



WORLD CUSTOMS ORGANIZATION
ORGANISATION MONDIALE DES DOUANES

Established in 1952 as the Customs Co-operation Council
Créée en 1952 sous le nom de Conseil de coopération douanière

HARMONIZED SYSTEM
COMMITTEE

-
31st Session
-

NC0730E2
(HSC/31/May 2003)

O. Eng./Fr.

Brussels, 27 May 2003.

REPORT TO THE CUSTOMS CO-OPERATION COUNCIL
ON THE 31st SESSION OF THE HARMONIZED SYSTEM COMMITTEE

Note :	This Report has been divided into four parts : PART I : Body of the Report and Annexes A to K PART II : Annexes L to M/23 PART III : Annexes M/24 to O/1 PART IV : Annexes O/2 to R
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1. The Harmonized System Committee (HSC) held its 31st Session from 15 to 27 May 2003 at the Headquarters of the World Customs Organization in Brussels. The meeting was chaired by Mr. C.E. (Ed) DE JONG (The Netherlands).
2. The following 59 Members (58 Countries and one Customs and Economic Union) were represented :

Countries :

ALGERIA	HUNGARY	ROMANIA
AUSTRALIA	INDIA	RUSSIA
AUSTRIA	IRAN	SAUDIA ARABIA
BAHRAIN	IRELAND	SENEGAL
BANGLADESH	ISRAEL	SLOVAKIA
BELGIUM	JAPAN	SLOVENIA
BRAZIL	KOREA (Rep.)	SOUTH AFRICA
BULGARIA	LATVIA	SPAIN
BURKINA FASO	LIBYA ARAB JAMAHIRIYA	SRI LANKA
CAMEROON	MADAGASCAR	SWITZERLAND
CANADA	MALAYSIA	THAILAND
CHINA	MEXICO	TUNISIA
CONGO (Dem. Rep.)	NETHERLANDS	TURKEY
CÔTE D'IVOIRE	NEW ZEALAND	UKRAINE
CROATIA	NIGERIA	UNITED KINGDOM
CZECH REPUBLIC	NORWAY	UNITED STATES
DENMARK	PAKISTAN	VIETNAM
FINLAND	PHILIPPINES	ZIMBABWE
FRANCE	POLAND	
GERMANY	PORTUGAL	

Note : Shaded parts will be removed when documents are placed on the WCO documentation database available to the public.

Customs and Economic Union

EUROPEAN COMMUNITY (EC).

3. The following four Members of the Council and five international organisations were represented by observers :

ARMENIA
KAZAKHSTAN
KUWAIT
MOLDOVA

INTERNATIONAL CHAMBER OF COMMERCE (ICC)
INTERNATIONAL CUSTOMS TARIFFS BUREAU (ICTB)
ORGANIZATION FOR THE PROHIBITION OF CHEMICAL WEAPONS (OPCW)
THE INTERNATIONAL AIR CARGO ASSOCIATION (TIACA)
WESTERN AFRICAN ECONOMIC AND MONETARY UNION (UEMOA)

4. A list of delegates and observers is reproduced at Annex R to this Report.

I. ADOPTION OF THE AGENDA

(Doc. NC0657E2)

5. At the request of the **EC** Delegate, the Committee was informed of the progress of the High Level Working Group on the Harmonized System. The Report of the 2nd Meeting of the Working Group was distributed to the delegates and Mr. H. KAPPLER, the Director of Tariff and Trade Affairs, gave a brief résumé of the work of this group (see Item II.10 on the Agenda).
6. At the request of the Delegates of the **EC** and **Switzerland**, Agenda Items VIII.3 and IX.13 were postponed to the next session.
7. At the request of the **US** Delegate, supported by the Delegate of **Canada**, Agenda Item IX.6 was deleted from the Agenda, as these administrations were continuing bilateral discussions on the product at issue. The Delegates of the **United States** and **Canada** agreed to inform the Committee of the results of those discussions at the Committee's next meeting in November.

II.1. POSITION REGARDING CONTRACTING PARTIES TO
THE HS CONVENTION AND RELATED MATTERS

(Doc. NC0659E1)

8. The Director informed the Committee that Eritrea had become the 112th Contracting Party to the HS Convention. He took the opportunity to congratulate the Eritrean Administration and to welcome it to the Harmonized System Committee.
9. Describing the present position regarding the application of the various HS instruments, he invited the Committee to take note of the information set out in Doc. NC0659E1.
10. In this connection, he pointed out that 74 Contracting Parties had notified their implementation of the 2002 version of the Harmonized System, but noted that there were still 38 Contracting Parties which had not yet fulfilled their obligations. He stressed that the Council had expressly emphasised the importance of formal acceptance by the Contracting Parties.
11. The representative of the West African Economic and Monetary Union (UEMOA) informed the Committee that the HS 2002 amendments had been incorporated in the common customs tariff of its member countries as from 1 January 2003. However, she acknowledged that there might be a delay in their application by some countries due to problems of a practical nature.
12. At the Chairperson's request, several delegates reported on implementation of HS 2002 in their country. The information provided is summarised in the following table.

Burkina Faso	Application anticipated by 01/01/2004
Congo (Dem. Rep.)	Application on 01/04/2003
Côte d'Ivoire	No information
Iran	Application on 27/03/2003
Libyan Arab Jamahirya	Application on 01/05/2002
Madagascar	Application on 01/08/2002
Nigeria	No information
Philippines	Adoption procedure in progress
Senegal	Application on 01/01/2003
Ukraine	Application anticipated by beginning of 2004

13. The **EC** Delegate stressed the importance of an official notification of use of HS 2002 since it was used as the basis for trade negotiations. He also took the opportunity to announce that the **EC** would soon accept two additional Council Recommendations, namely : (1) the one concerning the Good Classification Work Model, and (2) the one on the Use of Standard Units of Quantity. With respect to this second Recommendation, he suggested that the table in the working document should also indicate whether or not countries were applying all of the recommended units.

14. Moreover, the EC Delegate asked the Committee to take steps with regard to certain Recommendations which were not being implemented by Members. Thus, he wondered whether, for example, the present position of the Recommendation concerning the Good Classification Work Model should not be regarded as a failure since, although it had initially been intended to assist developing countries, only the most developed countries had shown their commitment to it.
15. In reply to this observation by the EC Delegate, the Director noted that questions concerning the reason for this lack of interest had also been raised in the High-Level Working Group. He believed that the Recommendation concerning the Good Classification Work Model was unanimously recognised as an excellent reference tool and could in no way be regarded as a failure.
16. Finally, the EC Delegate asked the Secretariat to verify the position regarding the application of the HS 2002 in certain countries such as Andorra, France's Overseas Departments and Territories, Liechtenstein, etc.
17. In this connection, the Delegate of Switzerland pointed out that his country formed a Customs Union with Liechtenstein and that all the acceptances recorded for Switzerland were also applicable to Liechtenstein.
18. With regard to the transmittal of national tariffs to the Secretariat, some delegates noted that the information in question was available on the Web sites of many administrations and wondered whether it was really necessary to supply the Secretariat with printed copies. The Chairperson invited administrations to consider this point and to send the Secretariat the Internet addresses at which this information was obtainable.
19. The Committee took note of the information set out in the working document, together with the observations recorded above, and amended the position regarding Contracting Parties to the HS Convention and related matters accordingly (see Annex B/3 to this Report).
20. The list of Contracting Parties to the HS Convention and the list of administrations applying an HS-based tariff or statistical nomenclature, as of 27 May 2003, are reproduced in Annexes B/1 and B/2 to this Report, respectively.

II.2. REPORT ON THE MEETING OF THE POLICY COMMISSION (48th SESSION)

(Doc. NC0660E1)

21. The Director noted that there had not been a great deal of discussion on issues related to the work of the HS Committee at the last meeting of the Policy Commission, which had been held in Istanbul (Turkey) last December. However, he emphasised the following points :
 - The fact that a new strategic planning methodology had been adopted and, once the Council approved it in June, would be implemented later this year.
 - The endorsement of the terms of reference and work plans for the HS Committee, the HS Review Sub-Committee, the Scientific Sub-Committee and the HS Working Party by the Policy Commission.

22. The Director also noted that the Scientific Sub-Committee had proposed certain limited changes to its Terms of Reference, which were found in the Report of the Sub-Committee. These proposals would be communicated to the Council as part of the HS Committee's Report.
23. Finally the Director urged delegates to stress the continuing importance of the Harmonized System in their home administrations, particularly with regard to input into the WCO's environmental scanning and strategic planning processes.
24. The Chairperson indicated that the Committee would be able to examine the proposed changes to the Terms of Reference of the Scientific Sub-Committee when reviewing the Report of the Sub-Committee.
25. The Committee took note of the report on the last meeting of the Policy Commission in the working document and the Director's oral report.

II.3. APPROVAL OF DECISIONS TAKEN
BY THE HARMONIZED SYSTEM COMMITTEE AT ITS 30th SESSION
(Docs. NG0045E1 and NC0662E1)

26. The Chairperson reported that two reservations had been entered during the intersession (as indicated below). At the request of the administrations concerned, they would be submitted to the Council at its 101st/102nd Sessions (June 2003).
27. In the light of the foregoing and the information contained in the working documents, the Committee took note of the Secretariat's report that the decisions taken by the Committee at its 30th Session had been deemed approved by the Council, in accordance with Article 8.2 of the Harmonized System Convention, except for the following two questions in respect of which reservations had been entered by the Contracting Parties named below :
- the **US** Administration concerning the "classification of the "**Media Composer 1000**"" (Doc. NC0655E2/G/2).
 - the **US, Canadian, Japanese and Mexican** Administrations concerning the "decision that "photocopying" is not limited to the projection of an image onto a photosensitive surface and that present heading 90.09 covers digital copying" (Doc. NC0655E2/G/3).
28. One delegate noted that Doc. NC0662E1, which was intended to inform administrations about the status of reservations, had only been issued on the WCO Web site on 13 March 2003, while the hard copy was dated 5 February 2003. This situation had caused problems for administrations favouring the use of electronic documents since such administrations had been unaware of the status of reservations for more than one month after the deadline for entering reservations had expired.
29. In response, the Director pointed out that if this was indeed the case, it was regrettable. He pointed out that in future, every measure would be taken to ensure that once approved, documents were issued on the WCO Web site as quickly as possible.

II.4. CAPACITY BUILDING ACTIVITIES OF THE NOMENCLATURE AND
CLASSIFICATION SUB-DIRECTORATE

(Doc. NC0661E1)

30. The Director informed the Committee that the Secretariat was continuing to provide technical assistance to developing countries in the form of seminars and expert missions with respect to the implementation and uniform application of the Harmonized System, the establishment of Customs laboratories, the improvement of tariff classification work infrastructure and still, with some emphasis, the explanation of the 2002 amendments to the Harmonized System.
31. He, once again, thanked the Japanese Administration for its continuing assistance and support for the Secretariat's capacity building activities.
32. However, since the WCO at present was experiencing severe financial constraints, he informed the Committee that the number of technical missions had been significantly reduced and that the Secretariat had been able to undertake only four HS missions since the Committee's last session. Nevertheless, the Secretariat was still planning to organise three regional seminars during this calendar year. Plans had been made for seminars in Trinidad and Tobago (for the Americas/Caribbean Region), Egypt (for the North African, Near and Middle East Region) and Malaysia (for the Asia/Pacific Region).
33. In addition to the activities mentioned in the working document, the Director informed the Committee that the Secretariat was working on an e-learning project that would include a module on HS training. These e-learning modules would be made available on the WCO Web site and the HS module was scheduled to be completed by Spring 2005. In answer to a question from one delegate, he explained that the intention of this project was to make training available via the Internet and that the modules included interactive multi-media programmes.
34. The Director also informed the Committee that the Secretariat had published a Compendium of Capacity Building Tools on the WCO Web site that was a very useful listing of existing tools developed by the WCO, including many HS tools that should be utilised by all Customs administrations.
35. Finally, the Director noted that the Secretariat had also participated in the development of the Nomenclature portion of the WCO's Customs Capacity Building Framework as part of the development of an overall capacity building strategy by the WCO. This work was expected to be presented to the Policy Commission and Council in June.
36. The Committee took note.

II.5. CO-OPERATION WITH OTHER INTERNATIONAL ORGANISATIONS

(Doc. NC0663E1)

37. The Director briefed the Committee on the important areas of co-operation with other international organisations during the intersession. He highlighted the contacts with UNEP,

UNSD, ICC and other organisations that were reported in the working document and the contributions made by those organisations to many of the documents on the Agenda of this Committee as well as the Scientific and Review Sub-Committees.

38. In connection with the number of environmental issues on the Agenda of the Committee, he stressed the close co-operation between the WCO Secretariat and the Ozone Secretariat and the Interim Secretariat for the Rotterdam Convention of UNEP. He noted that the contracting parties to the Montreal Protocol had urged each party that had not yet done so to introduce in its national Customs classification system separate subdivisions for the most commonly traded HCFCs and other ODSs, as set out in the Council's Recommendation of 25 June 1999 and had also urged all parties to take due account of any new Recommendations by the Council, once they were agreed. The WCO Secretariat appreciated this initiative as a contribution to the improvement of the acceptance of Council Recommendations regarding ODSs by our Contracting Parties.
39. He further informed the Committee that a new area of co-operation with FAO and its International Network for Bamboo and Rattan (INBAR) would be developed. The Secretariat had recently received a proposal from INBAR for improved bamboo and rattan categories under the Harmonized System, which would be submitted to the Review Sub-Committee at its September meeting.
40. In addition to the activities reported in the working document, he mentioned that the Secretariat had also participated in the 4th International Trade Statistics Expert Meeting (OECD, Paris), in the 1st Session of the Open-Ended Working Group of the Basel Convention (Geneva) and in the Task Force on International Trade Statistics Meeting (WTO, Geneva).
41. The Committee took note of the information provided in the working document and the Director's oral report.

II.6. NEW INFORMATION PROVIDED ON THE WCO WEB SITE

(Doc. NC0664E1)

42. The Director informed the Committee of the latest developments with regard to the public and Members' WCO Web sites, in particular with respect to the Harmonized System Nomenclature (on the public Web site) and the public documentation database, which provided access to historical documentation (i.e., working documents and reports) of the Harmonized System Committee.
43. He indicated that the public documentation database would be updated periodically with the working documents and the reports of the latest meetings of the Harmonized System Committee and its sub-committees. Historical documents of earlier sessions of the Committee would also be added as resources allowed. He further noted that the database did not contain current working documents relating to questions which were still under examination by the Committee. He stressed that working documents and reports of the HS working parties (groups) and of the sub-committees were not included in the data base until the Committee or the Council had concluded their examination of the questions. In this context he noted that the phrase "(. . .) are included (. . .)" in the penultimate sentence of paragraph 4 of Doc. NC0664E1 should read "(. . .) are not included (. . .)" (emphasis added) (English version only).

44. He also invited administrations which were not mentioned in the list of e-mail addresses of Harmonized System officials in Customs administrations, to inform the Secretariat whether they wished to be included in this publication. He asked delegates to verify whether the data contained in this publication was up-to-date.
45. The Committee took note of the information referred to in the working document.

II.7. ANNUAL SURVEY TO DETERMINE THE PERCENTAGE
OF NATIONAL REVENUE REPRESENTED BY CUSTOMS DUTIES

(Doc. NC0665E1)

46. In opening this agenda item, the Director informed the Committee that this survey was the latest edition of the Secretariat's annual survey on the percentage of national revenues represented by Customs duties. He noted that the information had not changed much over the years and that Customs duties had continued to play an important role in the national revenues of the vast majority of developing countries, even though their importance was very gradually diminishing. He also stated that in many developed countries individual tariff rates remained important and overall duty collections were not insignificant despite their efforts to reduce or eliminate tariff barriers over many years.
47. The Committee took note of the results of the survey.

II 8. SURVEY ON FREE TRADE AGREEMENTS

(Doc. NC0666E1)

48. In opening this agenda item, the Director informed the Committee that in order to respond to past comments, the Secretariat had created a new category of "Other" which provided for groups which were becoming Customs unions in stages, even though the WTO had already classified them as Customs unions. He also noted that 147 countries were signatories to FTAs and 41 % of the total world trade in goods was traded among FTA member countries. He stressed that since FTAs eliminated Customs duties between members as against non-members, the Harmonized System played an essential role in the development and implementation of FTAs. Taking this opportunity, he extended thanks to the Norwegian Administration for providing the Secretariat with information that the EEA (European Economic Area) agreement between EC and Iceland, Liechtenstein and Norway, which entered into force in 1994, was missing from Annex I to the document and noted that a correction would be made in the next edition of this survey.
49. Congratulating the Secretariat on its work, the EC Delegate informed the Committee about an FTA between the EC and Chile. He further stated that he had no objection to using the reference "Other" as mentioned in paragraph 2 of Doc. NC0666E1, while noting that the agreement between the EC and Turkey, which had been listed under this category, was a partial Customs union (not including agricultural products) and was working well.
50. The Committee took note of the results of the survey.

II.9. NON-APPLICATION OF HSC DECISIONS

(Doc. NC0717E1)

51. In commending the notification of the non-application of an HSC decision by the Canadian Administration, the Chairperson invited the **Canadian** Delegate to clarify **Canada's** position with regard to the Recommendation on the application of HSC decisions.
52. The **Canadian** Delegate responded that **Canada** had, to date, accepted as many WCO Recommendations as possible, and he understood that his administration was in the process of sending a notification of acceptance of the Recommendation on the application of HSC decisions to the Secretary General.
53. The Director pointed out that this Recommendation was an important tool for ensuring uniformity and transparency with regard to the application of HS Committee's decisions. He indicated that the Canadian notification was the first one to be received by the Secretariat as a result of this Recommendation and asked the Committee to indicate what further action should be taken in this regard; indicating that one possibility was to publish this type of information on the WCO Web site.
54. The **EC** Delegate informed the Committee that the **EC** and its **15 member countries** had applied all decisions taken by the HS Committee in the past, except for one ("CHICKEN TONIGHT"). The **EC** was currently considering a legal change with a view to implementing this decision as soon as possible. He stated that the **EC** would report to the Secretariat the latest situation concerning the application of Committee decisions twice a year and would publish that information in the official journal of the **Community**. He also suggested that a mechanism should be established to provide information as to the situation with regard to the non-application of the HS Committee's decisions by HS Member countries on a regular basis.
55. The Committee, consequently, instructed the Secretariat to prepare a report for each session of the Committee listing the notifications as to non-application of HSC decisions which it had received and also agreed that this information should be disseminated via the WCO public Web site.

II.X. OTHER BUSINESS

UPDATE ON THE PROGRESS OF THE HIGH-LEVEL WORKING GROUP ON HS MATTERS

56. The Director informed the Committee that the High-Level Working Group on HS matters has held two meetings so far – the last one in early March. As the Director previously indicated, the idea for this Working Group stemmed from the Australian proposal for a fundamental review of the Harmonized System. The Policy Commission finally decided that this Working Group would restrict its efforts to looking at procedural issues related to the Harmonized System. Notwithstanding this point, the Director stated that the mandate of the Working Group was still quite broad and briefly listed the following

items on the Working Group's agenda in order to give delegates an idea of the scope of the discussions :

- speeding up the HSC decision-making process,
- streamlining the HS reservation procedures,
- possible establishment of dispute settlement panels,
- improving transparency with regard to the implementation of HSC decisions,
- improving Member compliance with the terms of the HS Convention,
- improving recognition of the importance of the HS Convention,
- improving recognition of the importance of the Harmonized System as a trade facilitation instrument,
- the need for greater flexibility and speed with regard to amendments to the Harmonized System,
- improving the acceptance of HS Recommendations by our Members,
- increasing the participation by the developing world with regard to HS activities,
- increasing the number of HS Contracting Parties,
- further simplification of the Harmonized System.

