



HARMONIZED SYSTEM
REVIEW SUB-COMMITTEE

-
24th Session
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NR0180E1
(+ Annex)
O. Fr.

H2-1

Brussels, 16 July 2001.

PROPOSAL BY THE US ADMINISTRATION TO AMEND

THE NOMENCLATURE TO HEADING 85.19

(Item III.A.12 on Agenda)

Reference documents :

NR0149E1 (RSC/23)
NR0158E1 (RSC/23)

NR0165E2, Annexes D/1, paragraphs 5 to 10 and D/7
(RSC/23 – Report)
NC0340E2, Annex F, paragraphs 25 to 33
(HSC/27 – Report)

I. BACKGROUND

1. At its 23rd Session in March 2001, the Review Sub-Committee examined a US proposal to amend the structured nomenclature of heading 85.19 in conjunction with the Secretariat proposal to update the structure of that heading.
2. The Sub-Committee decided to continue the examination of these two proposals on the basis of statistical data to be submitted by the US Administration regarding coin-operated sound reproducing apparatus and record players and turntables. It also decided that this study would be carried out on the basis of a new revised text, taking account of the Secretariat's proposal and the ideas put forward by the United States.
3. In accordance with the above conclusions, the US Administration sent the Secretariat the following Note.

II. NOTE FROM THE UNITED STATES

4. "In Doc. NR0158E1, the United States proposed consolidation of several subheadings in heading 85.19. The Secretariat had separately proposed (Doc. NR0149E1) consolidation within that heading. However, the United States proposed retaining separate lines for (i) all

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record-players and turntables, (ii) magnetic tape cassette players and (iii) laser-based players. The US proposal included trade data to substantiate its request, which we restate below (data represents imports plus exports and the figures are in US \$) :

Description	Proposed Subheading	US Trade Value
Record-players and turntables (record-decks)	8519.60	\$ 64,000,000
Magnetic tape cassette players	8519.70	\$ 198,000,000
Compact disc players and other players incorporating a laser optical reading system	8519.80	\$1,995,000,000

5. As we stated in our submission, US trade in the proposed residual category (8519.90) amounts to US \$ 95,000,000.
6. During the course of the meeting the Sub-Committee requested that the United States provide trade data to substantiate our request for a separate line (8519.50) for all juke-box type players, that is apparatus that play pre-recorded media for a fee (coins, banknotes, tokens, credit cards). Further consultation with the trade revealed that production and shipments of such products indeed continue to increase, and involves both new products and reconditioned products. However, the current revisions will not take effect until 2007 and it is not clear which direction the technology will have taken by that time. It appears that some products of this sort are now using hard disk technology for storing music. Some of the newest juke-boxes utilize direct Internet connections for changing the music collection and even for obtaining musical selections across the Internet on demand. Although we are confident that trade will continue to increase in juke-boxes, we are not certain of the classification of the new devices; therefore we must suspend this part of the US proposal until we have more information."

III. SECRETARIAT COMMENTS

7. Given the development of this issue, the Secretariat has prepared a new proposal for possible amendments to the structure of heading 85.19. The proposed texts are set out in the Annex hereto.
8. The attention of the Sub-Committee is drawn to the following points :
- (i) As the United States has suspended its proposal regarding juke-box type sound reproducing apparatus operated by coins, banknotes, tokens and the like (see paragraph 6 above), the Secretariat has not included this amendment in its revised proposal.
 - (ii) At its last Session, there was a consensus in the Sub-Committee on deleting the word "optical" from the expression "laser optical reading system".
 - (iii) With regard to the expression "platines tourne-disques" in the French version of the US proposal, a check shows that this is a synonym for "tourne-disques", which is the term

currently used in the HS. Given that this term has caused no trouble so far, the Secretariat prefers to retain it.

The Secretariat feels that given the quickly declining importance of this apparatus, a separate reference to "record-players and turntables (record-decks)" might no longer be justifiable at the international level. However, the Secretariat must leave it to the Sub-Committee to decide whether or not to maintain a subheading for these articles, in particular on the basis of a comparison of the statistical data provided by the United States and the world trade data provided in the Annex to Doc. NR0149B1 (RSC/23). Accordingly, the subheading in question has been placed in square brackets.

IV. CONCLUSION

9. The Sub-Committee is invited to examine the combined US/Secretariat proposal for possible amendments to the structure of heading 85.19 set out in the Annex hereto.

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