#### [Criteria to apply Appendix 2, Rule 2(g)]

The criteria to determine the major portion of the materials as set forth in Appendix 2, Rule2(g) for this Chapter are:

[Weight (CAN)]

[Weight or volume, as appropriate (US)]

[Weight volume or value, as appropriate (EC)]

[Total value of parts and related processing activity (CH)]



## CHAPTER 40

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
<b>Chapter 40</b>	<b>Rubber and articles thereof</b>			
<b>40.01</b>	<b>Natural rubber, balata, gutta-percha, guayule, chicle and similar natural gums, in primary forms or in plates, sheets or strip.</b>	<i>Proposals as specified at the subheading level</i>		
4001.10	- Natural rubber latex, whether or not pre-vulcanised	The country origin of origin of the goods of this subheading shall be the country in which the goods are obtained in their natural or unprocessed state.		<b>Basket 1 (Endorsed by CRO)</b>
	- Natural rubber in other forms :			
4001.21	-- Smoked sheets	[CTSH (JPN) (CAN) (MEX)(US)(NZ)(IND)(SG) (KOR)] [The country of origin of the good of this subheading shall be the country in which the goods are obtained in their natural or unprocessed state (EC)]		<b>Submitted to CRO for decision (Doc. 42.627)</b> <b>Issue n° 7</b>
4001.22	-- Technically specified natural rubber (TSNR)	[CTSH (JPN) (CAN) (MEX)(US)(NZ)(IND)(SG) (KOR)]  [The country of origin of the goods of this subheading shall be the country in which the goods are obtained in their natural or unprocessed state (EC)]		<b>Submitted to CRO for decision (Doc. 42.627)</b>  <b>Issue n° 7</b>
4001.29	-- Other	[CTSH (JPN) (CAN) (MEX)(US)(NZ)(IND)(SG) (KOR)]		<b>Submitted to CRO for decision (Doc. 42.627)</b>

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
		[The origin of the goods shall be the country in which the goods of this heading are obtained in their natural or unprocessed state (EC) ]		<b>Issue n° 7</b>
4001.30	- Balata, gutta-percha, guayule, chicle and similar natural gums	The origin of the goods shall be the country in which the goods of this heading are obtained in their natural or unprocessed state		<b>Basket 1 (Endorsed by CRO)</b>
<b>40.02</b>	<b>Synthetic rubber and factice derived from oils, in primary forms or in plates, sheets or strip; mixtures of any product of heading No 40.01 with any product of this heading, in primary forms or in plates, sheets or strip.</b>	<i>As specified at the subheading level</i>		
	- Styrene-butadiene rubber (SBR); carboxylated styrene-butadiene rubber (XSBR) :			
4002.11	-- Latex	CTH		<b>Basket 1 (Endorsed by CRO)</b>
4002.19	-- Other	[CTH (CAN) (MEX) (US) (NZ) (SG) (EC)] [ CTH; or Change to plates, sheets or strip of this subheading from latex of the same heading (JPN) (KOR)]		<b>Submitted to CRO for decision (Doc. 42.627)</b> <b>Issue n° 8</b>
4002.20	- Butadiene rubber (BR)	[CTH(CAN)(MEX)(US) (NZ) (SG)(EC)] [ CTH; or Change to plates, sheets or strip of this subheading from latex of the same heading (JPN) (KOR)]		<b>Submitted to CRO for decision (Doc. 42.627)</b> <b>Issue n° 8</b>

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
	- Isobutene-isoprene (butyl) rubber (IIR); halo-isobutene-isoprene rubber (CIIR or BIIR) :			
4002.31	-- Isobutene-isoprene (butyl) rubber (IIR)	[CTH (CAN) (MEX) (US) (NZ) (SG) (EC)] [CTH; or Change to plates, sheets or strip of this subheading from latex of the same heading (JPN) (KOR)]		<b>Submitted to CRO for decision (Doc. 42.627) Issue n° 8</b>
4002.39	-- Other  - Chloroprene (chlorobutadiene) rubber (CR) :	[CTH (CAN) (MEX) (US) (NZ) (SG) (EC)] [ CTH or Change to plates, sheets or strip of this subheading from latex of the same heading (JPN) (KOR)]		<b>Submitted to CRO for decision (Doc. 42.627) Issue n° 8</b>
4002.41	-- Latex	CTH		<b>Basket 1 (Endorsed by CRO)</b>
4002.49	-- Other	[CTH (CAN) (MEX) (US) (NZ) (SG) (EC)] [ CTH; or Change to plates, sheets or strip of this subheading from latex of the same heading (JPN) (KOR)]		<b>Submitted to CRO for decision (Doc. 42.627) Issue n° 8</b>
	- Acrylonitrile-butadiene rubber (NBR) :			
4002.51	-- Latex	CTH		<b>Basket 1 (Endorsed by CRO)</b>

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
4002.59	-- Other	[CTH (CAN) (MEX) (US) (NZ) (SG) (EC)] [ CTH; or Change to plates, sheets or strip of this subheading from latex of the same heading (JPN) (KOR)]		<b>Submitted to CRO for decision (Doc. 42.627) Issue n° 8</b>
4002.60	- Isoprene rubber (IR)	[CTH (CAN) (MEX) (US) (NZ) (SG) (EC)] [ CTH; or Change to plates, sheets or strip of this subheading from latex of the same heading (JPN) (KOR)]		<b>Submitted to CRO for decision (Doc. 42.627) Issue n° 8</b>
4002.70	- Ethylene-propylene-non-conjugated diene rubber (EPDM)	[CTH (CAN) (MEX) (US) (NZ) (SG) (EC)] [ CTH; or Change to plates, sheets or strip of this subheading from latex of the same heading (JPN) (KOR)]		<b>Submitted to CRO for decision (Doc. 42.627) Issue n° 8</b>
4002.80	- Mixtures of any product of heading No. 40.01 with any product of this heading	CTH, except from heading 40.01		<b>Basket 1</b>
	- Other :			
4002.91	-- Latex	CTH		<b>Basket 1 (Endorsed by CRO)</b>
4002.99	-- Other	[CTH (CAN) (MEX) (US) (NZ) (SG) (EC)] [ CTH or Change to plates, sheets or strip of this subheading from latex of the same heading (JPN) (KOR)]		<b>Submitted to CRO for decision (Doc. 42.627) Issue n° 8</b>
<b>40.03</b>	<b>Reclaimed rubber in primary forms or in plates, sheets or strip.</b>	CTH		<b>Basket 1 (Endorsed by CRO)</b>

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
40.04	Waste, parings and scrap of rubber (other than hard rubber) and powders and granules obtained therefrom.	The origin of the goods shall be the country in which the rubber waste of this heading is derived or collected from manufacturing or processing operations or from consumption		Basket 1 (Endorsed by CRO)
40.05	Compounded rubber, unvulcanised, in primary forms or in plates, sheets or strip.	[CTH (JPN) (US) (NZ) (EC) (MEX) (CAN)]		Submitted to CRO for decision (Doc. 42.627) Issue n° 9
		[CTSH (CH) (KOR)]		
4005.10 4005.20  4005.91 4005.99	- Compounded with carbon black or silica - Solutions; dispersions other than those of subheading No. 4005.10 - Other : -- Plates, sheets and strip -- Other	As specified for the heading		
40.06	Other forms (for example, rods, tubes and profile shapes) and articles (for example, discs and rings), of unvulcanised rubber.	As specified for the subheadings		
4006.10	- "Camel-back" strips for retreading rubber tyres	[CTH (JPN) (NZ) (EC)]  [CTSH (US) (MEX)] [CTH, except from heading 40.05; or A change to this heading from heading 40.05, provided that one or more supplementary requirement(s) , as the case may be, is/are met (CAN)]		Submitted to CRO for decision (Doc. 42.627) Issue n° 10

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
4006.90	- Other	[CTH (NZ) (EC) (JPN)]  [CTH, except from heading 40.05; or A change to this heading from heading 40.05, provided that one or more supplementary requirement(s) , as the case may be, is/are met (CAN)] <i>[As specified for split subheading (US) (MEX)]</i>		<b>Submitted to CRO for decision (Doc. 42.627) Issue n° 10</b>
[ex 4006.90(a) ex 4006.90(b)]	- Rods, tubes and other profile shapes (US) - Other (US)	CTSHS (US) (MEX) CTSHS (US) (MEX)]		
<b>40.07</b>	<b>Vulcanised rubber thread and cord.</b>	CTH		<b>Basket 1 (Endorsed by CRO)</b>
<b>40.08</b>	<b>Plates, sheets, strip, rods and profile shapes, of vulcanised rubber other than hard rubber.</b>	[CTH (JPN) (CAN) (MEX) (NZ) SG) (EC)] [CTSH (CH)]		<b>Submitted to CRO for decision (Doc. 42.627) Issue n° 11</b>
4008.11 4008.19  4008.21 4008.29	- Of cellular rubber: -- Plates,sheets and strip -- Other - Of non-cellular rubber: -- Plates,sheets and strip -- Other	<i>As indicated at heading level</i>		
<b>40.09</b>	<b>Tubes, pipes and hoses, of vulcanised rubber other than hard rubber, with or without their fittings (for example, joints, elbows, flanges).</b>	CTH		<b>Basket 1 (Endorsed by CRO)</b>

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
40.10	Conveyor or transmission belts or belting, of vulcanised rubber.	CTH		Basket 1 (Endorsed by CRO)
40.11	New pneumatic tyres, of rubber.	CTH		Basket 1 (Endorsed by CRO)
40.12	Retreaded or used pneumatic tyres of rubber; solid or cushion tyres, interchangeable tyre treads and tyre flaps, of rubber.	<i>As specified for subheadings</i>		
4012.10	- Retreaded tyres	CTSH		Basket 1 (Endorsed by CRO)
4012.20	- Used pneumatic tyres	[The country of origin of the goods of this subheading is the country in which these goods were last collected and packed for shipment (EC) (US) (NZ) (CH) (IND)] [CTSH except from heading 40.11 and subheading 4012.10. (PHI)] <i>[as indicated at the split subheading level (CAN)(JPN)]</i>		Submitted to CRO for decision (Doc. 42.627) Issue n° 12
[ex 4012.20(a)  ex 4012.20(b)]	-- <u>Showing signs of appreciable use and being presented (unsorted) in bulk or in bulk packings</u> -- <u>Other</u>	The country of origin of the goods of this split subheading is the country in which these goods were last collected and packed for shipment (CAN) (JPN) CTH, except from heading 40.11 (CAN) (JPN)]		
4012.90	- Other	[CTH (JPN) (US) (NZ) (EC) (MEX) (SEN) (NOR)]		Submitted to CRO for decision (Doc. 42.627)
		[CTSH (CAN)]		Issue n° 13
40.13	Inner tubes, of rubber.	CTH		Basket 1 (Endorsed by CRO)

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
40.14	Hygienic or pharmaceutical articles (including teats), of vulcanised rubber other than hard rubber, with or without fittings of hard rubber.	CTH		Basket 1 (Endorsed by CRO)
40.15	Articles of apparel and clothing accessories (including gloves), for all purposes, of vulcanised rubber other than hard rubber.	CTH		Basket 1 (Endorsed by CRO)
40.16	Other articles of vulcanised rubber other than hard rubber.	CTH		Basket 1 (Endorsed by CRO)
40.17	Hard rubber (for example, ebonite) in all forms, including waste and scrap; articles of hard rubber.	<i>As indicated at split heading level</i>		
ex 40.17(a)	<u>Slabs, blocks, plates, sheets, strips, rods, profile shapes, tubes, pipes and hoses</u>	CTH		Basket 1 (Endorsed by CRO)
ex 40.17 (b)	<u>Waste and Scrap</u>	The origin of the goods shall be the country in which the waste or scrap of this split heading is collected or derived from manufacturing or processing operations or from consumption		Basket 1 (Endorsed by CRO)
ex 40.17 (c)	<u>Other</u>	CTHS		Basket 1 (Endorsed by CRO)



## ISSUES FOR DECISION; CHAPTERS 41 - 43

### Issue for Decision, No. 1

1. Is the de-wooling of sheep or lamb skins of subheadings 4102.21 and 4102.29 a substantial transformation?

### Differing views presented in the relevant Technical Committee discussion

#### Option A:

2. Removal of wool from a sheep or lamb skin with wool on is a substantial transformation process. The origin rule should be based on a change of subheading, namely, a change to subheadings 4102.21 or 4102.29 (skin without wool on) from subheading 4102.10 (skin with wool on).

3. De-wooling is a complicated process. It involved very specialized and labour-intensive operations, during which chemical agents are used. De-wooling enhances the quality and the value of the skins. A skin after de-wooling differs markedly from the input skin that bears fleecy wool.

#### Option B:

4. Removal of wool from a sheep or lamb skin with wool on is not a substantial transformation process. The rule should be based on a change of heading, namely, a change to subheadings 4102.21 or 4102.29 (skin without wool on) from any other heading.

5. De-wooling is only one of the many preparatory operations done to prepare the skins for subsequent tanning or finishing. De-wooling does not change the essential character of the skin. It merely serves to clear up the surface of a skin for further processing. De-wooling is by no means a complicated operation although chemical agents are used. The process does not call for any high technique.

### Relevant HS code number

6. Subheadings 4102.21 and 4102.29 (Raw skins of sheep or lambs (fresh, or salted, dried, limed, pickled or otherwise preserved, but not tanned, parchment-dressed or further prepared), whether or not with wool on or split, other than those excluded by Note 1 (c) to this Chapter: Without wool on).

### References

7. Report of the 3rd Session (Doc. 39.870, Annexes D1 and D2)  
Report of 8th Session (Doc. 41.211, Annexes L1 and L2)  
Reference document (Doc. 40.811, pages 10 -11)  
Reference document (Doc. 41.384, page 4)  
Reference document (Doc. 41.451, page 2)

### Issue for Decision, No. 2

8. ~~Are liming and pickling of dehaired sheep or lambs skins substantial transformation?~~

### Differing views presented in the relevant Technical Committee discussion

#### OPTION A:

9. ~~A change of subheading from 4102.29 to 4102.21 is sufficient to express the substantial transformation. Liming and pickling significantly change the characteristics of hides and skins. However, salting, drying or preserving of fresh hides and skins are not substantial transformation.~~

Option B:

10. ~~Liming or pickling does not change the characteristics of sheep or lambs skins, therefore, a change of subheading to 4102.21 except from 4102.29, or a change of subheading to 4102.29 except from 4102.21, or a change of heading rule should be adopted.~~

Relevant HS code number

11. ~~Subheadings 4102.21 and 4102.29 (Raw skins of sheep or lambs (fresh, or salted, dried, limed, pickled or otherwise preserved, but not tanned, parchment dressed or further prepared), whether or not with wool on or split, other than those excluded by Note 1 (c) to this Chapter: Without wool on: pickled; other)~~

References

12. ~~Report of the 3rd Session (Doc. 39.870, Annexes D1 and D2)~~

~~Report of 8th Session (Doc. 41.211, Annexes L1 and L2)~~

~~Reference document (Doc. 41.384, page 4)~~

~~Reference document (Doc. 41.452, page 1)~~

Issue for Decision, No. 3

13. ~~Is a change of heading sufficient to express the substantial transformation of the goods assembled from parts?~~

Differing views presented in the relevant Technical Committee discussion

OPTION A:

14. ~~A change of heading is sufficient to express the substantial transformation of articles assembled from parts. The origin rule should be based on a change to the headings concerned (namely, headings 42.01, 42.04, 42.05 and 42.06) from any other heading.~~

15. ~~Since the leather goods under examination are manufactured from raw materials or products including component parts classified in any other heading, a change of heading should be an adequate expression of substantial transformation of the goods. This formulation was simple, user friendly and easy to implement.~~

16. ~~However, it is acknowledged that a simple change of heading rule would not be sufficient in all circumstances to express the origin of goods made from component parts because by virtue of the General Rule of Interpretation 2(a), component parts of a good presented unassembled or disassembled may be classified in the same heading as the assembled good. To solve this problem, a general rule should be structured.~~

OPTION B:

17. ~~A change of heading is not sufficient to express the substantial transformation of articles assembled from parts. The origin rule should be based on a change to the headings concerned~~

(namely, headings 42.01, 42.04, 42.05 and 42.06) from any other heading, provided the goods are knit to shape or fully assembled in one country.

18. — ~~To offset the effect of the General Rule of Interpretation 2(a) which classifies a product and its parts presented as unassembled or disassembled in the same heading, this rule should be read in conjunction with the following proposed Chapter Legal Note: "Those rules which refer to a change of heading or subheading shall not apply to changes which result solely from the application of the General Rule of Interpretation 2(a)".~~

#### Relevant HS code number

19. — ~~Headings 42.01 (Saddlery and harness for any animal (including traces, leads, knee pads, muzzles, saddle cloths, saddle bags, dog coats and the like), of any material), 42.04 (Articles of leather or of composition leather, of a kind used in machinery or mechanical appliances or for other technical uses), 42.05 (Other articles of leather or of composition leather) and 42.06 (Articles of gut (other than silk worm gut), of goldbeater's skin, of bladders or of tendons).~~

#### References

20. — ~~Report of the 3rd Session (Doc. 39.870, Annexes D1 and D2)~~

~~Report of the 8th Session (Doc. 41.211, Annexes L1 and L2)~~

~~Reference document (Doc. 39.861, Annex F/12)~~

#### Issue for Decision, No. 4

21. Is it a substantial transformation to assemble furskins from pieces, cuttings or other unassembled parts of furskins?

#### Differing views presented in the relevant Technical Committee discussion

##### OPTION A:

22. Assembling of pieces, cuttings or other unassembled parts of furskins into a large furskin is a substantial transformation. The rule of origin should be based on a change to the subheading concerned (namely, subheading 4302.30) from any other subheading.

##### OPTION B:

23. Assembling of pieces, cuttings or other unassembled parts of furskins into a large furskin is not a substantial transformation. The rule of origin should be based on a change to the subheading concerned (namely, subheading 4302.30) from any other heading.

#### Other considerations

24. The Technical Committee could broadly agree to adopting a change of subheading rule for subheading 4302.30 to express that the assembly of furskins from pieces, cuttings or unassembled parts of furskins is origin-conferring.

25. However one delegation maintained its proposal for a change of heading rule so as to seek further instructions from its home administration before it could join the consensus.

Relevant HS code number

26. Subheading 4302.30 (Tanned or dressed furskins (including heads, tails, paws and other pieces or cuttings), unassembled, or assembled (without the addition of other materials) other than those of heading No. 43.03: Whole skins and pieces or cuttings thereof, assembled)

References

27. Report of the 3rd Session (Doc. 39.870, Annexes D1 and D2)

Report of the 8th Session (Doc. 41.211, Annexes L1 and L2)  
Reference document (Doc. 41.424, page 38).

ISSUE FOR DECISION, NO. 5

28. Change to the tanned leather of heading 41.04, 41.05, 41.06 or 41.07 from other products of the same heading.

Differing views presented in the relevant Technical Committee discussion

OPTION A

29. A change to tanned leather from leather provisionally prepared constitutes a substantial transformation. The starting products may have been lightly tanned but the tanning effect is temporary and reversible. A tanned leather on the other hand is a product that has undergone a complete course of tanning. The tanning effect is permanent. Leather fully tanned and leather provisionally prepared are two different products and the change to tanned leather from the latter is considered origin-conferring. The origin rule formulation of CTHS (change of split heading) is appropriate for tanned leather put under split headings: ex 41.04 (b), ex 41.05(b), ex 41.06(b) and ex 41.07(b).

OPTION B

30. The origin of tanned leather (of 41.04 through 41.07) should be traced back to the origin of the animals. A change to tanned leather from raw hides or skins (classified in heading 41.01, 41.02 or 41.03) cannot be regarded as a substantial transformation, not to mention the change to tanned leather of a heading among headings 41.04 through 41.07 from provisionally prepared leather of the same heading. There is not much difference between the input products (raw hides or skins) and resulting product (tanned leather). The origin rule formulation for tanned leather should be drafted as follows:

- for tanned leather of ex41.04(b): CTH, except from heading 41.01
- for tanned leather of ex41.05(b): CTH, except from heading 41.02
- for tanned leather of ex41.06(b): CTH, except from heading 41.03
- for tanned leather of ex41.07(b): CTH, except from heading 41.03

Relevant HS code number

31. Heading 41.04: leather of bovine or equine animals, without hair on, other than leather of heading No. 41.08 or 41.09.

Heading 41.05: sheep or lamb skin leather, without wool on, other than leather of heading No. 41.08 or 41.09.

Heading 41.06: goat or kid skin leather, without hair on, other than leather of heading No. 41.08 or 41.09.

Heading 41.07: leather of other animals, without hair on, other than leather of heading No. 41.08 or 41.09.

#### References

32. Report of the 3rd Session (Doc. 39.870, Annexes D1 and D2)

Report of 8th Session (Doc. 41.211, Annexes L1 and L2)

Reference document (Doc. 41.251, pages 1 to 2)

Reference document (Doc. 41.421)

Reference document (Doc. 41.451, pages 1 to 5)

Reference document (Doc. 41.452)

#### ISSUE FOR DECISION, NO. 6

33. Change to the retanned leather of heading 41.04, 41.05, 41.06 or 41.07 from other products of the same heading.

#### Differing views presented in the relevant Technical Committee discussion

#### OPTION A

34. Retanned leather differs considerably from its input products (e.g., leather provisionally prepared, tanned leather). After being retanned, the quality and properties of the final product are much improved. Hence, a change to retanned leather from the input products is deemed to be a substantial transformation. Since both the retanned leather and the input products are classified in the same heading, a “CTHS” is an appropriate origin rule formulation to cover retanned leather of split headings of ex 41.04(c), ex 41.05(c), ex 41.06(c) and ex 41.07(c).

#### OPTION B

35. Option B differs from Option A in that it does not recognize retanning of tanned leather to be origin-conferring. The retanning merely reinforced the effect of the tanning operation done to the goods. A change to retanned leather from tanned leather does not constitute a substantial transformation. However, a substantial transformation is deemed to take place if the input product for retanned leather is drawn from leather provisionally prepared. The origin rule formulations as follows are considered appropriate for retanned leather:

for retanned leather of ex 41.04(c):	CTHS, except from split heading ex 41.04(b)
for retanned leather of ex 41.05(c):	CTHS, except from split heading ex 41.05(b)
for retanned leather of ex 41.06(c):	CTHS, except from split heading ex 41.06(b)
for retanned leather of ex 41.07(c):	CTHS, except from split heading ex 41.07(b)

#### OPTION C

36. The origin of retanned leather should be traced back to that of the raw hides and skins (heading 41.01, 41.02 or 41.03, as appropriate). A change to retanned leather from these raw hides or skins constitutes a substantial transformation. However, a change to retanned leather of a heading from any other products (e.g., tanned leather, provisionally prepared leather) of the same heading does not cause any substantial transformation to the products and is not origin-conferring. “CTH” is an

appropriate origin rule formulation for retanned leather of split headings ex 41.04(c), ex 41.05(c), ex 41.06(c) and ex 41.07(c).

Relevant HS code number

37. See paragraphs 24.

References

38. See paragraph 25.

ISSUE FOR DECISION, NO. 7

39. Change to the finished leather of heading 41.04, 41.05, 41.06 or 41.07 from other products of the same heading.

Differing views presented in the relevant Technical Committee discussion

40. "After tanning, ... the leather may then be further dressed or finished by dyeing, graining, or stamping to imitate skins of other kinds, sizing, polishing, grinding (or buffing) ... to give suede or velvety finish, waxing, blacking, smoothing (glazing), satin finishing, printing, etc." (HS Explanatory Note, page 650)

41. The Technical Committee has come up with 5 possible ways to articulate the origin rule for finished leather.

OPTION A

42. The origin rule formulation should be based on a "CTH". This means that the input products for finished leather (of headings 41.04 to 41.07) need to be traced back to the related raw hides or skins (of headings 41.01 to 41.03). A change to finished leather of headings 41.04 to 41.07 from any other products (i.e. tanned leather, leather provisionally prepared) classified in the same heading does not constitute a substantial transformation.

OPTION B

43. The production of finished leather (of headings 41.04 to 41.07) from tanned, retanned or provisionally prepared leather entails sufficient characteristic change to the resulting products. It is therefore origin-conferring. The "CTHS" should be an appropriate origin rule formulation for the finished leather of split headings ex41.04(d), ex41.05(d), ex41.06(d) and ex41.07(d).

