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TARIFFS AND TRADE

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GENERALIZED SYSTEM OF PREFERENCES

Notification by Austria

Addendum

The attached notification sets out the salient features of the Austrian scheme of Generalized Tariff Preferences, the list of beneficiary countries and the salient features of the Austrian preferential measures for handmade/handicraft products originating in developing countries, contained in a brochure titled GSP Scheme of Austria transmitted by the Permanent Delegation of Austria on 5 February 1990.

The brochure is available in the secretariat for inspection by interested delegations.

SALIENT FEATURES OF THE AUSTRIAN SCHEME OF
GENERALIZED TARIFF PREFERENCES

1. Beneficiaries

According to the principle of self-election, Austria grants preferences to all developing countries which requested preferences and to all dependent territories for which beneficiary status was claimed. The list of beneficiaries (see Annex C, page 55) includes practically all countries members of the Group of 77. Forty-two least-developed countries form Group II of the beneficiaries, the remaining majority of beneficiaries are listed in Group I.

2. Product coverage

(i) Agricultural products (HS Chapters 1-24)

Preferences are granted for 420 selected products in seventy-seven HS headings (see Annex A, page 21).

(ii) Industrial products (HS Chapters 25-97)

Preferences are granted for all products including primary commodities with the exception of products falling within thirteen HS headings (see Annex B, page 51).

3. Depth of tariff cut

(i) Agricultural products (HS Chapters 1-24)

Duty-free entry is granted for 224 selected products in fifty-four HS headings for beneficiary countries in Group I. For the other items included in the scheme various tariff reductions from m.f.n. rates are granted. For 157 products in thirty-nine HS headings, a more favourable treatment is provided if these products originate in least-developed countries.

(ii) Industrial products (HS Chapters 25-97)

- For all products included in the scheme which are not regarded as tropical products according to Annex G, tariff reductions of 50 per cent from m.f.n. rates are granted, with the following exceptions:

(a) the least-developed beneficiaries in Group II are granted duty-free treatment;

- (b) for products in the textile and clothing sector falling within chapters 50 to 62 and 65 of the HS the tariff cut is 35 per cent from m.f.n. rates for beneficiaries in Group I, and 50 per cent for the least-developed countries in Group II;
 - (c) goods falling within HS Chapters 50 to 62 and within chapter 64 are excluded from preferential treatment if originating in Hong Kong.
- For tropical products which are listed in Annex G, the preferential margin is calculated in the following way:
- for textile and clothing products, the preferential margin for preference-receiving countries in Group I is 50 per cent (instead of the normal preferential margin for these products of 35 per cent); for preference-receiving countries in Group II (least-developed countries), the preferential margin is 75 per cent (instead of the normal preferential margin for these products of 50 per cent);
 - for other industrial products, the preferential margin for preference-receiving countries in Group I is 75 per cent (instead of the normal preferential margin of 50 per cent); for least-developed countries, these products are already duty-free under GSP.

4. Rules of origin

In order to qualify for preferential-tariff treatment, the products eligible for preference:

- (i) must, in general, be transported direct to Austria from the beneficiary country of exportation; and
- (ii) must comply with the origin criteria specified for those goods by Austria.

Direct consignment

Under the Austrian scheme, direct transportation involving transit through any third country, with or without trans-shipment or temporary storage within those countries, is permissible provided that the products have remained under Customs surveillance in the country of transit or storage, have not entered into commerce or been delivered for home use there and have not there undergone operations other than unloading and reloading, splitting up of loads, or any operation intended to keep them in good condition.

For products transported through the territory of the Member States of the EEC or of EFTA, the condition of not entering into commerce in the transit country has been waived.

Origin criteria

Products are considered to have originated in a beneficiary country if they are wholly obtained in that country, or are products that have undergone sufficient working or processing there. As a general rule working or processing is considered sufficient when the product obtained is classified in a heading which is different from those in which all the non-originating materials used in its manufacture are classified, subject to the specific provisions of the Single List (see Annex E, page 69). For a product mentioned in columns 1 and 2 of the Single List, the conditions set out in column 3 for the product concerned must be fulfilled, instead of the general rule of change of heading. The introductory notes to the Single List in Annex E also apply, where appropriate, to all products manufactured using non-originating materials even if they are not subject to specific conditions contained in the Single List, but are subject instead to the change of heading rule.