57. The members of the High-Level Working Group included representatives of developed and developing countries, as well as the private sector. The Director indicated that good progress was being made in the discussions on these issues, as evidenced from the Report on the 2nd Session. The Working Group expected to make recommendations ranging from simple procedural suggestions to changes to the HS Convention. The Chairperson of the High-Level Working Group, Mr. G. ROSENGARDEN of the United States, who also happened to be one of the founding fathers of the Harmonized System, would be making an Interim Report on the progress to the Policy Commission in June 2003. The Director recommended that delegates get a copy of the Policy Commission document on this issue if they were interested – Doc. SP0128E1. Finally, the Director informed delegates that a final report would be made to the Policy Commission at its meeting in December 2003.

58. The Committee thanked the Director for the information supplied and took note of these developments.

III. GENERAL QUESTIONS

59. The Committee's conclusions concerning Agenda Item III are reproduced in Annexes C/1, C/2 and P/1 to this Report.

IV. RECOMMENDATION

(NC0668E1)

60. The Committee's conclusions concerning Agenda Item IV are reproduced in Annexes D and L to this Report.

V. REPORT OF THE SCIENTIFIC SUB-COMMITTEE

(18th Session)

61. The Harmonized System Committee examined the conclusions reached by the Scientific Sub-Committee (SSC) at its 18th Session.
62. The results of this examination are reproduced in Annexes E/1, E/2 and M/3 to M/7 to this Report.
63. On behalf of the Committee, the Chairperson thanked the Scientific Sub-Committee and its Chairperson for the excellent work accomplished at the 18th Session of the Sub-Committee.

VI. REPORT OF THE REVIEW SUB-COMMITTEE

(27th Session)

64. The Harmonized System Committee examined the conclusions reached by the Review Sub-Committee (RSC) at its 27th Session.
65. The results of this examination are set out in Annexes F/1, F/2, M/13 to M/18, N/2 to N/12 and O/1 to O/4 to this Report.
66. On behalf of the Committee, the Chairperson thanked the Review Sub-Committee and its Chairperson for the excellent work accomplished at the 27th Session of the Sub-Committee.

VII. REPORT OF THE WORKING PARTY

67. The Harmonized System Committee examined the conclusions reached at the Working Party's pre-session meeting. The conclusions of the Committee in this connection are reproduced in Annexes G/1 to G/16 to this Report.
68. The texts finalised by the Working Party and adopted by the Committee are set out in Annexes M/20 to M/35 to this Report.
69. The Chairperson congratulated the Chairperson of the Working Party and its members on their work.

VIII. FURTHER STUDIES

70. The Committee's conclusions concerning Agenda Item VIII are reproduced in Annexes H/1 to H/20, M/1-M/2, M/8 to M/12, M/36, N/1 and P/2 to this Report.

IX. NEW QUESTIONS

71. The Committee's conclusions concerning Agenda Item IX are reproduced in Annexes IJ/1 to IJ/13 and M/19 to this Report.

X. OTHER BUSINESS

LIST OF QUESTIONS WHICH MIGHT BE EXAMINED AT A FUTURE SESSION

72. The Committee's conclusions concerning Agenda Item X.1 (The List of questions which might be examined at a future session) are reproduced in Annexes K and Q to this Report.

ACCEPTANCE OF THE RUSSIAN VERSION OF THE EXPLANATORY NOTES AND THE COMPENDIUM OF CLASSIFICATION OPINIONS

73. The Committee accepted the Russian version of the amendments to the Explanatory Notes and the Compendium of Classification Opinions, the English and French versions of which are set out in Annexes M/1-M/3, M/5, M/8, M/10-M/11, M/13-M/18 and M/20-M/36 to this Report.

EARTHQUAKE IN ALGERIA

74. The Committee expressed its condolences to the people of Algeria and, in particular, to Mr. Khoualef, Delegate of Algeria to the Committee, during this time of national tragedy following the earthquake in Algeria.

STAFF CHANGES

75. The Director informed the Committee that Mr. T. NAGASE (Japan) and Mr. H. KAIDA, (Japan) would both shortly be returning to the Japanese Administration. The Director paid tribute to the outstanding contribution made by Mr. Nagase, his Deputy Director, to the WCO, the Committee and most importantly, to the Members. Mr. Nagase had been the driving force behind the implementation of the 2002 version of the Harmonized System and many of the WCO publications produced by the Nomenclature and Classification Sub-Directorate. The growth of the Harmonized System Web site and much of the technical assistance that had been carried out over the past four years could be attributed, in no small part, to the efforts of Mr. Nagase and his team. Mr. Kaida, who served as Technical Attaché, had been seconded to the WCO through the generosity of the Japanese Administration. He had been responsible for the preparation of numerous documents and publications, including the

Classification Decisions publication, for which he was instrumental in its publication. The Committee agreed and expressed the hope that he would soon be back in the Committee.

76. The Director also informed the Committee that Mr. J. VALENTINE, the long-time US Delegate to the Harmonized System Committee, and now a valued member of the Secretariat, had contracted leukaemia and was undergoing extensive medical treatment in the United States. The Director indicated that, on behalf of the delegates to the Committee, he would be sending a message to Mr. Valentine, that his presence was truly missed during this meeting and that everyone wished him a speedy recovery. The Committee agreed and expressed the hope that he would soon be back in the Committee.

XI. ELECTION OF CHAIRMEN AND VICE-CHAIRMEN
OF THE HARMONIZED SYSTEM COMMITTEE,
THE HARMONIZED SYSTEM REVIEW SUB-COMMITTEE,
AND THE WORKING PARTY

77. On the proposal of the Director, the Committee re-elected Mr. C.E. (Ed) DE JONG (Netherlands) as Chairperson of the Harmonized System Committee. Mr. J. F. JAUREGUI (Mexico) was re-elected as first Vice-Chairperson and Mr. S. GAIKWAD (United Kingdom) was re-elected as Second Vice-Chairperson. The Committee also re-elected Mr. D. BECK (United States) as Chairperson of the HS Review Sub-Committee and Mr. G. TEBBUTT (Canada) as Vice Chairperson. Mr. P. JOFFRE (France) was re-elected as Chairperson of the Working Party.

XII. DATES OF NEXT SESSIONS

78. The provisional dates of the next meetings of the Review Sub-Committee, the Review Sub-Committee Working Group, the Working Party and the Harmonized System Committee are as follows :

(a) Review Sub-Committee (28th Session)

Monday, 8 September 2003 (10:00 a.m.) to
Friday, 19 September 2003

(b) Review Sub-Committee Working Group (2nd Session)

Wednesday, 29 October 2003 (10:00 a.m.) to
Friday, 31 October 2003

(c) Working Party

Thursday, 6 November 2003 (10:00 a.m.) to
Friday, 7 November 2003

NC0730E2
(HSC/31/May 2003)

(d) Harmonized System Committee (32nd Session)

Monday, 10 November 2003 (10:00 a.m.) to
Friday, 21 November 2003.

C.E. (Ed) DE JONG,
Chairperson

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**LIST OF CONTRACTING PARTIES
TO THE HARMONIZED SYSTEM CONVENTION**

Situation as of 27 May 2003

(111 countries and 1 Customs or Economic Union)

Algeria	Haiti	Pakistan
Argentina	Hungary	Panama
Australia	Iceland	Peru
Austria	India	Philippines
Azerbaijan	Indonesia	Poland
Bahrain	Iran	Portugal
Bangladesh	Ireland	Romania
Belarus	Israel	Russia
Belgium	Italy	Rwanda
Botswana	Japan	Saudi Arabia
Brazil	Jordan	Senegal
Bulgaria	Kenya	Serbia and Montenegro
Burkina Faso	Korea (Rep.)	Slovakia
Cambodia	Latvia	Slovenia
Cameroon	Lebanon	South Africa
Canada	Lesotho	Spain
Central African Republic	Libyan Arab Jamahiriya	Sri Lanka
Chad	Lithuania	Sudan
China	Luxembourg	Swaziland
Colombia	The Former Yugoslav	Sweden
Congo (Dem. Rep.)	Republic of Macedonia	Switzerland
Côte d'Ivoire	Madagascar	Thailand
Croatia	Malawi	Togo
Cuba	Malaysia	Tunisia
Cyprus	Maldives	Turkey
Czech Republic	Mali	Uganda
Denmark	Malta	Ukraine
Egypt	Mauritania	United Arab Emirates
Eritrea	Mauritius	United Kingdom
Estonia	Mexico	United States
Ethiopia	Mongolia	Uzbekistan
Fiji	Morocco	Venezuela
Finland	Myanmar	Vietnam
France	Netherlands	Yemen
Gabon	New Zealand	Zambia
Germany	Niger	Zimbabwe
Greece	Nigeria	EC
Guinea	Norway	

**LIST OF COUNTRIES, TERRITORIES AND CUSTOMS OR ECONOMIC
UNIONS USING THE HARMONIZED SYSTEM**

Situation as of 27 May 2003

(Total 195)

Albania	X	Guyana	X	Rwanda	+
Algeria	+	Haiti	+	Saint Kitts and Nevis	X
Andorra.....	X	Honduras	X	Saint Lucia	X
Angola	X	Hong Kong, China	X	Saint Pierre and Miquelon (French Terr.)	X
Antigua & Barbuda	X	Hungary	+	Saint Vincent and the Grenadines	X
Argentina	+	Iceland	+	Samoa	X
Armenia	X	India	+	Saudi Arabia	+
Australia	+	Indonesia	+	Senegal	+
Austria	+	Iran	+	Serbia and Montenegro	+
Azerbaijan.....	+	Ireland	+	Sierra Leone	X
Bahamas	X	Israel	+	Singapore	X
Bahrain	+	Italy	+	Slovakia	+
Bangladesh	+	Jamaica	X	Slovenia	+
Barbados	X	Japan	+	Solomon Islands	X
Belarus	+	Jordan.....	+	South Africa	+
Belgium.....	+	Kazakhstan.....	X	Spain	+
Belize.....	X	Kenya	+	Sri Lanka	+
Benin	X	Kiribati	X	Sudan	+
Bermuda.....	X	Korea (Rep.)	+	Suriname	X
Bhutan	X	Kuwait	X	Swaziland	+
Bolivia	X	Kyrgyzstan.....	X	Sweden	+
Botswana.....	+	Latvia	+	Switzerland	+
Brazil.....	+	Lebanon	+	Syrian Arab Republic.....	X
Brunei Darussalam	X	Lesotho	+	Tanzania	X
Bulgaria	+	Liberia.....	X	Thailand	+
Burkina Faso	+	Libyan Arab Jamahiriya	+	The Former Yugoslav Republic of Macedonia	+
Cambodia	+	Liechtenstein	X	Togo	+
Cameroon.....	+	Lithuania	+	Tonga	X
Canada.....	+	Luxembourg	+	Trinidad and Tobago	X
Cape Verde	X	Macau, China	X	Tunisia	+
Central African Republic	+	Madagascar	+	Turkey	+
Chad	+	Malawi	+	Turkmenistan	X
Chile	X	Malaysia	+	Tuvalu	X
China	+	Maldives.....	+	Uganda	+
Colombia	+	Mali	+	Ukraine	+
Comoros	X	Malta	+	United Arab Emirates	+
Congo (Dem. Rep.)	+	Marshall Islands.....	X	United Kingdom	+
Congo (Rep.).....	X	Mauritius	+	United States	+
Cook Islands	X	Mauritania.....	+	Uruguay	X
Costa Rica	X	Mexico	+	Uzbekistan.....	+
Côte d'Ivoire	+	Micronesia	X	Vanuatu	X
Croatia	+	Mongolia	+	Venezuela	+
Cuba	+	Morocco	+	Viet Nam	+
Cyprus	+	Mozambique	X	Wallis and Futuna (French Terr.)	X
Czech Republic	+	Myanmar	X	Yemen	+
Denmark	+	Namibia	+	Zambia	+
Djibouti.....	X	Netherlands	+	Zimbabwe	+
Dominica	X	Nepal	X	EC	+
Dominican Republic	X	New Caledonia (French Terr.) ..	X	Andean Community (CAN).....	+X
Ecuador	X	New Zealand	+	Caribbean Community (CARICOM)	+X
Egypt	+	Nicaragua	X	Commonwealth of the Independent States (CIS)	+X
El Salvador	X	Niger	+	Economic and Monetary Community of Central Africa (CEMAC)	+X
Equatorial Guinea	X	Nigeria	+	Economic Community of Western African States (ECOWAS).....	+X
Eritrea	+	Niue	X	Gulf Co-operation Council(GCC)+X	
Estonia	+	Norway	+	Latin American Integration Association (LAIA)	+X
Ethiopia.....	+	Oman	X	Southern Cone Common Market (MERCOSUR)	+X
Fiji	+	Pakistan	+	West African Economic and Monetary Union (UEMOA)	+X
Finland	+	Palau.....	X		
France	+	Panama	+		
Gabon	+	Papua New Guinea	X		
Gambia	X	Paraguay	X		
Georgia.....	X	Peru	+		
Germany	+	Philippines	+		
Ghana	X	Poland	+		
Greece.....	+	Polynesia (French Terr.)	X		
Grenada	X	Portugal	+		
Guatemala	X	Qatar	X		
Guinea	+	Romania	+		
Guinea Bissau	X	Russia	+		

B/2/Rev.

Notes :

- + Acceptance (i.e., Contracting Party to the Harmonized System Convention).
- X Indicates application only.
- +X Some Members are Contracting Parties to the Harmonized System Convention.

HS Position as of 27-05-2003
(Contracting Parties)

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(HSC/31/May 2003)

Country / Customs Union	HS Contracting Parties		HS 2002 Implementation	Acceptance of Recommendations (by date of receipt of the notifications)									HS-based Tariffs available in the Secretariat	
	Date of Accession	Date of entry into force	Date of Implementation	Pre-entry Classification 1996	UNSD Trade Data 1997	Good Classification Work Model 1998	Ozone 1995 / 1999*	Chemical Weapons 1996 (Amend. 99)	Hand-made Products 2000	Units of Quantity 2001	Application of HSC Decisions 2001	Firearms 2002	Language	Version
Algeria	24-10-1991	01-01-1992	01-01-2002										French	1999
Argentina	11-01-1994	11-01-1994	03-05-2002	18-03-1997			17-09-1996	14-08-1998		09-05-2003			Spanish	2002
Australia	22-09-1987	01-01-1988	01-01-2002	06-08-2002		06-08-2002		05-03-2003			27-02-2003		English	1996
Austria	22-09-1987	01-01-1988	01-01-2002	07-01-1997	04-03-2003	26-05-2003	07-10-1996				11-03-2003		(EC German)	(2003)
Azerbaijan	07-07-2000	07-07-2000	01-01-2002							16-01-2002	16-01-2002		(CIS Russian)	(1996)
Bahrain	14-12-2001	01-01-2002	01-01-2002										Arabic / English (GCC)	2002
Bangladesh	22-09-1987	01-01-1988	07-06-2002										English	2002
Belarus	21-10-1998	01-01-2000	01-07-2002										Russian	1997
Belgium	22-09-1987	01-01-1988	01-01-2002	07-01-1997	04-03-2003	26-05-2003	07-10-1996				11-03-2003		French / Dutch (BLEU)	2003
Botswana	13-02-1987	01-01-1988	01-04-2002											
Brazil	08-11-1988	01-01-1989	01-01-2002	12-07-1996			19-06-1996	24-04-1998					Portuguese (MERCOSUR)	2002
Bulgaria	30-10-1990	01-01-1992	01-01-2002				20-02-1996						Bulgarian English	2000 1996
Burkina Faso	25-09-1990	01-01-1992											French (ECOWAS)	1998
Cambodia	27-06-2002	01-01-2003												
Cameroon	16-05-1988	01-07-1989			25-03-1998								(CEMAC French)	(1998)
Canada	14-12-1987	01-01-1988	01-01-2002	18-09-1996	29-09-1998	05-05-1999	23-03-1998	23-03-1998	14-02-2001				English French	2002 2002
Central African Republic	11-06-1998	18-05-1998											(CEMAC French)	(1998)
Chad	05-09-1990	01-01-1992											(CEMAC French)	(1998)
China	23-06-1992	01-01-1993	01-01-2002							27-06-2002	27-06-2002		Chinese / English	2002
Colombia	21-10-2002	21-10-2002	01-01-2002	29-11-2002			29-11-2002*	29-11-2002		29-11-2002			Spanish	1996
Congo (Dem. Rep.)	10-11-1987	01-01-1988	28-04-2003										French	1997
Côte d'Ivoire	25-01-1990	01-01-1991											(ECOWAS)	(1998)
Croatia	29-09-1994	29-09-1994	01-01-2002										Croatian English	1996 1996

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Cuba	03-11-1995	01-01-1997	01-01-2003	09-02-1998			23-07-1996	09-02-1998					Spanish	1998
Cyprus	21-03-1994	21-03-1994	01-01-2002	22-01-2002			22-01-2002						English	2002
Czech Rep.	16-11-1993	16-11-1993	01-01-2002		07-08-2001								Czech	1999
Denmark	22-09-1987	01-01-1988	01-01-2002	07-01-1997	04-03-2003	26-05-2003	07-10-1996				11-03-2003		(EC Danish)	(2003)
Egypt	27-05-1999	01-01-2001											Arabic	1994
Eritrea	17-01-2003	17-01-2003												
Estonia	26-05-1993	01-01-1995	01-01-2002		08-12-1997		13-11-1995						Estonian	1996
Ethiopia	01-03-1995	01-03-1995											Ethiopian / English	1998
Fiji	23-12-1997	01-01-1998	01-03-2002										English	1997
Finland	22-09-1987	01-01-1988	01-01-2002	07-01-1997	04-03-2003	26-05-2003	07-10-1996				11-03-2003		(EC Finnish)	(2003)
France	22-09-1987	01-01-1988	01-01-2002	07-01-1997	04-03-2003	26-05-2003	07-10-1996				11-03-2003		(EC French)	(2003)
Gabon	07-07-2000	01-01-2002											French	2002
Germany	22-09-1987	01-01-1988	01-01-2002	07-01-1997	04-03-2003	26-05-2003	07-10-1996				11-03-2003		(EC German)	(2003)
Greece	15-07-1988	01-01-1990	01-01-2002	07-01-1997	04-03-2003	26-05-2003	07-10-1996				11-03-2003		(EC Greek)	(2003)
Guinea	23-09-1997	01-01-1998											French (ECOWAS)	1998
Haiti	17-01-2000	17-01-2000											French	1996
Hungary	27-08-1990	01-01-1991	01-01-2002	03-09-2002	13-01-1998		16-11-1999*	16-11-1999		18-03-2002			Hungarian	1996
Iceland	28-10-1987	01-01-1988	01-01-2002										Icelandic English	1994 1994
India	23-06-1986	01-01-1988	01-01-2002										English	2000
Indonesia	05-07-1993	01-01-1995	01-05-2003				30-10-1998						Indonesian / English	1996
Iran	28-02-1995	01-01-1997	27-03-2003			10-03-1999				19-01-2002			Farsi	1998
Ireland	22-12-1987	01-01-1988	01-01-2002	07-01-1997	04-03-2003	26-05-2003	07-10-1996				11-03-2003		(EC English)	(2003)
Israel	05-08-1987	01-01-1988	01-01-2002										English	1997
Italy	31-05-1989	01-01-1991	01-01-2002	07-01-1997	04-03-2003	26-05-2003	07-10-1996				11-03-2003		(EC Italian)	(2003)
Japan	22-06-1987	01-01-1988	01-01-2002	24-03-1997									Japanese / English	2003
Jordan	10-06-1985	01-01-1988	01-03-2002										Arabic / English	2002
Kenya	29-07-1988	01-07-1989	13-06-2002										English	2002

