



HARMONIZED SYSTEM
COMMITTEE
-
23rd Session
-

NC0017E1

O. Eng./Fr.

H2-1

H3-1

Brussels, 12 April 1999.

MATTERS FOR DECISION BY THE HARMONIZED SYSTEM COMMITTEE

(Item VI.2 on Agenda)

Reference document :

NR0045E1 (RSC/19 – Report)

1. The Harmonized System Committee is invited to consider the conclusions of the Review Sub-Committee (19th Session, March 1999) which are summarized below with reference to the relevant Annexes of the Sub-Committee's Report (**Doc. NR0045E1**).

Annex A/1 – Proposal concerning the separate identification of flat panel displays

2. Since certain questions still had to be resolved, the Sub-Committee agreed not to pursue this matter in the present HS review cycle, and invited administrations to submit new proposals for possible examination during the next HS review cycle.
3. **The Committee is invited to take note.**

Annex A/2 – Possible separate identification of equipment for the manufacture of semiconductor devices and flat panel displays

4. The Sub-Committee concluded that it could not complete its work on this issue during the present HS review cycle, and invited administrations to continue examining the proposal during the next HS review cycle.
5. **The Committee is invited to take note.**

Annexes A/3 and D/12 – Possible amendment to the texts of subheadings 3920.41 and 3920.42

6. The Sub-Committee approved the draft amendments to the legal texts proposed by the Scientific Sub-Committee, subject to replacing the term "comprend" by "couvre également" in the French version of new Subheading Note 2.
7. It also agreed to ask the Scientific Sub-Committee to re-examine the draft text of the new Subheading Explanatory Note to heading 39.20 and the appropriate test methods for distinguishing the products in question.
8. **The Committee is invited to provisionally adopt the amendments set out in Annex D/12 to Doc. NR0045E1, and to take note of developments regarding the Subheading Explanatory Note to heading 39.20.**

Annexes A/4 and D/20 – Possible subdivision of heading 27.10

9. With regard to the creation of new subheadings in heading 27.10, a large majority of delegates were in favour of subdividing the heading into the two categories of "light oils and preparations" and "other" on the basis of boiling point criteria. However, in the absence of consensus, the Sub-Committee agreed to place the proposed new subheadings in square brackets.
10. With regard to use of the ISO or ASTM methods in proposed new Subheading Note 4, a large majority of delegates preferred the ASTM Standard currently used worldwide. However, due to the divergence of views expressed, the Sub-Committee decided to keep the two alternatives in square brackets and to insert, also in square brackets, a third option, i.e., "either 210 °C (ASTM D 86 method) or 200 °C (ISO 3405 method)".
11. Noting that a new subheading structure had already been adopted for "waste oils", the Sub-Committee felt that it would be useful to draft a Subheading Explanatory Note to clarify the scope of that term.
12. **The Committee is invited to rule on : (a) the new subheadings proposed for heading 27.10 and, if appropriate, (b) the method to be retained in new Subheading Note 4 to Chapter 27 based on the texts in square brackets in Annex D/20 to Doc. NR0045E1. It is also invited to note that, at a future session, the Sub-Committee will examine the question of the Subheading Explanatory Note on "waste oils".**

Annexes A/5 and D/24 – Possible amendments to Chapter 48 : Proposals by Argentina and the EC

Text of heading 47.05

13. The Sub-Committee approved a proposal, made in the meeting, aimed at amending the text of heading 47.05 to clarify the scope of that heading without, however, entailing any reclassification of goods.

14. Since the proposed text "**Semi-chemical or chemi-mechanical wood pulp**" might not cover "screenings", the Secretariat put forward the following alternative : "**Wood pulp obtained by a combination of mechanical and chemical pulping processes**".
15. The Sub-Committee decided to place the two alternatives in square brackets so that delegations could examine them.

New Note 1 to Chapter 48

16. The Sub-Committee was unable to reach consensus on the proposal for a new Note 1 to Chapter 48 specifying the scope of the term "paper"; it therefore placed square brackets around the proposed Note and the consequential amendments to other parts of the Nomenclature.

