



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  
-

NC0047E1  
(+ Annexes I and II)  
O. Fr.  
  
H2-1  
H3-1

Brussels, 14 April 1999.

POSSIBLE AMENDMENTS TO SUBHEADINGS 5102.10, 5105.30 AND 6110.10

(Item VIII.9 on Agenda)

Reference documents :

41.166 (RSC/16)  
41.580, Annex B/9 (RSC/16 – Report)  
41.792 (RSC/17)  
41.813 (RSC/17)  
41.920, Annexes A/12 and D/8 (RSC/17 – Report)  
42.100, Annex F/1, paragraphs 39 and 40 (HSC/21 – Report)  
42.447 (HSC/22)  
42.725 (HSC/22)  
42.750, Annexes G/22 and K/6 (HSC/22 – Report)

I. BACKGROUND

1. At its 22nd Session (November 1998), the Harmonized System Committee continued examining the Mongolian Customs Administration's proposal to amend subheadings 5102.10, 5105.30 and 6110.10 to give separate status to cashmere and articles thereof.
2. The Committee decided to postpone, until the present session, its final decision on the text to be chosen from the two proposed alternatives, namely "Of Kashmir goats" or "Wholly of Kashmir goats", so that administrations could consult the textile industry, and the Secretariat could contact the Mongolian Administration again, asking it to confirm its official position.

File No. 2674

## II. COMMENTS BY ZAMBIA

3. On 22 October 1998, the Secretariat received comments from the Zambian Administration on this Agenda item, which were reproduced in Doc. 42.725 (HSC/22). By way of reminder, Zambia is in favour of the initial proposal, namely "Of Kashmir goats".
4. On 8 January 1999, the Zambian Administration informed the Secretariat that the English version of the legal text cited in paragraph 2 of Doc. 42.725 contained an error. That paragraph should read as follows (French version unchanged) :

"Mongolia's proposal to subdivide the heading is intended, inter alia, to facilitate more accurate statistics of volume involving cashmere and articles thereof. Since the question of dealing with mixtures has already been fully addressed by Note 2 and Subheading Note 2 to Section XI, the fears raised by the United States are not prohibitive."

## III. COMPOSITION OF ARTICLES OF CASHMERE

5. At the Committee's 22nd Session, there were differences of opinion regarding the actual composition of cashmere articles, with some delegates asserting that the garments sold are generally 100 % cashmere, whereas others maintained that such garments are usually manufactured using cashmere mixtures.
6. The Secretariat's investigations (especially on the Internet) have shown that two types of garment are widely traded, namely pure cashmere articles (luxury articles with a high commercial value) and articles consisting of mixtures, such as cashmere/wool (to lower the price of the goods and make them accessible to more people) or cashmere/silk (to improve the garment's properties : greater softness (wraps), to make the wearer look slimmer, etc.).
7. In addition, on 8 March 1999 the EC sent the Secretariat a note from The European Textile and Apparel Organisation (EURATEX) giving the European textile industry's opinion on questions relating to the composition of cashmere articles (nature of the materials mixed with cashmere and the percentages of the various components). At the EC's request, this note is reproduced in full (apart from the statistical data which has no bearing on the Committee's decision) at Annex I hereto.
8. The Secretariat points out that it has been unable to verify whether there is actually trade in articles consisting of a mixture of different types of fine animal hair, which some administrations feel could raise particular problems of analysis. Without ruling out possible trade in such articles, the Secretariat still feels that such trade would be marginal, given that mixtures of this type would not seem justified on economic or commercial grounds.

## IV. SECRETARIAT COMMENTS

9. On the basis of the previous discussions within the Committee and the correspondence exchanged with one of the parties concerned, the Secretariat would first point out that there is no firm opposition to either proposal. Mongolia, which initially raised this matter, exports pure cashmere products (100 % cashmere) and could therefore accept

(and even seems to prefer) the alternative limiting the scope of the new subheadings to products made "wholly of Kashmir goats", rather than the initial proposal "of Kashmir goats".