HS Position as of 27-05-2003
(Contracting Parties)

Annex B/3 to Doc. NC0730E2
(HSC/31/May 2003)

Country / Customs Union	HS Contracting Parties		HS 2002 Implementation	Acceptance of Recommendations (by date of receipt of the notifications)									HS-based Tariffs available in the Secretariat	
	Date of Accession	Date of entry into force	Date of Implementation	Pre-entry Classification 1996	UNSD Trade Data 1997	Good Classification Work Model 1998	Ozone 1995 / 1999*	Chemical Weapons 1996 (Amend. 99)	Hand-made Products 2000	Units of Quantity 2001	Application of HSC Decisions 2001	Firearms 2002	Language	Version
Korea (Rep.)	27-11-1987	01-01-1988	01-01-2002	07-08-1996	26-10-1998		26-10-1998	07-08-1996					Korean / English	1999
Latvia	04-01-1996	01-06-1996	01-01-2002	19-07-1999	25-01-1999		10-11-2000			31-07-2002			Latvian English	1997 2002
Lebanon	03-05-1996	03-05-1996	01-01-2002											
Lesotho	12-12-1985	01-01-1988	01-01-2002										English	1993
Libyan Arab Jamahiriya	17-05-1993	01-01-1995	01-05-2002										Arabic	1998
Lithuania	20-06-1994	01-01-1995	01-01-2002	25-08-1997	08-12-1997	09-11-1998	03-08-1998						Lithuanian	2002
Luxembourg	11-07-1988	11-07-1988	01-01-2002	07-01-1997	04-03-2003	26-05-2003	07-10-1996				11-03-2003		(BLEU French)	(2003)
The Former Yugoslav Republic of Macedonia	31-03-1995	31-03-1995	01-01-2002										Macedonian	2002
Madagascar	22-12-1987	01-01-1988	01-08-2002										French	2003
Malawi	25-10-1988	01-04-1989	15-04-2002										English	1996
Malaysia	15-12-1987	01-01-1988	01-01-2002	10-06-1997									English	1996
Maldives	07-07-2000	01-01-2002	01-01-2003		11-07-2002								English	2000
Mali	15-06-1994	01-01-1995											French	1997
Malta	20-12-1989	01-01-1990	01-04-2002		27-01-1998								English	1997
Mauritania	03-04-2001	01-01-2003											French	2000
Mauritius	10-06-1985	01-01-1988	01-01-2002		15-11-1999					11-11-2002			English	2002
Mexico	06-09-1991	06-03-1992	01-04-2002	20-08-1996									Spanish	1996
Mongolia	30-09-1991	01-01-1993											Mongolian / Russian / English	1998
Morocco	27-02-1992	01-07-1992	01-07-2002						24-04-2001	25-02-2002	25-02-2002		French	1997
Myanmar	05-12-1994	01-01-1995					20-09-1995						English	1996
Netherlands	22-09-1987	01-01-1988	01-01-2002	07-01-1997	04-03-2003	26-05-2003	07-10-1996				11-03-2003		(EC Dutch)	(2003)
New Zealand	22-09-1987	01-01-1988	01-01-2002										English	2003
Niger	16-03-1990	01-01-1991											French (ECOWAS)	1998
Nigeria	15-03-1988	15-03-1988			12-02-1998								(ECOWAS)	(1998)

Country / Customs Union	HS Contracting Parties		HS 2002 Implementation	Acceptance of Recommendations (by date of receipt of the notifications)									HS-based Tariffs available in the Secretariat	
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Norway	27-08-1987	01-01-1988	01-01-2002	18-09-1996	07-01-1998		8-12-1999*			19-12-2001			Norwegian	2003
Pakistan	22-09-1987	01-01-1988	15-06-2002	03-12-2001		03-12-2001							English	2002
Panama	24-08-1998	01-01-2000	01-04-2003											
Peru	09-07-1998	01-01-2000	01-01-2002				13-02-2001	13-02-2001					Spanish (CAN)	1998
Philippines	28-06-2001	28-06-2001											English	2001
Poland	12-09-1995	01-01-1996	01-01-2002	03-07-2001									Polish English	2002 1996
Portugal	04-11-1987	01-01-1988	01-01-2002	07-01-1997	04-03-2003	26-05-2003	07-10-1996				11-03-2003		(EC Portuguese)	(2003)
Romania	05-12-1996	01-01-1997	01-01-2002	23-06-1997	02-04-2003		02-04-2003*			02-04-2003	02-04-2003		Romanian	1997
Russia	18-06-1996	01-01-1997	01-01-2002	15-07-2002			15-07-2002*			04-08-2002			Russian English	2002 1994
Rwanda	29-07-1992	01-01-1994												
Saudi Arabia	10-03-1988	01-01-1990	01-01-2002		30-08-2001		08-01-2001						Arabic	2002
Senegal	21-09-1989	01-01-1991	01-01-2003				24-10-2002*	24-10-2002	24-10-2002				(ECOWAS)	(1998)
Serbia and Montenegro	09-01-2002	09-01-2002												
Slovakia	07-06-1993	07-06-1993	01-01-2002	04-06-1997	08-11-2000								Slovak English	2002 2001
Slovenia	23-11-1992	23-11-1992	01-01-2002	02-06-1997									Slovene	1996
South Africa	25-11-1987	01-01-1988	01-01-2002		06-03-1998								English	1998
Spain	28-09-1987	01-01-1988	01-01-2002	07-01-1997	04-03-2003	26-05-2003	07-10-1996				11-03-2003		(EC Spanish)	(2003)
Sri Lanka	03-05-1988	01-01-1989	23-03-2002				25-04-2002*			26-02-2003			English	2002
Sudan	10-12-1993	10-12-1993											Arabic	1992
Swaziland	26-11-1985	01-01-1988												
Sweden	22-09-1987	01-01-1988	01-01-2002	07-01-1997	04-03-2003	26-05-2003	07-10-1996				11-03-2003		(EC Swedish)	(2003)
Switzerland	22-09-1987	01-01-1988	01-01-2002	06-02-1997	11-02-1998		18-09-2000*			13-09-2002	13-09-2002		French	2002
Thailand	16-12-1991	01-01-1993	01-01-2002										Thai / English	2002
Togo	12-02-1990	01-01-1991											(ECOWAS)	(1998)
Tunisia	28-10-1987	01-01-1989	01-04-2002	12-09-1997										
Turkey	15-12-1988	01-01-1989	01-01-2002	06-10-1997	24-07-1998	21-01-2003	06-10-1997	06-10-1997			21-01-2003		English	1997
Uganda	11-07-1989	01-01-1991											English	1997

HS Position as of 27-05-2003
(Contracting Parties)

Annex B/3 to Doc. NC0730E2
(HSC/31/May 2003)

Country / Customs Union	HS Contracting Parties		HS 2002 Implementation	Acceptance of Recommendations (by date of receipt of the notifications)									HS-based Tariffs available in the Secretariat	
	Date of Accession	Date of entry into force		Date of Implementation	Pre-entry Classification 1996	UNSD Trade Data 1997	Good Classification Work Model 1998	Ozone 1995 / 1999*	Chemical Weapons 1996 (Amend. 99)	Hand-made Products 2000	Units of Quantity 2001	Application of HSC Decisions 2001	Firearms 2002	Language
Ukraine	26-08-2002	01-01-2004*											Ukrainian	1993
United Arab Emirates	27-06-2002	01-07-2002											Arabic (GCC)	1999
United Kingdom	22-09-1987	01-01-1988	01-01-2002	07-01-1997	04-03-2003	26-05-2003	07-10-1996				11-03-2003		(EC English)	(2003)
United States	31-10-1988	01-01-1989	10-01-2002	27-02-1997	06-11-1998	06-11-1998							English	1999
Uzbekistan	17-11-1998	01-01-2000												
Venezuela	23-10-1998	02-11-1998											Spanish	1999
Viet Nam	26-03-1998	01-01-2000											Vietnamese / English	1996
Yemen	30-09-2002	01-01-2003											Arabic	2002
Zambia	22-12-1986	01-01-1988	01-03-2002										English	1997
Zimbabwe	05-11-1986	01-01-1988	13-09-2002										English	1997
European Community (EC)	22-09-1987	01-01-1988	01-01-2002	07-01-1997	04-03-2003	26-05-2003	07-10-1996				11-03-2003		Danish Dutch English Finnish French German Greek Italian Portuguese Spanish Swedish	2003 2003 2003 2003 2003 2003 2003 2003 2003 2003
TOTAL	112		81	41	36	23	39 (8*)	11	3	14	23	0		80
		* Unless an earlier date is specified					* 1999 Version							

Country / Customs Union	HS 2002 Implementation	Acceptance of Recommendations (by date of receipt of the notifications)									HS-based Tariffs available in the Secretariat	
		Pre-entry Classification 1996	UNSD Trade Data 1997	Good Classification Work Model 1998	Ozone 1995 / 1999*	Chemical Weapons 1996 (Amend. 99)	Hand-made Products 2000	Units of Quantity 2001	Application of HSC Decisions 2001	Firearms 2002	Language	Version
Albania												
Andorra	X											
Angola												
Antigua and Barbuda											(CARICOM English)	(1993)
Armenia												
Bahamas											English	1996
Barbados											(CARICOM English)	(1993)
Belize											(CARICOM English)	(1993)
Benin											(ECOWAS)	(1998)
Bermuda											English	1997
Bhutan											English	2002
Bolivia	X		10-10-2000								Spanish (CAN)	1999
Brunei Darussalam											English	1991
Cape Verde											Portuguese (ECOWAS)	1998
Chile											Spanish	1989
Comoros											French	1993
Congo (Rep.)											(CEMAC French)	(1998)
Cook Islands											English	1989
Costa Rica	X										Spanish	1998
Djibouti												
Dominica											(CARICOM English)	(1993)
Dominican Republic												
Ecuador												
El Salvador												

HS Position as of 27-05-2003
(Administrations applying HS)

Annex B/3 to Doc. NC0730E2
(HSC/31/May 2003)

Country / Customs Union	HS 2002 Implementation	Acceptance of Recommendations (by date of receipt of the notifications)									HS-based Tariffs available in the Secretariat	
		Pre-entry Classification 1996	UNSD Trade Data 1997	Good Classification Work Model 1998	Ozone 1995 / 1999*	Chemical Weapons 1996 (Amend. 99)	Hand-made Products 2000	Units of Quantity 2001	Application of HSC Decisions 2001	Firearms 2002	Language	Version
Equatorial Guinea											(CEMAC French)	(1998)
Gambia											(ECOWAS)	(1998)
Georgia	X											
Ghana											(ECOWAS)	(1998)
Grenada											(CARICOM English)	(1993)
Guatemala	X											
Guinea Bissau											(ECOWAS)	(1998)
Guyana											(CARICOM English)	(1993)
Honduras												
Hong Kong, China	X										Chinese / English	2002
Jamaica											English	1993
Kazakhstan	X										English	1996
Kiribati											English	1989
Kuwait		21-05-1997									Arabic (GCC)	2001
Kyrgyzstan												
Liberia											(ECOWAS)	(1998)
Liechtenstein	X	06-02-1997	11-02-1998		18-09-2000*			13-09-2002	13-09-2002		French (Switzerland)	(2002)
Macau, China	X										Chinese / Portuguese / English	2002
Marshall Islands												
Micronesia												
Mozambique	X										Portuguese	1991
Namibia												
Nepal											English	2001
New Caledonia (French Territory)	X											
Nicaragua												
Niue											English	1989

Country / Customs Union	HS 2002 Implementation	Acceptance of Recommendations (by date of receipt of the notifications)									HS-based Tariffs available in the Secretariat	
		Pre-entry Classification 1996	UNSD Trade Data 1997	Good Classification Work Model 1998	Ozone 1995 / 1999*	Chemical Weapons 1996 (Amend. 99)	Hand-made Products 2000	Units of Quantity 2001	Application of HSC Decisions 2001	Firearms 2002	Language	Version
Oman											Arabic	2002
Palau												
Papua New Guinea	X											
Paraguay	X										(MERCOSUR Spanish)	(1996)
Polynesia (French Territory)	X											
Qatar											Arabic (GCC)	1999
Saint Kitts and Nevis											(CARICOM English)	(1993)
Saint Lucia											(CARICOM English)	(1993)
Saint Pierre and Miquelon (French Territory)												
Saint Vincent and the Grenadines											English	1998
Samoa												
Sierra Leone											English (ECOWAS)	1998
Singapore											English	1996
Solomon Islands											English	1998
Suriname											(CARICOM English)	(1993)
Syrian Arab Republic											Arabic	2001
Tanzania											English	1996
Tonga											English	1995
Trinidad and Tobago											English	1993
Turkmenistan												
Tuvalu											English	1989
Uruguay	X										(MERCOSUR Spanish)	(1996)
Vanuatu												
Wallis and Futuna Islands (French Territory)												

HS Position as of 27-05-2003
(Administrations applying HS)

Annex B/3 to Doc. NC0730E2
(HSC/31/May 2003)

Country / Customs Union	HS 2002 Implementation	Acceptance of Recommendations (by date of receipt of the notifications)									HS-based Tariffs available in the Secretariat	
		Pre-entry Classification 1996	UNSD Trade Data 1997	Good Classification Work Model 1998	Ozone 1995 / 1999*	Chemical Weapons 1996 (Amend. 99)	Hand-made Products 2000	Units of Quantity 2001	Application of HSC Decisions 2001	Firearms 2002	Language	Version
Andean Community (CAN)					(13-08-1999)	(13-08-1999)		(13-08-1999)			Spanish	2001
Caribbean Community (CARICOM)											English	1993
Economic and Monetary Community of Central Africa (CEMAC)											French	1998
Commonwealth of the Independent States (CIS)											Russian	1996
Economic Community of Western African States (ECOWAS)											(English) (French) (Portuguese)	(1998) (1998) (1998)
Gulf Cooperation Council (GCC)											(Arabic / English)	(2001)
Latin American Integration Association (ALADI)	(X)				(20-12-2002)*	(20-12-2002)					Spanish	1996
Southern Cone Common Market (MERCOSUR)	(X)										Spanish (Portuguese)	1996 (2002)
West African Economic and Monetary Union (UEMOA)	(X)									(X)		
TOTAL : 74 Countries + 9 Unions	15	2	2		1 (1*)			1	1			36
Contracting Parties : 112	81	41	36	23	39 (8*)	11	3	14	23	0		80
112 Contracting Parties + 82 Applications	96	43	38	23	40 (9*)	11	3	15	24	0		116
	(X) Not counted in the total				* 1999 Version							

* * *

ANNEX C

GENERAL QUESTIONS

Working Doc.	Subject	Classification Opinions	E.N. amendments	Nomenclature amendments
1	2	3	4	5
NC0667E1	Use of working languages for HS matters.			

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng.)

Spanish

1. The Director reminded the Committee that, at its 30th Session, he had informed the Committee that the Inter-American Development Bank (IDB) had approved a project to support the use of Spanish as a working language in the Harmonized System Committee, and that the IDB was in the process of identifying consultants and developing an action plan for the execution of the project in close collaboration with the Secretariat for the Latin American countries, Spain and Portugal.
2. He then informed the Committee that the Secretariat was still trying to work out these arrangements with the Spanish speaking administrations at this point and that the Secretary General had just returned from Cancun, Mexico, where he, in discussions with the Spanish speaking administrations, had been able to agree that there would be an exchange of letters between the WCO and the Secretariat for the Latin American countries to detail the arrangements. In this regard the Director gave the following information to the Committee :
 - at this time it appeared that there would be three years of funding from the IDB;
 - there would be one Spanish speaking Technical Attaché assigned to WCO in Brussels, as well as one working in Mexico and one in Spain;
 - there would be interpretation into Spanish at all of the HS-related committees (HSC, RSC, SSC); and
 - there would be translation of certain, but apparently not all, HS documents into Spanish.He hoped that all of these arrangements could be put into place in the very near future.
3. Finally, he informed the Committee that agreed Spanish versions of Amending Supplements 1 and 2 to the Explanatory Notes and the Compendium of Classification Opinions (including Amending Supplements 1 to 31) had just been received from Mexico. He asked the Committee to accept these versions as Spanish working language versions of these publications.
4. The Delegate of **Mexico** reminded the Committee that it had accepted the agreed Spanish working language version of the HS 2002 Explanatory Notes at its last session. He

was therefore pleased to inform the Committee that, with the publications referred to by the Director, the HS Nomenclature, the HS Explanatory Notes and the Compendium of Classification Opinions were now available in agreed Spanish versions, and that this would facilitate the use of Spanish as a working language in the various HS committees.

5. The Committee accepted the agreed Spanish working language versions of Amending Supplements 1 and 2 to the Explanatory Notes and the Compendium of Classification Opinions (including Amending Supplements 1 to 31).

Arabic

6. The Director informed the Committee that following information obtained by the Secretary General at the All Africa Customs Conference in January 2003 concerning possible Arabic interpretation for WCO meetings dealing with the Harmonized System, the Secretariat had prepared an estimate for the provision of Arabic interpretation at HS-related meetings. This estimate had been sent to the Regional Vice-Chair (Jordan) for information in January 2003. Since then the Secretariat had received no further information with regard to this matter.
7. The Committee took note.

* * *

1	2	6
NC0715E1	Correlation Tables between the 1996 and the 2002 versions of the Harmonized System : Possible corrigendum to Doc. NG00231B1.	<u>See Annex P/1.</u>

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng.)

1. The Committee accepted the proposed amendments to the Correlation Tables, as set out in the Annex to Doc. NC0715E1 without modification, while noting that the Secretariat would publish a corrigendum to Doc. NG0023B1.
2. The amendments accepted by the Committee are set out in Annex P/1 to this Report.

* * *

ANNEX D
RECOMMENDATIONS

Working Doc.	Subject	Classification Opinions	E.N. amendments	Nomenclature amendments	Other
1	2	3	4	5	
NC0668E1	Draft Recommendation of the Customs Co-operation Council on the insertion in national statistical nomenclatures of subheadings to facilitate the collection and comparison of data on the international movement of substances controlled by virtue of amendments to the Montreal Protocol on substances that deplete the ozone layer.				<u>See Annex L.</u>

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng.)