OPTION C

44. The change to finished leather (of headings 41.04 to 41.07) from tanned or provisionally prepared leather of the same heading is considered substantial and origin-conferring. However, a change to finished leather from retanned leather does not involve much modification to the input product. Substantial transformation therefore is not deemed to have taken place. The origin rules for the finished leather of heading 41.04 to 41.07 should be formulated as:

- |   |                                     |  |
|---|-------------------------------------|--|
| - | for finished leather of ex41.04(d): | CTHS, except from split heading 41.04(c) |
| - | for finished leather of ex41.05(d): | CTHS, except from split heading 41.05(c) |
| - | for finished leather of ex41.06(d): | CTHS, except from split heading 41.06(c) |
| - | for finished leather of ex41.07(d): | CTHS, except from split heading 41.07(c) |

#### OPTION D

45. The origin can be conferred to finished leather (of headings 41.04 to 41.07) manufactured from the provisionally prepared leather of the same heading concerned. However, the production of finished leather from tanned or retanned does not involve much characteristic change to the input products. Accordingly, the following origin rule formulations are considered appropriate:

- for finished leather of ex 41.04(d): CTHS, except from split heading ex 41.04(b)  
or 41.04(c)
- for finished leather of ex 41.05(d): CTHS, except from split heading ex 41.05(b)  
or 41.05(c)
- for finished leather of ex 41.06(d): CTHS, except from split heading ex 41.06(b)  
or 41.06(c)
- for finished leather of ex 41.07(d): CTHS, except from split heading ex 41.07(b)  
or 41.07(c)

#### OPTION E

46. Some finishing processes as set out in paragraph 15 may be too minimal to affect the leather while others render significant changes to the performance of the resulting leather. To recognize the substantial transformation brought about by certain finishing processes to the leather, the origin rule for products under ex41.04(d), ex41.05(d), ex41.06(d) and ex41.07(d) should be formulated along the line of "change within split heading" as follows:

- for finished leather of ex41.04(d): Change within split heading ex 41.04(d)
- for finished leather of ex41.05(d): Change within split heading ex 41.05(d)
- for finished leather of ex41.06(d): Change within split heading ex 41.06(d)
- for finished leather of ex41.07(d): Change within split heading ex 41.07(d)

#### Relevant HS code number

47. See paragraphs 24.

#### References

48. See paragraph 25.

#### ISSUE FOR DECISION, NO. 8

49. Change to the parchment dressed (whether or not further prepared) leather of heading 41.04, 41.05, 41.06 or 41.07 from other products of the same heading.

#### Differing views presented in the relevant Technical Committee discussion

50. "Parchment-dressed leather is prepared from raw hides or skins, not by a process of tanning, but by treating the raw hides and skins to ensure their preservation. These are softened, dehaired, defleshed, washed and then stretched on a frame, coated with a paste containing whiting and soda or slaked lime, shaved to reduce them to the desired thickness and ground with pumice. Finally, they may be dressed with gelatin and starch." (HS Explanatory Note, page 650)

#### OPTION A

51. The parchment dressed leather is remarkably different from its input material of raw hides or skins in all respects. A change to parchment dressed leather from raw hides or skins therefore constitutes a substantial transformation. The “CTH” formulation should be adopted as the origin rule for parchment dressed leather of split headings ex 41.04 (e), ex 41.05(e), ex 41.06(e) and ex 41.07(e)

#### OPTION B

52. The change to parchment dressed leather of heading 41.04, 41.05, 41.06 or 41.07 from other products (i.e. provisionally prepared leather) of the same heading is considered a substantial transformation because there is much difference between the input and the resulting products. The origin rule formulation for the parchment dressed leather under split headings ex 41.04(e), ex 41.05(e), ex 41.06(e) and ex 41.07(e) should be based on “CTHS”, namely, a change to these splits from any other split of the same heading confers origin.

#### OPTION C

53. A change to parchment dressed leather from provisionally prepared or tanned leather is considered to be a substantial transformation and confers origin. However, a change to parchment dressed leather from retanned or finished leather should not be so treated. Consequently, the origin rule for parchment dressed leather should be formulated as follows:

- for parchment dressed leather of ex 41.04(e): CTHS, except from heading ex 41.04(c) or 41.04(d)
- for parchment dressed leather of ex 41.05(e): CTHS, except from heading ex 41.05(c) or 41.05(d)
- for parchment dressed leather of ex 41.06(e): CTHS, except from heading ex 41.06(c) or 41.06(d)
- for parchment dressed leather of ex 41.07(e): CTHS, except from heading ex 41.07(c) or 41.07(d)

#### Relevant HS code number

54. See paragraphs 24.

#### References

55. See paragraph 25.

#### ISSUE NO. 9: OBTAINING PRODUCTS OF SUBHEADING 42.02 (TRUNK SUITCASES, BRIEF CASES, TRAVELLING BAGS, HANDBAGS, SHOPPING BAGS, WALLETTS, ETC.) FROM PRODUCTS OF OTHER HEADINGS

Options: Issue No. 45 for textiles (Chapters 61 and 62) refers.

Relevant HS Codes: 42.02

#### ISSUE NO. 10: OBTAINING ARTICLES OF APPAREL AND CLOTHING ACCESSORIES CLASSIFIED IN 42.03 AND 43.03 FROM PRODUCTS OF OTHER HEADINGS

Options: Issue No. 46 for textiles (Chapters 61 and 62) refers.



Relevant HS Codes: 42.03, 43.03

ISSUE NO. 11 HEADING 43.04 COVERS (A) ARTIFICIAL FUR APPAREL, (B) ARTICLES OF ARTIFICIAL FUR , AND (C) ARTIFICIAL FUR. OBTAINING (A) ARTIFICIAL FUR APPAREL FROM PRODUCTS OF (B) OR (C)

Options: Issue No. 46 for textiles (Chapters 61 and 62) refers.

Relevant HS Codes: ex 43.04 (a)

ISSUE NO. 12 HEADING 43.04 COVERS (A) ARTIFICIAL FUR APPAREL, (B) ARTICLES OF ARTIFICIAL FUR , AND (C) ARTIFICIAL FUR. OBTAINING (B) ARTICLES OF ARTIFICIAL FUR FROM (C) ARTIFICIAL FUR

Options: Issue No. 46 for textiles (Chapters 61 and 62) refers.

Relevant HS Codes: ex 43.04 (b)

## CHAPTER 41

### Chapter Notes:

#### **1. Definition of provisionally prepared leather      Basket 1**

Provisionally prepared leather is a leather that has not yet undergone an irreversible tanning process but may have been treated with tanning agents so that it becomes less susceptible to putrefaction and better prepared for subsequent tanning.

#### **2. Definition of tanned leather      Basket 1**

Tanned leather is a leather that has been converted permanently or irreversibly from hides or skins by the application of tanning agents, which may be mineral or vegetable or both. Tanned leather includes chrome tanned (wet blue) and vegetable tanned leather.

#### **3. Definition of retanned leather      Basket 1**

Retanned leather is a tanned leather that has been further treated with tanning agents. Re-tanned leather includes chrome tanned (wet blue) leather that has been further tanned with mineral, vegetable or synthetic agents to improve the leather.

#### **4. Definition of finished leather      Basket 1**

Finished leather is a tanned leather, which may or may not have been retanned, but which has been subjected to further processing to affect, for example, the softness, permeability, colour, appearance, surface texture or firmness of the leather. Such processes may include dyeing, drying, buffing, glazing, embossing, coating or varnishing.

#### **5. Definition of parchment-dressed leather      Basket 1**

Parchment-dressed leather is prepared from raw hides or skins, not by a process of tanning, but by treating the raw hides and skins to ensure their preservation. These are softened, dehaired, defleshed, washed and then stretched on a frame, coated with a paste containing whiting and soda or slaked lime, shaved to reduce them to the desired thickness and ground with pumice. Finally, they may be dressed with gelatin and starch.

## CHAPTER 41

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
Chapter 41	Raw hides and skins (other than furskins) and leather			
41.01	Raw hides and skins of bovine or equine animals (fresh, or salted, dried, limed, pickled or otherwise preserved, but not tanned, parchment-dressed or further prepared), whether or not dehaired or split.	CTH		Basket 1 (Endorsed by CRO)
4101.10	- Whole hides and skins of bovine animals, of a weight per skin not exceeding 8 kg when simply dried, 10 kg when dry-salted or 14 kg when fresh, wet-salted or otherwise preserved	As indicated at the heading level.		
	- Other hides and skins of bovine animals, fresh or wet-salted:			
4101.21	-- Whole			
4101.22	-- Butts and bends			
4101.29	-- Other			
4101.30	- Other hides and skins of bovine animals, otherwise preserved			
4101.40	- Hides and skins of equine animals			

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
<b>41.02</b>	<b>Raw skins of sheep or lambs (fresh, or salted, dried, limed, pickled or otherwise preserved, but not tanned, parchment-dressed or further prepared), whether or not with wool on or split, other than those excluded by Note 1 (c) to this Chapter.</b>	<i>As indicated at the subheading level.</i>		
4102.10	- With wool on  - Without wool on	CTH		<b>Basket 1 (Endorsed by CRO)</b>
4102.21	-- Pickled	[CTH] [CTSH]		<b>Submitted to CRO for decision (Doc. 41.612)</b>
		[CTSH, except from subheading 4102.29]		CRO endorsed as follows: "CTH" <b>(Doc. G/RO/W/22/Rev.2)</b>
4102.29	-- Other	[CTH] [CTSH]		<b>Submitted to CRO for decision (Doc. 41.612)</b>
		[CTSH, except from subheading 4102.21]		CRO endorsed as follows: "CTH" <b>(Doc. G/RO/W/22/Rev.2)</b>
<b>41.03</b>	<b>Other raw hides and skins (fresh, or salted, dried, limed, pickled or otherwise preserved, but not tanned, parchment-dressed or further prepared), whether or not dehaired or split, other than those excluded by Note 1 (b) or 1 (c) to this Chapter.</b>	CTH		<b>Basket 1 (Endorsed by CRO)</b>
4103.10 4103.20	- Of goats or kids - Of reptiles	<i>As indicated at the heading level.</i>		

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
4103.90	- Other	<i>As indicated at the heading level.</i>		
<b>41.04</b>	<b>Leather of bovine or equine animals, without hair on, other than leather of heading No. 41.08 or 41.09.</b>	<i>As indicated at the split heading level.</i>		
ex 41.04 (a)	- <u>Provisionally prepared</u>	CTH, except from heading 41.01	Chapter Note 1	<b>Basket 1 (Endorsed by CRO)</b>  <b>Submitted to CRO for decision (Doc. 41.737, Issue 1 and Annex to Doc. 42.268)</b>  <b>Submitted to CRO for decision (Doc. 41.737, Issue 2, Doc. 41.737/Cor and Annex to Doc. 42.268)</b>  <b>Submitted to CRO for decision (Doc. 41.737, Issue 3 and Annex to Doc. 42.268)</b>  <b>Submitted to CRO for decision (Doc. 41.737, Issue 4 and Annex to Doc. 42.268)</b>
ex 41.04 (b)	- <u>Tanned</u>	[CTHS] [CTH, except from heading 41.01]	Chapter Note 2	
ex 41.04 (c)	- <u>Retanned</u>	[CTH] [CTHS] [CTHS, except from split heading ex41.04(b)]	Chapter Note 3	
ex41.04 (d)	- <u>Finished</u>	[CTH] [CTHS] [CTHS, except from split heading ex41.04(c)] [CTHS, except from split heading ex41.04(b) or ex41.04(c)] [Change within split heading ex 41.04(d)]	Chapter Note 4	
ex41.04 (e)	- <u>Parchment dressed, whether or not further prepared</u>	[CTH] [CTHS] [CTHS, except from split heading ex 4104(b), ex 41.04(c) or ex 41.04(d)]	Chapter Note 5	
4104.10	- Whole bovine skin leather, of a unit surface area not exceeding 28 square feet (2.6 m <sup>2</sup> )	<i>As indicated at the split heading level.</i>		

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
4104.21 4104.22 4104.29 4104.31 4104.39	- Other bovine leather and equine leather, tanned or retanned but not further prepared, whether or not split: -- Bovine leather, vegetable pre-tanned -- Bovine leather, otherwise pre-tanned -- Other - Other bovine leather and equine leather, parchment-dressed or prepared after tanning: -- Full grains and full grain splits -- Other	<i>As indicated at the heading level.</i>		
<b>41.05</b>	<b>Sheep or lamb skin leather, without wool on, other than leather of heading No. 41.08 or 41.09.</b>	<i>As indicated at the split heading level.</i>		
ex 41.05 (a)	- <u>Provisionally prepared</u>	CTH, except from heading 41.02	Chapter Note 1	<b>Basket 1 (Endorsed by CRO)</b>  <b>Submitted to CRO for decision</b> (Doc. 41.737, Issue 1 and Annex to Doc. 42.268)  <b>Submitted to CRO for decision</b> (Doc. 41.737, Issue 2 Doc .41.737/Cor and Annex to Doc. 42.268)
ex 41.05 (b)	- <u>Tanned</u>	[CTHS] [CTH, except from heading 41.02]	Chapter Note 2	
ex 41.05 (c)	- <u>Retanned</u>	[CTH] [CTHS] [CTHS, except from split heading ex41.05(b)]	Chapter Note 3	

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
ex 41.05 (d)	- <u>Finished</u>	[CTH] [CTHS] [CTHS, except from split heading ex41.05(c)] [CTHS, except from split heading ex41.05(b) or ex41.05(c)] [Change within split heading ex 41.05(d)]	Chapter Note 4	<b>Submitted to CRO for decision (Doc. 41.737, Issue 3 and Annex to Doc. 42.268)</b>
ex 41.05 (e)	- <u>Parchment dressed, whether or not further prepared</u>	[CTH] [CTHS] [CTHS, except from split heading ex 41.05(b), ex 41.05(c) or ex 41.05(d)]	Chapter Note 5	<b>Submitted to CRO for decision (Doc. 41.737, Issue 4 and Annex to Doc. 42.268)</b>
4105.11 4105.12 4105.19 4105.20	Tanned or retanned but not further prepared, whether or not split: --Vegetable pre-tanned -- Otherwise pre-tanned -- Other - Parchment-dressed or prepared after tanning	<i>As indicated at the split heading level.</i>		
<b>41.06</b>	<b>Goat or kid skin leather, without hair on, other than leather of heading No. 41.08 or 41.09.</b>	<i>As indicated at the split heading level.</i>		
ex 41.06 (a)	- <u>Provisionally prepared</u>	CTH, except from heading 41.03	Chapter Note 1	<b>Basket 1 (Endorsed by CRO)</b>
ex 41.06 (b)	- <u>Tanned</u>	[CTHS] [CTH, except from heading 41.03]	Chapter Note 2	<b>Submitted to CRO for decision (Doc. 41.737, Issue 1 and Annex to Doc. 42.268)</b>

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
ex 41.06 (c)	- <u>Retanned</u>	[CTH] [CTHS] [CTHS, except from split heading ex41.06(b)]	Chapter Note 3	<b>Submitted to CRO for decision (Doc. 41.737, Issue 2, Doc. 41.737/Cor and Annex to Doc. 42.268)</b>
ex 41.06 (d)	- <u>Finished</u>	[CTH] [CTHS] [CTHS, except from split heading ex41.06(c)] [CTHS, except from split heading ex41.06(b) or ex41.06(c)] [Change within split heading ex 41.06(d)]	Chapter Note 4	
ex 41.06 (e)	- <u>Parchment dressed, whether or not further prepared</u>	[CTH] [CTHS] [CTHS, except from split heading ex 41.06(b), ex 41.06(c) or ex 41.06(d)]	Chapter Note 5	
4106.11 4106.12 4106.19 4106.20	- Tanned or retanned but not further prepared, whether or not split : -- Vegetable pre-tanned -- Otherwise pre-tanned -- Other - Parchment-dressed or prepared after tanning	<i>As indicated at the split heading level.</i>		
<b>41.07</b>	<b>Leather of other animals, without hair on, other than leather of heading No. 41.08 or 41.09.</b>	<i>As indicated at the split heading level.</i>		
ex 41.07(a)	- <u>Provisionally prepared</u>	CTH, except from heading 41.03	Chapter Note 1	<b>Basket 1 (Endorsed by CRO)</b>



HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
ex 41.07(b)	- <u>Tanned</u>	[CTHS] [CTH, except from heading 41.03]	Chapter Note 2	<b>Submitted to CRO for decision (Doc. 41.737, Issue 1 and Annex to Doc. 42.268)</b>  <b>Submitted to CRO for decision (Doc. 41.737, Issue 2, Doc. 41.737/Cor and Annex to Doc. 42.268)</b>  <b>Submitted to CRO for decision (Doc. 41.737, Issue 3 and Annex to Doc. 42.268)</b>  <b>Submitted to CRO for decision (Doc. 41.737, Issue 4 and Annex to Doc. 42.268)</b>
ex 41.07(c)	- <u>Retanned</u>	[CTH] [CTHS] [CTHS, except from split heading ex41.07(b)]	Chapter Note 3	
ex 41.07(d)	- <u>Finished</u>	[CTH] [CTHS] [CTHS, except from split heading ex41.07(c)] [CTHS, except from split heading ex41.07(b) or ex41.07(c)] [Change within split heading ex 41.07(d)]	Chapter Note 4	
ex 41.07(e)	- <u>Parchment dressed, whether or not further prepared</u>	[CTH] [CTHS] [CTHS, except from split heading ex 41.07(b), ex 41.07(c), or ex 41.07(d)]	Chapter Note 5	
4107.10 4107.21 4107.29 4107.90	- Of swine - Of reptiles : -- Vegetable pre-tanned -- Other - Of other animals	<i>As indicated at the split heading level.</i>		
<b>41.08</b>	<b>Chamois (including combination chamois) leather.</b>	CTH		<b>Basket 1 (Endorsed by CRO)</b>
<b>41.09</b>	<b>Patent leather and patent laminated leather; metallised leather</b>	CTH		<b>Basket 1 (Endorsed by CRO)</b>

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
41.10	Parings and other waste of leather or of composition leather, not suitable for the manufacture of leather articles; leather dust, powder and flour.	The country of origin of the good shall be the country in which the good of this heading is derived.		Basket 1 (Endorsed by CRO)
41.11	Composition leather with a basis of leather or leather fibre, in slabs, sheets or strip, whether or not in rolls.	CTH		Basket 1 (Endorsed by CRO)

## CHAPTER 42

### Chapter Notes

[1. **Minor processing operations not affecting origin.** Submitted to CRO for decision (Doc.OC0023, Issue No.74)

For the purposes of determining the country of origin for goods falling within Section XI that are not wholly obtained in one country, the following individual processes, considered singly, are minimal operations and shall not affect the origin of the goods concerned, whether or not such processes result in changes of classification:

- a) Working or finishing one or more edges by hemming, rolling, whipping or similar means or by knotting fringe;
  - b) Cutting fabrics, yarns or other materials; or separating goods produced in the finished state by cutting along dividing threads;
  - c) Assembling or joining goods by sewing or stitching for convenience of shipment or other temporary purposes; or
  - d) Putting up goods for retail sale or in sets or ensembles. (US)]
2. For the purposes of this chapter, those rules which refer to a change of heading or subheading shall not apply to changes which result from disassembly (**Basket 1<sup>1</sup>**)
- [3. Those rules which refer to a change of heading or subheading shall not apply to changes which result solely from the application of General Rule of Interpretation 2 (a) with respect to collection of parts that are presented as unassembled articles of another heading or subheading. (US)]  
**Submitted to CRO for decision (Doc.OC0031, Issue No.4; Doc.OC0029)**
- [4. The term “complete making-up” means that all the operations following cutting have to be performed. However, making-up shall not necessarily be considered as incomplete where one or more finishing operations have not been carried out.

The following is a list of examples of finishing operations:

- fitting of buttons and/or other types of fastenings;
- making of button-holes;
- finishing off the ends of trouser legs and sleeves or the bottom hemming of skirts and dresses;

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<sup>1</sup> During the “coherence” phase, the possibility will be examined of placing this Note at Appendix level, possibly with a reference to the Chapters to which it applies.

- fitting of trimmings and accessories such as pockets, labels, badges, etc.;
- ironing and other preparations of garments for sale “ready made”. (EC)] **Submitted to CRO for decision (Doc.42.271, Issue No.55)**

**[Product Specific] [Chapter] Residual Rule** **Submitted to CRO for decision (Doc.OC0023E2, Issue No.77)**

[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 a good of heading 42.02 or 42.03 that was assembled from parts, but was not wholly assembled in a single country, is the country in which the most significant assembly operations were performed in the making-up of the good, without regard to the addition of buttons and other fasteners, belt and hanger loops, belts, patch pockets, labels, foot straps, epaulettes, ornaments and other minor components. (US)]

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
<b>Chapter 42</b>	<b>Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silk-worm gut).</b>			
<b>42.01</b>	<b>Saddlery and harness for any animal (including traces, leads, knees pads, muzzles, saddle clothes, saddle bags, dog coats and the like), of any material.</b>	[CTH] [CTH, provided the goods are knit to shape or fully assembled in one country]		<b>Submitted to CRO for decision (Doc. 41.612)</b> <b>CRO endorsed as follows: CTH (Doc. G/RO/W/22/Rev. 2)</b>

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
42.02	Trunks, suit-cases, vanity-cases, executive-cases, brief-cases, school satchels, spectacle cases, binocular cases, camera cases, musical instrument cases, gun cases, holsters and similar containers; travelling-bags, toilet bags, rucksacks, handbags, shopping-bags, wallets, purses, map-cases, cigarette-cases, tobacco-pouches, tool bags, sports bags, bottle-cases, jewellery boxes, powder-boxes, cutlery cases and similar containers, of leather or of composition leather, of sheeting of plastics, of textile materials, of vulcanised fibre or of paperboard, or wholly or mainly covered with such materials or with paper.	[CTH] [CTH, provided the goods are knit to shape or fully assembled in one country; <u>Additional Rule:</u> Goods of this heading which were wholly obtained from a collection of parts, which collection was classifiable as an unassembled good by virtue of General Interpretative Rule 2(a), are deemed to have originated in the country where the goods were wholly assembled. (US)]		(Issues 45 and 46 in Doc. 42.271, already submitted to the CRO, apply)
4202.11  4202.12	Trunks, suit-cases, vanity-cases, executive -cases, brief-cases, school satchels and similar containers: -- With outer surface of leather, of composition leather or of patent leather With outer surface of plastics or of textile materials	<i>As indicated at the heading level</i>		

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
4202.19	-- Other	<i>As indicated at the heading level</i>		
	- Handbags, whether or not with shoulder strap, including those without handle:			
4202.21	-- With outer surface of leather, of composition leather or of patent leather			
4202.22	-- With outer surface of plastic sheeting or of textile materials			
4202.29	-- Other			
	- Articles of a kind normally carried in the pocket or in the handbag;			
4202.31	-- With outer surface of leather, of composition leather or of patent leather			
4203.32	-- With outer surface of plastic sheeting or of textile materials			
4202.39	-- Other			
	- Other			
4202.91	-- With outer surface of leather, of composition leather or of patent leather			
4202.92	-- With outer surface of plastic sheeting or of textile materials			
4202.99	-- Other			

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
42.03	Articles of apparel and clothing accessories, of leather or of composition leather.	[CTH] [CTH, provided the goods are knit to shape or fully assembled in one country; <u>Additional Rule:</u> Goods of this heading which were wholly obtained from a collection of parts, which collection was classifiable as an unassembled good by virtue of General Interpretative Rule 2(a), are deemed to have originated in the country where the goods were wholly assembled.(US)] <i>Another option indicated at the split heading level</i>		(Issues 45 and 46 in Doc. 42.271, already submitted to the CRO, apply)
ex42.03(a)	<u>Articles of apparel, of leather or of composition leather</u>	[Complete making-up (EC)]		
ex42.03(b)	<u>Other</u>	[CTH (EC)]		
4203.10  4203.21  4203.29 4203.30 3203.40	- Articles of apparel  - Gloves, mitten and mitts: -- Specially designed for use in sports -- Other - Belts and bandoliers - Other clothing accessories	<i>As indicated at the heading or split heading level</i>		
42.04	Articles of leather or of composition leather, of a kind used in machinery or mechanical appliances or for other technical uses.	[CTH] [CTH, provided the goods are knit to shape or fully assembled in one country]		Submitted to CRO for decision (Doc. 41.612) <b>CRO endorsed as follows: CTH (Doc. G/RO/W/22/Rev. 2)</b>

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
42.05	Other articles of leather or of composition leather.	[CTH] [CTH, provided the goods are knit to shape or fully assembled in one country]		Submitted to CRO for decision (Doc. 41.612) <b>CRO endorsed as follows: CTH (Doc. G/RO/W/22/Rev. 2)</b>
42.06	Articles of gut (other than silk-worm gut), of goldbeater's skin, of bladders or of tendons.	[CTH] [CTH, provided the goods are knit to shape or fully assembled in one country]		Submitted to CRO for decision (Doc. 41.612) <b>CRO endorsed as follows: CTH (Doc. G/RO/W/22/Rev. 2)</b>
4206.10 4206.90	- Catgut - Other	<i>As indicated at the heading level</i>		



## CHAPTER 43

### Chapter Notes

[1. **Minor processing operations not affecting origin.** Submitted to CRO for decision (Doc.OC0023, Issue No.74)

For the purposes of determining the country of origin for goods falling within Section XI that are not wholly obtained in one country, the following individual processes, considered singly, are minimal operations and shall not affect the origin of the goods concerned, whether or not such processes result in changes of classification:

- a) Working or finishing one or more edges by hemming, rolling, whipping or similar means or by knotting fringe;
- b) Cutting fabrics, yarns or other materials; or separating goods produced in the finished state by cutting along dividing threads or lines;
- c) Assembling or joining goods by sewing, or stitching for convenience of shipment or other temporary purposes; or
- d) Putting up goods for retail sale or in sets or ensembles. (US)]

2. For the purposes of headings 43.03 and 43.04, those rules which refer to a change of heading or subheading shall not apply to changes which result from disassembly **Basket 1<sup>2</sup>**

[3. Those rules which refer to a change of heading or subheading shall not apply to changes which result solely from the application of General Rule of Interpretation 2(a) with respect to collection of parts that are presented as unassembled articles of another heading or subheading. (US)]  
**Submitted to CRO for decision (Doc.OC0031, Issue No.4; Doc.OC0029)**

[4. The term “complete making-up” means that all the operations following cutting have to be performed. However, making-up shall not necessarily be considered as incomplete where one or more finishing operations have not been carried out.