10. The Secretariat has not received any new information from the Mongolian Administration since contacting it again.
11. The counter-proposal ("Wholly of Kashmir goats") seems to have been formulated essentially (or even solely) because of the difficulties in identifying (qualitative analysis) and determining the percentage (quantitative analysis) of the different textile materials used in certain mixtures (especially mixtures of cashmere with wool or other animal fibres).
12. The Secretariat points out that products consisting of a mixture of fine animal hair (e.g. cashmere) and other textiles are currently classified on the basis of Note 2 and Subheading Note 2 to Section XI (in the case of fibres and certain yarns for wool (there are no separate subheadings for the later stages of manufacture, such as garments), at all stages of manufacture – fibres, yarns, fabrics, knitted fabrics, made-up articles – for other textile materials).
13. The Secretariat therefore draws the Committee's attention to the fact that, leaving aside the hypothetical case of mixtures of several types of fine animal hair (see paragraph 8 above) the creation, within **subheadings 5102.10 and 5105.30**, of subheadings giving separate status to cashmere would in no way change the current situation, whatever the text adopted. In fact, in the new structure, Note 2 to Section XI will still be used to determine either the four-digit heading or the one-dash subheading.
14. With regard to **subheading 6110.10**, in the present version of the HS no distinction has to be made for articles consisting of mixtures of wool and fine animal hair, as both are contained in the same subheading.
15. However, it should be noted that the Committee did not object in principle to the additional proposal to give separate status to articles of wool (subheading 6110.11 in the new structure). If the Committee wishes to avoid the question of identification within subheading 6110.1, it should also limit the scope of that subheading to articles "wholly of wool". The alternative would involve using Subheading Note 2 to Section XI to classify mixtures of wool and cashmere (subheading 6110.11 or 6110.19).
16. Notwithstanding the above information, which seems to show that a restrictive text would have little or no practical effect on the facilitation of controls, the Secretariat feels that the text "Wholly of Kashmir goats" would have two major disadvantages :
  - It is at odds with the classification rules (Note 2 and Subheading Note 2 to Section XI) governing all other textile materials, which are much more important in terms of world trade. These two Notes might therefore have to be amended by inserting the expression "Except where the context otherwise requires" at the beginning;
  - The scope of the term "wholly" would have to be defined. There is thus the question of whether articles containing minimal quantities of other textile materials (e.g., a cashmere pullover with an embroidered decorative silk motif) would be considered "wholly of Kashmir goats". In this respect, a tolerance (e.g., 5 %) would reintroduce the problem of quantitative analysis.

17. Finally, the Secretariat points out that there are other control methods, such as checking certificates, commercial documents, technical files, etc., for this type of goods and it questions whether, in practice, administrations conduct laboratory analyses of textile garments as a matter of course or even on a regular basis.
18. In the light of the foregoing, the Secretariat feels that it would be unwise to give special treatment to the subheadings at issue and would therefore be in favour of the text "Of Kashmir goats" ("Of wool" for subheading 6110.11).
19. The two alternatives are set out in square brackets at Annex II hereto. The Secretariat has included in this Annex a draft amendment to Note 2 and Subheading Note 2 to Section XI which could result from the adoption of a restrictive text for the subheadings at issue (this draft was not contained in Annex K/6 to Doc. 42.750 (HSC/22 - Report)).

#### V. CONCLUSIONS

20. The Committee is invited to decide what action to take regarding Mongolia's proposal to give separate status to cashmere in subheadings 5102.10, 5105.30 and 6110.10 and regarding the additional proposal by Japan for garments of wool of subheading 6110.10.
21. If the principle of these amendments is adopted, the Committee is also invited to rule on (a) the alternative to be chosen (both for wool and for cashmere) and, if appropriate, (b) the need to amend Note 2 and Subheading Note 2 to Section XI, as indicated in paragraph 16, first subparagraph, above.

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NOTE FROM THE EUROPEAN TEXTILE AND APPAREL  
ORGANISATION (EURATEX)

"Having consulted the members concerned, EURATEX informs you that the industry is in favour of the dual proposal by the Mongolian and Japanese authorities to separate products of "cashmere" from products "of other fine animal hair" in Chapters 51 and 61 of the Harmonized System.

EURATEX supports the Commission's position and feels that the said products should be defined as "fine hair of Kashmir goats". The European industry does not understand the reasoning behind the United States' proposal. Even if a mixture of fibres existed, EURATEX sees no advantage in making a distinction in the Nomenclature between 100 % cashmere products and those containing less than 100 %, but which would still be majority cashmere within the meaning of the WCO rules.

Having said that, the answers to the other questions asked are as follows :

- For the headings of Chapter 51 : Cashmere fibres and "tops" are traded by specialized traders and processors. It is highly unlikely that mixtures are made at this level.

It is very difficult to quantify European imports precisely; however, EURATEX estimates that the trade in cashmere products of heading 51.02 varies from 5,500 to 6,000 tonnes and trade in products of heading 51.05 amounts to 200 tonnes.

- For the products of Chapter 61 : The Combined Nomenclature better identifies the trade in cashmere products of 61.10, which are one of the key products of the spinning industry in Italy, Austria and the United Kingdom. Imports of cashmere pullovers from outside the EU (100 % and majority cashmere mixtures) vary from 45 to 60 million Euros, whereas European exports to the rest of the world are in excess of 30 million Euros .

Once again, it is almost impossible to separate the trade in 100 % cashmere products from that of cashmere mixtures, as the proportion varies according to company development, innovation and creativity and fashion trends.

