

Proposed framework for trade agreement for Child Labor Free Products (Draft)

This is the proposed framework for trade agreements for products free of child labor. It provides the scope and basic rules for future discussions and negotiations over items such as detailed rules of origin (including accumulation and de-minimis rules on ingredients), non-qualifying operations, accreditation criteria of certification bodies, detailed rules on verification, and other procedures necessary to promote trade of child labor-free products. In this document, cacao-related products are used as examples, but the document's application to other products should not be excluded.

PREAMBLE

Companies, organizations, and their stakeholders around the world are becoming increasingly aware of the human rights risks along their supply chains. Despite many global efforts to address human rights issues, violations of the basic rights of workers continue to occur. The damage caused by child labor, whose abolition is one of the core categories in the ILO Declaration on Fundamental Principles and Rights at Work adopted in 1998, is also serious. The 2030 Agenda for Sustainable Development, which was based on the United Nations' Sustainable Development Goals (SDGs) adopted in 2015, calls for the end of all forms of child labor by 2025 (Target 8.7). However, as of 2016, the number of child laborers in the world has reached 152 million.

While each country has its own policies to eliminate child labor in the supply chain, it is vitally important to pursue common approaches and take coordinated actions to eliminate child labor, such as promoting trade in goods that contribute to its elimination in the supply chain. Trade liberalization in goods that do not depend on child labor will help businesses access child labor free products at lower costs, which in turn promotes the production of those products, contributing to the elimination of child labor.

The Parties to this agreement ("Parties") commit to contribute to the elimination of child labor around the world by promoting trade of child labor free products.

Article 1

Objectives

The parties specified in Appendix I shall eliminate customs duties on child labor free products (CLFPs) in accordance with the provisions of this agreement.

Article 2
General Definitions

For the purposes of this agreement, unless otherwise specified:

- (a) “customs duty” means any duty or charge of any kind imposed on or in connection with the importation of a good, and any surtax or surcharge imposed in connection with such importation, but does not include any:
- i. charge equivalent to an internal tax imposed consistently with Article 3-2 of GATT 1994;
 - ii. fee or other charge in connection with the importation commensurate with the cost of services rendered; or
 - iii. antidumping or countervailing duty
- (b) “CLFP” means products for which all production and processing methods that are prone to child labor are performed in a child labor free zone (CLFZ), or products that use CLFPs as raw materials and are processed to meet certain criteria.
- i. Items eligible for tariff exemptions are stipulated in [Appendix II](#).
 - ii. Production and processing methods prone to child labor and subject to CLFP requirements (“target processes”) are stipulated in [Appendix III](#) according to each item.
- (c) “CLFZ” means certain areas (which may or may not align with current administrative boundaries) that have a functioning comprehensive and consistent system to prevent child labor, guarantee children’s rights and welfare, and keep the area free of child labor. CLFZs can only be located in developing nations.

Article 3
Certification of Child Labor Free Zones

3.1 CLFZs are certified as such by CLFZ certification bodies accredited by the CLFZ Committee specified in this article.

3.2 The Parties hereby establish the CLFZ Committee, which consists of government representatives from the Parties. The CLFZ Committee shall be responsible for certification of CLFPs and the CLFZ body accreditation system.

3.3 The CLFZ Committee shall accredit CLFZ certification bodies based on the criteria set forth in Appendix IV. The names of accredited CLFZ certification bodies shall be published by the committee.

3.4 CLFZ certification bodies shall certify areas as CLFZs based on the criteria set forth in Appendix V. Certified CLFZs shall be notified to the CLFZ Committee, which shall publish lists of certified CLFZs.

Article 4 CLFP Certificates

4.1 CLFPs shall be subject to the elimination of customs duties upon presentation of a CLFP certificate at import customs clearance. The requirements for issuing a CLFP certificate are stipulated in Appendix VI.

4.2 The CLFP certificate shall be issued by the competent governmental authority of the exporting party, or a designee ("Designated Issuing Authority") based on an application made by the producer or exporter.

4.3 Competent governmental authorities of exporting parties and Designated Issuing Authorities shall be notified to the CLFZ Committee, which shall publish lists of those authorities.

4.4 A producer or exporter shall keep the records regarding CLFP certification for five years after the CLFP certificate's date of issuance. These records include any supplementary documents presented to prove that the product to be exported qualifies as a CLFP.

4.5 A CLFP certificate shall be valid for 12 months from the date it was issued.

4.6 A CLFP certificate may apply to:

- (a) a single shipment of a good or goods into a Party's territory; or
- (b) multiple shipments of a good imported into a Party within 12 months of the date specified on any declarations related to its CLFP certificate

4.7 CLFP certificates shall be filled in in English.

4.8 Products that meet either of the below conditions shall be considered CLFPs that meet consignment criteria when they are transported:

- (a) directly from a Party; or
- (b) through one or more non-Parties for the purpose of transit or temporary storage in warehouses in such non-Parties, provided that does not undergo operations other than unloading, reloading and any other operation to preserve it in good condition

4.9 If a good of the Parties does not meet the consignment criteria in Article 4.5, the good shall not be considered a CLFP.

Article 5 Verification

5.1 In order to ensure the proper application of this agreement, the Parties shall assist each other in verifying proof of a CLFP and the accuracy of any information given therein, in accordance with this Agreement and the respective laws and regulations of the Parties.