The following is a list of examples of finishing operations:

- fitting of buttons and/or other types of fastenings;
- making of button-holes;

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<sup>2</sup> During the “coherence” phase, the possibility will be examined of placing this Note at Appendix level, possibly with a reference to the Chapters to which it applies.

- finishing off the ends of trouser legs and sleeves or the bottom hemming of skirts and dresses;
- fitting of trimmings and accessories such as pockets, labels, badges, etc.;
- ironing and other preparations of garments for sale “ready made”. (EC)] **Submitted to CRO for decision (Doc.42.271, Issue No.55)**

**[Product Specific] [Chapter] Residual Rule** **Submitted to CRO for decision (Doc.OC0023E2, Issue No.77)**

[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 43.03 that was assembled from parts, but was not wholly assembled in a single country, is the country in which the most significant assembly operations were performed in the making-up of the good, without regard to the addition of buttons and other fasteners, belt and hanger loops, belts, patch pockets, labels, foot straps, epaulettes, ornaments and other minor components. (US)]

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
<b>Chapter 43</b>	<b>Furskins and artificial fur; manufactures thereof</b>			
<b>43.01</b>	<b>Raw furskins (including heads, tails, paws and other pieces or cuttings, suitable for furriers' use), other than raw hides and skins of heading No. 41.01, 41.02 or 41.03.</b>	CTH		<b>Basket 1 (Endorsed by CRO)</b>
4301.10 4301.20 4301.30	- Of mink, whole, with or without head, tail or paws - Of rabbit or hare, whole, with or without head tail or paws - Of lamb, the following: Astrakhan, Broadtail, Caracul, Persian and similar lamb, Indian, Chinese, Mongolian or Tibetan lamb, whole, with or without head, tail or paws	<i>As indicated at the heading level</i>		

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
4301.40	- Of beaver, whole, with or without head, tail or paws	<i>As indicated at the heading level</i>		
4301.50	- Of musk-rat, whole, with or without, tail or paws			
4301.60	- Of fox, whole, with or without head, tail or paws			
4301.70	- Of seal, whole, with or without head, tail or paws			
4301.80	- Other furskins, whole, with or without head, tail or paws			
4301.90	- Heads, tails, paws and other pieces or cuttings, suitable for furriers' use			
<b>43.02</b>	<b>Tanned or dressed furskins (including heads, tails, paws and other pieces or cuttings), unassembled, or assembled (without the addition of other materials) other than those of heading No. 43.03.</b>	<i>As indicated at the subheading level</i>		
	- Whole skins, with or without head, tail or paws, not assembled:			
4302.11	-- Of mink	CTH		<b>Basket 1 (Endorsed by CRO)</b>
4302.12	-- Of rabbit	CTH		<b>Basket 1 (Endorsed by CRO)</b>
4302.13	-- Of lamb, the following: Astrakhan, Broadtail, Caracul, Persian and simile lamb, Indian, Chinese, Mongolian or Tibetan lamb	CTH		<b>Basket 1 (Endorsed by CRO)</b>
4302.19	-- Other	CTH		<b>Basket 1 (Endorsed by CRO)</b>

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
4302.20	- Heads, tails, paws and other pieces or cuttings, not assembled	CTH		<b>Basket 1 (Endorsed by CRO)</b>
4302.30	- Whole skins and pieces or cuttings thereof, assembled	[CTH] [CTSH]		<b>Submitted to CRO for decision (Doc. 41.612)</b>  <b>CRO endorsed as follows: CTSH (Doc. G/RO/W/22/Rev. 2)</b>
<b>43.03</b>	<b>Articles of apparel, clothing accessories and other articles of furskin.</b>	[CTH] [CTH, provide the goods are fully assembled in one country; <u>Additional Rule:</u> Goods of this heading which were wholly obtained from a collection of parts, which collection was classifiable as an unassembled good by virtue of General Interpretative Rule 2(a), are deemed to have originated in the country where the goods were wholly assembled. (US)] <i>Another option indicated at the split heading level</i>		<b>(Issues 45 and 46 in Doc. 42.271, already submitted to the CRO, apply)</b>
ex43.03 (a)	<u>Articles of apparel, of furskin</u>	[Complete making-up (EC)]		
ex43.03 (b)	<u>Other</u>	[CTH (EC)]		
4303.10	- Articles of apparel and clothing accessories	<i>As indicated at the heading or split heading level</i>		
4303.90	- Other			
<b>43.04</b>	<b>Artificial fur and articles thereof</b>	[CTH] <i>Other options indicated at the split heading level</i>		<b>Submitted to CRO for decision (Doc. 42.268, Issue 7)</b>

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
ex43.04 (a)	<u>Articles of artificial fur, apparel</u>	[CTH, provided the goods are fully assembled in one country; <u>Additional Rule:</u> Goods of this heading which were wholly obtained from a collection of parts, which collection was classifiable as an unassembled good by virtue of General Interpretative Rule 2(a), are deemed to have originated in the country where the goods were wholly assembled (US)] [CTHS (HK) (IND) (MOR) (NZ) (PHI)] [Complete making-up (EC)]		<b>Submitted to CRO for decision (Doc. 42.268, Issue 8)</b>
ex43.04 (b)	<u>Articles of artificial fur, other</u>	[CTH (EC)] [CTH, provided the goods are fully assembled in one country (US)] [CTHS (HK) (IND) (MOR) (NZ) (PHI)]		
ex43.04 (c)	<u>Other</u>	CTH		

## ISSUES FOR DECISION

### CHAPTERS 44-49

ISSUE NO. 1: PLANING, SANDING, FINGER OR END-JOINTING: OF WOOD SAWN LENGTHWISE, SLICED OR PEELED; OF VENEER SHEETS AND OTHER WOODS SAWN LENGTHWISE, SLICED OR PEELED; OF CONTINUOUSLY SHAPED WOOD; OF PARTICLE BOARD; OR OF FIBREBOARD

#### OPTION A

1. These operations taken individually result in new products having different commercial uses. The importance of the operations is indicated by the attention given to them in the Explanatory Notes to the Harmonized System. **(EC) (IND) (NOR) (NZ) (PHI)**

**It has been suggested that the operation "finger- [or end-] jointing" be further split up out of the present split heading. (CAN)**

#### OPTION B

2. These are minimal operations which do not change the character of the woods upon which they are carried out. When performed, they are most often part of the milling process, and there is little economic justification for performing the operations separately. Problems of administration arise in connection with defining the extent of sanding, planing, joining which would be origin conferring. As presented, the proposal is open to the interpretation that, for example, sanding operations undertaken in one country and subsequently in another would result in two changes in the country of origin of the good. Finger-jointing is not undertaken for veneer sheets, particle board or fibreboard. **(AUS) (BRA) (CAN) (JPN) (MEX) (US)**

#### Relevant HS code numbers:

- 44.07 - Wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or finger-jointed, of a thickness exceeding 6mm;
- 44.08 - Veneer sheets and sheets for plywood (whether or not spliced) and other wood sawn lengthwise, sliced or peeled, whether or not planed, sanded or finger-jointed, of a thickness not exceeding 6mm;
- 44.09 - Wood (including strips and friezes for parquet flooring, not assembled), continuously shaped (tongued, grooved, rebated, chamfered, V-jointed, beaded, moulded, rounded or the like) along any of its edges or faces, whether or not planed, sanded or finger-jointed;
- 44.10 - Particle board and similar board of wood or other ligneous materials, whether or not agglomerated with resins or other organic binding substances;
- 44.11 - Fibreboard of wood or other ligneous materials, whether or not bonded with resins or other organic substances

ISSUE NO. 2: BEADING OR MOULDING OF: CONTINUOUSLY SHAPED WOOD;  
PARTICLE BOARD; FIBREBOARD; PLYWOOD; DENSIFIED WOOD OR  
BUILDERS' JOINERY

OPTION A:

3. Beading or moulding give these woods new characteristics which qualify them as new products having distinct commercial uses and should be considered as substantial transformation of the input materials. **(EC) (IND) (MEX) (PHI)**

OPTION B:

4. Beading or moulding of the input materials are minimal operations which do not change their essential commercial character. It is not appropriate to treat these operations differently from the other surface-working which is performed on woods of the relevant headings and which result in no changes of headings. **(BRA) (CAN) (JPN) (US)**

Relevant HS code numbers:

- 44.08 - Veneer sheets and sheets for plywood (whether or not spliced) and other wood sawn lengthwise, sliced or peeled, whether or not planed, sanded or finger-jointed, of a thickness not exceeding 6mm;
- 44.09 - Wood (including strips and friezes for parquet flooring, not assembled), continuously shaped (tongued, grooved, rebated, chamfered, V-jointed, beaded, moulded, rounded or the like) along any of its edges or faces, whether or not planed, sanded or finger-jointed;
- 44.10 - Particle board and similar board of wood or other ligneous materials, whether or not agglomerated with resins or other organic binding substances;
- 44.11 - Fibreboard of wood or other ligneous materials, whether or not bonded with resins or other organic substances;
- 44.12 - Plywood, veneered panels and similar laminated wood;
- 44.13 - Densified wood, in blocks, plates strips or profile shapes;
- 44.18 - Builders' joinery and carpentry of wood, including cellular wood panels, assembled parquet panels, shingles and shakes.

ISSUE NO. 3: LAMINATION OR REINFORCEMENT BY THE ADDITION OF LAYERS OF WOOD, PAPER, METAL OR OTHER MATERIALS, WITHOUT CHANGE OF TARIFF CLASSIFICATION

OPTION A:

5. Lamination or reinforcement, by adding new properties such as increased tensile strength, substantially transform the input materials. **(EC) (IND) (PHI)**

OPTION B:

6. If the lamination or reinforcement have not been sufficient to result in a change in the tariff classification of the input woods, this indicates no significant change in their characteristics and that there has not been substantial transformation. **(BRA) (CAN) (JPN) (NZ) (US)**

Relevant HS code numbers:

44.08 - Veneer sheets and sheets for plywood (whether or not spliced) and other wood sawn lengthwise, sliced or peeled, whether or not planed, sanded or finger-jointed, of a thickness not exceeding 6mm;

44.10 - Particle board and similar board of wood or other ligneous materials, whether or not agglomerated with resins or other organic binding substances;

44.11 - Fibreboard of wood or other ligneous materials, whether or not bonded with resins or other organic substances;

44.12 - Plywood, veneered panels and similar laminated wood.

ISSUE NO. 4: SURFACE-WORKING OF PLYWOOD BY MECHANICAL WORKING OR SURFACE-COVERING

OPTION A:

7. Surface-worked woods are mechanically worked by grooving, perforating or embossing or are products covered or coated with other materials such as sheets of wood, plastics, paper, fabric, base metal or paint. They are different from the input woods in terms of characteristics such as appearance and durability. Because the uses of surface-worked woods are determined largely by their type of surface, the addition of such surfaces should be considered substantial transformation. the following processes are not considered sufficient to confer origin: processes in which the edges of woods are grooved only in a straight line; processes in which one side of the wood is not wholly covered or decorated; and processes in which the woods are covered by transparent varnishes such as lacquers. **(CAN) (JPN) (PHI) (SG)**



OPTION B:

8. Mechanical working or surface-covering of plywood does not result in any change in the character of the good as plywood. These are decorative or ancillary processes which should not be considered to result in substantial transformation. **(BRA) (EC) (IND) (US)**

Relevant HS code numbers:

44.12 - Plywood, veneered panels and similar laminated wood.

ISSUE NO. 5: COATING OF PAPER IN ROLLS OR SHEETS WITH KAOLIN OR OTHER INORGANIC SUBSTANCES

OPTION A:

9. Origin should be conferred for coating with inorganic mineral coverings like kaolin as it is to be conferred for other coating operations. Coating with inorganic minerals makes the paper or paperboard suitable for graphic (printing, writing) uses by creating a brighter finish with improved ink reception. **(AUS) (CAN) (EC) (IND) (JPN)**

OPTION B:

10. Coating paper stock with kaolin does not result in substantial transformation. **(BRA) (MEX) (US)**

Relevant HS code numbers:

48.10 - Paper and paperboard, coated on one or both sides with kaolin (China clay) or other inorganic substances, with or without a binder, and with no other coating, whether or not surface-coloured, surface-decorated or printed, in rolls or sheets.

REFERENCES:

Doc. 41.373 (Secretariat's list of Basket 2 issues for Chapters 44-46)  
Doc. 41.374 (Secretariat's list of Basket 2 issues for Chapters 47-49)  
Doc. 41.489 (Secretariat's working document for Basket 2 examination)  
Doc. 40.245, Annexes C/1, C/2, D/1, D/2 (Report of the 4th Session)  
Doc. 41.438 (Submission by AUS)  
Doc. 41.457 (Submission by JPN)  
Doc. 41.504 (Submission by SG)  
Doc. 41.649 (Submission by US)

ISSUE No. 6: ASSEMBLY OF WOODEN PICTURE FRAMES OF HEADING 44.14 OR PACKING CASES, BOXES, PALLETS, ETC. OF HEADING 44.15 FROM BOARDS CUT TO LENGTH

OPTION A: Yes

11. The assembly of picture frames of heading 44.14, or of packing cases, pallets, etc. of heading 44.15 from boards cut to size should be considered to result in substantial transformation. Even if the

starting materials are boards cut to length, the assembly generally may be considered complex. The starting materials are goods of another heading (generally, 44.09), and the further working and assembly to produce frames and packing cases results in substantial transformation. A rule of change in tariff heading is generally sufficient to express the substantial transformations which take place. The only exception would be if the change to these tariff classifications from boards cut to length occurs solely by reason of the application of GIR 2(a) of the harmonized system with respect to collections of boards that are presented as unassembled articles of these headings, and there is no assembly associated with the change of tariff classification.

The rule should be **(US, CAN, THAI)**:

♦ CTH

OPTION B: No

12. The assembly of picture frames or packing cases, pallets, etc. from boards cut to size does not result in substantial transformation of the input boards. The cutting to appropriate length is the principal working required to produce these goods, and the further assembly does not substantially transform the boards.

The rule should be:

♦ CTH, except from lengths of heading 44.09 **(AUS) (PHI)**

♦ **CTH, except from woods cut to size of heading 44.09 (for heading 44.14) (EC)**

♦ **CTH, except from woods cut to size of headings 44.07 and 44.09 (for heading 44.15) (EC)**

Relevant HS code numbers:

44.14, 44.15

REFERENCES:

42.306

ISSUE No 7: ASSEMBLY OF CASKS, BARRELS, VATS TUBS AND OTHER COOPERS' PRODUCTS FROM PARTS (PRINCIPALLY, STAVES)

OPTION A: Yes

13. The assembly of coopers' wares from parts classified in the same heading should be considered to result in substantial transformation. Such assembly of coopers' goods from parts (essentially, staves) is more complex than the assembly of frames of heading 44.14, requires more parts, and results in substantial transformation.

The rule should be **(AUS) (CAN) (EC) (IND) (MEX) (PHI)**:

♦ CTHS

OPTION B: No

14. While the assembly of cooper's goods using input woods from outside the heading is substantial, the change within the heading from parts to assembled goods is not. This is because these goods are susceptible to re-use and are frequently shipped disassembled for ease of transport. It is the manufacture of the parts which confers origin, and not their subsequent assembly or reassembly.

The rule should be **(JPN) (THAI) (US)**:

◆ CTH

Relevant HS code numbers:

44.16

REFERENCES:

42.306

#### ISSUE No. 8: BLEACHING OR SEMI-BLEACHING OF PULP

OPTION A: Yes

15. Semi-bleaching or bleaching of unbleached pulp are complex chemical processes which introduce characteristics into the final paper products essential to their intended uses. For example, bleaching is undertaken to impart brightness or to prepare the pulp for use in food packaging applications. The type or extent of bleaching thus determine the uses to which the pulp may be put and results in new pulp products.

The rule should be:

- ◆ CTHS or CTSH, depending upon the heading, to reflect the change from unbleached to bleached or semi-bleached pulp **(PHI) (THAI) (US)**
- ◆ Same as above, and also CTSH for subheadings 4703.11, 47.03.19, 47.04.11 and 4704.19 to recognize the substantial transformation which takes place as a result of the mixing of coniferous and non-coniferous and bleached and semi-bleached pulps. **(CAN)**

OPTION B: No

16. Semi-bleaching or bleaching do not change the nature of the products as pulp and thus should not be taken into account in determining whether substantial transformation takes place.

The rule should be **(EC) (IND) (JPN)**:

◆ CTH

Relevant HS code numbers:

47.01 through 47.06

ISSUE No. 9:        **PRODUCTION OF CORRUGATED PAPER AND PAPERBOARD USING  
OTHER PAPER OR PAPERBOARD OF CHAPTER 48**

OPTION A: Yes

17.        Substantial transformation takes place as a result of the corrugation of paper or paperboard in rolls or sheets to produce corrugated paper or paperboard in rolls or sheets. Corrugating creates a new and different paper with specific uses related to its new properties. For example, kraft paper - widely used for its tensile strength (resistance to tearing or stretching forces) - is corrugated to produce a product that is used for its structural strength (resistance to crushing forces).

The rule should be **(CAN) (HK) (IND) (JPN) (MEX) (THAI):**

♦ CTH

OPTION B: No

18.        The fabrication of corrugated paper and paperboard from paper and paperboard of chapter 48 cannot be considered as a substantial transformation. even with gluing and layering to produce liner paper and paperboard there is no change in the essential characteristic of the goods as paper and there is no substantial transformation.

The rule should be **(AUS) (EC) (PHI):**

♦ CTH, except from the headings of Chapter 48

Relevant HS code numbers:

4808.10

ISSUE No. 10:        **PRODUCING CREPED, CRINKLED, EMBOSSED OR PERFORATED PAPER  
OR PAPERBOARD, IN ROLLS, USING PAPER OR PAPERBOARD, IN  
ROLLS, OF CHAPTER 48**

OPTION A: Yes

19.        The crinkling, creping, embossing or perforating of paper in rolls results in substantial transformation. This results in products having new characteristics and uses and should be treated as origin conferring. For example, crinkled or creped papers are used in packaging applications which require high elasticity.

The rule should be **(HK) (IND) (JPN) (THAI):**

♦ CTH

OPTION B: No

20. These operations do not necessarily change the uses of a particular paper or paperboard stock. they are largely decorative measures and should not confer origin. no combination of crinkling, creping, embossing or perforating should be considered to result in substantial transformation.

The rule should be **(AUS) (CAN) (EC) (PHI) (US):**

♦ CTH, except from the headings of Chapter 48

Relevant HS code numbers:

4808.20, 4808.30, 4808.90

ISSUE No. 11: PRODUCTION OF PRINTED BOOKS, BROCHURES, LEAFLETS AND  
SIMILAR PRINTED MATTER USING PRINTED MATERIALS CLASSIFIED IN  
THE SAME HEADING

OPTION A: Yes

21. The fabrication of books from other printed matter classified also in heading 49.01 should be considered to result in substantial transformation. The other printed matter which would comprise the materials for the fabrication of books would include: printed sheets comprising the whole or a part of the complete work and designed for binding; brochures, pamphlets and leaflets; and other textual matter including collections of printed reproductions of pictures, drawings, etc. suitable for binding.

The rule should be **(EC) (IND) (THAI):**

♦ CTH or change within heading 49.01 **by binding**

OPTION B: No

22. Substantial transformation does not take place when printed matter of heading 49.01 is bound to produce other printed matter of heading 49.01.

The rule should be **(AUS) (HK) (CAN) (JPN) (HK) (PHI):**

• CTH

Relevant HS code numbers:

49.01

## CHAPTER 44

Chapter Notes

1. For the purposes of this chapter, those rules which refer to a change of heading or subheading shall not apply to changes which result from disassembly. **Basket 1.**

Those rules which refer to a change of heading or subheading shall not apply to changes which result solely from the application of General Rule of Interpretation 2(a) with respect to collections of parts that are presented as unassembled articles of another heading or subheading. **Submitted to CRO for decision (Doc.OC0031, Issue No.4; Doc.OC0029)**

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
<b>Chapter 44</b>	<b>Wood and articles of wood; wood charcoal</b>			
<b>44.01</b>	<b>Fuel wood, in logs, in billets, in twigs, in faggots or in similar forms; wood in chips or particles; sawdust and wood waste and scrap, whether or not agglomerated in logs, briquettes, pellets or similar forms.</b>	<i>As indicated at the subheadings level</i>		
4401.10	- Fuel wood, in logs, in billets, in twigs, in faggots or in similar forms - Wood in chips or particles:	CTH		<b>Basket 1 (Endorsed by CRO)</b>
4401.21	-- Coniferous	CTH		<b>Basket 1 (Endorsed by CRO)</b>
4401.22	-- Non-coniferous	CTH		<b>Basket 1 (Endorsed by CRO)</b>
4401.30	- Sawdust and wood waste and scrap, whether or not agglomerated in logs, briquettes, pellets or similar forms	<i>As indicated at the split subheading level</i>		

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
ex4401.30(a)	- <u>Agglomerated</u>	CTSHS		Basket 1 (Endorsed by CRO)
ex4401.30(b)	- <u>Not agglomerated</u>	The country of origin of sawdust and waste and scrap of this subheading is the country in which the goods are derived or collected from manufacturing or processing operations or from consumption		Basket 1 (Endorsed by CRO)
<b>44.02</b>	<b>Wood charcoal (including shell or nut charcoal), whether or not agglomerated.</b>	<i>As indicated at the split heading level</i>		
ex 44.02(a)	- Agglomerated	CTHS		Basket 1 (Endorsed by CRO)
ex 44.02(b)	- Non-agglomerated	CTH		Basket 1 (Endorsed by CRO)
<b>44.03</b>	<b>Wood in the rough, whether or not stripped of bark or sapwood, or roughly squared.</b>	CTH		Basket 1 (Endorsed by CRO)
<b>44.04</b>	<b>Hoopwood; split poles; piles, pickets and stakes of wood, pointed but not sawn lengthwise; wooden sticks, roughly trimmed but not turned, bent or otherwise worked, suitable for the manufacture of walking-sticks, umbrellas, tool handles or the like; chipwood and the like.</b>	CTH		Basket 1 (Endorsed by CRO)
<b>44.05</b>	<b>Wood wool; wood flour.</b>	CTH		Basket 1 (Endorsed by CRO)

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
44.06	Railway or tramway sleepers (cross-ties) of wood.	CTH		Basket 1 (Endorsed by CRO)
44.07	Wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or finger-jointed, of a thickness exceeding 6 mm.	[CTH] [As indicated at the split heading level]		Submitted to CRO for decision (Doc. 42.633) Issue N° 1
[ex 44.07(a) ex 44.07(b)]	- <u>Planed, sanded, or finger-jointed or end-jointed,</u> - <u>Other</u>	[CTHS] CTH]		
44.08	Veneer sheets and sheets for plywood (whether or not spliced) and other wood sawn lengthwise, sliced or peeled, whether or not planed, sanded or finger-jointed, of a thickness not exceeding 6 mm.	[CTH] [As indicated at the split heading level]		Submitted to CRO for decision (Doc. 42.633) Issue N° 1 Issue N° 2 Issue N° 3
[ex 44.08(a) ex 44.08(b)]	- <u>Planed, sanded, finger-jointed, end-jointed or reinforced,</u> - <u>Other</u>	[CTHS] CTH]		
44.09	Wood (including strips and friezes for parquet flooring, not assembled) continuously shaped (tongued, grooved, rebated, chamfered, V-jointed, beaded, moulded, rounded or the like) along any of its edges or faces, whether or not planed, sanded or finger-jointed.	[CTH] [As indicated at the split heading level]		Submitted to CRO for decision (Doc. 42.633) Issue N° 1 Issue N° 2



HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
[ex 44.09(a)	- <u>Beaded, moulded, planed, sanded or finger or end-jointed</u>	[CTHS		
ex 44.09(b)	- <u>Other</u>	CTH]		
<b>44.10</b>	<b>Particle board and similar board of wood or other ligneous materials, whether or not agglomerated with resins or other organic binding substances.</b>	[CTH] [As indicated at the split heading level]		<b>Submitted to CRO for decision (Doc. 42.633)</b> <b>Issue N° 1</b> <b>Issue N° 2</b> <b>Issue N° 3</b>
ex44.10(a)	- <u>Planed, sanded, finger or end-jointed, beaded, moulded, laminated or reinforced</u>	[CTHS		
ex44.10(b)	- <u>Other</u>	CTH]		
<b>44.11</b>	<b>Fibreboard of wood or other ligneous materials, whether or not bonded with resins or other organic substances.</b>	[CTH] [As indicated at the split heading level]		<b>Submitted to CRO for decision (Doc. 42.633)</b> <b>Issue N° 1</b> <b>Issue N° 2</b> <b>Issue N° 3</b>
[ex 44.11(a)	- <u>Planed, sanded, finger or end-jointed, beaded, moulded or laminated.</u>	[CTHS		
ex 44.11(b)	- <u>Other</u>	CTH]		
<b>44.12</b>	<b>Plywood, veneered panels and similar laminated wood.</b>	[CTH]  [CTH or  or change within this heading by surface working] [As indicated at the split heading level]	Surface-worked woods mean that :  (1) “Mechanically worked woods” which are the products grooved, embossed or perforated :	<b>Submitted to CRO for decision (Doc. 42.633)</b>  <b>Issue N° 1</b> <b>Issue N° 2</b> <b>Issue N° 3</b>

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
			<p>(2) “Surface-covered woods” which are the products covered with other materials such as sheet of wood, plastics, paper, fabric or base metal, or paint.</p> <p>However, the following processes which are not sufficient to confer origin should be excluded from substantial transformation.</p> <p>(a) Processes in which the edges of the woods are only grooved in a straight line</p> <p>(b) Processes in which one side of the woods is not wholly covered or decorated.</p> <p>(c) Processes in which the woods are covered by transparent varnishes such as lacquers.</p>	

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
ex 44.12(a)	- <u>Laminated or reinforced: beadings and mouldings, including moulded skirting and other moulded boards.</u>	[CTHS]		
ex 44.12(b)	- <u>Other</u>	[CTH]		
<b>44.13</b>	<b>Densified wood, in blocks, plates, strips or profile shapes.</b>	[CTH] [As indicated at the split heading level]		<b>Submitted to CRO for decision (Doc. 42.633) Issue N° 2</b>
ex 44.13(a)	- <u>Beadings and mouldings</u>	[CTHS]		
ex 44.13(b)	- <u>Other</u>	[CTH]		
<b>44.14</b>	<b>Wooden frames for paintings, photographs, mirrors or similar objects.</b>	[CTH] except from lengths of heading 44.09 (EC)(PHI)  [CTH] (CAN)(US)(TH)		<b>Submitted to CRO for decision (Doc. 42.633) Issue N° 6</b>
<b>44.15</b>	<b>Packing cases, boxes, crates, drums and similar packings, of wood; cable-drums of wood; pallets, box pallets and other load boards, of wood; pallet collars of wood.</b>	[CTH except from boards cut to size] (EC)(PHI)  [CTH] (US) (CAN)(TH)		<b>Submitted to CRO for decision (Doc. 42.633) Issue N° 6</b>
<b>44.16</b>	<b>Casks, barrels, vats, tubs and other coopers' products and parts thereof, of wood, including staves.</b>	[CTH] (US)(CAN)(TH) [As indicated at the split heading level]		<b>Submitted to CRO for decision (Doc. 42.633) Issue N° 7</b>
ex 44.16(a)	- <u>Casks, barrels, vats, tubs and other coopers' products</u>	[CTHS] (EC)(PHI)		
ex 44.16(b)]	- <u>Parts</u>	[CTH] (EC)(PHI)]		

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
44.17	Tools, tool bodies, tool handles, broom or brush bodies and handles, of wood; boot or shoe lasts and trees, of wood.	CTH		Basket 1 (Endorsed by CRO)
44.18	Builders' joinery and carpentry of wood, including cellular wood panels, assembled parquet panels, shingles and shakes.	[CTH] <i>[as indicated at the split heading level]</i>		Submitted to CRO for decision (Doc. 42.633) Issue N° 2
ex 44.18 (a)	- Beadings and mouldings	[CTHS]		
ex 44.18 (b)	- <u>Other</u>	[CTH]		
44.19	Tableware and kitchenware, of wood.	CTH		Basket 1 (Endorsed by CRO)
44.20	Wood marquetry and inlaid wood; caskets and cases for jewellery or cutlery, and similar articles, of wood; statuettes and other ornaments, of wood; wooden articles of furniture not falling in Chapter 94.	CTH		Basket 1 (Endorsed by CRO)
44.21	Other articles of wood.	CTH		Basket 1 (Endorsed by CRO)

## CHAPTER 45

### Chapter Notes

1. For the purposes of this chapter, those rules which refer to a change of heading or subheading shall not apply to changes which result from disassembly. **Basket 1.**
2. Those rules which refer to a change of heading or subheading shall not apply to changes which result solely from the application of General Rule of Interpretation 2(a) with respect to collections of parts that are presented as unassembled articles of another heading or subheading. **Submitted to CRO for decision (Doc.OC0031, Issue No.4; Doc.OC0029)**

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
<b>Chapter 45</b>	<b>Cork and articles of cork</b>			
<b>45.01</b>	<b>Natural cork, raw or simply prepared; waste cork; crushed, granulated or ground cork.</b>	CTH		<b>Basket 1 (Endorsed by CRO)</b>
<b>45.02</b>	<b>Natural cork, debacked or roughly squared, or in rectangular (including square) blocks, plates, sheets or strip, (including sharp-edged blanks for corks or stoppers).</b>	<i>As indicated at the split heading level</i>		
ex 45.02(a)	- <u>With an applied backing added by lamination or other process</u>	CTHS		<b>Basket 1 (Endorsed by CRO)</b>
ex 45.02(b)	- <u>Other</u>	CTH, except from heading 45.01		<b>Basket 1 (Endorsed by CRO)</b>
<b>45.03</b>	<b>Articles of natural cork.</b>	CTH except from heading 45.02 when resulting from simple cutting		<b>Basket 1 (Endorsed by CRO)</b>
<b>45.04</b>	<b>Agglomerated cork (with or without a binding substance) and articles of agglomerated cork.</b>	<i>As indicated at the split subheading level</i>		

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
4504.10	- Blocks, plates, sheets and strip; tiles of any shape; solid cylinders, including discs:	<i>As indicated at the split subheading level</i>		
ex4504.10(a)	-- <u>With an applied backing added by lamination or other process</u>	CTSHS		<b>Basket 1 (Endorsed by CRO)</b>
ex4504.10(b)	-- <u>Other</u>	CTH		<b>Basket 1 (Endorsed by CRO)</b>
4504. 90	- Other	<i>As indicated at the split subheading level</i>		
ex 4504.90(a)	-- <u>With an applied backing added by lamination or other process</u>	CTSHS except from subheading 4504.10(a)		<b>Basket 1 (Endorsed by CRO)</b>
ex 4504.90(b)	-- <u>Other</u>	CTSH		<b>Basket 1 (Endorsed by CRO)</b>

## CHAPTER 46

### Chapter Notes

1. For the purposes of this chapter, those rules which refer to a change of heading or subheading shall not apply to changes which result from disassembly. **Basket 1.**
2. Those rules which refer to a change of heading or subheading shall not apply to changes which result solely from the application of General Rule of Interpretation 2(a) with respect to collections of parts that are presented as unassembled articles of another heading or subheading. **Submitted to CRO for decision (Doc.OC0031, Issue No.4; Doc.OC0029)**

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
Chapter 46	Manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork			
46.01	Plaits and similar products of plaiting materials, whether or not assembled into strips; plaiting materials, plaits and similar products of plaiting materials, bound together in parallel strands or woven, in sheet form, whether or not being finished articles (for example, mats, matting, screens).	<i>As indicated at the subheading level</i>		
4601.10	- Plaits and similar products of plaiting materials, whether or not assembled into strips	CTH		<b>Basket 1 (Endorsed by CRO)</b>

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
4601.20	- Mats, matting and screens of vegetable materials	CTSH		<b>Basket 1 (Endorsed by CRO)</b>
	- Other :			
4601.91	-- Of vegetable materials	CTSH		<b>Basket 1 (Endorsed by CRO)</b>
4601.99	-- Other	CTSH		<b>Basket 1 (Endorsed by CRO)</b>
<b>46.02</b>	<b>Basketwork, wickerwork and other articles, made directly to shape from plaiting materials or made up from goods of heading No. 46.01; articles of loofah.</b>	CTH		<b>Basket 1 (Endorsed by CRO)</b>



## CHAPTER 47

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
<b>Chapter 47</b>	<b>Pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper or paperboard</b>			
<b>47.01</b>	<b>Mechanical wood pulp.</b>	[CTH (AUS)(PHI)] [As indicated at the split heading level]		<b>Submitted to CRO for decision (Doc. 42.633) Issue N° 8</b>
[ex 47.01(a) ex 47.01(b)]	- <u>Unbleached</u> - <u>Bleached or semi-bleached</u>	[CTH] [CTHS] (US)(CAN)(TH)]		
<b>47.02</b>	<b>Chemical wood pulp, dissolving grades.</b>	[CTH (AUS) (PHI)] [As indicated at the split heading level]		<b>Submitted to CRO for decision (Doc. 42.633) Issue N° 8</b>
[ex 47.02(a) ex 47.02(b)]	- <u>Unbleached</u> - <u>Bleached or semi-bleached</u>	[CTH] [CTHS] (US)(CAN)(TH)]		
<b>47.03</b>	<b>Chemical wood pulp, soda or sulphate, other than dissolving grades.</b>	<i>As indicated at the subheading level</i>		
	- Unbleached :			
4703.11	-- Coniferous	[CTH] [CTSH] (CAN)		<b>Submitted to CRO for decision (Doc. 42.633) Issue N° 8</b>
4703.19	-- Non-coniferous	[CTH] [CTSH] (CAN)		<b>Submitted to CRO for decision (Doc. 42.633) Issue N° 8</b>
	- Semi-bleached or bleached:			
4703.21	-- Coniferous	[CTH] (AUS)(PHI) [CTSH] (US)(CAN)		<b>Submitted to CRO for decision (Doc. 42.633) Issue N° 8</b>

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
4703.29	-- Non-coniferous	[CTH] (AUS)(PHI) [CTSH] (US)(CAN)		Submitted to CRO for decision (Doc. 42.633) Issue N° 8
<b>47.04</b>	<b>Chemical wood pulp, sulphite, other than dissolving grades.</b>	<i>As indicated at the subheading level</i>		
	- Unbleached :			
4704.11	-- Coniferous	[CTH] [CTSH] (CAN)		Submitted to CRO for decision (Doc. 42.633) Issue N° 8
4704.19	-- Non-coniferous	[CTH] [CTSH] (CAN)		Submitted to CRO for decision (Doc. 42.633) Issue N° 8
	- Semi-bleached or bleached:			
4704.21	-- Coniferous	[CTH] (AUS)(PHI) [CTSH] (US)(CAN)		Submitted to CRO for decision (Doc. 42.633) Issue N° 8
4704.29	-- Non-coniferous	[CTH] (AUS)(PHI) [CTSH] (US)(CAN)		Submitted to CRO for decision (Doc. 42.633) Issue N° 8
<b>47.05</b>	<b>Semi-chemical wood pulp.</b>	[CTH] (AUS)(PHI) <i>[As indicated at the split heading level]</i>		Submitted to CRO for decision (Doc. 42.633) Issue N° 8
ex 47.05(a)	- <u>Unbleached</u>	[CTH]		
ex 47.02(b)	- <u>Bleached or semi-bleached</u>	[CTHS] (US)(CAN)(TH)		
<b>47.06</b>	<b>Pulps of fibres derived from recovered (waste and scrap) paper or paperboard or of other fibrous cellulosic material.</b>	[CTH] (AUS)(PHI) <i>[As indicated at the split heading level]</i>		Submitted to CRO for decision (Doc. 42.633) Issue N° 8
[ex 47.06(a)]	- <u>Unbleached</u>	[CTH] (AUS)(PHI)		

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
ex 47.06(b)	- <u>Bleached or semi-bleached</u>	[As indicated at the split heading level]		
<b>47.07</b>	<b>Recovered (waste and scrap) paper or paperboard.</b>	The country of origin of recovered (waste and scrap) paper or paperboard is the country in which the goods are derived or collected from manufacturing or processing operations or from consumption		<b>Basket 1 (Endorsed by CRO)</b>
4707.10	- Unbleached kraft paper or paperboard or corrugated paper or paperboard	<i>As indicated at the heading level</i>		
4707.20	- Other paper or paperboard made mainly of bleached chemical pulp, not coloured in the mass			
4707.30	- Paper or paperboard made mainly of mechanical pulp (for example, newspapers, journals and similar printed matter)			
4707.90	- Other, including unsorted waste and scrap			

## CHAPTER 48

**Chapter Notes**

1. For the purposes of this chapter, those rules which refer to a change of heading or subheading shall not apply to changes which result from disassembly. **Basket 1.**
2. Those rules which refer to a change of heading or subheading shall not apply to changes which result solely from the application of General Rule of Interpretation 2(a) with respect to collections of parts that are presented as unassembled articles of another heading or subheading. **Submitted to CRO for decision (Doc.OC0031, Issue No.4; Doc.OC0029)**
3. For headings 48.14 through 48.23, those rules which refer to a change of heading or subheading shall not apply to changes which are the result solely of trimming or cutting to rectangular (including square) shape. **Basket 1 (Endorsed by CRO)**

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
<b>Chapter 48</b>	<b>Paper and paperboard; articles of paper pulp, of paper or of paperboard</b>			
<b>48.01</b>	<b>Newsprint, in rolls or sheets.</b>	CTH		<b>Basket 1 (Endorsed by CRO)</b>
<b>48.02</b>	<b>Uncoated paper and paperboard, of a kind used for writing, printing or other graphic purposes, and punch card stock and punch tape paper, in rolls or sheets, other than paper of heading No. 48.01 or 48.03; hand-made paper and paperboard.</b>	CTH		<b>Basket 1 (Endorsed by CRO)</b>

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
48.03	Toilet or facial tissue stock, towel or napkin stock and similar paper of a kind used for household or sanitary purposes, cellulose wadding and webs of cellulose fibres, whether or not creped, crinkled, embossed, perforated, surface-coloured, surface-decorated or printed, in rolls or sheets.	CTH		Basket 1 (Endorsed by CRO)
48.04	Uncoated kraft paper and paperboard, in rolls or sheets, other than that of heading No. 48.02 or 48.03.	CTH		Basket 1 (Endorsed by CRO)
48.05	Other uncoated paper and paperboard, in rolls or sheets, not further worked or processed than as specified in Note 2 to this Chapter.	CTH		Basket 1 (Endorsed by CRO)
48.06	Vegetable parchment, greaseproof papers, tracing papers and glassine and other glazed transparent or translucent papers, in rolls or sheets.	CTH		Basket 1 (Endorsed by CRO)
48.07	Composite paper and paperboard (made by sticking flat layers of paper or paperboard together with an adhesive), not surface-coated or impregnated, whether or not internally reinforced, in rolls or sheets.	CTH		Basket 1 (Endorsed by CRO)

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
<b>48.08</b>	<b>Paper and paperboard, corrugated (with or without glued flat surface sheets), creped, crinkled, embossed or perforated, in rolls or sheets, other than paper of the kind described in heading No. 48.03.</b>	<i>As specified for subheadings.</i>		
4808.10	- Corrugated paper and paperboard, whether or not perforated	[CTH] (CAN)(JPN)(US)(TH) [CTH, except from headings of Chapter 48] (AUS)(PHI)(EC)		<b>Submitted to CRO for decision (Doc. 42.633) Issue N° 9</b>
4808.20	- Sack kraft paper, creped or crinkled, whether or not embossed or perforated	[CTH (JPN)(TH)] [CTH, except from headings of Chapter 48] (AUS)(US)(PHI)		<b>Submitted to CRO for decision (Doc. 42.633) Issue N° 10</b>
4808.30	- Other kraft paper, creped or crinkled, whether or not embossed or perforated	[CTH (JPN)(TH)] [CTH, except from headings of Chapter 48] (AUS)(US)(PHI)		<b>Submitted to CRO for decision (Doc. 42.633) Issue N° 10</b>
4808.90	- Other	[CTH (JPN)(TH)] [CTH, except from headings of Chapter 48] (AUS)(US)(PHI)		<b>Submitted to CRO for decision (Doc. 42.633) Issue N° 10</b>
<b>48.09</b>	<b>Carbon paper, self-copy paper and other copying or transfer papers (including coated or impregnated paper for duplicator stencils or offset plates), whether or not printed, in rolls or sheets.</b>	CTH		<b>Basket 1 (Endorsed by CRO)</b>

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
48.10	Paper and paperboard, coated on one or both sides with kaolin (China clay) or other inorganic substances, with or without a binder, and with no other coating, whether or not surface-coloured, surface-decorated or printed, in rolls or sheets.	[CTH] [CTH, except from heading 48.02] [CTH, except from headings of Chapter 48]		Submitted to CRO for decision (Doc. 42.633) Issue N° 5
48.11	Paper, paperboard, cellulose wadding and webs of cellulose fibres, coated, impregnated, covered, surface-coloured, surface-decorated or printed, in rolls or sheets, other than goods of the kind described in heading No. 48.03, 48.09 or 48.10.	<i>As specified at subheading level</i>		
4811.10	- Tarred, bituminised or asphalted paper and paperboard - Gummed or adhesive paper and paperboard :	CTSH		Basket 1 (Endorsed by CRO)
4811.21	-- Self-adhesive	CTSH		Basket 1 (Endorsed by CRO)
4811.29	-- Other - Paper and paperboard coated, impregnated or covered with plastics (excluding adhesives) :	CTSH		Basket 1 (Endorsed by CRO)
4811.31	-- Bleached, weighing more than 150 g/m <sup>2</sup>	CTSH		Basket 1 (Endorsed by CRO)
4811.39	-- Other	<i>As specified at split subheading level</i>		
ex 4811.39 (a)	- <u>Ink-jet imaging paper and paperboard coated, impregnated or covered with plastic</u>	CTSHS		Basket 1 (Endorsed by CRO)

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
ex 4811.39 (b)	- <u>Other</u>	CTSH		<b>Basket 1 (Endorsed by CRO)</b>
4811.40	- Paper and paperboard, coated, impregnated or covered with wax, paraffin wax, stearin, oil or glycerol	CTSH		<b>Basket 1 (Endorsed by CRO)</b>
4811.90	- Other paper, paperboard, cellulose wadding and webs of cellulose fibres	CTSH		<b>Basket 1 (Endorsed by CRO)</b>
<b>48.12</b>	<b>Filter blocks, slabs and plates, of paper pulp.</b>	CTH		<b>Basket 1 (Endorsed by CRO)</b>
<b>48.13</b>	<b>Cigarette paper, whether or not cut to size or in the form of booklets or tubes.</b>	CTH		<b>Basket 1 (Endorsed by CRO)</b>
<b>48.14</b>	<b>Wallpaper and similar wall coverings; window transparencies of paper.</b>	CTH		<b>Basket 1 (Endorsed by CRO)</b>
<b>48.15</b>	<b>Floor coverings on a base of paper or of paperboard, whether or not cut to size.</b>	CTH		<b>Basket 1 (Endorsed by CRO)</b>
<b>48.16</b>	<b>Carbon paper, self-copy paper and other copying or transfer papers (other than those of heading No. 48.09), duplicator stencils and offset plates, of paper, whether or not put up in boxes.</b>	CTH, except from heading 48.09.		<b>Basket 1 (Endorsed by CRO)</b>



HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
48.17	Envelopes, letter cards, plain postcards and correspondence cards, of paper or paperboard; boxes, pouches, wallets and writing compendiums, of paper or paperboard, containing an assortment of paper stationery.	CTH		Basket 1 (Endorsed by CRO)
48.18	Toilet paper and similar paper, cellulose wadding or webs of cellulose fibres, of a kind used for household or sanitary purposes, in rolls of a width not exceeding 36 cm, or cut to size or shape; handkerchiefs, cleansing tissues, towels, tablecloths, serviettes, napkins for babies, tampons, bed sheets and similar household, sanitary or hospital articles, articles of apparel and clothing accessories, of paper pulp, paper, cellulose wadding or webs of cellulose fibres.	CTH		Basket 1 (Endorsed by CRO)
48.19	Cartons, boxes, cases, bags and other packing containers, of paper, paperboard, cellulose wadding or webs of cellulose fibres; box files, letter trays, and similar articles, of paper or paperboard of a kind used in offices, shops or the like.	CTH		Basket 1 (Endorsed by CRO)

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
48.20	Registers, account books, note books, order books, receipt books, letter pads, memorandum pads, diaries and similar articles, exercise books, blotting-pads, binders (loose-leaf or other), folders, file covers, manifold business forms, interleaved carbon sets and other articles of stationery, of paper or paperboard; albums for samples or for collections and book covers, of paper or paperboard.	CTH		Basket 1 (Endorsed by CRO)
48.21	Paper or paperboard labels of all kinds, whether or not printed.	CTH		Basket 1 (Endorsed by CRO)
48.22	Bobbins, spools, cops and similar supports of paper pulp, paper or paperboard (whether or not perforated or hardened).	CTH		Basket 1 (Endorsed by CRO)
48.23	Other paper, paperboard, cellulose wadding and webs of cellulose fibres, cut to size or shape; other articles of paper pulp, paper, paperboard, cellulose wadding or webs of cellulose fibres.	CTH		Basket 1 (Endorsed by CRO)
4823.11 4823.19 4823.20	- Gummed or adhesive paper, in strips or rolls : -- Self-adhesive -- Other - Filter paper and paperboard	<i>As specified for heading</i>		

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
4823.40	- Rolls, sheets and dials, printed for self-recording apparatus	<i>As specified for heading</i>		
4823.51	- Other paper and paperboard, of a kind used for writing, printing or other graphic purposes : -- Printed, embossed or perforated			
4823.59	-- Other			
4823.60	- Trays, dishes, plates, cups and the like, of paper or paperboard			
4823.70	- Moulded or pressed articles of paper and pulp			
4823.90	- Other			

## CHAPTER 49

Chapter Notes

1. For the purposes of this chapter, those rules which refer to a change of heading or subheading shall not apply to changes which result from disassembly. **Basket 1**
2. Those rules which refer to a change of heading or subheading shall not apply to changes which result solely from the application of General Rule of Interpretation 2(a) with respect to collections of parts that are presented as unassembled articles of another heading or subheading. **Submitted to CRO for decision (Doc.OC0031, Issue No.4; Doc.OC0029)**

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
Chapter 49	Printed books, newspapers, pictures and other products of the printing industry; manuscripts, typescripts and plans			
49.01	Printed books, brochures, leaflets and similar printed matter, whether or not in single sheets.	[CTH] (PHI)(US)(JPN)(CAN)(AUS) [CTH, or change within the heading] (EC)(TH)]		Submitted to CRO for decision (Doc. 42.633) Issue N° 11
49.02	Newspapers, journals and periodicals, whether or not illustrated or containing advertising material.	CTH		Basket 1 (Endorsed by CRO)
49.03	Children's picture, drawing or colouring books.	CTH		Basket 1 (Endorsed by CRO)
49.04	Music, printed or in manuscript, whether or not bound or illustrated.	CTH		Basket 1 (Endorsed by CRO)

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
49.05	Maps and hydrographic or similar charts of all kinds, including atlases, wall maps, topographical plans and globes, printed.	CTH		Basket 1 (Endorsed by CRO)
49.06	Plans and drawings for architectural, engineering, industrial, commercial, topographical or similar purposes, being originals drawn by hand; hand-written texts; photographic reproductions on sensitised paper and carbon copies of the foregoing.	CTH		Basket 1 (Endorsed by CRO)
49.07	Unused postage, revenue or similar stamps of current or new issue in the country to which they are destined; stamp-impressed paper; banknotes; cheque forms; stock, share or bond certificates and similar documents of title.	CTH		Basket 1 (Endorsed by CRO)
49.08	Transfers (decalcomanias).	CTH		Basket 1 (Endorsed by CRO)
49.09	Printed or illustrated postcards; printed cards bearing personal greetings, messages or announcements, whether or not illustrated, with or without envelopes or trimmings.	CTH		Basket 1 (Endorsed by CRO)

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
49.10	Calendars of any kind, printed, including calendar blocks.	CTH		Basket 1 (Endorsed by CRO)
49.11	Other printed matter, including printed pictures and photographs.	CTH		Basket 1 (Endorsed by CRO)

## ISSUES FOR DECISION: CHAPTERS 50 TO 63

### ISSUE NO. 1: GARNETTING

1. Garnetting is a process for recovering fibres, known as garnetted stock, from rags or other waste of any textile material or textile articles (classified in headings 63.09, 63.10) by use of a garnett, a machine which pulls the structure apart.