- If cashmere is mixed, it is with wool or silk fibres in the vast majority of cases and this is done during spinning. It is true that in some cases, for marketing reasons, small percentages of cashmere fibres are added to wool products or synthetic-fibre products. However, this is not relevant to the request under study.
- According to the information obtained from industrial circles, the proportion of fibres other than cashmere in cashmere pullovers does not exceed 5 %, depending on technical requirements and fashion trends."

x

x      x

(CSH/23/mai 99)  
(HSC/23/May 99)

ANNEXE II

PROJET D'AMENDEMENTS AUX N°S 5102.10, 5105.30 ET 6110.10

(Point VIII.9 de l'ordre du jour)

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ANNEX II

DRAFT AMENDMENTS TO SUBHEADINGS 5102.10, 5105.30 AND 6110.10

(Item VIII.9 on Agenda)

PROCEDURE DE L'ARTICLE 16

A. AMENDEMENTS DE LA NOMENCLATURE

[SECTION XI.]

Note 2 A). Première ligne.

Remplacer "Les produits textiles" par "Sauf dispositions contraires, les produits textiles".

Note 2 A) de sous-positions. Première ligne.

Remplacer "Les produits des Chapitres 56 à 63" par "Sauf dispositions contraires, les produits des Chapitres 56 à 63".]

CHAPITRE 51.

N° 5102.10.

Nouvelle rédaction :

“ - Poils fins :

5102.11 -- [Entièrement de] [De] chèvre de Cachemire

5102.19 -- Autres”.

N° 5105.30.

Nouvelle rédaction :

“ - Poils fins, cardés ou peignés :

5105.31 -- [Entièrement de] [De] chèvre de Cachemire

5105.39 -- Autres”.

CHAPITRE 61.

N° 6110.10.

Nouvelle rédaction :

“ - De laine ou de poils fins :

6110.11 -- [Entièrement de] [De] laine

6110.12 -- [Entièrement de] [De] chèvre de Cachemire

6110.19 -- Autres”.

ARTICLE 16 PROCEDURE

A. AMENDMENTS TO THE NOMENCLATURE

[SECTION XI.

Note 2 (A). First line.

Delete "Goods" and substitute "Except where the context otherwise requires, goods"

Subheading Note 2 (A). First line.

Delete "Products of Chapters 56 to 63" and substitute " Except where the context otherwise requires, products of Chapters 56 to 63".

CHAPTER 51.

Subheading 5102.10.

Delete and substitute :

“ - Fine animal hair :

5102.11 -- [Wholly of] [Of] Kashmir goats

5102.19 -- Other”.

Subheading 5105.30.

Delete and substitute :

“ - Fine animal hair, carded or combed :

5105.31 -- [Wholly of] [Of] Kashmir goats

5105.39 -- Other”.

CHAPTER 61.

Subheading 6110.10.

Delete and substitute :

“ - Of wool or fine animal hair :

6110.11 -- [Wholly of] [Of] wool

6110.12 -- [Wholly of] [Of] Kashmir goats

6110.19 -- Other”.



## B. MODIFICATIONS DES NOTES EXPLICATIVES

### [SECTION XI.

Page 773. Note 2 A). Première ligne.

Remplacer "Les produits textiles" par "Sauf dispositions contraires, les produits textiles".

Page 777. Note 2 A) de sous-positions. Première ligne.

Remplacer "Les produits des Chapitres 56 à 63" par "Sauf dispositions contraires, les produits des Chapitres 56 à 63".]

### CHAPITRE 51.

Page 794. N° 5102.10.

Nouvelle rédaction :

“ - **Poils fins** :

5102.11 -- **[Entièrement de] [De] chèvre de Cachemire**

5102.19 -- **Autres**”.

Page 797. N° 5105.30.

Nouvelle rédaction :

“ - **Poils fins, cardés ou peignés** :

5105.31 -- **[Entièrement de] [De] chèvre de Cachemire**

5105.39 -- **Autres**”.

### CHAPITRE 61.

Page 920. N° 6110.10.

Nouvelle rédaction :

“ - **De laine ou de poils fins** :

6110.11 -- **[Entièrement de] [De] laine**

6110.12 -- **[Entièrement de] [De] chèvre de Cachemire**

6110.19 -- **Autres**”.

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B. AMENDMENTS TO THE EXPLANATORY NOTES

[SECTION XI].

Page 773. Note 2 (A). First line.

Delete "Goods" and substitute "Except where the context otherwise requires, goods".

Page 777. Subheading Note 2 (A). First line.

Delete "Products of Chapters 56 to 63" and substitute "Except where the context otherwise requires, products of Chapters 56 to 63".]

CHAPTER 51.

Page 794. Subheading 5102.10.

Delete and substitute :

“ - **Fine animal hair** :

5102.11 -- **[Wholly of] [Of] Kashmir goats**

5102.19 -- **Other**".

Page 797. Subheading 5105.30.

Delete and substitute :

“ - **Fine animal hair, carded or combed** :

5105.31 -- **[Wholly of] [Of] Kashmir goats**

5105.39 -- **Other**".

CHAPTER 61.

Page 920. Subheading 6110.10.

Delete and substitute :

“ - **Of wool or fine animal hair** :

6110.11 -- **[Wholly of] [Of] wool**

6110.12 -- **[Wholly of] [Of] Kashmir goats**

6110.19 -- **Other**".