Country of origin — working party on complementary health care

The Commission has set up a working party to review Australian origin claims on product categories of manufacturers and other suppliers in the complementary health care industries in Australia.

The working party includes a representative from the Commission; the Complementary Health Care Council of Australia (CHCA); Department of Industry, Science and Resources (DISR); and an impartial expert industry adviser to the Commission.

In refining its terms of reference the working party had to identify the various manufacturing processes used in the industry and arrange a program of inspection visits to selected representative firms using the manufacturing process to determine whether and where substantial transformation occurs.

Under the country of origin provisions of the Trade Practices Act which came into effect in August 1998, companies can claim that products are made or manufactured in a country if the goods are substantially transformed into new and different goods in that country, *and* 50 per cent or more of the costs of production occurred in that country.

Substantial transformation is defined in the Act as:

> a fundamental change ... in form, appearance or nature such that the goods existing after the change are new and different goods from those existing before the change.

Where claims are made that goods are 'produced in' or are 'products of' a country, then each significant ingredient or component must be sourced in that country, and all or virtually all processes of production must take place in that country.

The following manufacturing processes are being considered by the working party:

- encapsulation;
- tabletting;
- herb extraction;
- semi-solid formulations including cream and gel production, suspensions, ointments, lotions;
- liquids;
- powders and granules;
- homeopathic;
- essential oils blending;
- aerosols;
- dried herbs; and
- other processes as appropriate.

The working party's main task is to prepare a report and draft industry guidelines for approval by the Commission by the end of August 1999. The guidelines will later be distributed to industry. The CHCA, with Commission participation, may decide to conduct a series of national seminars for the industry as a means of distributing and explaining the guidelines.

The working party will include in its report recommendations on whether each manufacturing process product category meets the 'substantial transformation' requirements fully, partially or not at all and explain why. Recommendations to clarify the minimum 50 per cent local production costs criteria will also be made wherever possible.