#### OPTION A:

2. The operation of garnetting results in a new product and is a substantial transformation. The waste textile materials or “stock” is sorted by type and colour, followed by chemical treatment and mechanical processes to recover the fibre. The recovered fibre is a new product that has undergone a substantial transformation from the waste materials as a result of garnetting.

3. Textile waste may be combined with waste originating in other countries before being sorted by type and colour for garnetting. It is not practicable to base the origin of the fibres on the country of origin of the waste materials.

#### OPTION B:

4. Garnetting is not substantial transformation. Garnetted stock has the origin of the waste textile materials from which it is obtained. Garnetted stock is obtained from waste in the same country where the waste is derived so there is no need to have a special rule.

#### Relevant HS Codes:

50.03, 51.04, 53.01, 53.02, 53.03, 53.04, 53.05, 55.05

#### References:

41.630, 41.702

### ISSUE NO. 2: CARDING OR COMBING OF FIBRES IN PREPARATION FOR SPINNING

5. Wool and fine or coarse animal hair, waste of wool and fine or coarse animal hair, cotton and cotton waste, synthetic or artificial staple fibres and waste of synthetic or artificial fibres are carded or combed in preparation for spinning. Carding disentangles the fibres, lays them more or less parallel, and entirely or largely removes any extraneous matter they may still contain. The fibres are then in the form of wide webs (laps) which are generally condensed into slivers. These slivers may or may not be combed before being converted into rovings. Combing removes the last traces of extraneous matter clinging to the fibres and eliminates the shorter fibres in the form of combing waste, only longer fibres, lying parallel, remain.

#### OPTION A:

6. Carding or combing does not bring about a substantial transformation, it is merely a preparation for spinning.

#### OPTION B:

7. Carding or combing of natural fibres results in a substantial transformation. Before undergoing these operations, natural fibres are unsuitable for spinning. However, carding or combing of synthetic or artificial fibres is not a substantial transformation, these operations being less vital

given the great regularity of the fibres at issue. Moreover, synthetic and artificial fibres do not require washing after extrusion.

Relevant HS Codes:

Natural Fibres: 51.05, 52.03,

Synthetic or artificial fibres: 55.06, 55.07

Reference:

41.702

#### ISSUE NO. 3: SPINNING CARDED OR COMBED FIBRES TO YARNS

##### OPTION A:

8. Spinning alone is not a substantial transformation. To be considered as substantial transformation yarns must be produced from fibres that have not been carded or combed or not otherwise prepared.

9. The vital operation in the manufacture of yarns is carding and/or combing, which convert the raw materials (fibres) into card slivers which are then simply wound into yarns.

##### OPTION B:

10. The change from carded or combed fibres by spinning to produce yarn is a substantial transformation because the good is not called a yarn before spinning.

Relevant HS Codes:

50.04 to 50.06, 51.06 to 51.10, 52.04 to 52.07, 53.06 to 53.08, 54.01 to 54.06, 55.08 to 55.11

Reference:

41.702

#### ISSUE NO. 4: MERCERISATION

##### OPTION A:

11. Mercerisation causes the fibre cross-section to become swollen and more rounded. Yarns and fabrics are made :

- stronger
- more lustrous
- capable of being dyed or printed to a much deeper shade for a given amount of colour.

12. Treatments such as mercerisation affect the main structure of the yarn and are not a surface treatment and must be considered as substantial transformations.

##### OPTION B:

13. Mercerisation is merely a finishing operation and does not transform the yarn.

Relevant HS Codes

51.06 to 51.10, 52.04 to 52.07, 53.06 to 53.08, 54.03, 55.08 to 55.11



Reference:  
41.622, 41.716

#### ISSUE NO. 5: TEXTURING OR BULKING

##### OPTION A:

14. Texturing of synthetic filaments produces new yarns with the following special properties:
- increased volume
  - increased extensibility and elasticity
  - lower lustre
  - better thermal insulation due to the enclosed air
  - softer and more comfortable fabrics
  - higher vapour permeability and moisture resistance
15. Through texturing, highly elastic yarns with a crimp extension of 150 to 300% are produced.
16. Textured yarns are applied inter alia for stockings and tights, swimwear, sportswear, outerwear or carpets.
17. Bulkied yarns are voluminous yarns with crimps and loops having normal extensibility and elasticity. High-bulk yarns are made from man-made staple fibres and are usually made by blending acrylic fibres of high and low potential shrinkage. During a subsequent heat treatment, the high shrinkage fibres contract causing the other fibres to buckle. A similar effect can be obtained by using biocomponent fibres.
18. Treatments such as texturing and bulking affect the main structure of the yarn and are not a surface treatment and must be considered as substantial transformations.
19. Bulking of yarns made of synthetic staple fibres is a substantial transformation. The bulkied yarn is a new product with new characteristics. The yarn has increased space which gives properties of greater warmth and water absorbency to the fabric used for garments.

##### OPTION B:

20. Treatments such as texturing or bulking are finishing operations and do not substantially transform the yarn.

Relevant HS Codes:  
54.02, 54.03, 55.09, 55.11

References:  
41.622, 41.716

#### ISSUE NO. 6: PROCESSING OF YARNS BY PROCESSES SUCH AS LAYER YARN PROCESS, KNOPPING, LOOPING, CORE-SPINNING, COMPACTED YARN PROCESS, SLUB YARN PROCESS

##### OPTION A:

21. Change from yarns to processed yarn classified in the same heading is substantial transformation provided that one or more of the following processes is carried out: (a) for yarn of natural or man-made staple fibres: layer yarn process, knopping, looping, core-spinning, mercerising; (b) for yarn of man-made filament: layer yarn process, looping, core-spinning, compacted yarn process, slub yarn process.

22. Core yarns are multi-component yarns in which one of the components, the core, stays at the centre of the yarn whilst the others cover it. Core yarns have long been used for burnt out effects in woven fabrics. Stretch fabrics can be made from core yarns in which the core is an elastane filament and the covering is made from natural fibre yarn.

23. Sewing threads are often made from core yarns or core-spun yarns. The synthetic filament core gives high strength whilst the cover yarn or covering fibres prevent the needle from overheating and protect the core from softening or melting at the needle during high-speed sewing.

24. Such processed yarns have new physical properties such as :

- improved strength
- improved regularity
- heavier structures
- special effects

25. These operations change the structure of the single yarns to a very high extent and in a permanent way and are irreversible.

**OPTION B:**

26. The processed yarn is still a yarn and has not undergone a substantial transformation.

**Relevant HS Codes:**

51.06 to 51.10, 52.04 to 52.07, 53.06 to 53.08, 54.01 to 54.06, 55.08 to 55.11

**References:**

41.622, 41.630, 41.702, 41.713

**ISSUE NO. 7: FOLDING (TWISTING) OR CABLING OF YARNS**

**OPTION A:**

27. The operations of folding, twisting or cabling result in new products with new properties and new fields of application. In the design of textile products, yarns are first selected on the basis of the physical properties resulting from these processes.

28. Folded and plied yarns are made by twisting together at least two single yarns. The folded yarns may be 2-fold, 3-fold or 4-fold. Cabled yarns are made by twisting together folded yarns and may be 2-fold + 2-fold; 3-fold + 3-fold; 2-fold + 2-fold + 2-fold; etc.

**OPTION B:**

29. The folded or cabled yarn is still a yarn and has not undergone a substantial transformation.

Relevant HS Codes:

50.04 to 50.06, 51.06 to 51.10, 52.04 to 52.07, 53.06 to 53.08, 54.01 to 54.06, 55.08 to 55.11

References:

41.622, 41.630, 41.702, 41.713

ISSUE NO. 8: PRODUCTION OF SEWING THREAD FROM YARNS OF THE SAME CHAPTER

OPTION A:

30. The production of sewing thread from yarns (single or multiplied) of the same chapter is a substantial transformation except when the change is the result of merely putting yarns on support.

31. The sewing thread generally needs richer fibre mixings compared to normal yarns. It must be strong, smooth, even plied or cabled yarn treated by special finishing process to make it abrasion resistant. Sewability is the ability to produce a seam with minimum number of breaks. Sewing thread is completely knotfree, strong and smooth enough to withstand abrasion resistance.

OPTION B:

32. Producing sewing thread from existing yarns of the same chapter is not a substantial transformation. Sewing thread is simply another yarn whose classification is dependent on the type of twist, lubrication, and weight on supports when presented.

Relevant HS Codes:

52.04 , 54.01, 55.08

References:

41.540, 41.618, 41.702

ISSUE NO. 9: DOWN PROOF FINISHING OF COTTON WOVEN FABRICS

OPTION A:

33. Fabric treated by down proof finishing is used for pillows, sleeping bags etc. and ensures that the feathers or down are retained inside the covering fabric. The down-proofed fabric has new characteristics and is substantially transformed by physical and chemical processes that close permanently the openings between the warp and weft. Un-proofed fabric could not be used for the purpose.

OPTION B:

34. Down proofing is just a finishing process and is not a substantial transformation. The process is similar to a simple calendering operation that merely flattens the fabric slightly.

Relevant HS Codes:

52.08, 52.09, 52.10, 52.11, 52.12

Reference:

41.721

ISSUE NO. 10: MANUFACTURE OF CARPETS AND OTHER TEXTILE FLOOR COVERINGS OF FELT, NOT TUFTED OR FLOCKED

OPTION A:

35. The process of obtaining felt carpet from felt is simply cutting and is not a substantial transformation. However, the backing or reinforcing of the underside with backing material results in a new article for commerce and is a substantial transformation.

OPTION B:

36. Producing felt carpets by simply cutting felt of heading 56.02 is not a substantial transformation. Nor does reinforcing one of the sides of a felt article alter its nature or use.

Relevant HS Code:  
57.04

Reference:  
41.702

ISSUE NO. 11: BLEACHING OF FABRICS

OPTION A:

37. Prior to bleaching fabric is subjected to the processes of shearing or cropping, singeing, desizing, scouring and, either before or after bleaching, mercerising. Bleaching is a controlled chemical reaction that substantially transforms dirty fabric into clean, absorbent, white fabric free from all impurities. The bleached fabric is a commercially different product which is either taken for further processing such as dyeing or printing or is used as such as a finished product.

OPTION B:

38. Bleaching is a chemical process in which natural colouring matter of textile materials is removed by bleaching agents. Bleaching is not a substantial transformation.

Relevant HS Codes:  
52.08 to 52.12, 53.09 to 53.11, 54.07 to 54.08, 55.12 to 55.16? 58.01 to 58.04, 58.06, 58.09, 58.11, 59.06, 60.01, 60.02

References:  
41.187 (Annex G/1), 41.618

ISSUE NO.12: DYEING, INCLUDING DYEING WHITE

I. OF YARNS CLASSIFIED IN CHAPTER 50 THROUGH 55<sup>\*</sup>

OPTION A

39. Dyeing substantially transforms uncoloured yarn into coloured yarn. Dyeing not only adds great value to the yarn but also transforms the good into a distinct and different commercial product

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<sup>\*</sup>No proposal was made for dyeing of yarns in Chapter 56.

with different uses. The resulting product has new characteristics and qualities. This process permanently change the grey yarn by imparting new characteristics and permanently giving colour or pattern to the yarns, which gives them final appearance.

40. Dyeing white is the same transformation in technical terms as any other colour. The fact that the HS nomenclature classifies dyed white with bleached products for practical classification purposes is not a basis for deciding substantial transformation.

41. When preparatory or finishing operations are required, the processes such as bleaching, scouring, tentering, etc. contributing additional characteristics to the final product could be included as examples in a non-exhaustive list. The list of preparatory or finishing operations should be an indicative list in order to allow the development of new processes.

A/1

42. Dyeing alone can be considered as substantial transformation because the dyed good is often used as a finished product without being subjected to any other processes. (CH)(IND)

A/2

43. Dyeing which is permanent and done in conjunction with two or more preparatory or finishing operations is a substantial transformation. The requirement for two or more preparatory or finishing operations is designed to ensure that temporary dyeing is excluded. (EGY)(JPN)

A/3

44. Dyeing which is permanent and done in conjunction with preparatory or finishing operation is a substantial transformation, provided the added value criterion (45 per cent EC, 50 per cent TUR) is also met. (EC)(TUR)

#### OPTION B

45. Neither dyeing alone nor dyeing and printing together result in a substantial transformation. A yarn of one country that is dyed and/or printed in another country should not be considered to originate in the latter country. (BRA)(CAN)(COL)(MEX)(US)

Relevant HS Codes <sup>\*\*</sup>

50.04 to 50.06, 51.06 to 51.10, 52.04 to 52.07, 53.06 to 53.08, 54.01 to 54.06, 55.08 to 55.11.

## II. OF FABRICS AND OTHER TEXTILE ARTICLES

#### OPTION A

46. Dyeing substantially transforms uncoloured fabric (textile article) into coloured fabric (textile article). Dyeing not only adds great value to the fabric (textile article) but also transforms the good into a distinct and different commercial product with different uses. The resulting product has new characteristics and qualities. The said operations actually transform a raw material, such as a raw fabric (textile article), unusable as it stands, into a fabric (textile article) that can undergo subsequent transformations such as making-up. This process permanently changes the grey fabric (textile article)

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<sup>\*\*</sup>Proponents that consider dyeing or printing as substantial transformation do not all propose the same headings for application of this rule.

by imparting new characteristics and permanently giving colour or pattern to the fabrics (textile article), which gives them final appearance.

47. Dyeing white is the same transformation in technical terms as any other colour. The fact that the HS nomenclature classifies dyed white with bleached products for practical classification purposes is not a basis for deciding substantial transformation.

48. When preparatory or finishing operations are required, the processes such as bleaching, scouring, tentering, etc. contributing additional characteristics to the final product could be included as examples in a non-exhaustive list. The list of preparatory or finishing operations should be an indicative list in order to allow the development of new processes.

49. A small proportion of textile goods (perhaps 15 per cent of traded goods) are both dyed and printed, but it is not normal industry practice to carry out both processes. In any cases, whether separately or together, dyeing and printing result in a substantial transformation of the raw materials worked.

A/1

50. Dyeing alone can be considered as substantial transformation because the dyed good is often used as a finished product without being subjected to any other processes. (CH)(IND)

A/2

51. Dyeing which is permanent and done in conjunction with preparatory or finishing operations is a substantial transformation. (EC)(TUR)

A/3

52. Dyeing accompanied by at least one preparatory or finishing operation, is considered substantial transformation for finished fabrics. (HK)(MAL)(PHI)

A/4

53. Dyeing which is permanent and done in conjunction with two or more preparatory or finishing operations is a substantial transformation. The requirement for two or more preparatory or finishing operations is designed to ensure that temporary dyeing is excluded. (EGY)(KOR)

A/5

54. Dyeing alone do not result in a substantial transformation. Goods must be both dyed and printed accompanied by at least two preparatory or finishing operations. Both operations are necessary to achieve a substantial transformation and are normal processes in industry. (JPN)

A/6

55. Dyeing alone, with or without other preparatory or finishing operations, does not result in a substantial transformation. However, origin is conferred for woven fabrics, when in a single country, goods are both dyed and printed and two or more of the following operations are performed: bleaching, shrinking, fulling, napping, decating, permanent stiffening, weighting, permanent embossing or moireing. (US)

OPTION B

56. Neither dyeing alone nor dyeing and printing together result in a substantial transformation. A fabric of one country that is dyed and/or printed in another country should not be considered to originate in the latter country. (BRA)(CAN)(COL)(MEX)

Relevant HS Codes<sup>\*\*\*</sup>

Fabrics: 50.07, 51.11 to 51.13, 52.08 to 52.12, 53.09 to 53.11, 54.07 to 54.08, 55.12 to 55.16, 56.02 to 56.03, 56.06, ex58.01(c) to ex58.04(c), ex58.06(c), ex58.09(b), ex58.11(a), ex59.03(a), 59.06, 59.07, 60.01, 60.02.

Textiles Articles: ex57.02(a), ex57.03(a), ex58.07(a), ex58.08(a), ex59.05(a), ex59.11(b), ex-Chapter 61(e), (h), (j), ex-Chapter 62(d), (f), (h).

Reference Documents  
41.618, 41.630, 41.702, 41.721,

#### ISSUE NO.13: PRINTING

#### I. OF YARNS CLASSIFIED IN CHAPTERS 50 THROUGH 55\*

##### OPTION A

57. Printing substantially transforms an uncoloured or dyed yarn into an attractive beautifully designed yarn. The resultant product becomes commercially distinct and is put to different and specific uses. The resulting product has new characteristics and qualities. These processes permanently change the grey yarn by imparting new characteristics and permanently giving colour or pattern to the yarn, which gives them final appearance.

58. When preparatory or finishing operations are required processes such as bleaching, scouring, tentering, etc. contribute additional characteristics to the final product. The list of preparatory or finishing operations should be an indicative list not exhaustive in order to allow the development of new processes.

A/1

59. Printing alone can be considered as substantial transformation because the printed goods is often used as a finished product without being subjected to any other processes. (CH)(IND)

A/2

60. Printing which is permanent and done in conjunction with two or more preparatory or finishing operations is a substantial transformation. The requirement for two or more preparatory or finishing operations is designed to ensure that temporary printing is excluded. (EGY)(JPN)

A/3

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<sup>\*\*\*</sup>Proponents that consider dyeing or printing s substantial transformation do not all propose the same headings for application of this rule.

\*No proposal was made for printing yarns in Chapter 56.

61. Printing which is permanent and done in conjunction with preparatory or finishing operations is a substantial transformation, provided the added value criterion (45 per cent EC, 50 per cent TUR) is also met. (EC)(TUR)

#### OPTION B

62. Neither printing alone nor dyeing and printing together result in a substantial transformation. A yarn of one country that is dyed and/or printed in another country should not be considered to originate in the latter country. (BRA)(CAN)(COL)(MEX)(US)

Relevant HS Codes<sup>\*\*</sup>

50.04 to 50.06, 51.06 to 51.10, 52.04, to 52.07, 53.06 to 53.08, 54.01 to 54.06, 55.08 to 55.11.

## II. OF FABRICS AND OTHER TEXTILE ARTICLES

#### OPTION A

63. Printing substantially transforms an uncoloured or dyed fabric (textile article) into an attractive beautifully designed fabric (textile article). The resultant product becomes commercially distinct and is put to different and specific uses. The resulting product has new characteristics and qualities. The said operations actually transform a raw material, such as a raw fabric (textile article), unusable as it stands, into a fabric that can undergo subsequent transformations such as making-up. These processes permanently change the grey fabric (textile article) by imparting new characteristics and permanently giving colour or pattern to the fabrics (textile article), which gives them final appearance.

64. When preparatory or finishing operations are required, processes such as bleaching, scouring, tentering, etc. contribute additional characteristics to the final product. The list of preparatory or finishing operations should be an indicative list, not exhaustive in order to allow the development of new processes.

A/1

65. Printing alone can be considered as substantial transformation because the printed good is often used as a finished product without being subjected to any other processes. (CH)(IND)

A/2

66. Printing which is permanent and done in conjunction with preparatory or finishing operations is a substantial transformation. In the case of thermo-printing, which consists of applying motifs using thermal processes, printing should be accompanied by impregnation of the transfer paper to be considered a substantial transformation. (EC)(TUR)

A/3

67. Printing, accompanied by at least one preparatory or finishing operation, is considered substantial transformation for finished fabrics. (HK)(MAL)(PHI)

A/4

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<sup>\*\*</sup>Proponents that consider dyeing or printing as substantial transformation do not all propose the same headings for application of this rule.



68. Printing which is permanent and done in conjunction with two or more preparatory or finishing operations is a substantial transformation. The requirement for two or more preparatory or finishing operations is designed to ensure that temporary printing is excluded. (EGY)(KOR)

A/5

69. Dyeing or printing alone do not result in a substantial transformation. Goods must be both dyed and printed, accompanied by at least two preparatory or finishing operations. Both operations are necessary to achieve a substantial transformation and are normal processes in industry. (JPN)

A/6

70. Printing alone, with or without other preparatory or finishing operations, does not result in a substantial transformation. However, origin is conferred for woven fabrics, when in a single country, goods are both dyed and printed and two or more of the following operations are performed: bleaching, shrinking, fulling, napping, decating, permanent stiffening, weighting, permanent embossing or moiréing. (US)

#### OPTION B

71. Neither printing alone nor dyeing and printing together result in a substantial transformation. A fabric of one country that is dyed and/or printed in another country should not be considered to originate in the latter country. (CAN)(MEX)(BRA)(COL)

#### Relevant HS Codes<sup>\*</sup>

Fabrics: 50.07, 51.11 to 51.13, 52.08 to 52.12, 53.09 to 53.11, 54.07 to 54.08, 55.12 to 55.16, 56.02 to 56.03, 56.06, ex58.01(c) to ex58.04(c), ex58.06(c), ex58.09(b), ex58.11(a), ex59.03(a), 59.06, 59.07, 60.01, 60.02.

Textiles Articles: ex57.02(a), 57.03(a), ex58.07(a), ex58.08(a), ex59.05(a), ex-59.11(b), ex-Chapter 61(e), (h), (j), ex-Chapter 62(d), (f), (h).

#### Reference Documents

41.618, 41.630, 41.702, 41.721.

#### ISSUE NO. 14: DEGREASING GREASY WOOL, (INCLUDING PIECE-WASTED WOOL)

##### OPTION A: Yes

72. Degreasing of greasy wool is an origin-conferring process provided that an *ad valorem* criterion is also met. Degreasing is one of the most important preparatory operations for wool which contains a high level of animal fat and dirt particles. Degreasing results in a new product with new characteristics. However, to ensure that any minimal washing operation is not treated as a substantial transformation the rule contains the safety valve of an *ad valorem* provision.

73. The rule of origin should be

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<sup>\*</sup>Proponents that consider dyeing or printing as substantial transformation do not all propose the same headings for application of this rule.

- CTH; or change to this subheading when this change is attained by degreasing greasy wool, including piece-wasted wool, the value of which does not exceed 50% of the ex-works price of the product (EC, TUR)

OPTION B: No

74. Degreasing is merely a cleaning process which does not result in a substantial transformation of the wool. The origin of the wool degreased, not carbonised, is the country where the wool is obtained from the animal. The rule should be :

- CC (JPN, CH, EGY, COL, KOR, MEX, CAN, US, BRA, NZ, AUS, HK).

Relevant HS Codes:  
5101.21, 5101.29

#### ISSUE No. 15: CARBONISING

OPTION A: Yes

75. Wool fibre contains up to 40% by weight of other materials. Some of these can be removed by washing, but others require the chemical process of carbonisation which brings about a substantial transformation of the wool. If the wool is intended to be combined with other fibres a special carbonisation process is necessary.

76. The rule of origin should be (EC, TUR) :

for 5101.30

- CTH, or change to this subheading from not carbonised wool, the value of which does not exceed 50% of the ex-works price of the product.

for ex-51.03(b)

- Change to this split heading from not carbonised waste, the value of which does not exceed 50% of the ex-works price of the product.

OPTION B: No

77. Carbonising involves merely dipping in acid to eliminate cellulose residues and is not a substantial transformation. The origin of the carbonised wool (5101.30) is the country where the wool not carbonised is obtained from the animal. The origin of the waste is not changed by carbonisation.

78. The rule of origin should be:

for 5101.30 (JPN, CH, EGY, COL, KOR, MEX, CAN, US, BRA, NZ, AUS, HK)

- CC

for ex-51.03(b) (JPN, CH, EGY, COL, KOR, MEX, CAN, US, BRA, TH, NZ, HK)

- The country of origin of the goods of this split heading is the country in which the waste of this split heading is derived from manufacturing or processing operations or from consumption.

Relevant HS Codes:  
5101.30, ex-51.03(b)

ISSUE No. 16: COATING OR IMPREGNATION OF FABRICS IN CHAPTERS 51 TO 55 AND  
HEADING 58.09

OPTION A: Yes

79. Coating or impregnation of textile material is normally done to give a special finish like crease resistance, water proofing, stiffening etc. The finished auxiliaries, depending on the requirement, are coated over the fabric by padding mangle technique or otherwise and then treated under specific conditions to bring the desired effect. Coating or impregnation substantially transform fabrics and make the fabrics suitable for different and distinct functional uses.

80. The rule for these split headings should be

- CTHS by coating or impregnation (IND) (NOR)

OPTION B: No

81. Coating or impregnation of these fabrics does not change the essential character of the fabric. There is no substantial transformation. The coated fabric has origin in the country where the fabric is woven.