Note 4 to Chapter 48

17. The Sub-Committee approved the proposal to insert a reference to "chemi-mechanical" in this Note and in the relevant subheadings of headings 48.02 and 48.10.
18. It did not, however, support Argentina's proposals to :
- Replace the reference to "mainly" by a quantification (50 % by weight of certain fibres);
 - Increase the brightness criterion from 60 % to about 80 %;
 - Add a reference to "multi-ply paper and paperboard" in the last paragraph.

Given that Argentina was not present, it was agreed to retain these texts in square brackets.

Note 7 to Chapter 48

19. The Sub-Committee approved the proposal to delete the minimum sizes of paper and paperboard of headings 48.02, 48.10 and 48.11, and amended the texts of Note 7 to Chapter 48 and the headings concerned accordingly.
20. However, it could not reach a consensus concerning the increase in dimensions for headings 48.01 and 48.04 to 48.08, since this would entail large-scale transfers of products from the first part of Chapter 48 to the second part. It therefore decided to place the texts providing for both situations in square brackets.

Subheading Notes 3 and 4 (new)

21. The Sub-Committee approved the proposed new parameters for these Subheading Notes, which were based on ISO Standard 7263; it also endorsed the amendment to the referenced method.
22. New Subheading Note 4 was, however, placed in square brackets, pending receipt of further information concerning the trade volume of proposed subheading 4805.12.

New Subheading Note 5

23. The Sub-Committee approved the proposed Subheading Note for subheadings 4805.24 and 4805.25, subject to deleting the reference to "thin" and replacing the term "virgin" by "non-recovered".

Subheadings of heading 48.02

24. The Sub-Committee accepted the new structured nomenclature for heading 48.02 as set out in the Annex to Doc. NR0006E1. In addition, since some photocopying paper would fall in subheading 4802.60 under the new structure, the Sub-Committee approved the additional proposal to create three new two-dash subheadings under that subdivision.
25. It also placed in square brackets the dimensions proposed for subheadings 4802.56, 4802.62 and 4810.14, i.e., 420 mm as suggested by the EC and 435 mm as proposed by the United States.

Subheadings of heading 48.05

26. The Sub-Committee accepted the proposed structure, including subheading 4805.50 in view of the trade volume reported for that subheading. However, it left subheading 4805.12 in square brackets (see paragraph 22 above).
27. It also approved the Subheading Explanatory Note for new subheading 4805.19 (rather than a Subheading Note, given that this was a residual subheading).

Review of code numbers

28. The Sub-Committee agreed with the Secretariat's proposal in paragraph 31 of Doc. NR0006E1 to restrict the renumbering of code numbers to those which would most likely be affected by the amendments approved.

29. **The Committee is invited to :**

- **Provisionally adopt the amendments proposed for the legal texts of Chapter 48 and the Subheading Explanatory Note to subheading 4805.19, set out in Annex D/24 to Doc. NR0045E1 and, regarding the texts left in square brackets in that Annex, to :**
- **Decide whether the text of subheading 47.05 should be amended and, if so, rule on the appropriate option;**
- **Rule on draft new Note 1 to Chapter 48 specifying the scope of the term "paper";**
- **Rule on Argentina's three proposals concerning Note 4 to Chapter 48 (paragraph 18 above);**
- **Rule on whether to increase the size criteria in Note 7 to Chapter 48 for headings 48.01 and 48.04 to 48.08;**

- **Rule on the possible creation of a new subheading 4805.12 for straw fluting paper and a new Subheading Note 4 defining the scope of that subheading;**
- **Rule on the appropriate dimensions for subheadings 4802.56, 4802.62 and 4810.14 (420 mm or 435 mm).**

Annexes A/6 and D/1 – Draft amendments to the Nomenclature to clarify the classification of recorded media

30. The Sub-Committee approved the draft amendments to the Nomenclature and Explanatory Notes in the Annex to Doc. NR0007E1, subject to the following modifications :
- Replacement of the term "computer" by "automatic data processing machine" and deletion of the terms "similar" and "programmable" in new Subheading Note 2 to Chapter 85;
 - Replacement of the code "8524.32" by "8524.33" in the structured nomenclature of heading 85.24, taking account of the fact that the scope of that subheading was being extended to cover enhanced digital audio discs;
 - Replacement of the term "clips" by "montages de séquences" in the French text of the amendment to the Explanatory Note to heading 85.24.
31. In response to the proposal to create a subheading for "digital video discs", it was decided to place that expression in square brackets in the draft legal Note and in the structure proposed for subheading 8524.3, and not to use the designation "DVD".
32. **The Committee is invited to : (a) provisionally adopt the texts aimed at clarifying the classification of recorded media, as set out in Annex D/1 to Doc. NR0045E1; and (b) rule on the proposal in square brackets in the aforementioned Annex that a separate subheading be created for "digital video discs".**

