

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

TN.64/W/10

6 December 1966

Special Distribution

Sub-Committee on Participation
of Less-Developed Countries

Original: English

CREATION OF NEW SUB-HEADINGS IN THE TARIFFS OF DEVELOPED PARTICIPANTS

Communication from the Delegation of India

1. At the last meeting of the Sub-Committee it was agreed that work on this question should proceed on the basis of specific suggestions from less-developed countries. This document sets out suggestions received from the delegation of India.
2. The paper is divided into four sections dealing with:
 - I. Handicrafts
 - II. Certain tropical fruits and vegetables
 - III. Certain semi-tanned hides and skins
 - IV. Miscellaneous
3. The suggestions are set out in terms of the Brussels Nomenclature since this is used by most developed countries participating in the negotiations. Participating developed countries using other tariff nomenclatures are, however, requested to consider the creation of new positions in their tariffs for the products listed in this document.
4. The specific suggestion which the Government of India wishes to make is that new tariff positions be opened for these products and unrestricted duty-free treatment accorded to them.

I. Handicrafts

A. General

1. Handicrafts may be defined as products made by hand in cottage industries, with or without simple hand operated instruments or implements, which have traditional or artistic characteristics typical of particular geographical regions.

Handicrafts are not separately specified in the tariff classifications of most developed countries, but are classified with, and pay duty at the same rate as, similar products of organized industries based on modern technological processes.

2. The Government of India proposes that handicrafts be specified separately in the tariffs of developed participants, and unrestricted duty-free treatment accorded to them where this has not already been done.

3. The Government of India feels that it would be most appropriate to achieve this by the creation of a new tariff heading covering all handicrafts in the chapter devoted to miscellaneous products, and to include a definition of handicrafts along the lines outlined above in the notes to that chapter. By way of illustration, some handicraft products of export interest to India, as at present classified, are shown below.

4. The Government of India would be willing, if this proved necessary for the identification of handicrafts to operate a certification procedure for exports of these products, similar to that which it already operates in connexion with its exports of certain products to several developed countries.

B. Leather handicrafts

<u>BTN</u>	<u>Description of products with suggested changes</u>
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42.05	Other articles of leather or of composition leather. - ex handmade
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C. Wooden handicrafts

<u>BTN</u>	<u>Description of products with suggested changes</u>
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44.27	Standard lamps, table lamps and other lighting fittings, of wood; articles of furniture, of wood, not falling within Chapter 94; caskets, cigarette boxes, trays, fruit bowls, ornaments and other fancy articles, of wood; cases for cutlery, for drawing instruments or for violins, and similar receptacles, of wood; articles of wood for personal use or adornment, of a kind normally carried in the pocket, in the handbag or on the person; parts of the foregoing articles, of wood - ex handmade lacquered woodenware and woodwork
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D. Handicraft articles of paper and paperboard

<u>BTN</u>	<u>Description of products with suggested changes</u>
48.21	Other articles of paper pulp, paper, paperboard or cellulose wadding - ex handmade

E. Handmade and handicraft textile items

1. The following would be added to the Section Notes at the beginning of Section XI as a consequence of the specific suggestion made below:

"The expression 'handloom fabrics', as used in Chapters 50, 51, 52, 53, 55, 56, 58 and 61, means fabrics of any textile fibres or mixtures of such fibres, woven on handlooms without the aid of power."

<u>BTN</u>	<u>Description of products with suggested changes</u>
50.09	Woven fabrics of silk or of waste silk other than noil - ex handloom fabrics
50.10	Woven fabrics of noil silk - ex handloom fabrics
51.04	Woven fabrics of man-made fibres (continuous), including woven fabrics of monofil or strip of heading Nos. 51.01 or 51.02: A. of synthetic fibres - ex handloom fabrics of rayon fibres B. of regenerated fibres - ex handloom fabrics of rayon fibres
52.02	Woven fabrics of metal thread or of metallized yarn, of a kind used in articles of apparel, as furnishing fabrics or the like. - ex handloom fabrics
53.11	Woven fabrics of sheep or lambswool or of fine animal hair - ex handloom fabrics
55.09	Other woven fabrics of cotton. - ex handloom fabrics, unbleached, not mercerized - ex handloom fabrics, bleached, dyed or coloured - ex handloom fabrics, block printed with artistic and/or traditional designs