82. The rule should be the same as is proposed for fabrics not coated or impregnated of the same headings. (JPN, CH, EGY, COL, EC, KOR, MEX, CAN, US, TUR, NZ, TH, HK, AUS) and (PHI) (MAL) for ex-5809(c) only

Relevant HS Codes:

ex-51.11(a), ex-51.12(a), ex-51.13(a), ex-52.08(a) to ex-52.12(a), ex-53.09(a) to ex-53.11(a), ex-54.07(a), ex-54.08(a), ex-55.12(a) to ex-55.16(a), ex-58.09(c)

ISSUE No. 17: CUTTING PLASTIC SHEET OF HEADINGS 39.20 AND 39.21 INTO YARNS OR  
STRIP

OPTION A: Yes

83. Obtaining synthetic or artificial monofilament yarn or strip and the like by cutting from plastic sheet is a substantial transformation. A new product is obtained with different uses and characteristics.

84. The rule, as already submitted to the Committee on Rules of Origin for ex-54.04(c) "Other", should be: (CH, COL, KOR, IND, MEX, CAN, TUR)

- CTH, except from heading 54.01 or 54.06

OPTION B: No

85. Cutting plastic sheet into yarns or strip is a simple cutting process. There is no substantial transformation. The origin of these goods obtained by cutting from plastic sheet should be the country of origin of the plastic sheet:

- CTH, except from heading 39.20 or 39.21 (US, EGY, BRA, EC, JPN, NZ, AUS)

Relevant HS Codes:

ex-54.04(a), ex-54.05(a) (of the second set of splits of these headings)

ISSUE No. 18: IMPREGNATION, COATING, COVERING OR LAMINATION OF Yarns, FABRICS, WOVEN, FELT AND NONWOVEN IN CHAPTER 56 AND HEADINGS 58.01 TO 58.04, 58.06, 58.11

OPTION A: Yes

86. Impregnation, coating, covering or lamination of yarns, fabrics and textile articles is normally done to give a special finish such as water-proofing, crease or shrink resistance, stiffening etc. Special coating, covering or impregnation creates a microporous structure in fabric for use, for example, for surgical gowns to allow evaporation of perspiration whilst providing protection from infection.

87. The result of impregnation, coating, covering or lamination, whether or not visible to the naked eye, is that the goods are substantially transformed and have become suitable for different and distinct functional uses.

88. Although different terminology is used, the rules proposed provide for substantial transformation of the goods that remain classified within the relevant headings

The rule as proposed by the countries indicated for ex-56.02(a) and ex-56.03(a) should be:

- CTHS (CH) (IND) (NOR)

The rule as proposed by the countries indicated for ex-58.01(a) to ex-58.04(a), ex-58.06(a) should be:

- Change to fabrics impregnated, coated or covered of this heading from fabrics not impregnated, coated or covered of the same heading (KOR) (IND) (NOR)]

OPTION B: Yes, provided

- Treating only part of the surface of textiles by impregnation, coating, covering or lamination is not sufficient to confer origin. It is necessary to meet the additional requirements that one side of the article should be wholly impregnated, coated, covered or laminated and the result should be visible to the naked eye. The criterion of visibility provides a safety valve to exclude minimal operations from conferring origin. Some types of coating, not visible to the naked eye, are merely finishing operations and should be excluded from the rule.

The rule for felt of ex-56.02(a) and nonwoven of ex-56.03(a) should be:

- Change to [felt] [nonwoven] impregnated, coated, covered or laminated of this heading from [felt] [nonwoven] not impregnated, coated, covered or laminated of the same heading, provided that one side of the [felt] [nonwoven] is wholly impregnated, coated, covered or laminated and such impregnating, coating, covering or laminating can be seen with the naked eye. (JPN) (PHI) (MAL)

The rule for ex-58.01(a) , ex-58.02(a), ex-58.04(a) should be:

- Change to [fabric] [tulles, other net fabrics or lace] impregnated, coated, covered or laminated with plastics, rubber or other substances of this heading from [fabric] [tulles, other net fabrics or lace] not impregnated, coated, covered or laminated of the same heading, provided that one side of the fabric is wholly impregnated, coated, covered or laminated and such impregnating, coating, covering or laminating can be seen with the naked eye. (JPN) (PHI) (MAL)

OPTION C: Yes, provided

- Impregnation, coating, covering or lamination, whether or not visible to the naked eye, should only be considered as a substantial transformation if production involves all stages of fabrication from unbleached fabric. This criterion ensures that minimal operations do not confer origin. The question of visibility is not relevant to the determination of substantial transformation. Some “invisible” treatments can render a fabric rigid.

The rule for felt of ex-56.02(a), nonwovens of ex-56.03(a) should be:

- Change from fibres of any other heading; or
- Change to this split heading from unbleached [felt] [nonwovens] (EC) (TUR)

The rule for fabrics of ex-58.01(a) to ex-58.04(a), ex-58.06(a) and for quilted materials of ex-58.11(b) should be:

- Change to this split heading from unbleached fabrics [felt or nonwovens] of any other heading (EC) (TUR)

OPTION D: No

89. Impregnation, coating, covering or lamination, whether or not visible to the naked eye, does not result in a substantial transformation. The operations do not substantially change the product into a new product. The origin of the goods should be the same country of origin of the fabrics before being treated by these processes.

90. However, in the context of the specific products covered by this issue, and by other issues that deal with the impregnation, coating, covering or lamination of textiles, it is important to note that for different products countries have different opinions or propose different rules as indicated below.

The rule for ex-56.02(a), ex-56.03(a) should be:

- CTH (AUS) (CAN) (MEX) (US) (COL) (BRA) (TH) (NZ) (AUS)

The rule for ex-58.01(a) to ex-58.04(a), should be:

- CTH (AUS) (CH) (EGY) (CAN) (MEX) (US) (COL) (NZ) (BRA) (TH) (AUS) [\_ (JPN) (PHI) (MAL) for 58.03(a) ]

The following alternatives under this option for ex-58.06(a) are maintained pending a decision on the appropriate terminology for the rule for ex-58.06(d) :

- CTH (COL) (PHI) (MAL) (TH) (BRA)
- CTH, except from heading 50.07, 51.11 to 51.13, 52.08 to 52.12, 53.09 to 53.11, 54.07, 54.08 or 55.12 to 55.16 or 58.01 (MEX) (US) (NZ) (JPN) (EGY) (CAN) (AUS) [and\_58.02 to 58.03 (MEX) (US) (NZ) (JPN) (EGY)] [ 58.04, 58.05 (JPN) (EGY) ]

The rule for ex-58.11(b) should be:

- CTH (CH) (EGY) (COL) (BRA) (TH) (KOR) (JPN) (PHI) (MAL)

- CTH, except from heading 50.07, 51.11 to 51.13, 52.08 to 52.12, 53.09 to 53.11, 54.07 to 54.08, 55.12 to 55.16, 56.02 to 56.03, 58.03, 58.06, 58.09 to 58.10, 59.03, 59.07, 60.01, 60.02 or subheading 6307.90 (MEX) (US) (CAN)

Also supporting OPTION D: (HK)

Relevant HS Codes:

OPTION A: ex-56.02(a), ex-56.03(a), ex-58.01(a) to ex-5804(a), ex-58.06(a)

OPTION B: ex-56.02(a), ex-56.03(a), ex-58.01(a), ex-58.02(a), ex-5804(a)

OPTION C: ex-56.02(a), ex-56.03(a), ex-58.01(a) to ex-5804(a), ex-58.06(a), ex-58.11(b)

OPTION D: ex-56.02(a), ex-56.03(a), ex-58.01(a) to ex-5804(a), ex-58.06(a), ex-58.11(b)

#### ISSUE No. 19: APPLYING A TEXTILE COVERING TO RUBBER THREAD AND CORD

OPTION A: Yes

91. Applying a textile covering to rubber thread and cord is a substantial transformation. It is a complex process which results in a different product with new characteristics. The rule should be:

- CTH (JPN, CH, EGY, PHI, MAL, COL, EC, KOR, CAN, BRA, TUR, IND, TH, HK)

OPTION B: No

92. Rubber thread and cord are not considered to have undergone a substantial transformation when textile yarns are applied. The goods have origin in the country where the textile yarn is produced. The rule proposed is:

- CTH, except from heading 50.04 to 50.06, 51.06 to 51.10, 52.04 to 52.07, 53.06 to 53.08, 54.01 to 54.06 or 55.08 to 55.11 (US) (MEX) (AUS)

Relevant HS Codes:

Part of heading 56.04 (rubber thread and cord, textile covered)

#### ISSUE No. 20: IMPREGNATION, COATING, COVERING OR SHEATHING WITH RUBBER OR PLASTICS THE TEXTILE YARN AND STRIP AND THE LIKE OF HEADING 54.04 OR 54.05

OPTION A: Yes

93. Processing the textile yarn and strip and the like of heading 54.04 or 54.05 by impregnation, coating, covering or sheathing with rubber or plastics is a substantial transformation. The rule should be

- CTH (JPN, CH, EGY, PHI, MAL, COL, EC, KOR, CAN, BRA, TUR, IND, TH, HK)

OPTION B: No

94. Textile yarn or strip impregnated, coated, covered or sheathed with rubber or plastics has not been substantially transformed. The origin should be the country of origin of the yarn or strip or the like. The rule should be:

- CTH, except from headings 50.04 to 50.06, 51.06 to 51.10, 52.04 to 52.07, 53.06 to 53.08, 54.01 to 54.06, 55.08 to 55.11 (US, MEX) (AUS)

Relevant HS Codes:

Part of heading 56.04 (textile yarn and strip and the like of heading No. 54.04 or 54.05, impregnated, coated, covered or sheathed with rubber or plastics) 56.04, ex 56.06

ISSUE No. 21: METALLISED YARNS, STRIPS AND THE LIKE

OPTION A: Yes

95. Combining yarns of chapters 50 to 55 with metal to produce a metallised yarn is a substantial transformation which results in a new product with new characteristics. The rule should be

- CTH (JPN, CH, EGY, PHI, MAL, COL, EC, KOR, CAN, BRA, TUR, IND, TH, HK)

OPTION B: No

96. Combining yarns of chapters 50 to 55 with metal to produce a metallised yarn or producing yarn metallised by coating with powder are not considered as substantial transformation. These yarns have origin in the country where they are produced from fibres. The rule should be:

- CTH, except from heading 50.04 to 50.06, 51.06 to 51.10, 52.04 to 52.07, 53.06 to 53.08, 54.01 to 54.06, 55.01, 55.02 or 55.08 to 55.11 (MEX, US) (AUS)

Relevant HS Codes:

56.04, 56.05, ex 56.06

ISSUE No. 22: PRODUCING CHENILLE YARN, FLOCK CHENILLE YARN, GIMPED YARN, LOOP WALE YARN

OPTION A: Yes

97. Chenille yarn is a special yarn with fibres protruding on all sides. It is produced by first weaving a fabric with a tightly twisted, strong warp and with silk, wool, rayon, cotton or man-made fibre filling. The subsequent processing is more substantial than merely cutting. The warps are taped in groups and the fillings are beaten in very closely. After weaving this special fabric is cut lengthways between each of these groups of warp yarns to produce the chenille yarn which is then twisted and drawn. Weaving the special fabric is an intermediate process.

98. Production of the chenille yarn, other than flock chenille yarn is considered to be a substantial transformation. In addition one of the alternative proposals considers that production not only of the chenille yarn, other than flock chenille yarn is considered to be a substantial transformation, but also production of flock chenille yarn and the other yarns of this heading.

99. The options for rules proposed by the following groups of countries are:

for all yarns of the heading:

- CTH (CH, MAL, COL, EC, KOR, BRA, TUR, IND, TH)

only for chenille yarn, other than flock chenille yarn:

- CTH (JPN, MEX, PHI, CAN)

OPTION B: No

100. Producing chenille yarn from fabrics or other products is not a substantial transformation. The weaving of the fabric is the last substantial transformation, but separation of the yarns from the fabric by merely cutting is a simple process. The country of origin of chenille yarn, other than flock chenille yarn is the country of origin of the fabric. Similarly, producing flock chenille yarn by attaching flocking fibres to other yarn is not substantial transformation. The origin of the goods is the country where the yarn is first produced.

101. The rules should be:

for chenille yarn, other than flock chenille yarn:

- CTH, except from heading 50.07, 51.11 to 51.13, 52.08 to 52.12, 53.09 to 53.11, 54.07 to 54.08 or 55.12 to 55.16 or from Chapter 58 (US) (EGY) (AUS), (HK)

for other yarns of this heading:

- CTH, except from heading 50.04 to 50.06, 51.06 to 51.10, 52.04 to 52.07, 53.06 to 53.08, 54.01 to 54.06 or 55.08 to 55.11 (US) (EGY) (JPN, MEX, PHI, CAN), (AUS), (HK)

Relevant HS Codes:

56.04, 56.06, ex 56.06, ex 56.06

ISSUE No. 23: MAKING TWINE, CORDAGE, ROPES AND CABLES (NOT PLAITED OR BRAIDED AND NOT IMPREGNATED COATED, COVERED OR SHEATHED WITH RUBBER OR PLASTICS) FROM YARN

OPTION A: Yes

102. Making twine, cordages, ropes and cables from yarn is a substantial transformation. The twine, cordage, ropes and cables have new characteristics and properties quite distinct from the yarn used in its production. They can, in particular, be made from waste. The rule should be:

- CTH (EC, CH, COL, MAL, TUR, IND, TH, AUS, HK)

OPTION B: No

103. The yarn has not been substantially transformed when used to make twine, cordage, ropes and cables. The origin should be the country of origin of the yarn. The options for the rule propose to exclude slightly different groups of headings as indicated below by the use of square brackets :

- CTH, except from headings 50.04 to 50.06, 51.06 to 51.10, 52.04 to 52.07, 53.06 to 53.08, 54.01 to 54.06, 55.08 to 55.11 (JPN, EGY, CAN, KOR, MEX, US, BRA) [53.05 (PHI) ], [56.04 (MEX, US, BRA, PHI) ]

Relevant HS Codes:

ex-56.04, 56.07(a)

ISSUE No. 24: IMPREGNATION, COATING, COVERING OR SHEATHING THE TWINE, CORDAGE, ROPES AND CABLES OF HEADING 56.07 WITH RUBBER OR PLASTICS

OPTION A: Yes, provided

- Processing the twine, cordage, ropes and cables of this heading by impregnation, coating, covering or sheathing with rubber or plastics is a substantial transformation, provided that two supplementary conditions are also met:



- it is wholly impregnated, coated, covered or sheathed with rubber or plastics, and
- the impregnation, coating, covering or sheathing can be seen with the naked eye.

104. The rule should be, for ex-56.07(b):

- CTH; or
- Change to twine, cordage, rope and cables impregnated, coated, covered or sheathed with rubber or plastics of this split heading from twine, cordage, rope and cables not impregnated, coated, covered or sheathed with rubber or plastics of the same heading, provided that the change is the result of being wholly impregnated, coated, covered or sheathed with rubber or plastics and such impregnating, coating, covering or sheathing can be seen with the naked eye. (JPN)

105. [ paragraph deleted (Sec) ]

OPTION B: No

106. Impregnating, coating, covering or sheathing with rubber or plastics the twine, cordage, ropes and cables of this heading is not a substantial transformation. One alternative option for the rule proposes that the origin should be the country of origin of the twine, cordage, ropes and cables of this heading, the other option considers that it should be the country of origin of the yarn. The second option for the rule excludes slightly different groups of headings as indicated below by the use of square brackets:

for ex-56.07 (b) and ex-56.07(c):

- CTH (EC, CH, COL, MAL, TUR, IND, TH) [ and (JPN) for ex-56.07(c) only ]
- CTH, except from headings 50.04 to 50.06, 51.06 to 51.10, 52.04 to 52.07, 53.06 to 53.08, 54.01 to 54.06, 55.08 to 55.11 (EGY, CAN, KOR, MEX, US, BRA, AUS) [53.05 (PHI) ]

Relevant HS Codes:

ex-56.07 (b) and ex-56.07(c)

ISSUE No. 25: IMPREGNATION, COATING OR COVERING KNOTTED NETTING OF TWINE, CORDAGE OR ROPE

OPTION A: Yes, provided

107. Impregnating, coating or covering the knotted netting of twine, cordage or rope of this heading is a substantial transformation, provided that it is wholly impregnated, coated or covered and the impregnation, coating or covering can be seen with the naked eye. The rule should be :

- CTH; or
- Change to twine, cordage, rope and cables impregnated, coated or covered of this split heading from twine, cordage, rope and cables not impregnated, coated, covered or sheathed with rubber or plastics of the same heading, provided that the change is the result of being wholly impregnated, coated, covered or sheathed with rubber or plastics and such impregnating, coating, covering or sheathing can be seen with the naked eye. (JPN)

OPTION B: No

108. Impregnating, coating or covering the knotted netting of twine, cordage or rope of this heading is not a substantial transformation. The origin should be the country of origin of the knotted netting of twine, cordage or rope of this heading. The rule should be:

- CTH (US, CAN, EC, CH, COL, MAL, TUR, IND, TH, EGY, PHI, KOR, BRA, NOR, MEX, PAK, AUS)

Relevant HS Code:  
ex-56.08(a)

**ISSUE No. 26: MAKING UP FISHING NETS AND OTHER MADE UP NETS FROM KNOTTED NETTING OF THE SAME HEADING**

OPTION A: Yes

109. Production of made up fishing nets and other made up nets from knotted netting classified in the same heading is a substantial transformation which results in a product with new characteristics to fulfil specialised uses.

110. The options proposed for the rule are:

- CTHS, except from heading 58.043 (CAN)

Another proposal is: making up fishing nets and other made up nets from knotted netting of heading 56.08 or from goods of heading 58.04 is an origin-conferring substantial transformation (US), the rule should be:

- Change from netting to made up nets provided the assembly is carried out wholly in one country (US) (NOR) (MOR) (HK) (AUS)

OPTION B: No

111. The change from knotted netting to fishing nets and other made up nets is not a substantial transformation. The origin of the nets is the country of origin of the knotted netting of the same heading or the country in which the nets are made up from twine, cordage or rope.

112. The options proposed for the rule are:

- CTH. (EGY) (PHI) (MAL) (CH) (COL) (EC) (TUR) (KOR) (BRA) (IND) (MEX)
- CTH, except from heading 58.04 (JPN)

Relevant HS Code:  
ex-56.08(c)

**ISSUE No. 27: MAKING UP FISHING NETS AND OTHER MADE UP NETS FROM TULLES OR OTHER NET FABRICS OR LACE OF HEADING 58.04**

OPTION A: Yes

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<sup>3</sup>See next Issue concerning change from 58.04

113. The change from tulles or other net fabrics or lace to fishing nets and other made up nets is a substantial transformation.

114. The options proposed for the rule are:

- CTH. (EGY) (PHI) (MAL) (CH) (COL) (EC) (TUR) (KOR) (BRA) (IND) (MEX) (TH)

Another proposal is: making up fishing nets and other made up nets from knotted netting of heading 56.08 or from goods of heading 58.04 is an origin-conferring substantial transformation (US), the rule should be:

- Change from netting to made up nets provided the assembly is carried out wholly in one country (US) (NOR) (MOR) (AUS) (HK)

OPTION B: No

115. Making up fishing nets or other made up nets from tulles or other net fabrics or lace of heading 58.04 is not a substantial transformation. The rule should be:

- [CTHS (CAN) ] [CTH (JPN) ], except from heading 58.04 (JPN CAN))

Relevant HS Code:  
ex-56.08(c)

ISSUE No. 28: OBTAINING OTHER ARTICLES OF YARN, STRIP OR THE LIKE, TWINE, CORDAGE, ROPE OR CABLES

OPTION A: Yes

116. The manufacture of articles of heading 56.09 from yarn, strip or the like (54.04, 54.05), or twine, cordage, rope or cables (56.07), except by mere cutting, is a substantial transformation. New products are obtained. The rule should be :

- CTH. (JPN) (CH) (EGY) (PHI) (MAL) (COL) (EC) (KOR) (BRA) (TUR) (IND) (MAL) (PAK) (TH) (HK)

OPTION B: No

117. The operations to obtain these articles are not substantial, in some cases involving merely cutting the twine, cordage etc. The origin of the goods is the country of origin of the yarn, strip, twine etc. used. The rule should be

- CTH, except from heading 50.04 to 50.06, 51.06 to 51.10, 52.04 to 52.07, 53.06 to 53.08, 54.01 to 54.06, 55.08 to 55.11 or 56.04 to 56.07. (CAN) (MEX) (US) (AUS)

Relevant HS Code:  
56.09

ISSUE No. 29: IMPREGNATION, COATING OR COVERING OF TEXTILE ARTICLES IN HEADINGS 58.07, 58.08

OPTION A: Yes, provided

- Impregnation, coating or covering labels, badges, braids, trimmings, tassels, pompons and similar articles of textile materials can only be considered as a substantial transformation if production involves all stages of fabrication from unbleached fabric, whether woven, nonwoven or felt. This criterion ensures that minimal operations do not confer origin.

The rule for ex-58.07(b), ex-58.08(b) should be:

- Change to this split heading from unbleached fabrics, felt or nonwoven of any other heading (EC) (TUR)

OPTION B: No

118. Impregnation, coating or covering of these articles does not result in a substantial transformation. The operations do not substantially change the article into a new product. The origin of these articles is the country in which they first became classified in the relevant heading. Different proposals for the rule reflect alternative additional criteria proposed by different groups of countries for these textile articles whether or not they have been impregnated, coated or covered. The countries concerned are identified for each option. The rules proposed are examined in more detail in the relevant issues 30, 31, 32.

The proposals under this option for ex-58.07(b) are:

- CTH (CH) (COL) (KOR) (PHI) (MOR) (IND) (EGY) (TH) (BRA) (PAK) (NZ)
- CTH, provided that the change is the result of being wholly covered or decorated with inscriptions or motifs. (JPN)
- CTH, except from heading 50.07, 51.11 to 51.13, 52.08 to 52.12, 53.09 to 53.11, 54.07 to 54.08, 55.12 to 55.16, 56.02 to 56.03, 58.03, 58.06, 58.09 to 58.10, 59.03, 59.07, 60.01, 60.02 or subheading 6307.90 (MEX) (US) (CAN) (AUS)

The proposals under this option for ex-58.08(b) are:

- CTH (CH) (COL) (KOR) (IND) (EGY) (JPN) (PHI) (BRA) (TH) (PAK) (NZ)
- CTH, except from heading 50.04 to 50.06, 51.06 to 51.10, 52.04 to 52.07, 53.06 to 53.08, 54.01 to 54.06 or 55.08 to 55.11 for braids of this split heading;
- CTH, except from heading 50.07, 51.11 to 51.13, 52.08 to 52.12, 53.09 to 53.11, 54.07 to 54.08, 55.12 to 55.16 or 56.02 to 56.03 for ornamental trimmings of this split heading;
- CTH for tassels, pompons and similar article of this split heading (US) (MEX) (AUS)
- CTH for braids and ornamental trimmings of this split heading;
- CTH except from heading 50.04 to 50.05, 51.06 to 51.09, 52.04 to 52.06, 53.06 to 53.08, 54.01 to 54.05, 55.08 to 55.10 or 56.04 to 56.06 for tassels, pompons and similar article of this split heading (CAN)

Relevant HS Codes:  
ex-58.07(b), ex-58.08(b)

ISSUE No. 30: MAKING LABELS, BADGES AND SIMILAR ARTICLES OF TEXTILE MATERIALS, NOT EMBROIDERED, FROM FABRIC

OPTION A: Yes

119. Making labels, badges and similar articles of textile materials, not embroidered, is in all cases a substantial transformation. The article is in all cases a new product. The rule should be

- CTH (CH) (COL) (KOR) (PHI) (MOR) (IND) (EGY) (TH) (BRA) (PAK) (HK)

OPTION B: Yes, provided

- The labels, badges etc. have origin in the country where they are produced provided that they are wholly covered or decorated with inscriptions or motifs. Otherwise they have origin of the country in which the fabric was produced. The rule should be
- CTH, provided that the change is the result of being wholly covered or decorated with inscriptions or motifs. (JPN)

OPTION C: No

120. Labels, badges and similar articles of textile materials when obtained from fabric have not undergone a substantial transformation. One of the alternative proposals considers that the goods have the origin of the country in which they undergo all stages of processing from yarn. The other option is that they have the origin of the country of origin of the fabric used.