Annexes A/7 and D/2 – Proposal by the Canadian Administration for amendments to the Nomenclature concerning canola seeds, canola oil and canola meal

33. The Sub-Committee agreed to use the expression "low erucic acid rape or colza" in the Nomenclature instead of the term "canola", and approved the proposed amendments to Chapters 12, 15 and 23.
34. It also agreed that the possible insertion of a reference to "canola" and other types of low erucic acid rape or colza in the Explanatory Notes could be examined at a later stage.
35. **The Committee is invited to provisionally adopt the amendments proposed for Chapters 12, 15 and 23 as set out in Annex D/2 to Doc. NR0045E1, and to take note of the developments regarding the Explanatory Notes.**

Annexes A/8 and D/3 – Possible amendments to the Nomenclature and the Explanatory Notes to facilitate CITES controls

36. The Sub-Committee approved the amendments to the Nomenclature to facilitate CITES controls, accepting the CITES Secretariat's suggestions that :

- the expression "whales, dolphins and porpoises (mammals of the order Cetacea); manatees and dugongs (mammals of the order Sirenia)" be used in the text of subheadings 0106.12, 0208.40 and 0210.92;
- the expression "tortues de mer" be used in the French version of subheadings 0106.20, 0208.50 and 0210.93 as the equivalent of the English term "turtles".

37. It also agreed to a consequential amendment to Note 1 (a) to Chapter 3, emphasizing that these amendments in no way altered the scope of the present HS headings or subheadings.

38. **The Committee is invited to provisionally adopt the texts set out in Annex D/3 to Doc. NR0045E1.**

Annexes A/9 and D/21 – Possible amendment to the Nomenclature to clarify the classification of certain nutritional preparations and related products

39. The Sub-Committee first decided to reject Switzerland's proposal. It was, however, unable to reach agreement on any of the other proposed amendments concerning the regrouping of certain nutritional preparations and related products in Chapter 21. It was therefore agreed to place the proposed texts (i.e., the proposals from the EC and the Secretariat) in square brackets.

40. **The Committee is invited to rule on the proposals in square brackets in Annex D/21 to Doc. NR0045E1.**

Annexes A/10 and D/4 – Possible amendment to the Nomenclature to clarify the scope of the expression "orthopaedic appliances" in heading 90.21

41. The Sub-Committee approved, unchanged, the draft amendment to the Nomenclature to clarify the scope of the expression "orthopaedic appliances" within the meaning of heading 90.21.

42. **The Committee is invited to provisionally adopt the texts set out in Annex D/4 to Doc. NR0045E1.**

Annexes A/11 and D/5 – Possible amendments to the Nomenclature concerning narcotic drugs, psychotropic substances and their precursors controlled by UN Conventions

43. The Sub-Committee approved the draft amendments to the Nomenclature concerning narcotic drugs, psychotropic substances and their precursors controlled by UN Conventions.

44. **The Committee is invited to provisionally adopt the texts set out in Annex D/5 to Doc. NR0045E1.**

Annexes A/12 and D/23 – Possible amendment to heading 38.22 to clarify the classification of CRMs

45. The Sub-Committee approved the draft amendments to the Nomenclature and the Explanatory Notes to clarify the classification of CRMs, as proposed by the Secretariat in the

Annex to Doc. NR0012E1, subject to drafting changes and to the following modifications and reservations :