5.2 Upon the request of the importing Party's customs authorities, the exporting Party's competent governmental authorities must take whatever measures necessary to procure requested evidence, to carry out an inspection of the exporter's or producer's documents or premises, or to carry out any other inspection considered appropriate.

5.3 If the importing Party's customs authorities are not satisfied with the outcome of the verification request in Article 5.2, they may request the exporting Party to:

- (a) Visit the facilities of the good's producer or exporter to collect information on whether the good is a CLFP, and inspect the facilities used in the production of the good
- (b) Request the exporting Party's competent governmental authorities to attend the visit in the preceding paragraph.

Article 6 Penalties for Fraud and Prevention Measures

Parties shall establish or maintain, in accordance with their laws and regulations, appropriate penalties, sanctions, or other measures against exporters, producers, and any other persons in that country who have committed fraudulent acts in connection with a CLFP certificate.

Article 7
Economic Cooperation

7.1 The Parties shall engage in economic cooperation, including the dispatch of experts and the provision of equipment and materials, to contribute to the elimination of child labor in developing countries.

7.2 The Parties hereby establish an economic cooperation promotion committee (“Economic Cooperation Committee”) for CLFZs, which consists of government representatives from Parties, in order to cooperate economically based on this agreement.

7.3 The Economic Cooperation Committee shall be responsible for effective economic cooperation as specified in this article.

Appendix I

List of parties that will eliminate customs duties on CLFPs

Appendix II

List of items subject to the elimination of customs duties

Product No.	HS 2020	Product name
001	1801.00	Cocoa beans (raw or roasted, whole or broken)
002	1802.00	Cocoa bean shells, skins and other waste
003	1803.00	Cocoa paste (whether or not defatted)
004	1804.00	Cocoa butter
005	1805.00	Cocoa powder (excluding those with added sugar and other sweeteners)
006	1806.10	Prepared foods containing chocolate and other cocoa -Cocoa powder (limited to those with added sugar and other sweeteners)
007	1806.20	Prepared foods containing chocolate and other cocoa -Other prepared foods (limited to clumpy, plate-shaped, or bar-shaped foods that weigh more than 2kg, and packaged or directly wrapped foods in form of liquid, paste, powder, granulated or other similar forms whose net weight is more than 2kg)

008	1806.31	Prepared foods containing chocolate and other cocoa - Others (limited to clumpy, plate-shaped, or bar-shaped foods) - Foods with fillings
009	1806.32	Prepared foods containing chocolate and other cocoa - Others (limited to clumpy, plate-shaped, or bar-shaped foods) - Foods with no fillings
010	1806.90	Prepared foods containing chocolate and other cocoa - Others
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Appendix III

List of target processes for each item

Product No.	HS 2020	Target processes
001	1801.00	Production process of cocoa beans (including harvesting, fermentation, and drying)
002	1802.00	Production process of cocoa beans (including harvesting, fermentation, and drying)
003	1803.00	Production process for cocoa beans as a raw material (including harvesting, fermentation, and drying)
004	1804.00	Production process of cocoa beans as a raw material (including harvesting, fermentation, and drying)
005	1805.00	Production process of cocoa beans as a raw material (including harvesting, fermentation, and drying)
006	1806.10	Production process of cocoa beans as a raw material (including harvesting, fermentation, and drying)
007	1806.20	Production process of cocoa beans as a raw material (including harvesting, fermentation, and drying)
008	1806.31	Production process of cocoa beans as a raw material (including harvesting, fermentation, and drying)
009	1806.32	Production process of cocoa beans as a raw material (including harvesting, fermentation, and drying)

010	1806.90	Production process of cocoa beans as a raw material (including harvesting, fermentation, and drying)
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Appendix IV

Accreditation criteria for CLFZ certification bodies

The standards for accrediting CLFZ certification bodies will be specified in a separate document.

Appendix V

CLFZ certification criteria

The basic principles of the CLFZ certification standards are as follows, and the detailed certification standards and measurement methods based on these principles are separately prescribed.

1. Child labor incidence is less than 10%.
2. Existence and enforcement of national and regional regulations on child protection including the prohibition child labor
3. Existence and implementation of an annual program on child protection including child labor in the region.
4. Effective educational activities related to child labor are being implemented in local communities.
5. Existence of monitoring organizations to prevent child labor in the region
6. Existence of an effective relief mechanism in the region for children and their parents who have suffered from child labor
7. The educational environment for children is properly developed in the region, and the attendance rate of local educational institutions is over 90%.

(The above content was prepared with reference to Ghana’s “Establishing Child Labour Free Zones in Ghana – Protocols and Guidelines”)

Appendix VI

Requirements for CLFP certificates

1. For wholly-obtained goods (that have been produced entirely within a CLFZ), a CLFP certificate shall be issued based on supporting documents (relevant invoices, certificates of manufacture, etc.) proving that the product was produced only in a CLFZ.
2. For other goods, a CLFP certificate shall be issued after examining the mass balance and the minimum content standards for processing, in addition to supporting documents (CLFP certificates, relevant invoices, certificates of manufacture, etc.) proving that the raw materials were produced in a CLFZ.
 - (a) The mass balance standard for processing means that the quantity of a child labor free processed product must not exceed the quantity of child labor free raw materials ("CLFP raw materials"), taking into account processing yield and losses.
 - (b) The minimum content standard for a child labor free processed product means that at least 20% of its materials must be child labor free materials.
3. These requirements shall apply to product numbers 001 to 010 in Appendix 2. If the products covered by this agreement expand in the future, new requirements will be decided according to the characteristics of the products.