121. The options for the rule are:

- Change to this split heading from yarn of any other heading (EC) (TUR)
- CTH, except from heading 50.07, 51.11 to 51.13, 52.08 to 52.12, 53.09 to 53.11, 54.07 to 54.08, 55.12 to 55.16, 56.02 to 56.03, 58.03, 58.06, 58.09 to 58.10, 59.03, 59.07, 60.01, 60.02 or subheading 6307.90 (MEX) (US) (CAN) (AUS)

Relevant HS Codes:  
58.07

ISSUE No. 31: MAKING BRAIDS, TASSELS, POMPONS AND SIMILAR ARTICLES FROM YARN

OPTION A: Yes

122. Obtaining these textile articles from yarn is a substantial transformation. The new products are completely different from the yarn used and have specific characteristics and uses. However, proposals differ concerning the products to which this option is applicable. The rules proposed by the countries indicated are :

- CTH (CH) (COL) (KOR) (IND) (EGY) (JPN) (PHI) (BRA) (TH) (PAK) (HK)
- CTH for braids only of this split heading; (CAN)
- CTH for tassels, pompons and similar articles only of this split heading (US) (MEX) (AUS)
- Change to this split heading from yarn of any other heading. (EC)

OPTION B: No

123. These textile articles have origin of the country in which the yarn is produced from fibres. The rules proposed by the countries indicated for these textile articles exclude change from filaments, yarns, thread or strip.

for braids of this split heading :

- CTH, except from heading 50.04 to 50.06, 51.06 to 51.10, 52.04 to 52.07, 53.06 to 53.08, 54.01 to 54.06 or 55.08 to 55.11; (US, MEX)

for tassels, pompons and similar article of this split heading:

- CTH except from heading 50.04 to 50.05, 51.06 to 51.09, 52.04 to 52.06, 53.06 to 53.08, 54.01 to 54.05, 55.08 to 55.10 or 56.04 to 56.06 (CAN)

Relevant HS Codes:  
58.08.10, 5808.90

ISSUE No. 32: MAKING ORNAMENTAL TRIMMINGS IN THE PIECE, WITHOUT EMBROIDERY FROM FABRIC (OTHER THAN KNITTED OR CROCHETED)

OPTION A: Yes

124. Obtaining ornamental trimmings from fabric is a substantial transformation. Much more than cutting is required to produce these new and distinct products. The rule proposed by the countries indicated is :

- CTH (CH) (COL) (KOR) (IND) (EGY) (JPN) (PHI) (BRA) (TH) (PAK) (CAN) (HK)

OPTION B: No

125. Making ornamental trimmings from existing fabric is not a substantial transformation. The rules proposed by the countries indicated for these textile articles exclude change from fabrics. The first option would require both fabric-making and making of the ornamental trimmings to take place in one country. The second would determine the origin of the goods as the country of origin of the fabric used.

- Change to this split heading from yarn of any other heading (EC) (TUR)
- CTH, except from heading 50.07, 51.11 to 51.13, 52.08 to 52.12, 53.09 to 53.11, 54.07 to 54.08, 55.12 to 55.16 or 56.02 to 56.03 for ornamental trimmings of this split heading; (US, MEX) (AUS)

Relevant HS Codes:  
58.08.10, 5

ISSUE No. 33: EMBROIDERY WITHOUT VISIBLE GROUND

OPTION A: Yes

126. Embroidery without visible ground is a completely new product with special and distinct characteristics. The ground fabric has disappeared and has undergone a substantial transformation into a new product as a result of embroidery. The rule should be:

- CTH. (CH) (COL) (KOR) (PHI) (MOR) (IND) (TH) (BRA) (EGY) (PAK) (CAN) (MEX) (US) (GUA) (JPN) (AUS) (HK)

OPTION B: Yes, provided

- The embroidered fabric undergoes a substantial transformation provided the value added by embroidery represents at least 50% of the ex-works price of the goods. The *ad valorem* rule

avoids the risk of origin being conferred by partial or “minimal” embroidery. The rule should be:

- Change to this heading if the value of non-originating materials does not exceed 50% of the ex-works price of the product (EC) (TUR)

Relevant HS Code  
ex-58.10(a)

ISSUE No. 34: EMBROIDERY IN STRIPS OR IN MOTIFS<sup>4</sup>, INCLUDING THOSE ON SILK FABRIC

OPTION A: Yes

127. Embroidery in strips and motifs are completely new products with special and distinct characteristics. The ground fabric, including silk fabric, has undergone a substantial transformation into a new product. The rule should be:

- CTH. (CH) (COL) (KOR) (PHI) (MOR) (IND) (TH) (BRA) (PAK) (CAN) (MEX) (US) (GUA) (AUS) (HK)

OPTION B: Yes, provided

- The embroidered fabric undergoes a substantial transformation provided the value added by embroidery represents at least 50% of the ex-works price of the goods. The *ad valorem* rule avoids the risk of origin being conferred by partial or “minimal” embroidery. The rule should be:
  - Change to this heading if the value of non-originating materials does not exceed 50% of the ex-works price of the product (EC) (TUR) (EGY)

OPTION C: No for silk

128. Embroidery in strips and motifs represents a substantial transformation except when the ground material is silk. The character of the embroidery on silk is determined by the silk fabric and is never a substantial transformation. The origin of strips and motifs on a silk ground material is the country of origin of the silk fabric which does not change its character as a result of the embroidery. The rule should be:

- CTH, except from heading 50.07. (JPN)

Relevant HS Codes:  
ex-58.10(b)

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<sup>4</sup>Definition of embroidery in strips or in motif:

**Chapter Note to Chapter 58:**

For the purposes of heading 58.10 embroidery in strips or in motifs means:

- a) embroidered fabric not exceeding 30 cm in width (strips);
- b) embroidery in a motif, whether or not rectangular in shape, which is capable of being enclosed in a square or rectangular frame the area of which is no more than 1 square meter.

ISSUE No. 35 : OTHER EMBROIDERY

OPTION A: Yes

129. Fabric undergoes a substantial transformation by embroidery. The rule should be:

CTH. (COL) (KOR) (MOR) (IND) (TH) (BRA) (GUA)

OPTION B: Yes, provided

130. The embroidered fabric undergoes a substantial transformation provided the value added by embroidery represents at least 50% of the ex-works price of the goods. The ad valorem rule resolves the problem raised of partial or “minimal” embroidery. (EC) (TUR) (EGY)

OPTION C: Yes, provided

131. The fabric undergoes a substantial transformation in the country of embroidery provided the quantity of the patterns made by embroidery is sufficient to confer the origin.

The first two rules proposed are based on the combination of weight and surface criteria. while the other two are based on distance criterion.

132. The alternative rules are:

- The country of origin of the goods of this heading shall be the country of embroidery provided the weight of the embroidery exceeds 25 % of the total weight of the fabric and there is no unembroidered area greater than that which can be enclosed within a square the side of which is 7 cm (US)(MEX)
- The country of origin of the goods of this heading shall be the country of embroidery provided the weight of the embroidery thread exceeds 20 % of the total weight of the fabric and there is no unembroidered area greater than that which can be enclosed within a square the side of which is 7 cm (CAN)
- The country of origin of the goods of this heading shall be the country of embroidery provided the distance between the edge of plain fabric and the embroidery pattern, or between patterns is not more than 80 cm (CH) (PAK) (PHI)
- The country of origin of the goods shall be the country of embroidery, provided the distance between the edge of plain fabric and the embroidery pattern, or between patterns is not more than 80 cm when the ground fabric is not silk (JPN)

Relevant HS Code:  
ex-58.10(c)

ISSUE No. 36: MAKING QUILTED TEXTILE MATERIALS IN THE PIECE FROM FABRIC

OPTION A: Yes

133. Quilted materials in the piece are composed of layers of textile material assembled with padding and held together by stitching or other means. A new product is obtained with special characteristics. The original fabrics have undergone a substantial transformation. The rule should be



- CTH. (CH) (EGY) (COL) (BRA) (TH) (KOR) (JPN) (PHI) (MAL) (IND) (AUS) (HK)

OPTION B: No

134. Quilting is not a complex or difficult process. It is a rather simple operation whereby several layers of fabric are held together by stitching or other means. Different proposals consider that quilted materials have the origin of the country of origin of the fabric used, or the country in which all stages of production from yarn to the final product are carried out. The following proposals have been made:

- CTH, except from heading 50.07, 51.11 to 51.13, 52.08 to 52.12, 53.09 to 53.11, 54.07 to 54.08, 55.12 to 55.16, 58.03, 58.06, 58.09, 58.10, 59.03, 59.07, 60.01, 60.02, or subheading 6307.90 (MEX) (US) (CAN)
- Change to this split heading from yarn of any other heading. (EC, TUR)

Relevant HS Code:  
58.11

ISSUE No. 37: COATING, COVERING, IMPREGNATION OR LAMINATION OF TEXTILE YARNS, FABRICS, WHETHER OR NOT IT CAN BE SEEN WITH THE NAKED EYE, TO PRODUCE GOODS OF CHAPTER 59

OPTION A: Yes

135. Impregnation, coating, covering or lamination of textile yarns, fabrics, whether or not visible to the naked eye, results in a substantial transformation. The result is a new product with new characteristics. The distinction in the HS nomenclature for headings 59.03 and 59.07 where only treatments visible to the naked eye are classified is to facilitate classification and is not relevant to the determination of whether a substantial transformation has occurred.

When the coating, covering or impregnation is visible to the naked eye fabrics are classified in Chapter 59.)

The rules should be:

- CTH for the headings specified below :  
59.01 (CH, COL, KOR, CAN, IND, SEN, JPN, NOR, EGY, PAK, HK)  
ex-59.03(b) (CH, COL, KOR, EGY, BRA, PAK, IND, NOR, HK)  
59.06 (CH, COL, KOR, CAN, EGY, BRA, PAK, NOR, HK)  
ex-59.07(c) (CH, COL, KOR, EGY, BRA, IND, PAK, HK)

or,

for 59.06

- CTH, or change within the heading by bleaching, dyeing, printing, coating or impregnation (IND)

OPTION B: Yes, provided

- Impregnation, coating, covering or lamination, whether or not visible to the naked eye, should only be considered as a substantial transformation if production involves all stages of fabrication from unbleached fabric. This criterion ensures that minimal operations do not confer origin. The question of visibility is not relevant to the determination of substantial transformation.

136. The rule should be, for 59.01, 59.03, 59.06, 59.07:

- Change to this heading from unbleached fabrics of any other heading (EC TUR)

OPTION C: Yes, provided

- Some impregnation, coating, covering or lamination of fabrics gives textiles new characteristics and uses and is regarded as substantial transformation, but minor coating or impregnation also exists. Clear criteria are needed to exclude minor coating or impregnation from resulting in a substantial transformation. A requirement that the treatment be visible with the naked eye ensures that such minor processes do not confer origin.

137. Treating only part of the surface of textiles is not sufficient to confer origin and it is necessary to meet the additional requirement that “one side of the article should be wholly impregnated, coated, covered or laminated with plastics”.

138. The rules proposed for 59.03 and 59.07, where only treatments that can be seen with the naked eye are classified, and for rubberised textile fabrics of 59.06 are:

for 59.03

- CTH, provided that one side of the article is wholly impregnated, coated, covered or laminated. (JPN)
- CTH, provided that one side of the article is wholly impregnated, coated, covered or laminated with plastics and such impregnation, coating, covering or lamination can be seen with the naked eye. (PHI)

for 59.06

- CTH, provided that one side of the article is wholly impregnated, coated, covered or laminated (JPN) (PHI)

for 59.07

- CTH, provided that one side of the article is wholly impregnated, coated, covered or laminated (JPN)
- CTH, provided that one side of the article is wholly impregnated, coated, covered or laminated with plastics and such impregnation, coating, covering or lamination can be seen with the naked eye. (PHI)

OPTION D: Yes for 59.03, provided

- The goods can be considered as having undergone a last substantial transformation, provided that, for woven fabrics, the impregnation, coating, covering or lamination constitutes 15% or more by weight of the good and for knitted or crocheted fabrics, the impregnation, coating, covering or lamination constitutes 20% or more by weight of the good. Otherwise the goods are not considered to have undergone a substantial transformation and would retain the country of origin of where the original fabric was produced.

139. The rule for ex-5903(b) should be:

- A change to a woven fabric of this split heading from any other heading, provided that the impregnation, coating, covering or lamination constitutes 15 per cent or more by weight of the good; or
- A change to a knitted or crocheted fabric of this split heading from any other heading, provided that the impregnation, coating, covering or lamination constitutes 20 per cent or more by weight of the good. (CAN)

OPTION E: No

140. Impregnation, coating, covering or lamination, whether or not visible to the naked eye, does not result in a substantial transformation. The operations do not substantially change the product into a new product. Given the great range of coatings that might be applied and the fact that some are barely detectable, such goods should be considered to originate in the country where the fabric-making process occurs.

141. The origin of such goods is the country of origin of the fabric.

142. The rules should be:

for 59.01

- CTH, except from heading 50.07, 51.11 to 51.13, 52.08 to 52.12, 53.09 to 53.11, 54.07 to 54.08, 55.12 to 55.16, 58.03, 58.06, 58.08 or 60.02 (MEX) (US) (AUS)

for 59.03

- CTH except from heading 50.07, 51.11 to 51.13, 52.08 to 52.12, 53.09 to 53.11, 54.07 to 54.08, 55.12 to 55.16, 58.03, 58.06, 58.08 or 60.02 (MEX) (US) (AUS) and,
- (CAN) for 59.03 if Option D is not met:
- CTH except from heading 50.07, 51.11 to 51.13, 52.08 to 52.12, 53.09 to 53.11, 54.07 to 54.08, 55.12 to 55.16, 58.03, 58.06, 58.08 or 60.02 (CAN)

for 59.06

- CC, except from heading 50.07, 51.11 to 51.13, 52.08 to 52.12, 53.09 to 53.11, 54.07 to 54.08, 55.12 to 55.16, 58.03, 58.06, 58.08 or 60.02 (MEX) (US) (AUS)

for 59.07

- CTH, except from heading 50.07, 51.11 to 51.13, 52.08 to 52.12, 53.09 to 53.11, 54.07 to 54.08, 55.12 to 55.16, 58.03, 58.06, 58.08 or 60.02 (MEX) (US) (CAN) (AUS)

Relevant HS Codes:

59.01, 59.03, 59.06, 59.07

ISSUE No.38: PRODUCTION OF LINOLEUM AND OTHER FLOOR COVERINGS ON A TEXTILE BACKING USING TEXTILE FABRICS

OPTION A: Yes

143. Production of linoleum, other floor coverings on a textile backing is a substantial transformation. The textile fabrics have undergone a last substantial transformation when used in the production of these goods.

144. The rule should be:

- CTH (CH) (COL) (KOR) (EGY) (BRA) (US) (JPN) (PHI) (CAN) (MEX) (IND) (NOR) (AUS) (HK)

OPTION B: Yes, provided

145. Production of linoleum, other floor coverings on a textile backing should only be considered as a substantial transformation if the starting material is unbleached woven fabric, felt or nonwovens and all processing takes place in one country. This criterion ensures that minimal operations do not confer origin.

146. The rule should be:

- “Change to this heading from unbleached fabrics, felt or non-woven, of any other heading” (EC, TUR)

Relevant HS Code:  
59.04

#### ISSUE No.39: PRODUCTION OF TEXTILE WALL COVERINGS FROM TEXTILE FABRICS

OPTION A: Yes

147. Production of textile wall coverings is a substantial transformation. The textile fabrics have undergone a last substantial transformation when used in the production of these goods.

148. The rule should be:

- CTH (CH, COL, KOR, CAN, IND, JPN, EGY, BRA, PHI, NOR) (AUS) (HK)

OPTION B: Yes, provided

- Production of textile wall coverings should only be considered as a substantial transformation if the starting material is unbleached fabrics and all processing of the fabric takes place in one country. This criterion ensures that minimal operations do not confer origin.

149. The rule should be:

- “Change to this heading from unbleached fabrics, felt or non-woven, of any other heading” (EC, TUR) (HK)

OPTION C: No

150. The textile fabrics are not considered to have undergone a substantial transformation when used in production of textile wall coverings. Such goods should be considered to originate in the country where the fabric-making process occurs.

151. The rule should be:

- CTH, except from heading 50.07, 51.11 to 51.13, 52.08 to 52.12, 53.09 to 53.11, 54.07 to 54.08, 55.12 to 55.16, 58.03, 58.06, 58.08 or 60.02 (MEX) (US)

Relevant HS Code:  
59.05

ISSUE No. 40: PAINTING CANVAS AS THEATRICAL SCENERY, STUDIO BACKCLOTHS OR THE LIKE

OPTION A: Yes

152. Painting canvas as theatrical scenery, studio back-cloths and the like, including canvas classified in the same heading, results in a new product with new characteristics. It is not a mass-produced product. The rule should allow change from textile fabrics otherwise impregnated, coated or covered classified in the same heading:

- CTHS (US, CH, JPN) (AUS)

OPTION B: Yes, provided

- Painting canvas as theatrical scenery, studio back-cloths and the like, provided that it is not from textile fabrics otherwise impregnated, coated or covered classified in the same heading. The rule should be:
- CTH (COL, KOR, EGY, BRA, IND, PAK) (HK)

OPTION C: Yes, provided

- Painting canvas as theatrical scenery etc. should only be considered as a substantial transformation when this change is attained by printing or dyeing of unbleached or prebleached fabrics accompanied by preparatory or finishing operations. Thermo-printing must be accompanied by printing of the transfer paper. (EC, TUR)

OPTION D: No

153. The origin of these products is the country of origin of the fabric. The rule should be:

- CTH, except from heading 50.07, 51.11 to 51.13, 52.08 to 52.12, 53.09 to 53.11, 54.07 to 54.08, 55.12 to 55.16, 58.03, 58.06, 58.08 or 60.02". (MEX) (CAN)

Relevant HS Code:  
ex-59.07(a)

ISSUE No. 41: OBTAINING TEXTILE WICKS, GAS MANTLES ETC., TEXTILE HOSEPIPING AND SIMILAR TEXTILE TUBING, TRANSMISSION OR CONVEYOR BELTS OR BELTING, AND OTHER TEXTILE PRODUCTS AND ARTICLES FROM YARNS AND FIBRES

OPTION A: Yes

154. Producing these textile materials and articles from yarn or fibres is a last substantial transformation which results in a new product with new characteristics. Countries have proposed different terminology for the rules to achieve this objective.

155. The alternatives for the rule for the specified headings are:

for 59.08, ex-59.09(b), 59.10:

- CTH (JPN) (CH) (COL) (KOR) (EGY) (BRA) (IND) (CAN) (PAK) (AUS) (HK)

for ex-59.11(c):

- CTH (JPN) (CH) (COL) (KOR) (EGY) (BRA) (IND) (PHI) (PAK) (AUS) (HK)

for 59.08:

- Change to this heading from yarn of any other heading (EC) (TUR)

for 59.09, 59.10, ex-59.11(c):

- Change to this heading from yarn or fibres of any other heading (EC) (TUR)

OPTION B: No

156. Obtaining these goods is not a substantial transformation. Woven or knitted goods have their origin in the country where the yarn was produced. Other goods, of felt or nonwovens non-wovens, have their origin where the fibres were produced.

157. The alternatives for the rules are:

for woven or knitted goods of ex-59.08(a) to exclude change from fabrics

- CTH except from heading 50.07, 51.11 to 51.13, 52.08 to 52.12, 53.09 to 53.11, 54.07 to 54.08, 55.12 to 55.16, 58.01 to 58.02, 58.06, 58.08 or 60.01 to 60.02 (US)
- CTH except from heading 58.01 to 58.02, 60.01 or 60.02 (MEX)

for woven or knitted goods of ex-59.09(b) ex-59.10(a) to exclude change from fabrics

- CTH except from heading 50.07, 51.11 to 51.13, 52.08 to 52.12, 53.09 to 53.11, 54.07 to 54.08, 55.12 to 55.16, 56.02, 56.03, 58.01 to 58.02, 58.06 58.08 or 60.01 to 60.02 (US) (MEX)

for goods of ex-59.08(b) or ex-59.11(c) to exclude change from yarns:

- CTH except from heading 50.04 to 50.06, 51.06 to 51.10, 52.04 to 52.07, 53.06 to 53.08, 54.01 to 54.06, or 55.08 to 55.11 (US) (MEX)

or, for ex-59.11(c):

- CTH, except from 56.02 or 56.03 (CAN)

for other goods (ex-59.10(b)):

- CTH except from heading 50.03 to 50.06, 51.06 to 51.10, 52.04 to 52.07, 53.06 to 53.08, 54.01 to 54.06, or 55.08 to 55.11 (US) (MEX)

Relevant HS Codes:

59.08, ex-59.09(b), 59.10, ex-59.11(c)

ISSUE No. 42: ATTACHING LINING OR ARMOURING TO TEXTILE HOSEPIPING AND SIMILAR TEXTILE TUBING

OPTION A: Yes

158. Lining a textile tube with rubber or plastic tubing or applying metal armouring changes the nature of the product and is a substantial transformation. The rule should be

- Change by lining or armouring (US).

OPTION B: No

159. Lining or armouring these goods is not a substantial transformation.

160. The alternatives for the rule provide for the origin to be the country where the textile hosepiping or tubing is produced from fabric or the country where all operations to process the yarn or fibres into tubing:

- CTH (JPN) (CH) (COL) (KOR) (EGY) (BRA) (IND) (CAN) (MEX) (PAK) (AUS)
- Change to this heading from yarn or fibres of any other heading (EC) (TUR)

Relevant HS Code:  
ex-59.09(a)

ISSUE No. 43: MAKING POLISHING DISCS OR RINGS, OTHER THAN OF FELT, FROM FABRIC

OPTION A: Yes

161. The polishing discs and rings, other than of felt, undergo a substantial transformation when produced from fabric. The rule should be :

- CTH (COL) (BRA) (IND) (JPN) (EGY) (PHI) (CH) (PAK) (AUS)

OPTION B: Yes, provided

- Obtaining these goods is only a substantial transformation if they contain no felt or non-woven fabrics. The rule should be:
- CTH, except from heading 56.02 or 56.03 (CAN)

OPTION C: No

162. Obtaining these goods from fabric is not a substantial transformation. The alternative terminology proposed for the rule is:

- Change to this split subheading from yarn of any other heading, or waste fabrics or rags of heading 63.10 (EC) (TUR)
- CTH except from heading 50.07, 51.11 to 51.13, 52.08 to 52.12, 53.09 to 53.11, 54.07 to 54.08, 55.12 to 55.16, 58.01 to 58.02, 58.06 58.08 or 60.01 to 60.02 (US) (MEX)]

Relevant HS Code:  
ex-59.11(a)

ISSUE No. 44: COATING, COVERING, IMPREGNATION OR LAMINATION OF KNITTED OR CROCHETED Yarns, FABRICS TO PRODUCE GOODS CLASSIFIED IN CHAPTER 60

OPTION A: Yes

163. Impregnation, coating, covering or lamination of pile fabrics or of other knitted or crocheted fabrics classified in the same heading, including “long pile” fabrics and terry fabrics yarns, results in a substantial transformation.

(When the coating, covering or impregnation is visible to the naked eye fabrics are classified in Chapter 59.)

164. The alternatives for the rule for ex-60.01(c) are:

- CTH, or Change by coating or impregnation (IND) (NOR)
- Change by coating, covering, impregnation or lamination (KOR)

165. The rules for ex-60.02(c) should be:

- Change by coating, covering, impregnation or lamination (KOR) (IND) (NOR)

OPTION B: Yes, for ex-60.01(c), provided

- Some impregnation, coating, covering or lamination of fabrics gives textiles new characteristics and uses and is regarded as substantial transformation, but minor coating or impregnation also exists. Clear criteria are needed to exclude minor coating or impregnation from resulting in a substantial transformation. Visibility with the naked eye ensures that such minor processes do not confer origin.

166. Treating only part of the surface of textiles is not sufficient to confer origin and it is necessary to meet the additional requirement that “one side of the article should be wholly impregnated, coated covered or laminated with plastics”.

167. The rule proposed for ex-60.01(c), to allow change within the heading, is:

- Change to pile fabrics impregnated, coated, covered or laminated of the same heading, provided that one side of the article is wholly impregnated, coated, covered or laminated and such impregnation, coating, covering or lamination can be seen with the naked eye. (JPN) (PHI) (MAL)

OPTION C: Yes, for ex-60.01(c), provided

- The goods can be considered as having undergone a last substantial transformation, provided that, for knitted or crocheted fabrics, the impregnation, coating, covering or lamination constitutes 20% or more by weight of the good. Otherwise the goods are not considered to have undergone a substantial transformation and would retain the country of origin of where the original fabric was produced.



168. The rule for ex-60.01(c) should be:

- A change to a fabric of this heading impregnated, coated, covered or laminated with rubber, plastics or other materials, from any other fabric of this heading, provided that the impregnation, coating, covering or lamination constitutes 20 per cent or more by weight of the good. (CAN)

OPTION D: No

169. Impregnation, coating, covering or lamination of the fabrics of Chapter 60 does not result in a substantial transformation. Such goods are considered to originate in the country where the fabric-making process occurs.