- (a) Insertion of the expression "and which are utilized primarily for chemical purposes or medical diagnostic purposes" at the end of new Note 2 (A) to Chapter 38. Given the late submission of that proposal (made in the meeting), the Sub-Committee decided to place it in square brackets. In this connection, the Secretariat feels that, with regard to the use of CRMs, the text proposed might not be consistent with the proposed new fourth paragraph for the Explanatory Note to heading 38.22 (Doc. NR0045E1, Annex D/23, page D/23/3).
- (b) Maintaining the following terms in square brackets in Note 2 (B) :
 - "the products of Chapter 28 or 29 and" : a delegate suggested deleting this expression with a view to regrouping all CRMs in heading 38.22 (excluding apparatus of Chapter 90). It was, however, pointed out that this deletion might conflict with the provisions of Note 1 (a) to Section VI;
 - "laboratory" : deletion of this term was proposed since its scope was not clearly defined for the purposes of Chapter 90.
- (c) Replacement of the last part of new Note 2 (B) in order to maintain consistency with similar expressions which appear in other parts of the Nomenclature (text approved by the Sub-Committee).
- (d) Insertion of a reference to identification of the certifying authority in the new sixth paragraph of the Explanatory Note to heading 38.22. Given the late arrival of this proposal, the text was placed in square brackets.

46. **The Committee is invited to : (a) provisionally adopt the texts set out in Annex D/23 to Doc. NR0045E1; and (b) rule on the texts placed in square brackets in new Notes 2 (A) and 2 (B) and in the Explanatory Note to heading 38.22.**

Annexes A/13 and D/16 – Possible amendments to the Nomenclature and the Explanatory Notes concerning belts and belting

47. The Sub-Committee decided : (a) not to insert the word "belts" in the English version of Note 6 (a) to Chapter 59; (b) not to delete the reference to "textile material" in the aforementioned Note 6 (a); and (c) not to replace "textile fabric" by "textile material" in Note 8 to Chapter 40 and Note 6 (b) to Chapter 59.

48. It was, however, agreed to add a reference to "belting" in the English version of Note 1 (e) to Section XVI with a view to aligning the English and French texts.

49. **The Committee is invited to provisionally adopt the texts set out in Annex D/16 to Doc. NR0045E1.**

Annex A/14 – Proposal by the EC for amendment of the structure of heading 25.19

50. In view of the lack of agreed criteria for distinguishing between the products in question, the Sub-Committee decided not to recommend amendment of the structured nomenclature of heading 25.19.

51. **The Committee is invited to take note.**

Annexes A/15 and D/6 – Proposed amendments to certain subheadings in Chapter 29

52. The Sub-Committee approved, without modification, the texts prepared by the Scientific Sub-Committee at its 14th Session.

53. **The Committee is invited to provisionally adopt the texts set out in Annex D/6 to Doc. NR0045E1.**

Annex A/16 – Proposed new subheading for "gas condensates" in heading 27.09

54. In view of the Scientific Sub-Committee's indication that a definition of "gas condensates" and how to distinguish them from similar products of heading 27.10 could not be satisfactorily produced, the Sub-Committee agreed that the proposal for a new subheading in heading 27.09 to cover "gas condensates" should not be further examined during the present review cycle.

55. It also felt that the classification of "gas condensates" should be submitted to the Harmonized System Committee together with the information obtained so far from China, the EC, the United States and Canada; administrations were invited to provide further information regarding the chemical composition, physical characteristics and definition of the "gas condensates" under consideration.

56. It was finally agreed that the separate identification of "gas condensates" in the HS, if necessary, could be reconsidered during the next review cycle.

57. **The Committee is invited to decide what action to take on this matter and, in particular, regarding the classification of "gas condensates".**

Annexes A/17 and D/22 – Proposal by China for amendments to the Nomenclature concerning "mushrooms"

58. The Sub-Committee agreed to create new subheadings in headings 07.09, 07.11, 07.12 and 20.03 to cover "mushrooms of the genus *Agaricus*".

59. It also decided to create new subheadings in heading 07.12 for wood ears and jelly fungi. However, since one delegate expressed concern as to whether it would be possible to distinguish these two products, the Sub-Committee decided to place these new subheadings in square brackets. It was also agreed that, in the English text, the term "Jew's ears" should be replaced by "Wood ears".

60. With regard to the proposed text of subheading 0712.3, it was pointed out that the Committee had not yet decided the scope of the term "mushroom" since some administrations were of the view that only products with a cap and stem could be regarded as "mushrooms". It would therefore be premature to approve the text indicating that wood

ears and jelly fungi were (or were not) mushrooms for the purposes of the HS. The Sub-Committee therefore placed the relevant part of the proposed text in square brackets.