1. The Committee decided to proceed with examination of the Draft Recommendation based on the questions set out in paragraph 31 of Doc. NC0668E1. One delegate pointed out that before a final decision on the Draft Recommendation was taken, the Committee should hear from the UNEP Ozone Secretariat as to whether the Draft Recommendation complied with the needs of the Montreal Protocol. Since UNEP was not represented in the meeting, he asked the Secretariat to contact UNEP to express its opinion in this respect, preferably before the end of the Committee session.
2. The **French** Delegate explained that the comments reproduced in paragraph 17 of Doc. NC0668E1 had been submitted to the Secretariat solely with the aim of better reflecting the interventions made by the **French** Delegation during the 18th Session of the Scientific Sub-Committee (in the Annex C/8 to Doc. NS0080E2). He further pointed out that his administration was in full agreement with the conclusions of the Scientific Sub-Committee at its 18th Session with regard to the Draft Recommendation.
3. Consequently, there were no alternative texts for the subdivisions under subheadings 3813.00, 3814.00 and 3824.90 referring to HBFCs, HCFCs and CFCs before the Committee and the Committee agreed to examine the Draft Recommendation on the basis of the texts recommended by the Scientific Sub-Committee.

4. There was consensus in the Committee that the texts of the Draft Recommendation should follow the terminology of the HS Nomenclature rather than that of the Montreal Protocol. That being the case, the Draft Recommendation should use the stem “-carbures” with regard to the French names for hydrocarbons.
5. The Deputy Director informed the Committee that the Secretariat had been in telephonic contact with the UNEP Ozone Secretariat to obtain its views regarding the texts of the Draft Recommendation, as currently under consideration by the Committee. In his conversation with the WCO Secretariat, the UNEP representative had expressed the view that UNEP could accept use of the stem “-carbures” in the French names for hydrocarbons, if that was the preference of the Committee. Further, UNEP preferred separate subdivisions in the Draft Recommendation for mixtures containing bromochloromethane used as pesticides or for composite organic solvents or other mixtures containing carbon tetrachloride or bromochloromethane. However, like the members of the Expert Group of the Parties to the Montreal Protocol cited in paragraph 26 of Doc. NC0668E1, he was not aware of real products of these types on the market. UNEP did have information about the use of bromochloromethane and carbon tetrachloride as processing aids in the chemical industry. The UNEP representative therefore hoped that, at a minimum, the Committee would be able to combine subdivisions for these mixtures with subdivisions for other products controlled by virtue of the Montreal Protocol, rather than to omit them completely from the Draft Recommendation.
6. In view of the fact that UNEP was not aware of real examples of mixtures containing bromochloromethane used as pesticides or of composite organic solvents or other mixtures containing carbon tetrachloride or bromochloromethane, the Committee felt that the Draft Recommendation should not provide separate subdivisions for these products. However, taking into account the comments from UNEP that it might be feasible to produce and to trade such mixtures in the future, the Committee agreed not to omit these mixtures from the Draft Recommendation, but to combine them with the texts of other subdivisions in the respective subheadings. In particular, subdivisions for products containing bromomethane under heading 38.08 were combined with subdivisions for products containing bromochloromethane, and subdivisions for products containing carbon tetrachloride or bromochloromethane were combined with subdivisions for products containing 1,1,1-trichloroethane under subheadings 3814.00 and 3824.90.
7. Following these discussions, the Committee unanimously approved the Draft Recommendation, as modified, for adoption by the Council at its next sessions. The texts approved are reproduced in Annex L to this Report.

* * *

ANNEX E/1

REPORT OF THE SCIENTIFIC SUB-COMMITTEE

Working Doc.	Subject	Classification Opinions	E.N. amendments	Nomenclature amendments
1	2	3	4	5
NS0080E2	Report of the 18 th Session of the Scientific Sub-Committee.		<u>See Annexes M/3 to M/6.</u>	
NC0669E1	Matters for decision by the Harmonized System Committee.			

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng./Fr.)

1. The Committee examined the questions arising from the Report of the 18th Session of the Scientific Sub-Committee. The decisions taken by the Committee are set out below with reference to the relevant Annexes of the Sub-Committee's Report (Doc. NS0080E2).

Annexes A/1 and C/1 - Establishment of a correlation between the Harmonized System and the WTO instrument on pharmaceutical products

2. The Committee took note of the fact that this issue would be considered under Item VIII.1 of the Agenda.

Annexes A/2 and C/2 – Amendments to the Explanatory Notes to Chapter 29 to clarify the classification of certain organic chemical compounds

3. The Committee approved the recommended modifications to the Explanatory Notes with respect to heterocyclic compounds (headings 29.32 and 29.33), nucleic acids (heading 29.34) and sulphonamides (heading 29.35), including the insertion of a reference to sildenafil citrate in the Explanatory Note of the latter heading.

4. The amendments adopted are set out in Annex M/3 to this Report.

Annexes A/3 and C/3 – Possible amendment of the Explanatory Note to heading 29.37

5. The Committee approved the recommended amendments to the Explanatory Note to heading 29.37, subject to the amendment suggested by the Secretariat in paragraph 7 of Doc. NC0669E1. It was informed that the recommended amendments had also been

considered by the Review Sub-Committee, which at its 27th Session had corrected certain spelling errors, and that the results of that session would be considered under Item VI of the Agenda.

Annexes A/4 and C/4 – Possible amendment of the Explanatory Note to heading 29.41

6. The Committee took note of the fact that this issue would be considered under Item VI of the Agenda.

Annex A/5 – Possible amendment of the Explanatory Note of heading 30.02

7. The Committee took note of the fact that this issue would be considered under Item VI of the Agenda.

Annexes A/6, C/5 and C/6 - Classification of certain INN products

8. The Committee approved to recommend classifications of pegacaristim (INN List 80) and pegnartograstim in subheading 3907.20, of labradimil (INN List 83) in subheading 2937.19, of the 16 products under INN List 84 and of the 21 products under INN List 85. The list of products, with the approved classifications, is set out in Annex M/4 to this Report.
9. The Committee also adopted the proposed amendment to the Explanatory Note to heading 30;02 regarding toxins. This amendment is set out in Annex M/5 to this Report.

Annexes A/7 and C/7 - Classification of new INN products (INN List 86)

10. The Committee approved the suggested classification of 44 products from INN List 86. The list of products, with their approved classifications, is set out in Annex M/6 to this Report. The items whose classification had been placed in square brackets for reconsideration at the Scientific Sub-Committee's next session, were deleted from that list.

Annex A/8 - Classification of coated paper or paperboard of subheadings 4810.13, 4810.14, 4810.19, 4810.22 and 4810.29

11. Responding to questions raised by two delegates, the Director informed the Committee that this issue had been submitted to the Scientific Sub-Committee (following discussions in the regional Seminar on Customs laboratories in Rio de Janeiro, Brazil) on how to interpret Note 5 to Chapter 48 for the purposes of the subheadings of heading 48.10.
12. The Chairperson of the Scientific Sub-Committee, while referring to the various statements of delegates in Annex A/8 of the Sub-Committee's Report, clarified that the issue had started with the question what analysis method should be used with respect to coated graphics paper.
13. Following these explanations, the Committee agreed with the suggestion that the Secretariat should carry out the additional study suggested by the Scientific Sub-Committee, the results of which should, however, be presented to the Committee at its next session in November. At that time, the Committee might consider whether the Scientific Sub-Committee should be asked to provide further input.

Annexes A/9 and C/10 - Proposal by the US Administration to amend the Nomenclature and the Explanatory Note to heading 38.21

14. The Committee took note of the fact that this issue would be considered under Item VI of the Agenda.

Annex A/10 - Possible amendment of the structured nomenclature to heading 29.41 and the Explanatory Notes to Chapter 29 (Proposal by the Mexican Administration)

15. The Committee took note of the fact that this issue would be considered under Item VI of the Agenda.

Annexes A/11 and C/9 - Possible amendment of the structured nomenclature to heading 38.24 (Proposal by UNEP)

16. The Committee took note of the fact that this issue would be considered under Item VI of the Agenda.

Annex A/12 - Possible creation of a new Note to Chapter 69 to define the term "refractory"

17. The Committee took note of the fact that this issue would be considered under Item VI of the Agenda.

Annexes A/13 and C/8 - Draft Recommendation of the Customs Co-operation Council on the insertion in national statistical nomenclatures of subheadings to facilitate the collection and comparison of data on the international movement of substances controlled by virtue of amendments to the Montreal Protocol on substances that deplete the ozone layer

18. The Committee took note of the fact that this issue would be considered under Item IV.1 of the Agenda.

Annex A/14 - Classification of certain modified starches or sizing preparations

19. The Committee took note of the fact that this issue would be considered under Item VIII.7 of the Agenda.

Annex A/15 - Classification of an antimycotic agent referred to as "Natamax"

20. The Committee took note of the fact that this issue would be considered under Item VIII.8 of the Agenda.

Annex A/16 - Possible amendments to subheading 2929.10 and to the Explanatory Note to heading 29.29 to clarify the classification of isocyanates and related products

21. The Committee took note of the developments in the Sub-Committee.

Annexes A/17 and C/11 - Possible amendments to the Nomenclature with regard to the Rotterdam Convention

22. The Committee took note of the fact that this issue would be considered under Item VIII.11 of the Agenda.

Annex B/1 - Decisions taken by the HSC at its 29th and 30th Sessions affecting the work of the Scientific Sub-Committee

23. The Committee took note.

Annex B/2 - Revision of the Customs Laboratory Guide

24. The Committee took note.

Annex B/3 - WCO regional seminar on Customs laboratory matters

25. The Director informed the Committee that the forthcoming Regional Seminar for the Asia/Pacific Region, to be held in Malaysia in June 2003, had been postponed. The Committee took note.

Annex B/4 - Terms of Reference of the Scientific Sub-Committee

26. The Committee took note.

* * *

1	2	3
NC0670E1	Classification of new INN products (INN List 87)	<u>See Annex M/7.</u>

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng.)

1. The Committee unanimously approved the proposed classifications of 50 INN products from INN List 87, as indicated in bold type in the Annex to Doc. NC0670E1.
2. The Committee also agreed that the remaining 16 INN products from INN List 87, whose classification had been placed in square brackets in the Annex to Doc. NC0670E1, would be submitted to the next session of the Scientific Sub-Committee for advice.
3. The list of products and the classifications approved are set out in Annex M/7 to this Report.

* * *

ANNEX F

REPORT OF THE HS REVIEW SUB-COMMITTEE

Working Doc.	Subject	Classification Opinions	E.N. amendments	Nomenclature amendments
1	2	3	4	5
NR0400E3	Report of the 27 th Session of the HS Review Sub-Committee.		<u>See Annexes M/13 to M/18 and O/1 to O/4.</u>	<u>See Annexes N/2 to N/11.</u>
NC0671E1	Matters for decision by the Harmonized System Committee.			

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng./Fr.)

1. The Committee examined the questions arising from the Report of the 27th Session of the HS Review Sub-Committee.
2. It was noted that the French version of Annex C/6 to Doc. NR0400F3 needed to be corrected to delete the italics and { } brackets.
3. Furthermore, the suggestion was made that in future "Matters for decision" documents, reference be made to the fact that that document is based on the draft report of the Sub-Committee.
4. A request was also made that the Secretariat prepare another summary document and correlation tables for the 32nd Session of the Committee recapping the status of the work on the 3rd Review Cycle to date.
5. The other decisions taken by the Committee are set out below with reference to the relevant Annexes of the Sub-Committee's Report (Doc. NR0400E3).

Annex B/1 - Decisions taken by the Harmonized System Committee at its 30th Session affecting the work of the Review Sub-Committee

6. The Committee took note.

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (contd.)

Annex B/2 - Possible deletion of headings/subheadings with a small volume of trade
(Comments by the Norwegian Administration and the International Nickel Study Group)

7. The Committee took note.

Annexes C/1 and G - Consideration of the work of the 1st Meeting of the Working Group

8. The Director informed the Committee that, as suggested by the Review Sub-Committee, the Secretariat had organised an informal meeting, at the time of the Committee's preessional Working Party, with the three administrations that had made major proposals with regard to the hi-tech provisions. The aim of the informal meeting had been to see whether it was possible to reach agreement on a plan for the completion of the work during this review cycle.
9. He stated that there was a lot of good will and a real spirit of co-operation during the informal meeting and, therefore, complemented the participants from the EC, Japan and the United States. The participants and the Secretariat were of the view that the revision of the hi-tech provisions could be completed during this review cycle, i.e., by June 2004, if there was a will to co-operate and to find consensus. At the same time it was recognised that meeting the June 2004 deadline would mean a lot of hard work by administrations and the Secretariat, and would require many informal meetings between interested parties, both actually and virtually.
10. The informal group also came to the conclusion that the number of issues that could be tackled by the Review Sub-Committee in this connection, would have to be limited to the essential issues, given the very limited amount of time that was left. With this in mind, the group drafted a list of essential issues and agreed to divide up the drafting of working documents for the consideration of the Review Sub-Committee, between the three administrations and the Secretariat. The issues agreed upon were the following :
- (1) Possible amendment of Note 5 to Section XVI (Secretariat);
 - (2) Possible amendment of Note 5 to Chapter 84 (Secretariat);
 - (3) Possible amendment of Note 5 to Chapter 85 (Secretariat);
 - (4) Possible combination of headings 85.19 and 85.20 (Secretariat);
 - (5) Possible combination of headings 85.23 and 85.24 (Secretariat);
 - (6) Comprehensive review of the provisionally approved amendments to headings 84.43, 84.69, 85.19, 85.20 and 85.28 (Secretariat);
 - (7) Separate heading for printers, copiers, plotters, fax machines and multifunction machines having two or more of the following functions : printing, scanning or faxing (EC);
 - (8) Separate heading for monitors, projectors and flat panel display units, having an ADP or video function (and possibly cameras of heading 85.25) (Japan);

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (contd.)

- (9) Separate heading for apparatus having a communications function (US) (Japan);
 - (10) Separate heading for readers, scanners, drive units and input units (EC);
 - (11) Separate heading for flat panel displays (intermediate product) (EC); and
 - (12) Classification of "game-players" (EC).
11. The Director expressed the hope that some of these issues could be submitted for consideration by the Sub-Committee at its September session. The remainder would be submitted for the consideration of the 2nd meeting of the RSC Working Group at the end of October.
12. He invited the Committee to support the approach and asked whether delegations could agree on the limitation of the scope of the hi-tech review to the essential issues identified by the informal working group. Finally, the Director invited the Committee to give its support to the commitment to meeting the June 2004 deadline for the completion of the 3rd Review Cycle.
13. The delegates of the three major proponents for changes to the hi-tech provisions concurred with the conclusions as presented by the Director, and expressed their willingness for close co-operation. They further noted that the results of this work should be of benefit to all users of the Harmonized System.
14. The Committee took note of these developments with respect to hi-tech provisions and supported the approach that had been suggested by the informal group, including a renewed commitment to meeting the June 2004 deadline for the completion of the 3rd Review Cycle.
15. The Committee, finally, approved the cut-off date suggested by the Sub-Committee, i.e., 30 June 2003, by which any new proposal for this review cycle should be submitted to the Secretariat.

Annexes C/2 and F/2 - Possible amendments to the Nomenclature regarding the classification of waffles

16. The Committee took note.

Annexes C/3 and F/1 - Possible amendments to the Nomenclature regarding the classification of sauces

17. After a lengthy discussion, during which delegates for the most part repeated their administrations' arguments and positions from earlier discussions in the Review Sub-Committee and the Harmonized System Committee, for or against introducing a legal Note for sauces, it was finally decided, by 26 votes to 11, not to insert a quantitative criterion for visible pieces (e.g., vegetables or fruit) in the proposed Note to Chapter 21.

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (contd.)

18. As a consequence of this decision, it was also decided to drop the rest of the proposal in Annex F/1 of Doc. NR0400E3 (RSC/27 – Report) concerning the amendments to the Nomenclature regarding the classification of sauces.

Annexes C/4 and F/3 - Proposal by the US Administration to amend the Nomenclature and Explanatory Note to heading 38.21

19. The Committee provisionally adopted the proposed amendment to heading 38.21.

20. The EC Delegate, however, voiced some doubts with respect to the statement of the Secretariat in paragraph 25 of Doc. NC0671E1 that the new wording did not entail any transfer of goods, a matter which would have to be considered when the Committee adopts the Correlation Tables.

21. The Committee took note of the Sub-Committee's further study on the Explanatory Notes.

22. The provisionally adopted text is set out in Annex N/2 to this Report.

Annex C/5 - Possible amendment of the structured nomenclature to heading 39.20 to provide for banknote substrates of plastics (Proposal by the Australian Administration)

23. The Committee took note that this item had been deleted from the Sub-Committee's Agenda.

Annexes C/6 and F/4 - Possible amendments to the Explanatory Notes to Chapter 41

24. After a lengthy discussion during which delegates largely repeated their administrations' arguments and positions from earlier discussions in the Review Sub-Committee, both for and against amending the General Explanatory Note to Chapter 41, it was agreed to delete the phrase "which does not result in a permanent chemical change in the collagen content present in raw hides and skins" from the proposed new third paragraph to part (l). Subject to this deletion and a small editorial amendment, the Committee adopted the proposed amendment.

25. The texts adopted are set out in Annex M/13 to this Report.

Annexes C/7 and F/5 - Possible amendment of the Explanatory Notes to headings 61.03 and 61.04

26. The Committee adopted the amendments to the Explanatory Notes as proposed by the Sub-Committee. The adopted amendments are set out in Annex M/14 to this Report.

27. The Committee also provisionally adopted the proposed amendments to the French version of the text of Note 3 (a) to Chapter 61. The provisionally adopted amendments are set out in Annexes N/3 (legal text) and O/1 (Explanatory Notes) to this Report.

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (contd.)

Annexes C/8 - Possible amendments to the Explanatory Notes to correct certain texts and to align the English and French versions

28. The Committee took note of the fact that there was no consensus in the Sub-Committee that the Explanatory Notes should be amended, and that the Sub-Committee had finished its discussion of this matter without making a recommendation for amendments.

Annexes C/9 and F/6 - Possible alignment of the French and English texts of Note 9 to Chapter 71 (Proposal by the EC)

29. The Committee provisionally adopted the proposed texts.
30. The texts provisionally adopted are set out in Annex N/4 to this Report.

Annexes C/10 and F/7 - Possible amendments to the structured nomenclature to headings 73.04 and 73.06 (Proposal by the EC)

31. After some discussion and after the Committee had agreed to reverse the order of some two-dash subheadings, with a view to first mentioning certain commodities of stainless steel, the Committee provisionally adopted the duly modified proposed amendments.
32. The provisionally adopted texts are set out in Annex N/5.

Annexes C/11 and F/8 - Proposal by the US Administration to merge headings 95.01 to 95.03 into a single heading for toys

New heading 95.03

33. The Committee provisionally adopted the text proposed by the Sub-Committee.
34. The provisionally adopted text is set out in Annex N/6 to this Report.

New Note to Chapter 95

35. The Committee took note of the development in the Sub-Committee concerning new Note 4 to Chapter 95.

Annex C/12 - Possible amendment of the structured nomenclature to heading 29.41 and the Explanatory Notes to Chapter 29 (Proposal by the Mexican Administration)

36. The Committee took note of the developments in the Sub-Committee.

Annex C/13 - Possible amendments to the structured nomenclature to heading 38.24 (Proposal by UNEP)

37. The Committee took note of the developments in the Sub-Committee.

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (contd.)

Annex C/14 - Possible creation of a new Note to Chapter 69 to define the term "refractory" (Proposal by the Australian Administration)

38. The Committee took note of the fact that the Sub-Committee had agreed not to recommend the creation of a new legal Note to Chapter 69 to define the term "refractory".