<u>BTN</u>	<u>Description of products with suggested changes</u>
56.07	Woven fabrics of man-made fibres (discontinuous or waste) <ul style="list-style-type: none">A. of synthetic fibres<ul style="list-style-type: none">- ex handloom fabricsB. of regenerated fibres<ul style="list-style-type: none">- ex handloom fabrics
58.01	Carpets, carpeting and rugs, knotted (made-up or not) <ul style="list-style-type: none">- ex felted (namdas)- ex straight stitched- ex chain stitched- ex embroidered by hand- ex hand-knotted costing less than \$10 per sq. meter
58.02	Other carpets, carpeting, rugs, mats and matting, and "Kalem", "Schumacks" and "Karamanie" rugs and the like (made-up or not) <ul style="list-style-type: none">- ex embroidered by hand- ex matting, mats and carpets of coir
58.09	Tulle and other net fabrics (but not including woven, knitted or crocheted fabrics), figured; hand or mechanically made lace, in the piece, in strips or in motifs <ul style="list-style-type: none">- ex handmade
58.10	Embroidery, in the piece, in strips or in motifs <ul style="list-style-type: none">- ex embroidered handloom saris- ex other handmade
61.01	Men's and boys' outer garments <ul style="list-style-type: none">- ex of handloom fabrics
61.02	Women's, girls' and infants' outer garments <ul style="list-style-type: none">- ex of handloom fabrics
61.03	Men's and boys' undergarments, including collars, shirt fronts and cuffs <ul style="list-style-type: none">- ex of handloom fabrics
61.04	Women's, girls' and infants' undergarments <ul style="list-style-type: none">- ex of handloom fabrics

<u>BTN</u>	<u>Description of products with suggested changes</u>
61.06	Shawls, scarves, mufflers, mantillas, veils and the like - ex of handwoven material - ex of hand-embroidered
61.07	Ties, bow ties and cravats - ex of handwoven fabrics
62.01	Travelling rugs and blankets - ex of wool, handmade - ex of cotton, handmade - ex others, handmade

F. Other handmade articles

<u>BTN</u>	<u>Description of products with suggested changes</u>
68.16	Articles of stone or of other mineral substances (including articles of peat) not elsewhere specified or included - ex handmade
69.13	Statuettes and other ornaments, and articles of personal adornment; articles of furniture - ex handmade
83.06	Statuettes and other ornaments of a kind used indoors, of base metal. - ex handmade
95.01	Worked tortoiseshell and articles of tortoiseshell - ex handmade
95.02	Worked mother-of-pearl and articles of mother-of-pearl - ex handmade
95.03	Worked ivory and articles of ivory - ex handmade
95.04	Worked bone (excluding whalebone) and articles of bone (excluding whalebone) - ex handmade

<u>BTN</u>	<u>Description of products with suggested changes</u>
95.05	Worked horn, coral (natural or agglomerated) and other animal carving material, and articles of horn, coral (natural or agglomerated) or of other animal carving material - ex handmade
95.06	Worked vegetable carving material (for example, corozo) and articles of vegetable carving material - ex handmade
95.07	Worked jet (and mineral substitutes for jet), amber meerschaum, agglomerated amber and agglomerated meerschaum, and articles of those substances - ex handmade
95.08	Moulded or carved articles of wax, of stearin, of natural gums or natural resins (for example, copal or rosin) or of modelling pastes, and other moulded or carved articles not elsewhere specified or included; worked, unhardened gelatin (except gelatin falling within heading No.35.03) and articles of unhardened gelatin - ex handmade
97.02	Dolls - ex handmade
97.03	Other toys; working models of a kind used for recreational purposes - ex handmade

II. Tropical products and preparations thereof

A. General

While it has been recognized that the negotiations should embrace proposals for complete elimination of restrictions on trade in tropical fruits, nuts and vegetables, a definitive list of such tropical products is yet to be finalized. The following is a list indicating the manner in which tropical products of interest to India may be separately classified in the tariffs from temperate zone products (in the case of which there may be protective or other factors) for purposes of extending duty and other concessions.