In some cases, the condition for conferring the status of origin is that the value of imported inputs must not exceed a given percentage of the value of the exported products. For this purpose, the term "value" means the customs value at the time of the import on the non-originating materials used or, if this is not known and cannot be ascertained, the first ascertainable price paid for the materials in the beneficiary country concerned. The same concept applies where the value of the originating materials used needs to be established. "Customs value" means the value as determined in accordance with the 1979 Agreement on implementation of Article VII of GATT. The "ex-works price" of the products obtained does not include any internal taxes which are, or may be, repaid when the product is exported.

Documentary evidence

The claim for preferential tariff treatment must be supported by appropriate documentary evidence as to the origin of the products and direct consignment.

(i) Origin of goods:

The goods for which preferential tariff treatment is claimed must be accompanied by a Combined Declaration and Certificate of Origin Form A (see page 131). For postal consignments whose value does not exceed 50,000 Austrian Schilling the simplified Declaration by the Exporter Form APR is accepted (see page 135).

(ii) Direct consignment

Evidence of direct consignment consists of a through bill of lading or a certificate issued by the Customs authorities of the transit country or, failing these, any other substantiating document.

Cumulation

The member countries of the ASEAN are the only regional economic grouping among developing countries that, at present, makes use of the possibility offered by Austria, together with the other EFTA preference-giving countries, to benefit from cumulative acquisition of origin on a regional basis. Under that provision, a preference-receiving country exporting to Austria, for the purposes of the origin rules, may regard materials used in a production process, which have originated in another preference-receiving country with which the exporting country co-operates in a regional economic grouping, as if those materials had originated in the exporting country. In box 12 of the certificate of origin, the final exporting country has to be shown as country of origin.

5. Safeguard mechanism

As other preference-giving countries, Austria has reserved the right to suspend preferential tariff treatment for products included in the scheme under certain conditions. The escape clause contained in the Austrian scheme is generally based upon the conditions of Article XIX of GATT. However, this safeguard clause permits a guaranteed minimum annual increase of 25 per cent of imports from all beneficiaries, and 10 per cent from a single beneficiary (see page 18).

ANNEX C

Beneficiary Countries
(States, Territories or Parts of Territories)

GROUP I

Algeria	Indonesia
Angola	Iran
Anguilla	Iraq
Antigua and Barbuda	Israel
Argentina	Jamaica
Bahamas	Jordan
Bahrein	Kampuchea
Barbados	Kenya
Belize	Korea, Democratic
Bolivia	People's Republic of
Brazil	Korea, Republic of
Brunei Darussalam	Kuwait
Bulgaria	Lebanon
Cameroon	Liberia
Chile	Libya
China	Madagascar
Colombia	Malaysia
Congo	Malta
Costa Rica	Mauritius
Côte d'Ivoire	Mexico
Cuba	Morocco
Cyprus	Nauru
Dominica	Nicaragua
Dominican Republic	Nigeria
Ecuador	Oman
Egypt	Pakistan
El Salvador	Panama
Fiji	Papua-New Guinea
Gabon	Paraguay
Ghana	Peru
Grenada	Philippines
Guatemala	Poland
Guyana	Qatar
Honduras	Romania
Hungary	Saudi Arabia
India	Senegal

Seychelles	Dependent Territories of the Kingdom of the Netherlands:
Singapore	Aruba
Solomon Islands	Netherlands Antilles
Sri Lanka	Dependent territory of Portugal:
St. Christopher and Nevis	Macao
St. Lucia	Dependent territories of the United Kingdom of Great Britain and Northern Ireland:
St. Vincent and Grenadines	Bermuda
Surinam	British Indian Ocean Territory
Swaziland	Cayman Islands
Syria	Falkland Islands (Malvinas) and Dependencies
Taiwan	Gibraltar*
Thailand	Hong Kong
Tonga	Montserrat
Trinidad and Tobago	Pitcairn
Tunisia	St. Helena and Dependencies
Turkey	Turks and Caicos Islands
United Arab Emirates	Virgin Islands (British)
Uruguay	
Venezuela	
Viet-Nam	
Yugoslavia	
Zaire	
Zambia	
Zimbabwe	
Occupied Palestinian territories	
Dependent territories of the Republic of France:	
French Oceania (Polynesia)	Dependent territories of the United States of America:
Mayotte	American Samoa and Swains Island
New Caledonia including Wallis and Futuna	Guam
St. Pierre and Miquelon	Johnston Island and Sand Island
Dependent territories of New Zealand:	Midway Islands
Cook Islands	Trust territory of the Pacific Islands
Niue Islands	Virgin Islands (USA)
Tokelau Islands	Wake Islands