Annex C/15 - Possible amendments to the Nomenclature and the Explanatory Notes regarding the classification of controller units for anti-lock braking systems (ABS) (Proposal by the Australian Administration)

39. The Committee took note of the fact that there was agreement in the Sub-Committee not to pursue the transfer of controller units for anti-lock braking systems (ABS) from heading 90.32 to Chapter 87.

Annex C/16 - Possible amendments to the structured nomenclature to heading 90.30 (Proposal by the US Administration)

40. The Committee took note of the developments in the Sub-Committee.

Annexes D/1 and F/9 - Possible amendment of subheading 0406.40 to cover "blue-veined" and similar cheeses

41. The Committee took note of the developments in the Sub-Committee.

Annex D/2 - Possible amendment of the Explanatory Notes to clarify the classification of sheet-fed presses (Proposal by the Japanese Administration)

42. The Committee took note of the fact that this issue would be considered under Item IX.8 of the Agenda.

Annex D/3 - Possible amendment of heading 84.22 with regard to the use of the terms "packing" and "packaging"

43. The Committee took note of the fact that the Sub-Committee had agreed, by consensus, that no change to the Nomenclature or the Explanatory Notes was required in connection with this issue.

Annexes D/4 and F/12 - Amendments to the Nomenclature and to the Explanatory Notes to correct certain texts

44. The Committee provisionally adopted the amendments proposed by the Sub-Committee.

45. The texts provisionally adopted are set out in Annexes N/7 and O/2 to this Report.

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (contd.)

Annexes D/5 and F/13 - Proposal by the Canadian Administration to create a new Subheading Note to Chapter 39 with regard to multi-layered sheets of plastics

46. The Committee took note of the developments in the Sub-Committee.

Annexes D/6 and F/14 - Proposal by the EC to create new subheadings for bluefin tuna in heading 03.01 and swordfish and toothfish in headings 03.02, 03.03 and 03.04

47. The Committee first agreed to identify Bluefin tunas (*Thunnus thynnus*) and Southern bluefin tunas (*Thunnus maccoyii*) separately at the two-dash level in heading 03.01. It also agreed to provide separately for swordfish and toothfish at the subheading level in heading 03.03.

48. After some discussion concerning the appropriate structure and numbering of the subheadings concerned under heading 03.03, the Committee agreed to combine current subheadings 0303.50 (herrings) and 0303.60 (cod), which were subsequently split into new subheadings 0303.51 (herrings) and 0303.52 (cod), thus creating the possibility of identifying swordfish and toothfish separately at the two-dash level under new subheadings 0303.61 and 0303.62, respectively.

49. Following these discussions, the Committee provisionally adopted the proposed amendments to Chapter 3, duly modified.

50. The texts provisionally adopted are set out in Annexes N/8 and O/3 to this Report.

Annexes D/7 and F/15 - Possible amendment of the Nomenclature to Chapter 44 (Proposal by the EC)

51. The Committee took note of the developments in the Sub-Committee.

Annex D/8 - Possible amendment of Note 7 (c) to Section XI (Proposal by the EC)

52. The Committee took note of the fact that this issue would be considered under Item IX.9 of the Agenda.

Annexes D/9 and F/17 - Revision of Chapters 54 and 55 (Proposal by the EC)

53. The Committee took note of the developments in the Sub-Committee.

Annexes D/10 and F/18 - Possible amendments to the Nomenclature and Explanatory Note to heading 61.15 (Proposal by the EC)

54. The Committee took note of the developments in the Sub-Committee.

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (contd.)

Annexes D/11 and F/24 - Possible amendments to headings 85.35 and 85.36 (Proposal by the EC)

55. The Committee took note of the developments in the Sub-Committee.

Annexes D/12 and F/25 - Possible creation of a new heading for semiconductor and flat panel display manufacturing equipment (Proposals by the United States and the EC)

56. The Committee took note of the developments in the Sub-Committee.

Annex D/13 - Possible amendment of heading 28.23 with regard to titanium dioxide (Proposal by the EC)

57. The Committee took note of the developments in the Sub-Committee.

Annexes D/14, F/19 and F20 - Possible amendments to Subheading 8543.30 and the Explanatory Note to heading 85.43 to align the French texts on the English texts

58. The Committee provisionally adopted the proposed amendments of the French version of the text of subheading 8543.30.

59. The provisionally adopted text is set out in Annex N/9 to this Report.

60. The Committee adopted the proposed amendment of the Explanatory Note to heading 85.43, to align the French version on the English.

61. The adopted amendment is set out in Annex M/15 to this Report.

Annexes D/15 and F/21 - Possible deletion of subheadings 0105.92 and 0105.93 (Proposal by the EC)

62. The Committee took note of the developments in the Sub-Committee.

Annex D/16 - Possible amendment of the Nomenclature and the Explanatory Note to heading 90.21

63. The Committee took note of the fact that the question of alignment would be considered under Item IX.11 of the Agenda and that the Sub-Committee would continue its study of the possible amendment of the legal texts.

Annexes D/17, F/10 and F/11 - Possible amendments to subheading 2529.10 and the relevant Explanatory Notes with regard to the term "felspar" (Proposal by the EC)

64. The Committee provisionally adopted the proposed amendments to the legal texts with respect to the term "felspar".

65. The provisionally adopted texts are set out in Annexes N/10 and O/4 to this Report.

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (contd.)

66. The Committee adopted the proposed amendments of the Explanatory Notes.

67. The adopted amendments are set out in Annex M/16 to this Report.

Annex D/18 and F/16 - Possible alignment of the French and English texts of Subheading Note 1 to Chapter 16, Subheading Notes 1 and 2 to Chapter 20 and Note 3 to Chapter 21 (Proposal by the EC)

68. The Committee provisionally adopted the proposed amendments to the legal texts.

69. The provisionally adopted texts are set out in Annex N/11 to this Report. Annexes E/1 to E/10 and Annexes F/26 to F/35, respectively – Possible amendment of the Explanatory Notes to Chapters 84, 85, 87 and 90

70. The Committee took note of the fact that the Sub-Committee would continue its comprehensive review of the Explanatory Notes for Chapters 84, 85, 87 and 90 at its next session.

Annex E/11 - Possible amendment of the Explanatory Note to heading 29.35

71. The Committee took note of the fact that the Sub-Committee had agreed to delete this proposal from its Agenda.

Annexes E/12 and F/23 - Possible amendment of the Explanatory Note to heading 29.37

72. The Chairperson informed the Committee that the Scientific Sub-Committee had discussed the possible amendment of the Explanatory Note to heading 29.37 and that the Committee, when considering the results of the Scientific Sub-Committee's 18th Session, had agreed to replace the text of new item (6), on page 482, by the text proposed by the Secretariat in paragraph 7 of Doc. NC0669E1 (see item VI.2 on Agenda). Consequently, if the Committee adopted the proposed amendment of the Explanatory Note to heading 29.37 as suggested by the Review Sub-Committee, the text of new item (6) should be amended accordingly. Following this clarification, the Committee adopted the proposed amendment, agreeing that the text of new item (6) on page 482 should be replaced by the text proposed by the Secretariat.

73. The adopted amendment is set out in Annex M/17 to this Report.

Annexes E/13 and F/22 - Possible amendment of the Explanatory Note to heading 29.41

74. The Committee adopted the proposed amendment.

75. The adopted text is set out in Annex M/18 to this Report.

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (contd.)

Annex E/14 - Possible amendment of the Explanatory Note to heading 30.02

76. The Committee took note of the fact that the Sub-Committee had concluded that no amendment of the Explanatory Note to heading 30.02 was needed and that it had agreed to maintain the *status quo*.

Annex E/15 - Possible amendment of the Explanatory Notes to headings 84.33 and 87.01 to clarify the classification of riding lawn-mowers

77. The Committee took note of the fact that the Sub-Committee had invited the **South African** Administration to submit the classification question directly to the HS Committee.

* * *

1	2	5
NC0725E1	Possible amendment of subheading 9030.20.	<u>See Annex N/12.</u>

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng.)

1. The Committee unanimously agreed to the text of the proposed amendment of subheading 9030.20.
2. The text provisionally adopted is set out in Annex N/12 to this Report.

* * *

ANNEX G

REPORT OF THE PRESESSIONAL WORKING PARTY

Working Doc.	Subject	Classification Opinions	E.N. amendments	Nomenclature amendments
1	2	3	4	5
NC0672E1 NC0729B2/A/I	Insertion of pictures or drawings in the Compendium of Classification Opinions.	<u>See Annex M/20.</u>		

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng.)

1. The Committee adopted, without modification, the texts finalised by the Working Party.
2. The texts adopted are set out in Annex M/20 to this Report.

* * *

1	2	3
NC0673E1 NC0729B2/A/II	Amendments to the Compendium of Classification Opinions arising from the classification of bakers' wares (waffles) in subheading 1905.32.	<u>See Annex M/21.</u>

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng.)

1. Subject to an editorial amendment in the French text, the Committee adopted the text finalised by the Working Party as regards the non-confidential part of the Compendium.
2. As to the confidential part, it was decided, by 16 votes to 4, not to include the information concerning ingredients and water content since this information was already included in the non-confidential part of the Compendium.
3. The texts adopted are set out in Annex M/21 to this Report.

* * *

1	2	3
NC0674E1 NC0729B2/A/III	Amendment of the Explanatory Notes with a view to distinguishing between medicated bone graft substitutes and bone reconstruction cements.	<u>See Annex M/22.</u>
NC0675E1 NC00729B2/A/IV	Amendments to the Compendium of Classification Opinions arising from the classification of a polyurethane resin in dimethyl formamide in subheading 3208.90.	<u>See Annex M/23.</u>
NC0676E1 NC0729B2/A/V	Amendment of the Explanatory Notes to reflect the classification of an injectable intracutaneous gel in heading 33.04.	<u>See Annex M/24.</u>

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng.)

1. The Committee adopted, without modification, the texts finalised by the Working Party.
2. The texts adopted are set out in Annexes M/22, M/23 and M/24 to this Report.

* * *

1	2	3
NC0677E1 NC0729B2/A/VI	Amendments to the Compendium of Classification Opinions arising from the classification of a product by the name of "Mosstanol L" in subheading 3814.00.	<u>See Annex M/25.</u>

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng.)

1. The Committee agreed to delete the square brackets around the abbreviation "vol" in the texts (three times).
2. Subject to the above modifications, the Committee adopted the texts finalised by the Working Party.
3. The texts adopted are set out in Annex M/25 to this Report.

* * *

1	2	3
NC0678E1 NC0729B2/A/VII	Amendments to the Compendium of Classification Opinions arising from the classification of certain panels of wood in subheading 4421.90.	<u>See Annex M/26.</u>
NC0679E1 NC0729B2/A/VIII	Amendments to the Compendium of Classification Opinions arising from the classification of quilted, decorative pillow coverings (shams) in subheading 6304.92.	<u>See Annex M/27.</u>
NC0680E1 NC0729B2/A/IX	Amendments to the Compendium of Classification Opinions arising from the classification of sliding doors for lifts (elevators) in subheading 7308.30.	<u>See Annex M/28.</u>
NC0681E1 NC0729B2/A/X	Amendments to the Compendium of Classification Opinions and the Explanatory Notes arising from the classification of a hydraulic salt/sand spreader in subheading 8479.10.	<u>See Annex M/29.</u>

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng./Fr.)

1. The Committee adopted, without modification, the texts finalised by the Working Party.
2. The texts adopted are set out in Annexes M/26, M/27, M/28 and M/29 to this Report.

* * *

1	2	4
NC0682E1 NC0729B2/A/XI	Amendments to the Compendium of Classification Opinions arising from the classification of certain grounding rods and certain grounding devices.	<u>See Annex M/30.</u>

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Fr.)

1. The Delegate of **Brazil** stated that her Administration could accept the text and photograph for Classification Opinion 7326.90/7, examined by the Working Party.
2. As for Classification Opinion 8535.90/1, one delegate felt that the photograph accompanying this Classification Opinion was not illustrative of the product classified by the Committee at its 30th Session.
3. After this short discussion, the Committee adopted, without modification, the first Classification Opinion. The second Classification Opinion was adopted, subject to deleting the photograph and including a reference to the legal basis for classification (GIRs 1 and 6).
4. The Secretariat was, finally, asked to contact the **Argentine** Administration with a view to obtaining a more illustrative picture for possible future addition to Classification Opinion 8535.90/1.
5. The texts adopted are reproduced in Annex M/30 to this Report.

* * *

1	2	4
NC0683E1 NC0729B1/A/XII	Amendment of the Explanatory Notes to clarify the classification of flash electronic storage cards.	<u>See Annex M/31.</u>

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng.)

1. The **EC** Delegate began the discussion of this agenda item by informing the Committee that the **EC's** proposed exclusion note was intended to ensure that devices with only one integrated circuit were not classified in heading 85.23. He indicated that the **EC's** original proposal was for an exclusion identical to that existing in the Explanatory Note to heading 85.43 (page 1703). In this respect, it would read "This heading does not include "smart cards" consisting only of a single electronic integrated circuit (**heading 85.42**)". However, upon reflection, the **EC** had decided to proposed a simpler alternative text. He proposed the exclusion to read "The heading does not include integrated circuits (**heading 85.42**)".
2. The **US** Delegate informed the Committee that his administration could accept the text based on the exclusion in the Explanatory Note to heading 85.43 (page 1703), but would require additional time to examine the alternative proposal that had been submitted by the **EC** from the floor.
3. The Committee concluded its discussion by agreeing to delete the exclusion from the proposal. The Committee also agreed to continue to study the proposed exclusion at its next session.
4. Subject to the above modification, the Committee adopted the texts finalised by the Working Party.
5. The texts adopted are set out in Annex M/31 to this Report.

* * *

1	2	3
NC0684E1 NC0729B2/A/XIII	Amendments to the Compendium of Classification Opinions arising from the classification of two battery packs used in cellular (mobile) telephones in subheadings 8507.30 and 8507.80.	<u>See Annex M/32.</u>
NC0685E1 NC0729B2/A/XIV	Amendments to the Compendium of Classification Opinions arising from the classification of safety seats for infants and toddlers in subheading 9401.80.	<u>See Annex M/33.</u>
NC0686E1 NC0729B2/A/XV	Amendments to the Compendium of Classification Opinions arising from the classification of a "baby walker" in subheading 9403.70.	<u>See Annex M/34.</u>

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng./Fr.)

1. The Committee adopted, without modification, the texts finalised by the Working Party.
2. The texts adopted are set out in Annexes M/32, M/33 and M/34 to this Report.

* * *

1	2	3
NC0687E1 NC0729B2/A/XVI	Amendments to the Compendium of Classification Opinions arising from the classification of "roller shoes" in subheading 9506.70.	<u>See Annex M/35.</u>

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Fr.)

1. The Committee adopted, without modification, the texts finalized by the Working Party, including the proposal to insert a second photograph of the shoe in the Compendium of Classification Opinions, in order to clearly show that it had two wheels.
2. The texts adopted are reproduced in Annex M/35 to this Report.

* * *

ANNEX H
FURTHER STUDIES

Working Doc.	Subject	Classification Opinions	E.N. amendments	Nomenclature amendments	Other
1	2	3	4	5	
NC0688E1 NC0715E1	Correlation between the Harmonized System and the WTO Instrument on Pharmaceutical Products.				<u>See Annex P/2.</u>

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng.)

1. The Committee accepted the proposed Correlation between the Harmonized System and the WTO Instrument on Pharmaceutical Products set out in the Annex to Doc. NC0688E1 without modification.
2. With respect to publication on the WCO Web site as mentioned in paragraph 15 of Doc. NC0715E1, one delegate stressed that the fact that the Correlation had no legal or official status should be clearly mentioned. The Chairperson reminded the Committee that “the introduction” to the Correlation clearly indicated that the table had no legal or official status. Finally, the Committee agreed that “IV. TABLE” should also be made available on the WCO Public Web site.
3. The Correlation accepted by the Committee is set out in Annex P/2 to this Report.

* * *

1	2	4
NC0689E1	Possible amendment of the Explanatory Note to heading 19.05.	<u>See Annex M/1.</u>

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng.)

1. Since the reference to the water content limit in the Explanatory Note to heading 19.05, Item (A) (9) was clearly outdated, the Committee first agreed to delete this reference.
2. As to the Secretariat's proposal to include a reference to frozen waffles, several delegates expressed the view that this reference was not necessary. In their view, this Explanatory Note should be a general note covering all waffles and not a reference to a specific product which would be mentioned in the Compendium of Classification Opinions. In addition, a reference to "frozen" only in the item covering waffles could create confusion as to the classification of other frozen bakers' wares of heading 19.05.
3. Other delegates, however, were of the view that the proposed reference to frozen waffles was justified. After all, the Committee had classified a fully baked frozen product as a waffle, and this decision should, in their view, be reflected in the Explanatory Notes. In addition, not everybody had access to the Classification Opinions, and since the Explanatory Notes were there to provide guidance on the classification of actual products, frozen waffles should also be mentioned.
4. When the matter was put to a vote, the Committee agreed, by 22 votes to 11, to delete the reference to frozen waffles.
5. Subject to the above, the Committee adopted the text of the proposed amendment of the Explanatory Note to heading 19.05.
6. As to the Secretariat's idea in paragraph 10 of the working document to delete the references to other water content limits (concerning "crispbread" and "sweet biscuits") and the provisions for "base" and "fat content" ("sweet biscuits"), the Committee felt that these modifications were not necessary. Since the Committee had encountered no problems with regard to these provisions, it agreed that these texts should not be amended.
7. The text adopted is set out in Annex M/1 to this Report.

* * *

1	2
NC0690E1	Study of the phrase “unless the context otherwise requires” as used in GIR 6.

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng.)

At the request of the **EC** Delegate, the Committee agreed to postpone the discussion of this item to its next session in November 2003.

* * *

1	2
NC0691E1	Study of the possible conflict between the classification of “Bonnet Bleu” and Classification Opinion 2106.90/21.

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng.)

1. At the outset of the discussion of this agenda item, one delegate stressed that because a reservation had been entered against the decision by the Committee to classify “Bonnet Bleu” in heading 04.02, legally there was no decision on “Bonnet Bleu”. Consequently, the Committee must be careful in its discussions not to prejudice future consideration of the product.
2. The EC Delegate expressed the hope that the Secretariat’s study of the possible conflict between the two classifications at issue would facilitate the Committee’s re-examination of the “Bonnet Bleu” question in November. He recognised that the sugar/milk/dextrin (SMD) preparation which the Committee had classified in heading 21.06 at its 22nd Session, contained a very high proportion of sugar (69 %). He noted, however, that since there was no limitation in the legal texts to Chapter 4 as to sugar content, this product could also have been classified in heading 04.02. It was therefore very important to study the dissimilarities between SMD and “Bonnet Bleu” to see why the Committee had classified one product in heading 21.06 and had considered classification of the other in heading 04.02.
3. He admitted that based only on the Report of the Committee’s 22nd Session it was difficult to see whether the Committee had classified SMD in heading 21.06 because of its elevated sugar content or because of the presence of 2 % dextrin in the product. However, based on his recollection of the discussion in the Committee at that session, and taking into consideration the arguments in the working document concerning the classification of SMD (Doc. 42.458), he was of the opinion that the Committee had classified SMD in heading 21.06 because of its dextrin content.
4. He also pointed out that the Secretariat’s assumption that SMD contained no fat was incorrect. The comparison between the two products at issue in paragraph 22 of the working document was therefore misleading. However, since the fat in the product was obviously of animal origin, the SMD’s fat content had not been taken into consideration by the Committee at its 22nd Session. As to the Secretariat’s question whether the sugar content of products of heading 04.02 should be calculated in the product as presented, or on the dry matter, the EC was of the view that the sugar content should be calculated based on the product as presented to Customs. Finally, he concluded that there was no conflict between the possible classification of “Bonnet Bleu” in heading 04.02 and the classification of SMD in heading 21.06. After all, “Bonnet Bleu” contained the same ingredients as milk.
5. Another delegate also pointed out that important information was missing as to the fat content in SMD, and whether this fat was of vegetable or animal origin. Nevertheless, he was

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (contd.)

also of the opinion that there was no conflict between classifying SMD in heading 21.06 and the possible classification of "Bonnet Bleu" in heading 04.02.