170. The rule should be:

- CTH
- for: ex-60.01(c) (COL, MEX, US, BRA, CH, EC, EGY, TUR, PAK) (AUS) (HK)
- for: ex-60.02(c) (COL, MEX, US, BRA, CH, EC, EGY, TUR, PAK) (AUS) (HK) (PHI) (CAN) (JPN)

Relevant HS Codes:  
ex-60.01(c) ex-60.02(c)

#### CHAPTERS 61 AND 62 <sup>5</sup>

#### ISSUE No. 45: ASSEMBLY OF THE GOODS OF HEADINGS 61.01 TO 61.15 FROM PARTS KNITTED OR CROCHETED TO SHAPE

OPTION A : Yes

171. The assembly of an article in one country from parts knitted or crocheted to shape is a substantial transformation. However, if items such as accessories, buttons or other fasteners, pockets, trimmings, cuffs, labels etc. are added and if button holes and hems are made, and if any of these operations are carried out in another country, before or after the main assembly operation, these operations are not taken into account in determining the origin of the goods.

172. The rule should be : (EC, JPN, PHI, MAL, TUR, CH, NOR, FIJ, CR)

- Change to goods of this split chapter provided that the goods are assembled in a single country in accordance with Chapter Note 1

173. The Chapter Note 1/OPTION 1, in which square brackets indicate additions proposed by some of the countries that support this option, should be :

(EC, JPN, PHI, MAL, TUR, CH, NOR, FIJ, CR)

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<sup>5</sup>Under GIR2(a) of the HS a collection of parts, described in that rule as “articles presented unassembled or disassembled” is to be classified in the same heading as the assembled article. For purposes of the rules of origin for Chapters 61 and 62 specified in this document and in the attached table such a collection of parts is considered still to be parts and is explicitly included in the descriptions, in column B of the attached table, of products covered by “ex-Chapter 61(i) and (j)” or “ex-Chapter 62(g) and (h)”.

- 1(a) For the purposes of this chapter, and subject to paragraph (b), the term “assembled in a single country” means that all of the assembly operations following the cutting of the fabric, or the knitting or crocheting, to shape of the parts have been performed in that country.
- (b) For the purposes of paragraph (a) performing or not performing operations such as the following shall not affect the determination of whether the good has been assembled in a single country:
- attaching items such as: accessories, buttons and/or other fasteners, pockets, trimmings, cuffs, plackets, labels [collars (JPN, PHI, MAL, CH, NOR) ];
  - making button holes, hemming.

OPTION B : No

174. Assembling parts already knitted or crocheted to shape requires only a minor operation to attach them together by looping or simple sewing. There is no substantial transformation.

175. The two alternative proposals for the rule would determine the country of origin as the country where the parts were knitted or crocheted to shape, whether or not assembled in the same country, or as the single country in which the parts were both knitted or crocheted to shape and assembled:

- The country of origin of the goods of this split chapter is the country in which the parts of these goods have been knitted or crocheted to shape (US, IND, MEX, CAN, SEN, EGY, GUA, AUS)
- CC provided that the parts of these goods are both knitted or crocheted to shape and sewn or otherwise assembled in the country claiming origin (NZ, BRA, ARG, PAK)

176. To clarify the second option for the rule Chapter Note 1 / OPTION 3 should be: (NZ, BRA, ARG, PAK)

- 1(a) For the purpose of this chapter, and subject to paragraph (b), “both cut or knit to shape and sewn or otherwise assembled in the country claiming origin” means that all of the assembly operations along with the cutting of the fabric, or the knitting or crocheting, of the parts to shape have been performed in that country.
- (b) For the purpose of paragraph (a) performing or not performing operations such as the following shall not affect the determination of whether the good has been assembled in a single country :
- attaching : buttons and other fasteners, patch pockets, foot straps, trimmings, ornaments, cuffs, plackets, belt loops, epaulettes, labels, collars, padding and waist bands.

Relevant HS Codes:

ex Chapter 61 (b) (ex 61.01 to ex 61.15)

ISSUE No. 46: ASSEMBLY OF THE GOODS OF HEADINGS 61.01 TO 61.15 AND 62.01 TO 62.12 FROM PARTS CUT TO SHAPE

~~OPTION A : Yes, provided~~

~~The assembly of an article in one country from parts cut to shape is a substantial transformation. However, if items such as accessories, buttons or other fasteners, pockets, trimmings, cuffs, labels etc. are added and if button holes and hems are made, and if any of these operations are carried out in another country, before or after the main assembly operation, these operations are not taken into account in determining the origin of the goods.~~

~~177. The rule should be (EC, JPN, PHI, MAL, TUR, CH, NOR, FIJ, CR) and (US, IND, MEX, HK, SEN, GUA, EGY, AUS):~~

~~Change to goods of this split chapter provided that the goods are assembled in a single country in accordance with Chapter Note 1~~

~~178. Two options are proposed for Chapter Note 1 as specified below by the two groups of countries concerned. Square brackets indicate additions proposed by some of the countries that support each option.:~~

~~Chapter Note 1 / OPTION 1 (EC, JPN, PHI, MAL, TUR, CH, NOR, FIJ, CR)~~

~~1(a) For the purposes of this chapter, and subject to paragraph (b), the term “assembled in a single country” means that all of the assembly operations following the cutting of the fabric, or the knitting or crocheting, to shape of the parts have been performed in that country.~~

~~(b) For the purposes of paragraph (a) performing or not performing operations such as the following shall not affect the determination of whether the good has been assembled in a single country:~~

- ~~- attaching items such as : accessories, buttons and/or other fasteners, pockets, trimmings, cuffs, plackets, labels, [collars (JPN, PHI, MAL, CH, NOR)];~~
- ~~- making button holes, hemming.~~

~~Chapter Note 1 / OPTION 2 (US, IND, MEX, HK, SEN, GUA, EGY, AUS)~~

~~1(a) For the purposes of this chapter, and subject to paragraph (b), the term “assembled in a single country” means that all of the assembly operations following the cutting of the fabric to shape of the parts have been performed in that country.~~

~~(b) For the purposes of paragraph (a) performing or not performing operations such as the following shall not affect the determination of whether the good has been assembled in a single country:~~

- ~~- attaching [and/or making up of the following, for example: (HK)] [to garments or accessories: (US)] buttons and other fasteners, patch pockets, foot straps, trimmings, ornaments, cuffs, plackets, belt loops, epaulettes, labels, [collars (US) (HK)], [lining, padding, pockets other than patch pockets, waistbands, garment accessories, facings, self belts, pleats (HK)];~~
- ~~- making button holes, hemming, [pressing, stone or acid washing (US)]~~

OPTION A : Yes, provided

~~The assembly of an article in one country from parts cut to shape is a substantial transformation. However, if items such as accessories, buttons or other fasteners, pockets, trimmings, cuffs, labels etc. are added and if button holes and hems are made, and if any of these operations are~~

carried out in another country, before or after the main assembly operation, these operations are not taken into account in determining the origin of the goods.

179. The rule should be (ARG, AUS, CH, CR, EC, EGY, FIJ, GUA, HK, IND, JPN, MAL, MEX, MOR, NOR, PHI, SEN, US):

- Change to goods of this split chapter provided that the goods are assembled in a single country in accordance with Chapter Note 1.

180. The following chapter note is proposed. Square brackets indicate additions proposed by some of the countries:

- Chapter Note 1
  - (a) For the purposes of this chapter, and subject to paragraph (b), the term “assembled in a single country” means that all of the assembly operations following the cutting of the fabric, [or the knitting or crocheting,]\* to shape of the parts have been performed in that country.
  - (b) For the purposes of paragraph (a) performing or not performing operations such as the following shall not affect the determination of whether the good has been assembled in a single country:
    - attaching [to garments or accessories (US)] items such as accessories, buttons and other fasteners, pockets, trimmings, cuffs, plackets, labels, [foot straps, ornaments, belt loops, epaulettes (US)], [collars (AUS, CH, JPN, MAL, NOR, PHI, US)];
    - making button holes, hemming, [pressing, stone or acid washing (US)]”
    - Issues Nos. 45, 46, 48-51, 54 and 73 remained unresolved, with a number of delegations supporting the various options in these issues.”

OPTION B : Yes, provided

- The assembly of an article in one country from parts cut to shape is a substantial transformation provided that no items classified in subheading 6307.90 that do not have their origin in the same country are used. This subheading includes pieces of textile fabric which have undergone some working (such as hemming or the formation of necklines), intended for the manufacture of garments but not yet sufficiently completed to be identifiable as garments or parts of garments<sup>6</sup>. If this rule is not met, a substantial transformation can nonetheless result, provided that the good is the result of substantial assembly in accordance with the proposed text for Chapter Note 1.

181. The rule should be (CAN):

- CC except from subheading 6307.90;
- Change from subheading [6117.90/6217.90]<sup>7</sup>, whether or not there is also a change from any other chapter, provided the change is the result of substantial assembly; or

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\*Not relevant to Issue No. 46.

<sup>6</sup>(HS Explanatory Notes pp.948-9)

<sup>7</sup>For Chapter 61 the proposed Chapter Note refers only to 6117.90 in the attached tables; for Chapter 62 the note refers only to 6217.90

No change in tariff classification required, whether or not there is also a change from subheading [6117.90/6217.90] or any other chapter, provided the good is the result of substantial assembly in accordance with Chapter Note 1.

182. Chapter Note 1 / OPTION 4 should be (CAN) :

- 1(a) For the purposes of this chapter, except for goods knitted or crocheted to shape, the term “substantial assembly” means sewing together or assembly of all the major garment parts of a good of this chapter.
- (b) For the purposes of this chapter “major garment parts” means integral components of a garment, but does not include parts such as collars, cuffs, waistbands, plackets, pockets, linings, paddings or accessories.

OPTION C : No

183. Assembly of parts already cut to shape is not a substantial transformation. At least two operations should be performed to ensure that origin is not conferred by simple assembly.

184. Two alternative approaches for the rule are:

- The country of origin of the good of this split chapter is the country where at least two or more of the following operations have been performed; fabric-making, cutting of fabric to shape, or assembling of all major parts cut to shape.

When no country satisfies the above requirements the country of origin of the goods of this split chapter is the country in which the assembling operations of all major parts have been performed. (KOR)

- CC (Change from any other chapter) provided that the parts of these goods are both cut to shape and sewn or otherwise assembled in the country claiming origin (NZ, BRA, ARG, PAK)

185. To clarify the latter proposal the following Chapter Note 1 / OPTION 3 is proposed: (NZ, BRA, ARG, PAK)

- 1(a) For the purpose of this chapter, and subject to paragraph (b), “both cut or knit to shape and sewn or otherwise assembled in the country claiming origin” means that all of the assembly operations along with the cutting of the fabric, or the knitting or crocheting, of the parts to shape have been performed in that country.
- (b) For the purpose of paragraph (a) performing or not performing operations such as the following shall not affect the determination of whether the good has been assembled in a single country:
- attaching: buttons and other fasteners, patch pockets, foot straps, trimmings, ornaments, cuffs, plackets, belt loops, epaulettes, labels, collars, padding and waist bands.

Relevant HS Codes:

ex Chapter 61 (c) (ex 61.01 to ex 61.15)

ex Chapter 62 (a) (ex 62.01 to ex 62.12)

ISSUE No. 47 : EMBROIDERY OF “FLAT PRODUCTS” SUCH AS HANDKERCHIEFS, SHAWLS, MUFFLERS, MANTILLAS AND VEILS FROM FABRIC

OPTION A: Yes

186. These products undergo a substantial transformation by embroidery. The rule should be, for the goods of Chapter 61 and 62 respectively :

Change from ex-Chapter 61(e). (COL) (KOR) (MOR) (IND) (TH)

Change from ex-Chapter 62(d). (COL) (KOR) (MOR) (IND) (TH)

OPTION B: Yes, provided

187. The embroidered fabric undergoes a substantial transformation provided the value added by embroidery represents at least 50% of the ex-works price of the goods. The *ad valorem* rule resolves the problem raised of partial or “minimal” embroidery. (EC) (TUR) (EGY)

OPTION C: Yes, provided

188. The “flat products” undergo a substantial transformation in the country of embroidery provided the quantity of the patterns made by embroidery is sufficient to confer the origin.

189. The rule proposed is:

The country of origin of the goods of this split chapter shall be the country of embroidery provided that there is no unembroidered surface greater than 25cm x 25 cm. (PHI)(CH) (PAK)

OPTION D: No

190. The proposed rules exclude operations subsequent to weaving which are not sufficient to confer origin.:

191. The rules proposed are:

The country of origin of the goods of this split chapter shall be the country of origin of the fabric, provided that the fabric was produced in that country from the yarn or fibre. (BRA) (ARG) (US) (AUS) (MEX)(CAN) (JPN)

Relevant HS Codes:

ex-Chapter 61(d) (ex 6117.10, ex 6117.80)

ex-Chapter 62(c) (62.13, 62.14, ex 6217.10)

ISSUE No. 48: MAKING “FLAT PRODUCTS” SUCH AS HANDKERCHIEFS, SHAWLS, MUFFLERS, MANTILLAS AND VEILS FROM FABRIC

OPTION A : Yes

192. Making textile articles such as handkerchiefs, shawls, mufflers, mantillas or veils from fabric is a substantial transformation. The operations involve much more than merely cutting to shape. The goods have the origin of the single country in which the fabric is cut to shape together with any other processes that are performed after cutting, such as hemming or any dyeing or printing of the goods.

193. The rule should be:

- The country of origin of the goods of this split chapter is the country in which they are produced from fabric (CAN) (COL) (CH) (IND) (PHI) (HK) (PAK) (MAL) (FIJ) (CR)

OPTION B : No

194. The change from fabric to flat articles such as handkerchiefs etc. involves little more than cutting and is not sufficient to be considered as a substantial transformation.

195. The rules below are proposed by different groups of countries.

196. One proposal considers that the country of origin of flat products is the country where the origin criteria for the relevant fabric are met. Cutting to shape and any other subsequent processing, such as hemming etc., that is carried out in another country is not taken into consideration in determining the country of origin. Applying the origin criteria for fabrics means that if the rules eventually established for fabric will recognise processes such as dyeing, printing, embroidery, impregnation or coating etc. as origin conferring processes, the origin of flat products will be the country where fabric undergoes its last substantial transformation as determined by those rules for fabric.

197. The rule proposed is:

- The country of origin of the goods of this split chapter is the country of origin of the fabric (JPN) (US) (KOR) (AUS) (SEN) (NZ) (EGY) (DOM) (MEX)

198. The second proposed rule excludes operations subsequent to weaving which are not sufficient to confer origin.

199. The rule proposed is:

- The country of origin of the goods of this split chapter shall be the country of origin of the fabric, provided that the fabric was produced in that country from the yarn or fibre. (BRA) (ARG)

200. Under the third proposal there are two ways to confer origin. Either all processes to change yarn into the finished flat product, including fabric-making and cutting to shape must be carried out in one country; or all processes to change unbleached or prebleached fabric into the finished flat product must be carried out in one country, provided that the good is dyed or printed, and that the dyeing or printing is accompanied by preparatory or finishing operations.

201. The rule proposed is:

- Change from yarn of any other heading, or
- change to dyed or printed goods of this split chapter when this change has been attained by printing or dyeing of unbleached or prebleached fabric accompanied by preparatory or finishing operations. Thermoprinting has to be accompanied by printing of the transfer paper. (EC) (TUR)

Relevant HS Codes:

ex Chapter 61 (e) (ex-6117.10, ex-6117.80)

ex Chapter 62 (d) (62.13, 62.14, ex-6217.10)

ISSUE No. 49: ASSEMBLY OF CLOTHING ACCESSORIES, SUCH AS TIES, BOW TIES, CRAVATS, GLOVES, MITTENS, MITTS, MUFFS AND HEADBANDS, FROM PARTS KNITTED OR CROCHETED TO SHAPE

OPTION A: Yes

202. The assembly of clothing accessories, such as ties, bow ties, cravats, gloves, mittens, mitts, muffs or headbands in one country from parts knitted or crocheted to shape is a substantial transformation. However, if items such as accessories, buttons or other fasteners, pockets, trimmings, cuffs, labels etc. are added and if button holes and hems are made, and if any of these operations are carried out in another country, before or after the main assembly operation, these operations are not taken into account in determining the origin of the goods.

203. The rule should be (EC, PHI, MAL, TUR, CH, NOR, CR):

- Change to goods of this split chapter provided that the goods are assembled in a single country in accordance with Chapter Note 1

204. The Chapter Note 1 / OPTION 1, in which square brackets indicate additions proposed by some of the countries that support this option, should be: (EC, PHI, MAL, TUR, CH, NOR, CR)

1(a) For the purposes of this chapter, and subject to paragraph (b), the term “assembled in a single country” means that all of the assembly operations following the cutting of the fabric, or the knitting or crocheting, to shape of the parts have been performed in that country.

(b) For the purposes of paragraph (a) performing or not performing operations such as the following shall not affect the determination of whether the good has been assembled in a single country:

- attaching items such as : accessories, buttons and/or other fasteners, pockets, trimmings, cuffs, plackets, labels, [collars (PHI, MAL, CH, NOR) ];
- making button holes, hemming.

#### OPTION B: No

205. Assembling parts already knitted or crocheted to shape requires only minor work to attach them together by looping or simple sewing. There is no substantial transformation.

206. Alternative proposals for the rule would determine the country of origin as the country where the parts were knitted or crocheted to shape, whether or not assembled in the same country, or the single country in which the parts were both knitted or crocheted to shape and assembled:

- The country of origin of the goods of this split chapter is the country in which the parts of these goods have been knitted or crocheted to shape (US, IND, MEX, CAN, SEN, EGY, GUA, JPN, AUS)

- CC provided that the parts of these goods are both knitted or crocheted to shape and sewn or otherwise assembled in the country claiming origin (NZ, BRA, ARG, PAK)

207. To clarify the latter rule the following Chapter Note 1 / OPTION 3 is proposed: (NZ, BRA, ARG, PAK)

1(a) For the purpose of this chapter, and subject to paragraph (b), “both cut or knit to shape and sewn or otherwise assembled in the country claiming origin” means that all of the assembly operations along with the cutting of the fabric, or the knitting or crocheting, of the parts to shape have been performed in that country.

(b) For the purpose of paragraph (a) performing or not performing operations such as the following shall not affect the determination of whether the good has been assembled in a single country:



- attaching: buttons and other fasteners, patch pockets, foot straps, trimmings, ornaments, cuffs, plackets, belt loops, epaulettes, labels, collars, padding and waist bands.

Relevant HS Codes:

ex Chapter 61(f)

(ex 61.16, 6117.20, ex 6117.80 )

ISSUE No. 50: ASSEMBLY OF CLOTHING ACCESSORIES, SUCH AS TIES, BOW TIES, CRAVATS, GLOVES, MITTENS, MITTS, MUFFS AND HEADBANDS, FROM PARTS CUT TO SHAPE

OPTION A : Yes

208. The assembly of an article in one country from parts cut to shape is a substantial transformation. However, if items such as accessories, buttons or other fasteners, pockets, trimmings, cuffs, labels etc. are added and if button holes and hems are made, and if any of these operations are carried out in another country, before or after the main assembly operation, these operations are not taken into account in determining the origin of the goods.

209. The rule should be :

- Change to goods of this split chapter provided that the goods are assembled in a single country in accordance with Chapter Note 1” (EC, PHI, MAL, TUR, CH, NOR, FIJ, CR) and (US, IND, MEX, HK, SEN, GUA, AUS)

210. Two options are proposed for Chapter Note 1 as specified below for the countries concerned:

- Chapter Note 1 / OPTION 1 (EC, PHI, MAL, TUR, CH, NOR, FIJ, CR)

1(a) For the purposes of this chapter, and subject to paragraph (b), the term “assembled in a single country” means that all of the assembly operations following the cutting of the fabric, or the knitting or crocheting, to shape of the parts have been performed in that country.

(b) or the purposes of paragraph (a) performing or not performing operations such as the following shall not affect the determination of whether the good has been assembled in a single country:

- attaching items such as : accessories, buttons and/or other fasteners, pockets, trimmings, cuffs, plackets, labels, [collars (PHI, MAL, CH, NOR)];
- making button holes, hemming.

- Chapter Note 1 / OPTION 2 (US, IND, MEX, HK, SEN, GUA, AUS)

1(a) For the purposes of this chapter, and subject to paragraph (b), the term “assembled in a single country” means that all of the assembly operations following the cutting of the fabric to shape of the parts have been performed in that country.

(b) For the purposes of paragraph (a) performing or not performing operations such as the following shall not affect the determination of whether the good has been assembled in a single country:

- attaching [and/or making up of the following, for example: (HK) ] [to garments or accessories: (US) ] buttons and other fasteners, patch pockets, foot straps, trimmings,

- ornaments, cuffs, plackets, belt loops, epaulettes, labels, [ collars (US) (HK) ], [ lining, padding, pockets other than patch pockets, waistbands, garment accessories, facings, self belts, pleats (HK) ];
- making button holes, hemming, [ pressing, stone or acid washing (US) ]

OPTION B: Yes, provided

- The assembly of an article in one country from parts cut to shape is a substantial transformation provided that no items classified in subheading 6307.90 that do not have their origin in the same country are used. This subheading includes pieces of textile fabric which have undergone some working (such as hemming or the formation of necklines), intended for the manufacture of garments but not yet sufficiently completed to be identifiable as garments or parts of garments. If this rule is not met, a substantial transformation can nonetheless result, provided that the good is the result of substantial assembly in accordance with the proposed text for Chapter Note 1 / OPTION 4.

211. The rule should be (CAN):

- CC except from subheading 6307.90;
- Change from subheading [6117.90/6217.90], whether or not there is also a change from any other chapter, provided the change is the result of substantial assembly; or
- No change in tariff classification required, whether or not there is also a change from subheading [6117.90/6217.90] or any other chapter, provided the good is the result of substantial assembly in accordance with Chapter Note 1.

212. Chapter Note 1/ OPTION 4 should be (CAN):

- 1(a) For the purposes of this chapter, except for goods knitted or crocheted to shape, the term “substantial assembly” means sewing together or assembly of all the major garment parts of a good of this chapter.
- (b) For the purposes of this chapter “major garment parts” means integral components of a garment, but does not include parts such as collars, cuffs, waistbands, plackets, pockets, linings, paddings or accessories.

OPTION C: No

213. Assembly of parts already cut to shape is not considered to be a substantial transformation. A combination of operations should be performed to ensure that origin is not conferred as a result of a simple assembly. The alternative approaches for the rule are:

- The country of origin of the goods of this split chapter is the country of origin of the fabric (JPN)
- The country of origin of the good of this split chapter is the country where at least two or more of the following operations have been performed; fabric-making, cutting of fabric to shape, or assembling of all major parts cut to shape;
- when no country satisfies the above requirements the country of origin of the goods of this split chapter is the country in which the assembling operations of all major parts have been performed. (KOR)
- CC provided that the parts of these goods are both cut to shape and sewn or otherwise assembled in the country claiming origin (NZ, BRA, ARG, PAK)

214. To clarify the latter proposal the following Chapter Note 1/ OPTION 3 is proposed: (NZ, BRA, ARG, PAK)

- 1(a) For the purpose of this chapter, and subject to paragraph (b), “both cut or knit to shape and sewn or otherwise assembled in the country claiming origin” means that all of the assembly operations along with the cutting of the fabric, or the knitting or crocheting, of the parts to shape have been performed in that country.
- (b) For the purpose of paragraph (a) performing or not performing operations such as the following shall not affect the determination of whether the good has been assembled in a single country:
- attaching: buttons and other fasteners, patch pockets, foot straps, trimmings, ornaments, cuffs, plackets, belt loops, epaulettes, labels, collars, padding and waist bands.

Relevant HS Codes:

ex Chapter 61 (g) (61.16, 6117.20, ex 6117.80 )

ex Chapter 62 (e) (62.15, 62.16, ex 6217.10)

#### ISSUE No. 51: ASSEMBLY OF TEXTILE PARTS FROM THEIR COMPONENTS

##### OPTION A: Yes

215. The assembly of textile parts from their components is a substantial transformation involving sewing or similar operations to produce the finished part. The rule, depending on the type of fabric used, should be:

if made from knitted or crocheted fabric

- Change from ex Chapter 61 (i) or (j) (US) (HK) (DOM) (FIJ) (IND) (CR)

if made from fabric other than knitted or crocheted (i.e. woven, felt or non-woven):

- Change from ex Chapter 62 (g) or (h) (US) (HK) (DOM) (FIJ) (IND) (CR)

##### OPTION B: No

216. The assembly of parts from components is not sufficient to be considered as a substantial transformation.

217. The alternatives proposed for the rule are:

- The country of origin of the goods of this split chapter is the country in which the goods are produced from fabric (BRA) (COL) (CH) (MEX) (PHI) (MAL) (ARG) (GUA) (CAN) (EGY)
- The country of origin of the goods of this split chapter is the country of origin of the fabric (JPN) (AUS) (NZ)