61. **The Committee is invited to :**
- (a) **Provisionally adopt the proposed amendments concerning "mushrooms of the genus *Agaricus*", set out in Annex D/22 to Doc. NR0045E1;**
 - (b) **Decide whether it is possible to distinguish wood ears from jelly fungi, and rule on subheadings 0712.32 and 0712.33, placed in square brackets in the aforementioned Annex;**
 - (c) **Decide whether wood ears and jelly fungi are (or are not) mushrooms for the purposes of the HS, and adapt accordingly the part of the text of subheading 0712.3 placed in square brackets in the aforementioned Annex.**

Annexes A/18 and D/13 – Proposed amendments to the Nomenclature and to the Explanatory Notes concerning polymer names

62. The Sub-Committee approved the amendments proposed by the Scientific Sub-Committee (Annex to Doc. NR0018E1) to bring polymer names into conformity with the IUPAC chemical nomenclature.
63. It invited the Canadian Administration to notify the Harmonized System Committee directly of its concerns and additional comments regarding the Scientific Sub-Committee's Report.
64. At the Director's suggestion, it was also decided that the draft amendments should incorporate the amendments made to the French version of subheadings 3905.1, 3905.30 and 3920.91, which had already been provisionally adopted by the Committee at its 21st Session.
65. **The Committee is invited to provisionally adopt the texts set out in Annex D/13 to Doc. NR0045E1.**

Annexes A/19 and D/7 – Possible amendments to Chapter 44

66. The Sub-Committee approved the proposal to insert references to "Mandioqueira", "Pau Amarelo", "Quaruba" and "Tauari" in Subheading Note 1 to Chapter 44.
67. It did not, however, approve the proposals to :
- Insert the term "Curupixùá" (or one of its alternatives "Balata Blanc" and "Grumixava") in Subheading Note 1;
 - Give separate status to "Pau Amarelo" in headings 44.07 and 44.08, given the lack of statistical data in this respect.
68. **The Committee is invited to provisionally adopt the texts set out in Annex D/7 to Doc. NR0045E1.**

Annexes A/20 and D/18 – Possible amendments to Chapter 41

69. The Sub-Committee decided to place square brackets around a proposal by the United States aimed at defining the term "crust" in a legal Note to Chapter 41 (Part (B) of new Note 2) to make clear that it also covered hides and skins that have been retanned, coloured or fat-liquored prior to the drying process.
70. In view of its late arrival, another proposal by the United States aimed at replacing the term "composition leather" by "bonded (composition) leather" in the English version of heading 41.15 was also placed in square brackets.
71. Subject to the foregoing, the Sub-Committee approved the proposal to restructure Chapter 41, including the additional amendments proposed by the United States during the session, and decided in particular to :
- (a) Insert a new Chapter Note 2 indicating that certain provisionally tanned hides and skins are to be excluded from headings 41.04 to 41.06 and are classifiable in headings 41.01 to 41.03, as the case may be;
 - (b) Delete the square brackets around "(including buffalo)" in headings 41.01, 41.04 and 41.07;
 - (c) Refer to "tanned or crust hides or skins" and delete the phrase "after tanning" in headings 41.04, 41.05 and 41.06;
 - (d) Refer to "full grains, unsplit" and "grain splits", respectively, in the structured nomenclature of headings 41.04 and 41.07;
 - (e) Replace the proposed phrase "other (including crust)" by "in the dry state (crust)" in the structured nomenclature of headings 41.04 to 41.06 and to renumber the relevant HS codes;
 - (f) Refer to "leather further prepared after tanning or crusting" in headings 41.07, 41.12 and 41.13.
72. It also approved amendments to other parts of the Nomenclature arising out of the renumbering of headings in Chapter 41.
73. **The Committee is invited to :**
- **Decide whether the term "crust" also covers hides and skins that have been retanned, coloured or fat-liquored prior to the drying process and whether that term should be defined in a legal Note to Chapter 41, as proposed in square brackets (Part B of new Note 2) in Annex D/18 to Doc. NR0045E1;**
 - **Rule on the proposal to replace the expression "composition leather" by "bonded (composition) leather" in the English text of heading 41.15 and in the other relevant parts of the Nomenclature, in accordance with the texts placed in square brackets in the aforementioned Annex;**

- **Provisionally adopt the texts approved by the Sub-Committee and set out in that same Annex.**

Annex A/21 – Possible amendment to subheading 8480.41

74. The Sub-Committee decided to maintain the status quo regarding the text of subheading 8480.41, given that technology for using injection-type moulds for moulding metals does indeed exist and injection moulding is not a type of compaction moulding.