6. The Delegate of Cameroon pointed out that it was difficult to classify products based on information other than the information she could glean from the working document. According to her understanding of that document, SMD was classified in heading 21.06 because of its elevated sugar content, and not because of the presence of 2 % dextrin in the product. Furthermore, according to the General Explanatory Note to Chapter 4, which in her mind was not exhaustive, dextrin could be regarded as a small quantity of another permissible additive of Chapter 4. She was therefore of the opinion that there was indeed a clear contradiction between the classification of SMD in heading 21.06 and the possible classification of "Bonnet Bleu" in heading 04.02. She was also still of the opinion that the Review Sub-Committee should look into this matter and propose a minimum milk content limit for products of Chapter 4, in particular since SMD contained more milk than "Bonnet Bleu".
7. After this exchange of views, it was concluded that although some information (concerning the possible fat content in SMD) was missing, and which had made it difficult to make a complete comparison between the two products at issue, the Committee felt that the Secretariat's study as to a possible conflict had been very useful. However, in the working document for the next session the exact composition of the products (paragraph 22 to Doc. NC0691E1) should be clarified and the information as to the fat content in SMD should also be modified.

* * *

1	2
NC0692E1	Proposal by the US Administration to amend the Nomenclature to Chapter 41.

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng.)

1. In opening the discussion, the **US** Delegate indicated that although the text of Chapter 41 had been amended during the last review cycle, further amendments were required by the leather industry and the trade. Referring to the structure of Chapter 41, he reminded the Committee that the first three headings covered raw hides and skins while headings 41.04 to 41.06 dealt with tanned products. He indicated that in the English-speaking part of the world the term “leather” was used to refer to the products of headings 41.04 to 41.06 and its insertion in the text would facilitate the use of the HS Nomenclature by English-speaking operators. He believed that, as this term was missing from the 2002 version of the Nomenclature, it created confusion for HS users.
2. As to a possible misalignment between the French and English texts of the headings concerned, he pointed out that the term “leather” was an exact equivalent of the expression “cuirs et peaux tannés” in French, and that the insertion of a synonym could not result in any misalignment between the French and English versions of the text. In this connection he referred to some examples in the Nomenclature where two words were used in the French version as an equivalent for only one word in the English version.
3. With regard to the scope of the headings concerned, he stressed that the proposed amendments would not lead to any transfer of goods. He also noted that the amendments would take into account definitions used by the Technical Committee on Rules of Origin.
4. Several delegates supported the **US** proposal, one of them further clarifying that the insertion of a synonym in parentheses in the text could neither change its scope nor move the English text out of alignment with the French.
5. The **EC** Delegate drew the Committee’s attention to the history of the question, pointing out that proposals to change the wording of certain headings, as well as the provisions of Note 2 (a) to Chapter 41, had been previously rejected by the Committee, in order to preserve intact the essential criterion of the “reversibility” and “irreversibility” of operations authorised under headings 41.01 to 41.03 and 41.04 to 41.06, respectively. Moreover, as consultations with the industry had suggested, the proposed amendments would not improve the situation since a misalignment would occur. He explained that the French term “cuir” was used indiscriminately to cover both leather and raw hides and skins and it was not possible to extend its scope. He was also concerned about possible repercussions on third language versions of the Harmonized System. Referring to the structure of Chapter 41, he noted that headings 41.01 to 41.03 covered raw products, headings 41.04 to 41.06 intermediate products and headings 41.07 onwards finished products. The English term “leather” first appeared in the texts of these latter headings. This structure made it possible to reflect the value added to

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (contd.)

the raw materials. However, the use of the term in the English version to refer to intermediate products did not appear to be necessary and might create confusion. It should not be overlooked that some finished leather might be wrongly classified in headings 41.04 to 41.06. Moreover, tanned and crust hides and skins were sold to members of the trade who were very familiar with their characteristics. Consequently, he felt that there was nothing to be gained by inserting the term "leather" in parentheses in the legal texts of headings 41.04 to 41.06.

6. Another delegate suggested that, unless an equivalent for the term "leather" to be inserted in the French text was found, the proposed amendments would create difficulties for trade negotiations.
7. Several other delegates saw no need to amend the legal text under consideration, as the current wording provided sufficient clarity. They were, therefore, also in favour of the status quo.
8. When the matter was put to a vote, 16 delegates voted to insert the term "leather" in parentheses in the English version of the text of headings 41.04 to 41.06, while 11 delegates voted in favour of the status quo. However, taking into account the provisions of Rule 19 of the Rules of Procedure of the Committee with regard to changes to the legal text, the proposal was not accepted by the Committee since it had not attracted the required two-thirds majority of the votes cast by the Members of the Committee.

* * *

1	2
NC0636E1 NC0647E1 (HSC/30) NC0718E1	Classification of a "Fanta" beverage base.

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng.)

1. Opening the discussion, the **US** Delegate stated that, following an independent review conducted by his administration with respect to the role of the odoriferous substances in the preparation at issue, the **US** Administration could only conclude that the preparation at issue was based on these substances. Consequently, classification of the product in heading 33.02 as "other preparations based on odoriferous substances, of a kind used for the manufacture of beverages" was correct. In this context, he referred to the first paragraph of the Explanatory Note to that heading, on page 618, which stipulates that such preparations generally contain a relatively small quantity of odoriferous substances and other substances such as juices.
2. Many delegates supported this view, in view of the fact that this product was a preparation containing all of the required odoriferous substances to make a non-alcoholic beverage containing orange and, therefore, were of the opinion that it was classified in subheading 3302.10 by application of the last part of the heading text.
3. The Delegate of **Romania**, on the other hand, took the view that the preparation at issue was not based on odoriferous substances, since it already contained all the ingredients from which the beverage would be produced. That being the case, classification in heading 21.06 was in her opinion appropriate. This classification was supported by the reference to non-alcoholic preparations of a kind used in the manufacture of various non-alcoholic beverages, in item (7) of the Explanatory Note to heading 21.06, on page 182.
4. When the matter was put to a vote, the Committee decided, by 37 votes to 1, to classify the "**Fanta**" beverage base as described in paragraph 6 of Doc. NC0636E1, in heading 33.02 (subheading 3302.10), by application of General Interpretative Rules 1 (Note 2 to Chapter 33 and the second part of heading 33.02) and 6.
5. In order to reflect this decision, the Committee instructed the Secretariat to prepare a draft Classification Opinion for examination, in the first instance, by the next preessional Working Party.

* * *

1	2
NC0693E1	Classification of certain modified starches or sizing preparations.

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng.)

1. Opening the discussion, one delegate asked the Committee to postpone consideration of this agenda item. The rest of the Committee, however, felt that it was prepared to discuss the matter and to take a final decision at this session. Accordingly, the Committee decided to examine the classification of the six products in question.
2. Another delegate expressed his administration's opinion with regard to the two "CATO" products. In his administration's view, these products fell within the terms of heading 38.09 since they were used to improve the properties of the produced paper and to improve the efficiency of the paper-making process.
3. A third delegate pointed out that the Committee was dealing with modified starches to which extremely small quantities of other ingredients had been added. He recalled that a majority of the delegates to the Scientific Sub-Committee had been of the view that the addition of the very small quantities of other ingredients (other than starch) had not changed the character of the modified starches. He therefore believed that heading 35.05 (for modified starches) characterised the products at issue and described them more specifically.
4. He stressed that there were no limitations as regards the end-use of the products of heading 35.05. Consequently, the fact that the products were used in the paper-making industry did not exclude them from that heading. In addition, the text of the competing heading (38.09) contained the phrase "not elsewhere specified or included". This heading could therefore be applied only if the products at issue were not specifically covered by any other heading, e.g., by heading 35.05 which merited consideration in this particular case.
5. Several other delegates supported this view. When the matter was put to a vote, the Committee decided by 34 votes to 1 (with 1 abstention) to classify "CATO® 15A" and "CATO-SIZE® 52A" in heading 35.05 (subheading 3505.10) and to classify "Penford® Gum 270", "Astro X-101 Starch", "ETHYLEX® 2040 Gum" and "STALOK® 400" in heading 35.05 (subheading 3505.10) by 36 votes to 0 (with one abstention). The classifications were based on the application of GIRs 1 and 6.
6. In order to reflect these decisions, and at the request of one administration, the Committee instructed the Secretariat to prepare two draft Classification Opinions for the "CATO® 15A" and "CATO-SIZE® 52A" products, for examination, in the first instance, by the next preessional Working Party. The Secretariat was also instructed to contact the Colombian Administration to ask whether a Classification Opinion for any of the other products would be necessary; in which case the Secretariat would also draft the respective Opinion(s).

* * *

1	2
NC0694E1	Classification of an antimycotic agent referred to as "Natamax".

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng.)

1. Opening the discussion on this issue, one delegate stated that in the light of the conclusions of the Scientific Sub-Committee regarding the role of lactose in "Natamax", the product should be excluded from Chapter 29 by virtue of Note 1 (h) to Chapter 29. Consequently, Chapters 21 and 38 merited classification consideration and the principal question to be resolved was whether Note 1 (b) to Chapter 38 would be applicable in this particular case.
2. In that context, he pointed out that the requirements as to (i) whether the product was a mixture of chemicals with foodstuffs or other substances with nutritive value and (ii) whether it was of a kind used in the preparation of human foodstuffs, as described in the Note should be examined. He further pointed out that although "Natamax" was a mixture of an edible product of Sections I to IV (lactose) and a chemical (the antibiotic natamycin), the mere presence of lactose would not suffice to exclude the mixture from Chapter 38 by virtue of Note 1 (b) to that Chapter. The product was used for the inhibition and elimination of moulds and yeasts; specifically, to prevent their formation and to control their growth in cheeses, meat or fruit juices. At the same time, "Natamax" had no effect on the appearance, colour, taste or flavour of these food products. In accordance with a majority of the delegates to the Scientific Sub-Committee, he therefore felt that it would be difficult to consider "Natamax" to be a food preparation of Chapter 21 and was of the view that this product was not excluded from Chapter 38 by Note 1 (b) to that Chapter since it was not a mixture with nutritive value of a kind used in the preparation of human foodstuffs.
3. Other delegates agreed with the view that "Natamax" was classifiable in Chapter 38. There were, however, different views in the Committee with regard to the appropriate heading within Chapter 38. Several delegates preferred heading 38.08, as they felt that the text of this heading was more specific than heading 38.24 and the product at issue complied with the description of fungicides given in the Explanatory Note to that heading (page 682). Other delegates preferred heading 38.24 because "Natamax" was similar to the "Nisaplin" product described in Classification Opinion 3824.90/3 and they were of the view that this previous classification decision of the Committee served as a precedent.
4. One delegate was of the opinion that there was a difference between "Natamax" and "Nisaplin" since "Natamax" was an intentionally prepared mixture of lactose and an antibiotic (natamycin), while "Nisaplin" was obtained as a by-product of the manufacturing process of an antibiotic (nisin). He therefore supported the classification of "Natamax" in heading 38.08.

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (contd.)

5. Another delegate drew the Committee's attention to the different ingredients and to the considerably different concentrations of antibiotics in "Natamax" and "Nisaplin". These characteristics could provide a basis to differentiate the two products.
6. The Director explained that it was important for the Committee to take account of its previous decisions. If two similar products were to be classified differently, the reasons for those different classifications should be clearly established. He therefore proposed that, before a final decision on the appropriate heading for "Natamax" was taken, the Secretariat should conduct a study on the possible differences between the "Natamax" and "Nisaplin" products to determine whether there was any justification for classifying them in two different headings of Chapter 38.
7. Finally, the Committee unanimously agreed on the classification of "Natamax" in Chapter 38 and agreed to continue the examination of appropriate heading at its next session. To this end, the Secretariat was instructed to carry out a study to determine whether there was any substantial difference between "Natamax" and "Nisaplin", which would support classification of these two products in two different headings of Chapter 38, i.e., headings 38.08 and 38.24

* * *

1	2
NC0695E1	Study of the use of the terms “hygienic”, “sanitary” and “toilet” in Chapter 39.

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng.)

1. In opening the discussion, the **EC** Delegate stated that he agreed with the Secretariat that the only possible concern was the classification teats and fingerstalls in heading 39.24. However, he had no problem in classifying these products in that heading, since the texts of both language versions covered them. Therefore, an amendment of the legal text was not needed. He could, however, agree to an amendment of the Explanatory Notes.
2. The **US** Delegate, on the other hand, was of the view that teats and fingerstalls of plastics were to be classified in heading 39.26, since the text of the English version of heading 39.24 did not cover these articles. In view of the fact that the French text of heading 39.24 refers to hygienic articles, while the English text does not, he concluded that there was a non-alignment between the two language versions of heading 39.24. He, therefore, requested that this issue be sent to the Review Sub-Committee for consideration.
3. The Delegate of **Canada**, while indicating that his administration was using both language versions of the Harmonized System, seconded the view expressed by the **US** Delegate that teats and fingerstalls of plastics were to be classified in heading 39.26.
4. When put to a vote, the Committee, by 19 votes to 7, classified the teats and fingerstalls of plastics in heading 39.24 (subheading 3924.90), by application of General Interpretative Rules 1 and 6.
5. Following this decision, the Committee agreed, at the suggestion of the Chairperson, to mention the articles classified and the other commodities listed in paragraph 13 of Doc. NC0695E1 (other than the crutch tips and grips, the sanitary belts and the syringes) in the Explanatory Notes of the headings at issue (i.e., headings 39.24 and 39.26, respectively). The Secretariat was instructed to prepare the appropriate draft amendments, to be considered by the Committee at its next session.
6. Finally, the Committee also agreed to inform the Review Sub-Committee of the outcome of its discussions on this matter.

* * *

1	2	3
NC0639E1 (HSC/30) NC0696E1	Possible amendment of the Explanatory Notes to Chapter 39 and heading 40.08.	<u>See Annex M/2.</u>

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Fr.)

1. The Committee unanimously adopted the new texts of the Explanatory Notes to Chapter 39 and heading 40.08, as set out in the Annex to Doc. NC0696E1, and agreed to use the Secretariat's second alternative text for the English version, in order to include the terms "felt or nonwovens" after "textile fabrics" in the second paragraph of each of the Explanatory Notes.
2. The texts adopted are set out in Annex M/2 to this Report.

* * *

1	2	3
NC0697E1	Possible amendments to the Nomenclature with regard to the Rotterdam Convention.	<u>See Annex N/1.</u>

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng.)

1. After the Chairperson introduced the working document, the Delegate of **Canada** informed the Committee that his administration had already formally submitted its redrafted proposal to group all products covered by the Montreal Protocol and the Rotterdam Convention under one heading of the Nomenclature to the Secretariat for consideration at the Review Sub-Committee's 28th Session. Several delegates expressed their appreciation for this **Canadian** initiative which was welcomed as an attempt to contribute to the simplification of the HS Nomenclature.
2. Since this **Canadian** proposal was an alternative to the proposal with regard to the Rotterdam Convention which had recently been examined by the 18th Session of the Scientific Sub-Committee, one delegate suggested that both proposals be considered by the Review Sub-Committee at its next session. Based on the outcome of the deliberations in the Review Sub-Committee, the Committee could then decide at its next session in November which alternative to follow within the framework of the 2007 Nomenclature amendments. The Committee agreed to such a course of action.
3. The Committee also agreed to forward the comments by **Argentina** regarding camphechlor, binapacryl and pentachlorophenol (distributed during the meeting as a non-paper in English only) to the Review Sub-Committee. In this connection, the Chairperson of the Scientific Sub-Committee reiterated that creation of new subheading 2903.52 for camphechlor had already been considered by the Scientific Sub-Committee to be inappropriate. He also explained that there was consensus in the Scientific Sub-Committee that binapacryl was classifiable in subheading 2916.39 under the current Nomenclature by application of Note 5 to Chapter 29. New subheading 2916.36 would therefore be more appropriate for its separate identification.
4. The Committee then agreed to proceed with a general consideration of the proposal set out in the Annex to Doc. NC0697E1. The **EC** Delegate expressed his agreement with the approach taken by the Scientific Sub-Committee since its intention was to simplify the proposed texts to the extent possible. In his view, the Committee should be able to accept all of the conclusions reached by the Scientific Sub-Committee as well as all of the Secretariat's proposed modifications referred to in paragraphs 31 to 33 of the working document.
5. He supported the idea put forward by the Scientific Sub-Committee of creating a separate subheading in heading 38.08 for products subject to the Rotterdam Convention. He was in favour of the simplest possible text for such a new subheading and, therefore,

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (contd.)

preferred not to include an explicit list of these products directly in the subheading text but to introduce a new Subheading Note for this purpose.

6. He could also accept the Scientific Sub-Committee's suggestion to use the term "containing" in the proposed text for heading 38.08. However, he had some concerns as to whether this term would be interpreted uniformly. In order to avoid problems where a particular chemical substance was present in a product as an impurity, in a trace amount or as a residue, he suggested the possibility of defining the term "containing". In his view, setting up a minimal concentration threshold for these chemical substances could be a solution.
7. The Chairperson reiterated that the representative of the Interim Secretariat for the Rotterdam Convention had explained in the Scientific Sub-Committee that the possibility of setting up a minimum limit for when a substance could be regarded as an impurity could be addressed by the Rotterdam Convention as soon as it had entered into force. This was expected to occur during the second half of 2003.
8. Finally, the Committee agreed to send the proposed amendments to the Review Sub-Committee for examination. The texts, which were placed in square brackets, are reproduced in Annex N/1 to this Report.

* * *

1	2
NC0638E1 (HSC/30) NC0698E1 NC0723E1	Classification of yarn put up in hanks.

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Fr.)

1. The Committee thanked the **Ethiopian** Administration for sending the Secretariat samples of the hanks at issue, and also thanked the Administrations of **Canada**, the **United States**, **Finland (EC)** and **Mexico** for carrying out examinations and analyses of these products.
2. The views expressed during the discussion and the results of the visual examinations and analyses of the samples resulted in agreement within the Committee that the yarn of acrylic synthetic staple fibres at issue was indeed presented in cross-reeled hanks and should be considered to be a yarn not put up for retail sale, classifiable in heading 55.09 (subheading 5509.32), by application of General Interpretative Rules 1 (Note 4 to Section XI) and 6.
3. Given the difficulties in determining with certainty whether or nor the yarn at issue was presented in cross-reeled hanks, the Secretariat was tasked with examining the possibility of improving the Explanatory Notes by adding, for example, a sketch or drawing illustrating this presentation method, while ensuring complete alignment between the two versions with regard to Notes (*) and (***) of the General Explanatory Note to Section XI, on page 921.
4. To that end, the Committee instructed the Secretariat to prepare a draft amendment to the Explanatory Notes, for examination, in the first instance, by the next presessional Working Party.