B. Tropical fruits

<u>BTN</u>	<u>Description of products and suggested modifications</u>
08.01	Dates, bananas, coconuts, Brazil nuts, cashew nuts, pineapples, avocados, mangoes, guavas and mangosteens, fresh or dried, shelled or not. - ex bananas, coconuts, Brazil nuts, cashew nuts, pineapples, avocados, mangoes, guavas and mangosteens
08.07	Stone fruit, fresh - ex lychees
08.09	Other fruit, fresh - ex cashew apples, papayas and tamarind
09.10	Thyme, saffron and bayleaves; other spices - ex ginger

C. Preparations of tropical vegetables and fruits

The following would be added to the Chapter Notes at the beginning of Chapter 20, as a consequence of the specific suggestions made below:

- (a) The expression "tropical vegetables" in this Chapter means vegetables or parts of plants grown predominantly in the tropical countries and refers to the following vegetables - brinjal, okara and onions.
- (b) the expression "tropical fruits" in this Chapter covers fruits produced predominantly in tropical countries and refers to the following fruits - mangoes, guavas, bananas, pineapples, papayas, cashew kernels, cashew apples, tamarind, coconuts, Brazil nuts, avocados, mangosteens and lychees.

<u>BTN</u>	<u>Description of products and suggested modifications</u>
20.01	Vegetables and fruit, prepared or preserved by vinegar or acetic acid; with or without sugar, whether or not containing salt, spices or mustard - ex the tropical vegetables and fruits specified in the notes to this Chapter - ex pickles and chutney

<u>BTN</u>	<u>Description of products and suggested modifications</u>
20.02	Vegetables prepared or preserved otherwise than by vinegar or acetic acid - ex the tropical vegetables specified in the note to this Chapter
20.03	Fruit preserved by freezing, containing added sugar - ex the tropical fruits specified in the notes to this Chapter
20.04	Fruit, fruit-peel and parts of plants, preserved by sugar (drained, glacé or crystallized) - ex ginger - ex the tropical fruits specified in the note to this Chapter
20.05	Jams, fruit jellies, marmalades, fruit purée and fruit pastes, being cooked preparations, whether or not containing added sugar - ex of the tropical fruits specified in the note to this Chapter
20.06	Fruit, otherwise prepared or preserved whether or not containing added sugar or spirit - ex ginger - ex the tropical fruits specified in the note to this Chapter

BTN Description of products and suggested modifications

20.07	Fruit juices (including grape must) and vegetable juices, whether or not containing added sugar, but unfermented and not containing spirit - ex of the tropical fruits specified in the note to this Chapter - ex of apricots
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III. Vegetable tanned hides and skins

1. Nearly 90 per cent of hides are collected from dead animals in India and they are not suitable for immediate chrome or other chemical tanning. They do, however, provide good material for the vegetable tanning process which is done wholly in household and village units. The treatment with vegetable extracts and barks of plants imparts tanning to hides and skins to the extent of 30 to 50 per cent. Such treatment helps to ensure effective preservation of hides and skins, enables the importer to verify the texture and grain and to

satisfy himself regarding the quality of the hides and skins and prepares the hides and skins suitable for being finished into high quality leather. The vegetable tanned hides and skins would fetch a price of about 25 per cent more than raw hides. That is to say, after making allowance for profits, the value added to raw hides due to vegetable processing may work out to about 10 per cent. In the importing countries the vegetable tanned hides and skins are soaked in water and washed out and stretched for drying and thereafter tanned chemically. The soaking and washing of the skins remove the vegetable processing done and the further operations carried out amount to a complete tanning process.

2. Vegetable tanned bovine cattle hides and skins exported from India belong to the category known in the trade as East India kips. These are the hides of small-sized animals whose skins are tough but supple and thin enough not to require to undergo any process of splitting before making them suitable for use, after further tanning as lining leather and leather suitable for manufacture of suitcases, attaché cases and other leather articles requiring tough but thin and supple material. The vegetable tanned East India kips are a special quality product exported mostly by India. The fact that it is an eminently suitable raw material for the tanning industry in developed countries shows that there is a strong case for specially favourable tariff treatment being extended to their import. In fact, the duty free entry available in the United Kingdom has enabled sizeable imports of vegetable tanned hides into that country and has helped the English tanneries to export quality finished leather to other European countries.

3. Vegetable tanned goat, sheep and lambskins of Indian cross breeds are also a speciality much in demand by the tanning industry and many developed countries allow their import duty free. The term Indian cross breeds generally refers to sheep and goat of the sub-tropical regions where on account of climatic and other conditions, the skins of the animals are particularly suitable for manufacture of certain leather articles like printed leather, mesh leather, leather jackets and other garments, suitcases, and products for the manufacture of which well grained supple leather is required.

