



**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

-
23rd Session

-

NC0084E1

O. Fr.

H3-1

Brussels, 26 April 1999.

PROPOSAL BY ARGENTINA FOR THE POSSIBLE AMENDMENT
OF THE SUBHEADING EXPLANATORY NOTE TO SUBHEADING 8524.39

(Item IX.16 on Agenda)

Reference documents :

42.049 (HSC/21)
42.100, Annexes H/10 and L/7 (HSC/21 – Report)
42.724 (HSC/22)

I. BACKGROUND

1. On 16 April 1999, the Secretariat received the following Note from the Argentine Administration concerning amendments to the Subheading Explanatory Note to subheading 8524.39.

II. NOTE FROM THE ARGENTINE ADMINISTRATION

2. "Argentine Customs is writing to you regarding its proposal to amend the Explanatory Note to subheading 8524.39 which will be examined by the Harmonized System Committee at its 23rd Session and is included in the Agenda under Item IX.16 (Doc. 42.724).
3. In this regard, the Argentine Administration has analysed the Secretariat's comments which are in agreement with the Argentine Administration's view that subheading 8524.31 seems to be very narrow in scope given that most "discs for laser reading systems" fall in subheading 8524.39 (paragraph 12 of Doc. 42.724).
4. In addition, the Secretariat admits – as it pointed out to the Argentine Administration – that the Explanatory Note to subheading 8524.39 is not in conformity with Item (8) of the Explanatory Note to heading 85.24 (paragraph 14 of Doc. 42.724).

File No. 2663

For reasons of economy, documents are printed in limited number. Delegates are kindly asked to bring their copies to meetings and not to request additional copies.

5. In these circumstances, the Secretariat proposes an amendment to both Explanatory Notes with the aim of ratifying the small coverage of subheading 8524.31 and this by means of a Subheading Explanatory Note based on the ITA (see Doc. 42.100, Annexes H/10 and L/7, HSC/21 Report).
6. The Argentine Administration feels that this is not the best approach for solving the problem given that it confirms, at least until the next amendment of the Harmonized System, the lack of content of a subheading of the Harmonized System which, when it was first written, had to meet certain conditions regarding the amount of goods covered; this is contrary to the very objectives of the Harmonized System, particularly if this situation arises by means of a Subheading Explanatory Note.
7. The Argentine Administration feels that, on the contrary, instead of differentiating between what is seen on the screen, it would be better to differentiate the format of the recording on the media; that is to say whether the recording has audio or video format (and can be read by machines of Chapter 85) or whether the recording is in a computer format (to be read by machines of Chapter 84). In the first case, "discs for laser reading systems" would fall in subheading 8524.32 or subheading 8524.39 and in the second case they would fall in subheading 8524.71.
8. In this way, the coverage of "discs for laser reading systems" would be more evenly divided and the content of subheading 8524.31 would be in accordance with the conditions applicable to its creation.
9. To achieve this, the Argentine Administration proposes amending the Explanatory Notes to heading 85.24, (Item 8) as follows :
 - (8) Media on which phenomena other than those which are readable by machines or apparatus of Chapter 85 (e.g., magnetic tapes, disc packs, disquettes and cassettes for machines of headings 84.69 to 84.72) have been recorded.
10. The Explanatory Notes to subheading 8524.39 which become the Explanatory Notes to subheading 8524.31 with the following wording :

"This subheading includes, inter alia, recorded discs for laser reading systems for reproducing representation of instructions, data, sound or image, recorded in a binary form readable by a machine of Chapter 84, including those capable of being manipulated or providing interactivity to a user by means of an automatic data processing machine."
11. The advantage of this approach is that the content of subheading 8524.31 would become substantial, particularly for the discs that it was intended to include in the residual subheading, and in this way they would remain perfectly defined.
12. Lastly, it should be noted that the foregoing considerations should also be applied to the scope of subheadings 8524.91 and 8524.99."

III. CONCLUSION

13. The Committee is invited to take account of the Note from the Argentine Administration when it examines this agenda item.
-