* * *

1	2
NC0699E1	Study of the application of GIR 3 (b) to multi-function machines.

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng.)

1. The **EC** Delegate regretted that the Secretariat had not started the study on the application of GIR 3 (b) to multifunction machines, as requested by the Committee at its 30th Session, in particular because the Committee would be asked, at its next session, to clarify the classification of certain multifunction machines. He reiterated that the question at issue, i.e., whether or not General Interpretative Rule 3 (b) could be applied when a machine performed functions covered by different Sections of the Nomenclature, should first be addressed, to allow the Committee to take a decision on the classification of the machines involved. Moreover, since the study concerned the interpretation of the legal text, there was no need to base it on actual products. In this context, he reminded delegates that the study was not part of the reservations entered.
2. The Director explained that the Secretariat had refrained from preparing the study, given the fact that the decision of the Committee (HSC/30) that the term “photocopying” in Chapter 90 was not limited to the projection of an image onto a photosensitive surface and that present heading 90.09 covered digital copying, had been referred to the Council under the reservation procedure. He further clarified that the Secretariat was hesitant to carry out the study in the abstract. Nonetheless, if the Secretariat received new instructions from the Committee to conduct the study at issue, the Secretariat was prepared to do so, preferably on the basis of one or more concrete products.
3. The **US** Delegate stated that it would be difficult to conduct the study at issue without actual product descriptions and, therefore, supported the Secretariat.
4. After further discussion, the Committee decided, by 25 votes to 10, to instruct the Secretariat to conduct a study to determine whether GIR 3 (b) can be applied to multi-function machines which perform functions covered by different Sections of the Nomenclature. The results of this study should be presented to the Committee at its next session (November 2003).

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1	2
NC0700E1	Classification of a “semi-automatic goods-vending machine” – Scope of heading 84.76.

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng.)

1. The Delegate of **Israel** opened the discussion by drawing the attention of the Committee to the fact that, at the Committee’s last session, he had fully explained his administration’s position with regard to the classification of the vending machine at issue. At this time, he wished to emphasise that the machine to be classified was designed to work and to function as a vending machine. The existence of the EPROM chip inside the machine proved beyond any doubt that the purpose of the machine was vending. The fact that it did not contain the coin mechanism at the time of importation did not negate the fact that it was a vending machine. It could be classified as such by application of GIR 2 (a). He felt that one must not focus on the machine’s ability to operate at the time of importation but, rather, stressed the design and logical use of the machine.
2. He also referred to the amendment that had been made to Note 3 to Section XVI. The current wording “designed for the purpose of performing ...” had replaced the former phrase “fitting a number of machines together to form a whole”. In his administration’s view, this supported classification in heading 84.76. In the application of this Note, he felt that one must refer to the design of the machine and not whether it was operational. Furthermore, he pointed out that one could find many examples of machines which were operational at the time of importation but were classified under the heading which described the machine as it was designed to be used, such as the case in point. Consequently, his administration would classify the machine in heading 84.76. He concluded by stating that if the Committee decided that heading 84.76 was not appropriate, then, in his administration’s view, heading 84.19 would be preferable to heading 84.79, which was a residual heading.
3. Several delegates disagreed with classification in heading 84.76. In their view, the legal text of that heading referred to automatic goods-vending machines. In this context, the action of “vending” required that there be a monetary exchange between the machine and the purchaser in order to acquire a product. The machine under consideration did not have the coin mechanism at the time of importation; consequently it was not capable of completing a “sale” under this criterion. On the other hand, it was capable of distributing a beverage. With this in mind, these delegates felt that the application GIR 2 (a) was not possible, as the machine was a functionally complete machine and could be classified by application of GIR 1. The addition of a device to accept payment by coin would be an option that added a new function to the machine and would change its character. Consequently, in their view, this machine did not meet the text of heading 84.76 (vending machine) and, therefore, could not be classified in that heading.
4. Two other delegates supported classification in heading 84.76. One of these delegates felt that the term “vending” should be taken in its broadest sense. In this context, even when

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (contd.)

goods were just distributed, at some point in time someone must pay for them. In addition, this machine had various options. If classification in a heading other than heading 84.76 were confirmed, this could lead to the classification of essentially the same machine in different headings on the basis of the presence or absence of various options. In their view, this was a highly undesirable situation.

5. When the matter came to a vote, 6 delegates supported the view that the term “vending” should be looked at in the broadest sense to include “dispensing”, while 30 delegates were of the view that the term “vending” should refer to a monetary transaction between the machine and the person wanting a product. The Committee then decided by 27 votes to 4, that the machine at issue should be classified in heading 84.19 rather than heading 84.76 and, more specifically, subheading 8419.81 by application of GIRs 1 and 6.
6. For the next preessional Working Party, the Committee then instructed the Secretariat to draft an Explanatory Notes amendment to clarify the term “vending” in the context of heading 84.76 and to include this machine as an example within the list of exclusions to that heading.

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1	2
NC0701E1	Classification of parts of safety belts of heading 87.08.

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng.)

1. Opening the discussion, the **EC** Delegate stated that he had some doubts regarding the views of the Secretariat in paragraphs 4 and 5 of Doc. NC0701E1 and, specifically, questioned whether safety seat belts could be considered to be parts of bodies of motor vehicles. Many of the components mentioned in paragraph 5 of the working document were excluded from heading 87.08 in the current Nomenclature and that of HS 2007, in particular by virtue of Notes 2 (a), (b) and (c) to Section XVII. Moreover, since safety seat belts should be considered to be accessories of bodies and not parts, parts of safety seat belts could not be classified in present subheading 8708.29, since heading 87.08 did not cover parts of accessories. Consequently, the provisionally approved amendment to subheading 8708.21, which resulted in a new subheading 8708.22, should be reconsidered taking into account the fact that there could be a conflict between the Section Notes and the ideas behind new subheading 8708.22. In this connection, he referred to the fact that Note 2 to Section XVII had not been amended.
2. The **US** Delegate expressed concern over the reopening of discussions on provisionally approved amendments; in particular, in view of the fact that this issue had not been addressed when the proposed amendment was discussed in the Review Sub-Committee. He agreed that it was the Section or Chapter Notes which controlled whether or not an article would be covered by a particular heading, and agreed that certain of the articles mentioned in paragraph 5 of the working document were excluded from Section XVII. Nevertheless, and taking these Notes into account, certain parts of safety seat belts were classified in heading 87.08, since they were parts of parts of that heading. He had reservations about whether it was possible to make a distinction between parts of heading 87.08 on the one hand and accessories of that heading on the other.
3. The Director explained that the issue before the Committee concerned the HS 2007 correlation tables and whether the parts referred to in new subheading 8708.22 came from current subheading 8708.29 or 8708.99. In this connection, he informed the Committee that the Secretariat, on further reflection, had concluded that the reference to subheading 8708.99 was not correct. He stressed the point that no amendments had been made to the text of heading 87.08 and that there was consensus in the Committee that the provisionally adopted amendment to the structured nomenclature did not involve a transfer of parts from outside of heading 87.08 to that heading.
4. After further discussion, it was agreed that the Committee might come back to the issue, on the basis of a document the **EC** might submit as to the current HS classification of parts of safety seat belts.

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1	2	4
NC0702E1	Study of the classification of junction boxes in the Harmonized System.	<u>See Annex M/36.</u>

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng.)

1. The **EC** Delegate began the discussion on this agenda item by informing the Committee of the origins of the issue. Both the **European Court of Justice** and the **Canadian International Trade Tribunal** had ruled on the classification of junction boxes, taking the Explanatory Notes into account. The **European Court of Justice** had ruled that the last sentence of Item (C) of Part III of the Explanatory Notes to heading 85.36 was in conflict with the legal text. Given this situation, the **EC** had submitted the issue to the Harmonized System Committee in order to resolve this apparent problem between the legal text and the Explanatory Notes. The **EC** Delegate indicated that the **EC** could accept the full Secretariat text for an amendment of the Explanatory Note to heading 85.36, found in the Annex to Doc. NC0702E1, with the square brackets deleted.
2. The **Canadian** Delegate informed the Committee that, while his administration preferred the status quo, the **Canadian** Administration could also accept the full Secretariat text.
3. The **US** Delegate informed the Committee that in his administration's view, there was no conflict between the legal text and the Explanatory Notes and the Explanatory Notes clearly reflected the legal text. Consequently his administration preferred the status quo. Furthermore, he requested clarification as to the meaning of the phrase "or provisions therefor," as found in the Secretariat's proposal. In his administration's view, this phrase would inject a level of confusion into the Note. Given this, he requested that this phrase be deleted from the text under consideration. The **US** Delegate also requested that, should a vote be necessary, the Committee be asked to vote on the full Secretariat text including the phrase "or provisions therefor," versus the Secretariat text with that phrase deleted.
4. Following further discussion on this point, the Committee first voted on whether to amend the present Explanatory Note to heading 85.36 or to maintain the status quo. By 21 votes to 11, the Committee decided to amend the Explanatory Notes to heading 85.36. Then by 27 votes in favor of the Secretariat text with the phrase "or provisions therefor", as against 6 votes in favor of the Secretariat text without that phrase, the Committee approved the Secretariat text found in the Annex to Doc. NC0702E1, including the phrase "or provisions therefor,".
5. The text adopted is set out in Annex M/36 to this Report.

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1	2	4
NC0423E1 NC0551E1 NC0685E1 NC0703E1	Possible amendment of the Explanatory Notes to specify that safety seats for infants and toddlers are classified in subheading 9401.80.	<u>See Annexes M/8 and M/9.</u>

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Fr.)

1. The **US** Delegate opened the discussions by indicating that, based on consultations with industry, his administration was not in favour of inserting the expression “original manufacturers’ equipment” in the proposed Subheading Explanatory Notes to subheadings 9401.10 and 9401.20. He suggested that this question be carried over to the Committee’s next session to allow time for additional consultations, with a view to proposing a more appropriate text.
2. The **EC** Delegate indicated that he could support this suggestion, but at the same time proposed that the expression “original manufacturers’ equipment”, which appeared to be problematic, be replaced by “equipment designed for permanent installation“. Where the wording of the Explanatory Note to subheading 9401.80 was concerned, he was willing to accept the Secretariat’s proposal, subject to the addition of the phrase “or other means of transport” at the end of the first sentence. This wording seemed more logical, and was aligned on the text adopted by the presessional Working Party for the Classification Opinion on safety seats.
3. Another delegate supported the comments of the **US** Delegate with regard to the Explanatory Notes to subheadings 9401.10 and 9401.20. He stated that, particularly where aircraft seats were concerned, the proposed wording caused a great deal of confusion. For subheading 9401.80, he could support the proposed text and the suggested addition.
4. Following this exchange of views the Committee decided to adopt, for Subheading Note 9401.80, the Secretariat proposal as amended during the course of the discussions. It was agreed that the text related to subheadings 9401.10 and 9401.20 would be placed in square brackets for re-examination at the next HSC session.
5. The texts adopted, and those placed in square brackets, are reproduced at Annexes M/8 and M/9, respectively.

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1	2	4
NC0635E1 NC0704E1 NC0716E1	Possible amendment of the Explanatory Note to heading 95.05.	<u>See Annex M/10.</u>

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Fr.)

1. The **EC** Delegate opened the discussions on this item by indicating that he would be willing to accept both the new wording proposed by the Secretariat in the Annex to Doc. NC0704E1, for items (1) and (2) of Part (A) of the Explanatory Note to heading 95.05, and the addition of a new paragraph to those Explanatory Notes as proposed by **Canada** in Doc. NC0716E1. In his view, combining these two texts would result in the perfect alignment of the two language versions, and would solve the problems which had given rise to the proposal. He also agreed with **Canada** about the text proposed for exclusion Note (b) to heading 95.05, page 1918, of the Explanatory Notes.
2. Several delegates expressed support for the texts proposed by the Secretariat and **Canada**. Following this exchange of views, the Committee decided to adopt the two texts unchanged.
3. The texts adopted are reproduced at Annex M/10 to this Report.

* * *

1	2	4
NC0705E1	Possible misalignment of the English and French texts of the Explanatory Note to heading 84.42.	<u>See Annex M/12.</u>

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng.)

1. There was general agreement in the Committee on the aligned English and French texts which had been proposed by the Secretariat for this Explanatory Note. However, the **US** Delegation proposed the insertion of the expression “half-tone or similar” after the word “use” in the last sentence of the proposed English text. Other delegates had some concern with this addition since the purpose of this exercise was to align the texts and requested time to consider it.
2. The Committee finally agreed to forward this draft amendment in square brackets to the next preessional Working Party for examination of both the drafting and alignment of the text.

* * *

1	2	4
NC0714E1	Corrigendum to the Explanatory Notes.	<u>See Annex M/11.</u>

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng.)

1. The Committee unanimously approved, *a posteriori*, the corrigenda to the texts approved at its 30th Session, as set out in paragraph 2 of Doc. NC0714E1.
2. The Committee also unanimously approved the proposed amendment of the Explanatory Note to heading 85.17, as set out in the Annex to Doc. NC0714E1, without modification.
3. The texts approved are set out in Annex M/11 to this Report.

* * *

ANNEX IJ

NEW QUESTIONS

Working Doc.	Subject	Classification Opinions	E.N. amendments	Nomenclature amendments
1	2	3	4	5
NC0706E1	Classification of a bread making machine.			

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng.)

1. The Delegate of **Israel** explained his administration's position with respect to the classification of the bread making machine at issue, which was a composite machine to be classified in accordance with the provisions of Note 3 to Section XVI. In the view of his administration, since the principal function of the bread making machine was the baking function, the machine was to be classified in heading 85.16 by application of Note 3. Other delegates supported this view.
2. The **EC** Delegate, while agreeing that the machine was a composite machine, however, stated that both functions of the machine (i.e., kneading and baking) were equally important and that the machine, therefore, was to be classified in subheading 8516.60 on the basis of General Interpretative Rule 3 (c), in accordance with the provisions of the General Explanatory Note to Section XVI, on page 1387. This view was supported by a number of delegates.
3. The Delegate of **Japan** noted that Note 3 to Section XVI provided two options with respect to classification, i.e., (i) classification as if consisting only of that component which performed the principal function, and (ii) classification as being that machine which performed the principal function. Since his administration considered the machine in question to consist of two different kinds of machines fitted together to form a whole, and which were mounted in the same housing to form a single machine, the second option provided by Note 3 should be applied. Responding to this intervention, the Director noted that under either option the principal function of the machine still had to be determined.
4. After further discussion, the Chairperson invited the Committee to vote on the classification of the bread making machine, first by determining the applicable principal function, if possible. Six delegates indicated that the baking function was the principal function, 1 delegate was of the view that the kneading function was the principal one and 33 delegates took the view that both functions were equally important. Following this vote, the Committee classified the machine at issue in heading 85.16, by 42 votes to 1.

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (contd.)

5. With respect to the appropriate subheading within heading 85.16 (i.e., subheading 8516.60 or 8516.79), views were divided. After some discussion the Committee decided, by 35 votes to 5, to classify the bread making machine in subheading 8516.60.
6. It was agreed that this classification was based on General Interpretative Rules 1 and 3 (c), at the heading level, and 1 and 6 at the subheading level.
7. In order to reflect this decision, and at the request of the Delegate of **Israel**, the Committee instructed the Secretariat to prepare a draft Classification Opinion for examination, in the first instance, by the next preessional Working Party.

* * *

1	2
NC0707E1	Classification of “skate fins” (of the genus <i>Raja</i>).

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng.)

1. All delegates that spoke on this issue were of the opinion that skate fins (or skate wings) containing cartilage should be classified in a similar manner as fish containing bones. Based on their experience, the cartilage in such fish was removed after the fish was cooked, and before consumption. They were of the opinion that the cartilage in such fish was too hard to be eaten, except possibly in very small and young fish. It was also pointed out that the legal texts contained no references to “bones” and from a classification point of view it was therefore reasonable to treat cartilage as bones – with the logical consequence that fish containing cartilage could not be regarded as “fish fillets” or “other fish meat” of heading 03.04.
2. The Committee therefore unanimously agreed to classify frozen “skate fins” (or skate wings) containing cartilage in heading 03.03 (subheading 0303.79), by application of GIRs 1 and 6.
3. Due to the absence of the **Argentine** Delegation at this Session, the Secretariat was instructed to contact that administration to find out whether it was necessary to prepare a draft Classification Opinion to reflect this decision. At the request of one delegate, the Secretariat was also instructed to prepare draft amendments to the relevant parts of the Explanatory Notes to headings 03.02 (which applies mutatis mutandis to heading 03.03) and 03.04 to include a reference to “or cartilage” after the references to “bones” – for examination by the next preessional Working Party.

* * *

1	2
NC0708E1	Classification of natural sodium sulphate.

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng.)

1. The Chairperson began the discussion on this agenda item by pointing out that it involved a classification dispute between **Russia** and **Turkey**.
2. Referring to Annex I to the working document, the **Russian** Delegate argued that the product at issue should be classified in heading 25.30. He stated that the essence of the manufacturing method for this product was the natural crystallisation of mirabilite from brine, influenced by the low winter temperatures, and stressed that melting equipment was used in the production process merely to speed up the natural melting process of mirabilite. The transformation from mirabilite to thenardite did not result in any changes in the product's crystalline structure; accordingly, operations involved in the production process were allowed by Note 1 to Chapter 25. He stressed that it would be very easy to distinguish the synthetic product from the natural one because the synthetic product inevitably contained acid residues or heavy metals, depending on the production process utilised.
3. On the other hand, the **Turkish** Delegate was of the view that the melting process did lead to a change in the crystalline structure, on the basis of the report provided by a research institution. Referring to paragraphs 6 to 10 and Annex I of the working document, he argued that the product at issue was anhydrous sodium sulphate which should not be classified in heading 25.30 in view of the inevitable melting and removal of crystalline water and enrichment via re-crystallisation during the manufacturing process. He was of the view that the product at issue should be classified in heading 28.33 because the structure of sodium sulphate was changed by crystallisation. Finally, he raised a question with respect to the meaning of the term "crystallisation" within the context of Note 1 to Chapter 25. He stressed that, as the importer had stated in its letter, the product had been washed and had absorbed water during this process; after it was dried, thus, it was inevitable for the product to crystallise. He was of the view that there was an inherent contradiction in the use of the expressions "have been washed" and "except crystallisation" in Note 1 to Chapter 25.
4. Agreeing with the points raised by the Secretariat in the working document, the **EC** Delegate indicated that the Committee should define the scope of the term "crystallisation" and suggested sending this issue to the Scientific Sub-Committee due to the technical nature of this question. He also suggested that the physical properties of the final product should be independently analysed, since the chemical analyses provided by the two administrations had resulted in different opinions.

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (contd.)

5. The Delegate of **Mexico** pointed out that in order to decide the classification of the product, the Committee should confirm whether or not there was any change in the crystalline structure, explaining that the dividing line between Chapters 25 and 28 in this regard depended on whether or not the structure of the product had been changed. He also suggested that any chemical analyses of the product should be carried out on both the starting material and the final product.
6. Finally, the Committee agreed to submit this issue to the Scientific Sub-Committee at its next session for its views with regard to the following :
- (i) The meaning of the term "crystallisation" within the context of Note 1 to Chapter 25; does this term cover processes which occur naturally, or does it cover the industrial process only, or both ?
 - (ii) Should the process of crystallisation, within the context of Note 1 to Chapter 25, include the situation when starting materials are simply melted and dried, and such treatment does not involve a liquid or vapour phase ?
 - (iii) Does the manufacturing process of the final product at issue involve changes to the crystalline structure of the starting material ?
7. The Committee also agreed that before the next session of the Sub-Committee, chemical analyses should be carried out on the basis of samples which would be provided by the Administrations of **Russia** (the starting material and the final product) and **Turkey** (the final product only). The **Japanese**, **Mexican** and **UK (EC)** Administrations volunteered to undertake these analyses.