75. **The Committee is invited to take note.**

Annexes A/22 and D/8 – Possible amendments to heading 42.02

76. The Sub-Committee agreed to insert the term "insulated food or beverage bags" in the text of heading 42.02.

77. It also approved the text of new paragraph 8 proposed for the Explanatory Note to heading 42.02, after making certain modifications (insertion of the term "reusable" before "insulated bags" and adding the term "temporary" before "storage").

78. With regard to exclusion (a) in the Explanatory Note to heading 42.02, the Delegate of the United States suggested adding the expression "unreinforced sheeting" to the Secretariat's proposal (set out in the Annex to Doc. NR0022E1), together with a new final sentence "Such bags are not designed for repetitive use".

79. Since consensus was not reached on this latter point, the Sub-Committee decided to place the two alternatives in square brackets.

80. **The Committee is invited to : (a) provisionally adopt the texts set out in Annex D/8 to Doc. NR0045E1; and (b) rule on the texts for exclusion (a) in the Explanatory Note to heading 42.02, placed in square brackets in that Annex.**

Annexes A/23 and D/26 – Possible amendments to heading 90.09

81. **This matter is dealt with under a separate Agenda item (VI.3) for this session of the Committee.**

Annexes A/24 and D/14 – Amendment to the Nomenclature in order to group all bitter limes in the same subheading

82. Being unable to reach consensus on an appropriate text for grouping bitter limes in a single subheading, the Sub-Committee placed the three options, "acid limes", "bitter limes" and "limes (*Citrus aurantifolia*, *Citrus latifolia*)" in square brackets.

83. **The Committee is invited to rule on the proposals in square brackets in Annex D/14 to Doc. NR0045E1.**

Annexes A/25 and D/10 – Possible amendments to Note 3 (a) to Chapter 85 and to the text of subheading 8509.10

84. The Sub-Committee agreed to amend Note 3 (a) to Chapter 85 and the text of subheading 8509.10, and decided in favour of the option "Vacuum cleaners, including dry and wet vacuum cleaners". It also agreed that these amendments were intended solely to clarify the texts and to align the English and French versions; they did not alter the scope of these legal provisions.

85. **The Committee is invited to provisionally adopt the texts set out in Annex D/10 to Doc. NR0045E1.**

Annexes B/1 and D/9 – Possible amendment to the Nomenclature to delete references to "heading No." and "subheading No." in the English text and to substitute "heading" or "subheading" as appropriate

86. The Sub-Committee approved the Secretariat's proposal that the references "heading No." and "subheading No." be replaced by "heading" and "subheading" respectively in the English version of the Nomenclature.

87. **The Committee is invited to provisionally adopt the texts set out in Annex D/9 to Doc. NR0045E1.**

Annexes B/2 and D/15 – Proposal by the EC for the simplification of heading 85.42

88. **This matter is dealt with under a separate Agenda item (VI.4) for this session of the Committee.**

Annexes B/3 and D/17 – Alignment of the French version of heading 58.01 on the English version

89. The Sub-Committee agreed to align the French version of heading 58.01 on the corresponding English, by inserting a reference to heading 58.02; it did not retain the Secretariat's alternative which involved adding a reference to "tissus bouclés".

90. **The Committee is invited to provisionally adopt the texts set out in Annex D/17 to Doc. NR0045E1.**

Annex B/4 – Proposal by China for creating a new heading in Chapter 85 to provide for Internet delivered software

91. The Sub-Committee agreed that : (1) this was a very complex issue; and (2) the question was the subject of multiple discussions at the WTO and other international organizations; it therefore felt that any study at this time would be premature.

92. **The Committee is invited to decide what action to take on this matter.**

Annexes B/5 and D/19 – Proposal by the EC for the simplification of heading 70.10

93. Given the late submission of this proposal to delete the two-dash subheadings of subdivision 7010.9 (reverting to the pre-1996 situation), the Sub-Committee agreed to leave administrations enough time to consult the relevant industrial circles, and decided to place the proposed text in square brackets.