4. India also exports tanned leather which has undergone chrome tanning in the wet blue condition or as crust leather in dry condition. After preliminary operations such as soaking, liming and de-liming, bating and pickling, the hides are tanned with basic chromium sulphate. In order to avoid mould growth the hides are thereafter treated with preservatives and are exported in polythene bags in the wet blue condition. Such leather is acidic in nature and as they are treated with strong preservatives, they are completely free from any kind of infection. The chrome tanned leather are subjected to further tanning

operation in the importing countries, like neutralization, fat liquoring, retanning, finishing and dyeing according to the demand for particular kinds of leather. As regards crust leather, they are exported from India after fat liquoring in a dry condition. According to requirements of specific types of leather, the importing countries carry out further tanning operations such as fat liquoring, bating, finishing and dyeing. Chrome tanned leather in the wet blue condition and in the form of crust leather fetch about 35 per cent more price than raw hides. That is to say, after due allowance for profits, such semi-tanning carried out in India accounts for an added value of about 20 per cent.

5. Since exports of semi-tanned leather of these descriptions provide raw materials for tanning industries in importing countries, there is a strong case for their admission without duty. For this purpose, tariff sub-positions on the lines indicated below may be appropriately inserted in the tariffs of those countries which do not already classify such products separately:

<u>BTN</u>	<u>Description of products and suggested modifications</u>
41.02	Bovine cattle leather (including buffalo leather) and equine leather, except leather falling within heading Nos. 41.06, 41.07 or 41.08. - ex Bovine cattle leather of types known as East India kips simply tanned with vegetable substances or otherwise processed but requiring further processing before use in the manufacture of leather articles
41.03	Sheep and lambskin leather, except leather falling within heading Nos. 41.06, 41.07 or 41.08 - ex sheep skins, of Indian cross breeds, simply tanned with vegetable substances or otherwise processed but requiring further processing before use in the manufacture of leather articles
41.04	Goat and kid skin leather, except leather falling within heading Nos. 41.06, 41.07 or 41.08 - ex goat skins, of Indian cross breeds, simply tanned with vegetable substances or otherwise processed but requiring further processing before use in the manufacture of leather articles

IV. Miscellaneous

A. Cane sugar

Cane sugar is exported mostly by the developing countries and a separate tariff entry may enable them to seek reductions in tariffs and other barriers to trade in this product more conveniently.

BTN Description of products with suggested changes

17.01 Beet and cane sugar, solid
 - ex cane sugar

B. Specialized food products

BTN Description of products with suggested changes

21.07 Food preparations not elsewhere specified or included:
 - ex /specialized food products of India/

C. Bagasse

The end-use for bagasse is different from the other products with which it is now grouped and its separation from the others is desirable.

BTN Description of products with suggested changes

23.03 Beet pulp, bagasse and other waste of sugar; brewing and other
 distilling drugs and wastes; residues of starch manufacture and
 similar residues
 - ex bagasse

D. Certain oilcakes

Oilcakes of tropical oilseeds should be classified separately from other kinds of oilcakes; oilcakes imported for use as animal feed should also be separated from those intended for other use.

BTN Description of products with suggested changes

23.04 Oilcakes and other residues (except dregs resulting from extraction
 of vegetable oils):
 - ex of groundnut, castor seed, copra, tie seed and cottonseed
 (i) for use as animal feed
 (ii) for other use

E. Household articles of papier-maché

Household utensils of wood are already classified separately in the tariffs of most countries. It should not therefore be difficult to introduce separate items for household goods of other material like papier-maché.

BTN Description of products with suggested changes

- 48.17 Box files, letter trays, storage boxes and similar articles of paper or paperboard, of a kind commonly used in offices, shops and the like
 - ex household articles of papier-maché

F. Grey cotton cloth

This is a product of particular importance in the export trade of many less-developed countries.

BTN Description of products with suggested changes

- 55.09 Other woven fabrics of cotton
 - ex grey cotton cloth

G. Jute fabrics

Varieties on demand for common use should be specified separately.

BTN Description of products with suggested changes

- 57.10 Woven fabrics of jute
 - ex fabrics weighing over $\sqrt{\quad}$ grammes per sq. meter.