* * *

1	2
NC0709E1 NC0719E1	Study to establish certain criteria for the classification of vacuum cleaners as electro-mechanical "domestic" appliances of heading 85.09.

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Fr.)

1. Opening the discussion on this agenda item, one delegate pointed out that all of the categories of appliances mentioned in Note 3 to Chapter 85 posed a problem in determining whether or not they were "domestic" appliances, as required by the introductory sentence of that Note. Nor was there a clear definition of the scope of the term "industrial". He was therefore in favour of maintaining the status quo, namely determining the classification of the appliances at issue on a case-by-case basis, based on their technical characteristics.
2. Other delegates agreed with this approach, considering that it would be impossible to reach consensus on the establishment of quantitative criteria in the legal text.
3. The Delegate of **Turkey** explained that the difficulties encountered by his administration in the current texts related to "professional" vacuum cleaners used in commercial or industrial establishments. He, therefore, proposed to align the English text of the Explanatory Note to heading 85.09 on the French, by adding the following information to the second paragraph of the exclusion on page 1633 : "even when their design and function is similar to that of domestic appliances".
4. The Director pointed out that the issue could not be resolved by merely amending the Explanatory Notes. He felt that the legal texts would have to be amended if the Committee were to decide that quantitative criteria should be established.
5. In this respect, the **EC** Delegate suggested that it might be more appropriate to create a new four-digit heading covering all types of vacuum cleaners, sub-divided into several subheadings based on objective criteria such as power or weight.
6. However, another delegate drew the Committee's attention to the potential implications for trade statistics of a possible amendment to the Nomenclature because there would be no provision for domestic vacuum cleaners. He also stated that if we create a single heading for vacuum cleaners, we may need to create single headings for other appliances used in domestic and commercial applications (e.g., floor polishers).
7. As opinions appeared to be divided, the Chairperson decided to ask the Committee whether it wanted a study to be conducted on the new proposal to create a four-digit heading for all vacuum cleaners.

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (contd.)

8. The Committee decided, by 20 votes to 13, to instruct the Secretariat to proceed with a study on the possibility of creating a new four-digit heading for all vacuum cleaners, taking account therein of the potential statistical problems for the products currently classified in heading 85.09. The results of the study would be examined, in the first instance, by the Review Sub-Committee at its 28th Session in September 2003.

* * *

1	2
NC0710E1	Classification of newsprint obtained from de-inked pulp; definition of newsprint.

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng.)

1. At the outset of the discussion, the Delegate of **India** explained the background of the proposal put forward by his administration. He clarified that the proposal did not involve a question of the classification of newsprint, but rather a question of amending Note 4 to Chapter 48 to include a reference to “de-inked pulp”. He indicated that paper currently used for the printing of newspapers was frequently obtained by recycling and de-inking waste paper of different kinds. He suggested that Note 4 to Chapter 48 be amended to permit all newsprint obtained from de-inked pulp to be classified as newsprint, so long as it meets all technical criteria specified in Note 4.

2. The representative of the ICC confirmed that newsprint currently traded internationally often contained less than 65 % of wood fibres obtained by a mechanical or chemi-mechanical process. Consequently, by application of Note 4 to Chapter 48, such newsprint had to be classified in heading 48.02. In his view, it would be appropriate to use not only the existing percentage criteria used to define newsprint, but also a criterion related to the use of de-inked pulp. He explained that current 65 % threshold often did not cover newsprint obtained from de-inked pulp.

3. While confirming his administration’s willingness to study this matter, which was also an important environmental issue, the **EC** Delegate stressed that this was a very sensitive question. He reminded the Committee that during the second review cycle the paper industry had not supported the idea of widening the scope of Note 4 to Chapter 48 by inserting a reference to recycled paper. He emphasised that trade in newsprint was highly regulated and, therefore, consultations with the world paper industry were also needed. Account should be taken of all the repercussions of a possible amendment to the definition of newsprint in the Harmonized System, which was governed by the provisions of Notes 4, 7 and 8 to Chapter 48. He called attention to the fact that Item (2) of the Explanatory Note to heading 48.01 excluded neutral sulphite semi-chemical (NSSC), bisulphite semi-chemical or kraft semi-chemical pulps classified in heading 47.05. He suggested that the term “de-inked pulp” should be clarified since this was a comparatively new term, and also expressed some concerns about the appropriateness of including the expression “and/or any other process” in a legal text.

4. He further observed that different sorts of paper could be used for the printing of newspapers in different countries. A reference to technological processes involved in the production of newsprint, which were mentioned in Note 4 to Chapter 48, was important to identifying newsprint for the purposes of classification. Should **India** wish to extend the

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (contd.)

scope of newsprint obtained from recycled pulp, it could examine the possibility of making a reference to the contents of subheading 4706.20.

5. The Director drew the Committee's attention to the fact that the complex language currently used in the legal text of Chapter 48 had been carefully negotiated with the paper industry. He urged the Committee to consider possible ramifications of the proposed amendments vis-à-vis the other provisions of Chapter 48 as well as the possible transfer of products.
6. The **US** Delegate expressed concerns with regard to the proposal at issue. He pointed out that the definition of the term "de-inking" differed from one source to another. In his opinion, insertion of a reference to de-inked pulp would change the whole system of technical criteria currently used in Chapter 48. Consequently, he suggested that a precise description of the de-inking process and information concerning the material, from which de-inked pulp was obtained, be submitted to the Committee.
7. Several other delegates expressed their interest in studying the proposal in depth within the time frame of the current review cycle.
8. Noting that the Committee had expressed enthusiasm for tackling this issue, the Chairperson concluded the discussion by inviting the **Indian** Administration to submit to the Secretariat its proposal with regard to the amendments to Chapter 48 by 30 June 2003, at the latest. The Committee decided to forward this matter to the Review Sub-Committee and instructed the Secretariat to prepare a new document to that end.

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1	2
NC0711E1	Classification of used wooden railway sleepers (Note from the Canadian Administration).

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng.)

At the request of the US Delegate, who informed the Committee that bilateral consultations were continuing between his administration and the Canadian Administration with regard to this question, the Committee agreed to delete this item from the agenda. The Chairperson invited the parties involved to inform the Committee about the outcome of the consultations.

* * *

1	2
NC0713E1	Possible amendment of the Explanatory Notes to headings 61.01 and 61.10 (Proposal by the EC).

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Fr.)

1. Opening the discussion of this agenda item, the EC Delegate informed the Committee that the question was not so much a classification problem as difficulty in the interpretation and translation of the word “waistcoat” into the various languages, other than French and English, used in the EC. He suggested that there were two possibilities, namely, (1) to consider that the word “waistcoats” in the text of heading 61.10 covered all waistcoats, without exception, and that the Explanatory Note, which excluded “padded waistcoats”, incorrectly restricted the scope of heading 61.10 or (2) to consider that the “padded waistcoats”, to which the Explanatory Note referred, were not real waistcoats nor the similar articles referred to in the text of heading 61.10, but rather articles similar to the anoraks, wind-cheaters and wind-jackets of headings 61.01 and 61.02. He also pointed out that “padded waistcoats” were only mentioned as one example among others in the Explanatory Note to heading 61.01. He therefore proposed deleting the reference to these items from the above-mentioned headings, especially as they were not an appropriate example and the deletion would not affect their classification in view of the fact that the legal texts were not amended. It was also possible that, given this situation, some of these waistcoats described as “padded” might be classified in heading 61.01 or 61.02 and others in heading 61.10.
2. However, other delegates stated they were unable to express an opinion on the deletion without having a clearer idea of the nature of the goods and their classification. They considered that the simple deletion of the reference to “waistcoats” in the Explanatory Note at issue might result in these items of clothing being transferred from one heading to another.
3. Following this exchange of views, during which it became clear that the administrations needed time for reflection, the Committee decided to continue its examination of this question at its next session, in order to determine whether the existing Explanatory Notes should be amended.

* * *

1	2	4
NC0721E1	Possible amendment of the Explanatory Notes to clarify the classification of sheet-fed presses (Proposal by the Japanese Administration).	<u>See Annex M/19.</u>

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng.)

1. The Delegate of Japan explained that his administration's proposal to amend the Explanatory Note to heading 84.43 was aimed at clarifying the classification of sheet-fed presses. Japan proposed to identify the two kinds of paper delivery methods separately by creating two new sub-items. This would clarify the scope of rotary presses but would not affect their classification.
2. Several delegates expressed support for the proposal. One of these delegates, however, felt that it would be appropriate to send the draft text to the next Working Party for examination. The Director supported this proposal.
3. The Committee concluded its discussions on this agenda item by agreeing to send the proposal in square brackets to the next presessional Working Party for an editorial review and alignment of the texts.

* * *

1	2
NC0722E1	Classification of a heat-sealed cleaning cloth.

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Fr.)

1. The **EC** Delegate stated that given the late publication of the working document, he would not object to having the examination of this question limited to a preliminary discussion only. He also drew the Committee's attention to the fact that additional information on this matter had been circulated in a non-paper made available to delegates during the session.
2. He went on to explain that this question had its origins in the appearance on the market of certain types of cloths used for critical cleaning in sensitive environments (clean rooms, the electronics industry, etc.). The **EC** regarded them as made-up articles classifiable in heading 63.07. A sample of these products had been provided by the **EC** for the file on this question.
3. At the same time he pointed out that the provisions of Note 7 to Section XI would need to be clarified, given that the expression "par n'importe quel procédé" (by any process) in the French text of that Note appeared not to have an equivalent in the English version; this apparent lack of alignment between the two versions could give rise to differing interpretations. In this connection, he explained that the **EC** proposal was aimed more at amending the wording of Note 7 to Section XI in the 2007 version of the Harmonized System than at determining the present classification of heat-sealed cleaning cloths.
4. Several delegates recognised that there did appear to be a lack of alignment between the French and English versions of Note 7(c) to Section XI. They argued that, in any event, prior to any study on the possibility of inserting a reference to "heat-sealing" in Note 7(c) to Section XI, the definition of the expression "hemmed or with rolled edges" should be clarified to determine exactly what types of operations it covered. In this connection, one delegate stated it did not appear to be clearly established that a hem had to be made by folding the fabric, given that an "overcast", for example, had been obtained by means of emulsion or a strip applied on a cloth which was then submitted to a heat treatment, was a kind of hem.
5. On this latter point the **EC** Delegate provided some additional information, indicating that the edges of the sample submitted had been finished not by folding them over but by means of an emulsion or a strip applied to the fabric which was then subjected to heat treatment.
6. Finally, the Committee instructed the Secretariat to conduct a study of the terms "hemmed or with rolled edges" and "heat-sealed", in order to establish whether heat-sealing was a process permitted under present Note 7 (c) to Section XI.

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (contd.)

7. The Committee decided to continue with the examination of this question at its next session, on the basis of a new document which would also contain a possible draft amendment to Note 7 (c) to Section XI, to address the apparent lack of alignment between the French and English texts of that Note; the draft amendment would be for introduction within the framework of the 2007 version of the Harmonized System.

* * *

1	2
NC0724E1	Classification of a product called "YTTRIA C".

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng.)

1. Opening the discussion, the Delegate of Austria explained that his administration considered all information provided about the product to be confidential. He recalled that the product at issue was yttrium oxide to which a very small amount of vanadium oxide had been deliberately added with the aim of altering the physical characteristics of yttrium oxide, such as surface area, particle size, density and melting point. He therefore asked the Committee to modify the description of the product reproduced in paragraph 10 of Doc. NC0724E1 in the rectangular box to also refer to density within the brackets listing the changed physical properties of the final product. He further proposed to delete the phrase "differ from" and to replace it by "essentially differ from" in the text following the brackets of the last sentence of this description.
2. Since the physical properties of the yttrium oxide raw material had been significantly changed by the addition of vanadium pentoxide, in his administration's view, vanadium oxide could not be considered to be a stabiliser. Drawing the Committee's attention to the fact that the specific use of "Yttria C" explained in paragraphs 7 and 8 of Doc. NC0724E1 was made possible by its specific physical characteristics, he stressed that a pure yttrium oxide raw material would not be suitable for the same use. It was the addition of vanadium pentoxide which rendered the product suitable for specific use. Furthermore, he drew the Committee's attention to the limit of the usual impurity level in sintering processes from Ullman's Encyclopaedia of Industrial Chemistry (see paragraph 17 of Doc. NC0724E1), which was set below 1000 ppm. In the product at issue, the concentration of vanadium pentoxide went beyond this limit; he was therefore of the view that vanadium pentoxide could not be considered to be an impurity in terms of Note 1 to Chapter 28 and consequently, that "Yttria C" should be classified in heading 38.24.
3. He further explained that "Yttria C" was produced by blending yttrium oxide raw material and vanadium pentoxide in a blender. The mixture was then briquetted or pelletised and the briquettes were sintered at a temperature of between 1600 to 1700 °C in a high temperature furnace. The sintered briquettes were milled in a ball mill and have undergone a sieving process to achieve the required particle size distribution. The final product was then presented as a powder.
4. The EC Delegate congratulated the Secretariat on the quality of Doc. NC0724E1 and on the legal analysis in paragraphs 11 to 14 of the document which showed that heading 28.46 was limited to compounds of rare-earth metals, of yttrium or of scandium or of mixtures of these metals. As mentioned in paragraph 5 of the document, vanadium oxide could not be

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (contd.)

seen as an impurity. This being said, and even though from a technical point of view it might be seen as an impurity, it should be pointed out that according to the General Explanatory Note to Chapter 28, if substances were deliberately left in the product with a view to rendering the product suitable for specific rather than for general use, they were not regarded as impurities permissible in Chapter 28. Based on this understanding with regard to the term "impurities" in Chapter 28, the product at issue should also be excluded from Chapter 28 and classified in heading 38.24. In view of the technical nature of the matter, he agreed that the Committee might wish to obtain the views of the Scientific Sub-Committee before a final decision was taken.

5. The Delegates of **Mexico** and **Russia** expressed the view that the product at issue was an intentionally prepared mixture and that vanadium pentoxide had been intentionally added to yttrium oxide to change its physical characteristics in order to render it suitable for specific use. They therefore supported classification in heading 38.24.
6. The **US** Delegate stated that this matter was highly technical in nature and agreed with others who had suggested that it be sent to the Scientific Sub-Committee for consideration. His administration believed that "**Yttria C**" was classified in heading 28.46.
7. Recalling that the additional information provided by **Austria** needed to be studied by experts in national administrations, the **EC** Delegate proposed that the issue be re-examined by the Committee at its next session in November on the basis of this additional information. At that point, if necessary, the Committee could decide whether the matter should be submitted to the Scientific Sub-Committee for consideration at its next session in January 2004.
8. The Committee agreed with this approach and decided to continue examination of the issue at its next session.

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1	2
NC0726F1	Possible amendment of the Explanatory Notes to heading 90.21 (Proposal by the EC).

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Fr.)

1. The EC Delegate opened the discussions under this item by clarifying the proposal made by the EC, which was aimed at bringing the Explanatory Notes into line with the scope of the legal text. The EC took the view that dislocations and other joint injuries, which were minor injuries, were treated using the same appliances as were used to treat fractures; a fracture being a more serious injury which could involve various other, less serious injuries.
2. He added that the Explanatory Notes should not broaden the scope of the legal text but they should, in the case at issue, be perfectly aligned in the two language versions.
3. Moving on to the amendment of the legal text, he stressed the need to add a phrase to supplement the text of heading 90.21 and subheading 9021.10, while at the same time pointing out the imperfections of the existing structured nomenclature, which appeared not to follow the order in which the articles were mentioned in the heading text.
4. He concluded by indicating that he could support the proposed amendment of the Explanatory Notes presented by the Secretariat in the Annex to Doc. NC0726E1, and said that he would be open to any other proposal which would serve to clarify the situation.
5. In response to these remarks, the Delegate of Canada stated that it was regrettable that it had not been possible for his administration to make a thorough study of Doc. NC0726E1, which had been issued late, in order to draw from it elements which might help the Committee to add value to the Secretariat's study. Under these circumstances he proposed that the final examination of this item be deferred to the November 2003 session.
6. The US Delegate indicated that the expression "joint injuries" could include injuries where no fracture occurred, and that such injuries might be treated by products not classified in heading 90.21. It was also unclear whether all dislocations needed to be set.
7. At the end of these discussions, the Committee agreed to return to this question at its next session. For that purpose it instructed the Secretariat to prepare a new document which was to deal with the matter in two stages, namely :
 - (1) a proposed amendment to the existing Explanatory Notes to heading 90.21, aimed at aligning the English and French versions;
 - (2) a draft amendment to the legal text, taking into account the EC proposa, to make this heading more logical and improve its structure.

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1	2
NC0727E1	Possible amendment of the Explanatory Note to heading 44.11.

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng.)

1. The **US** Delegate, while indicating that the document had only been published recently, suggested a preliminary discussion only.
2. The **EC** Delegate, while explaining his organisation's proposal, agreed and stated that the EC submission had been intended for consideration by the Review Sub-Committee in the context of the comprehensive review of the Explanatory Notes. He, therefore, suggested sending this proposal to the Review Sub-Committee. In this connection, the Chairperson noted that the Sub-Committee's agenda already comprised a proposal to amend the structured nomenclature of heading 44.11.
3. One delegate reported that according to national standards in his country, medium density fibreboard could have a density of as low as 0.35 g/m³. He and other interested parties were invited to submit that kind of information in writing to the Secretariat.
4. Finally, the Committee agreed to send this proposal to the Review Sub-Committee for consideration at its next session.

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1	2
NC0728E1	Classification of sugar cubes containing caramel.

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng.)

At the request of the **Swiss** Delegate, the Committee decided to postpone the discussion of this agenda item to its next session in November 2003.

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ANNEX

OTHER BUSINESS

WorkinG Doc.	Subject	Classification Opinions	E.N. Amendments	Nomenclature Amendments
1	2	3	4	5
NC0720E1	List of questions which might be examined at a future session.	<u>See Annex Q.</u>	<u>See Annex Q.</u>	<u>See Annex Q.</u>

DECISIONS OF THE HARMONIZED SYSTEM COMMITTEE (O. Eng.)

1. The Director informed the Committee that the five questions listed in the Annex to Doc. NC0720E1 were all questions on which a reservation had been entered. Presumably, the Council would refer all these questions back to the Committee in June and they would then be placed on the Agenda for the 32nd Session in November of this year. All of the other questions listed in the Future Questions Annex to the 30th Session Report had been placed on the agendas of the SSC, the RSC and its Working Group and the HSC at this session. He invited the Committee to examine the list and inform the Secretariat of any missing items. As was the normal practice, the Secretariat would completely revise the list after this meeting in order to incorporate all of the new items that had come out of the meeting and those would be reflected in the appropriate annex to the Report of the 31st Session.
2. This list, updated by the addition of all the questions raised during the session for examination in greater detail at subsequent meetings, is reproduced in Annex Q to this Report.

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