94. **The Committee is invited to rule on the proposal to simplify heading 70.10.**

Annexes C/1 and D/11 – Harmonized System Review on the basis of trade statistics

95. The Sub-Committee agreed to delete the heading and subheadings whose codes were listed at Annex I to Doc. NR0027E1, with the exception of subheadings 1102.10, 1209.26, 5210.22, 5210.52 and 8606.20. It was also agreed, for subheading 7415.31, to opt for the regrouping of all screws in one subheading with the wording "7415.33 -- Screws; bolts and nuts".

96. With regard to Annex II to Doc. NR0027E1, it was decided to delete the codes 1209.19, 2805.22, 2907.30 and 6812.10 to 6812.40, and to retain the other headings and subheadings.

97. The Sub-Committee then approved the list of amendments to the Nomenclature arising out of these deletions.

98. **The Committee is invited to approve the deletion of the low-trade-volume codes as proposed by the Sub-Committee, and to provisionally adopt the resulting amendments to the Nomenclature, as set out in Annex D/11 to Doc. NR0045E1.**

Annexes C/2 and D/25 – Possible separate identification of artisanal products : Request from the International Trade Centre (ITC)

Proposed HS breakouts

99. Recognizing the importance of the ITC proposal and its benefits for the economies of not only developing countries but also developed countries and acknowledging that the amount of added detail did not seem excessively burdensome, the Sub-Committee decided to place in square brackets the draft amendments to the Nomenclature in Annex II to Doc. NR0028E1 since acceptance of those breakouts depended on finding solutions to the following questions :

- (a) Definition of "hand-made" products for HS purposes;
- (b) Criteria for distinguishing such products from their "machine-made" counterparts;
- (c) Establishment of a certification scheme.

Definition of "hand-made" products

100. The Sub-Committee agreed that the following text, for insertion in the General Explanatory Notes to each of the relevant Sections or Chapters was perhaps the best definition which could be made on the basis of the information available. However, many elements of that definition ("tools", "sophisticated" machines, "moulding", "traditional or aboriginal" techniques, etc.) were in need of further clarification, and the Sub-Committee therefore decided to place the text in square brackets.

101. ["Hand-made" products of this [Section] [Chapter] are produced by craftsmen either entirely by hand or by using tools held in the hand or by machines powered by hand or foot or any combination thereof, but not by sophisticated machines or by moulding. Such

products have forms or decorations that are traditionally used by the indigenous people of the country of manufacture and may be utilitarian, but obtain their essential characteristics from their artistic, cultural or religious features. They have generally distinguishing features such as an irregular, imperfect or non-uniform appearance in terms of size, dimensions, shape, pattern, texture, thickness, motifs, colours, shades, etc., as compared to their "machine-made" counterparts, and may reveal certain traditional or aboriginal techniques of manufacture on visual examination. Hand-made products are normally accompanied by documentary evidence regarding their hand-made nature, certified by competent authorities of the exporting country."]

Product-specific criteria

102. The Sub-Committee noted that the question of finding technical product-specific criteria for distinguishing "hand-made" products from "machine-made" products had not yet been solved.

Certification

103. The Sub-Committee pointed out that any step towards the separate identification of "hand-made" products for Customs purposes had to be supported by a certification scheme; however, it did not express a view as to whether such a certification scheme should be left to the discretion of individual administrations or be based on an internationally accepted procedure.

Possible WCO Recommendation

104. There was considerable support in the Sub-Committee for the proposal that a WCO Recommendation be drafted inviting Members to structure their national tariff/statistical nomenclatures so that they could establish separate subdivisions for "hand-made" products. It was pointed out that the definition of such products and the certification procedure could form part of that Recommendation. The Sub-Committee felt that this question could be dealt with separately.
105. **The Committee is invited to decide what action to take on this matter and, if appropriate, to rule on : (a) the draft amendments to the Nomenclature set out in square brackets in Annex D/25 to Doc. NR0045E1; and (b) the draft definition of "hand-made" products for inclusion in the Explanatory Notes, as set out in paragraph 101 above.**
-