* In the case of imports of goods falling under Chapters 50 to 64 of the Customs tariff, originating in Hong Kong, the preferential tariff rates shall not apply.

GROUP II

Agfhanistan
Bangladesh
Benin
Bhutan
Botswana
Burkina Faso
Burundi
Cape Verde Republic
Central African Republic
Chad
Comoros
Djibouti
Equatorial Guinea
Ethiopia
Gambia
Guinea
Guinea-Bissau
Haiti
Kiribati
Laos
Lesotho
Malawi
Maldives

Mali
Mauritania
Mozambique
Nepal
Niger
Rwanda
Samoa
Sao Tomé and Príncipe
Sierra Leone
Somalia
Sudan
Tanzania
Togo
Tuvalu
Uganda
Union of Myanmar
Vanuatu
Yemen, Arab Republic
Yemen, Democratic
People's Republic of

SALIENT FEATURES OF THE AUSTRIAN PREFERENTIAL MEASURES
FOR HANDMADE/HANDICRAFT PRODUCTS ORIGINATING IN
DEVELOPING COUNTRIES

1. Beneficiaries

All developing countries and territories, including all members of the Group of 77, are potential beneficiaries. However, in order to be able to utilize the tariff advantages it is necessary for all interested developing countries to agree formally with the Austrian authorities on the form and the substance of certificates of origin and of manual production of goods as well as on certifying agencies (for model agreement, see page 179). Until December 1989 such agreements have been concluded with the following developing countries:

Afghanistan	Malawi
Argentina	Malaysia
Bangladesh	Malta
Bolivia	Mexico
Bulgaria	Morocco
Chile	Nepal
China	Pakistan
Costa Rica	Peru
Cuba	Philippines
Cyprus	Romania
Ecuador	Rwanda
Egypt	Singapore
India	Sri Lanka
Indonesia	Thailand
Iraq	Tunisia
Israel	Turkey
Kenya	Uruguay
Republic of Korea	Yugoslavia

2. Product coverage

Taking into account the expressed wishes of some thirty developing countries, Austria is granting preferential tariff treatment for 338 handmade/handicraft products within 123 four-digit HS headings.

3. Depth of tariff cut

One Hundred and sixty-three handmade/handicraft products falling within seventy-six four-digit HS headings are granted duty-free entry. Additional 225 handmade textile and clothing products falling within forty-seven four-digit HS headings are admitted at 75 per cent reduced m.f.n. rates (see page 163), and free of duty if originating in a least-developed country.

4. Rules of origin

Handmade/handicraft products covered by the measures must comply with the rules of origin of the Austrian scheme of generalized preferences for developing countries (see Part I). It is, however, pointed out that handmade/handicraft products have to be consigned direct to Austria from the country of origin.

Documentary evidence

Products for which preferential treatment under these measures is claimed must be accompanied by a certificate of origin and of handicraft production issued by an authorized body in the country of origin. The certificate complies in substance and layout with Form A of the GSP, with an additional declaration by the exporter and an additional certification by the issuing body on the handicraft production (see page 179).

Definition of handicraft production

Under the Austrian law handicraft products are defined as products, the major part of which is handmade; however, the use of machine-made raw material for the production of handicraft goods is not generally excluded. When using machines or apparatus in the production, only products where manpower is used as a source of power can be classified as handicraft products. The use of other sources of energy, especially of hydropower or electric power, would preclude such classification.

5. Safeguard measures

The preferential tariff measures for handicraft products are not subject to any quantitative limitations. No special safeguard mechanisms are provided for.