



HARMONIZED SYSTEM
COMMITTEE

-
27th Session

NC0368E1

O. Eng.

Brussels, April 2001.

MATTERS FOR DECISION BY THE HARMONIZED SYSTEM COMMITTEE

(Item VI.2 on Agenda)

Reference document :

NR0165E2 (RSC/23 – Report)

1. The Committee is invited to examine the following conclusions reached by the Harmonized System Review Sub-Committee at its 23rd Session in March 2001.

Annex B/1 – Decisions taken by the Harmonized System Committee at its 26th Session concerning the Report of the 22nd Session of the Review Sub-Committee and pending questions

2. The Chairman explained the Secretariat's objectives in writing the working document and summarized its main points. He expressed his appreciation for the usefulness of this document.
3. The Sub-Committee took note of the decisions taken by the HSC at its 26th Session concerning the Report of the 22nd Session of the Review Sub-Committee.

Annex B/2 – Review of the HS Explanatory Notes by the Review Sub-Committee

4. The Sub-Committee discussed the HS Explanatory Notes work plan and the 3rd HS review cycle.

HS Explanatory Notes work plan

- (1) It was agreed that the Review Sub-Committee should begin its general review of the Explanatory Notes at its next session, which should be a two-week session. That session should also encompass, either at the beginning or the end, the first meeting of the special working group on Note 5 to Chapter 84.

- (2) With regard to the Secretary General's request to Members asking them to second Technical Attachés to assist the Secretariat in carrying out the work in this area, the Director informed the Sub-Committee that, unfortunately, Members' responses had so far been negative. He urged all delegates to work within their administrations to explain the importance of this work so as to ensure that the needed Attachés would be seconded.
- (3) In response to a question, the Director explained that, while the review of the HS Explanatory Notes would be on-going, the five-year period had been proposed to the Policy Commission to indicate a degree of urgency, so as to be able to address the priority issues by the end of that period. He further indicated that the Policy Commission had taken note of this suggested time frame.

The 3rd HS review cycle

- (1) With regard to the possible shortening of the 3rd HS Review Cycle, the Director indicated that this question had once again been placed on the agenda of the HSC and the Secretariat had prepared a document on this question for HSC/27 (see also Agenda Item III.2).
- (2) The Director expressed his concern about the delays in receiving Members proposals for the current review cycle and reminded delegates that there were only six sessions of the Review Sub-Committee after this session to meet the deadline of completing the review work by the Spring of 2004.

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

Annex C/1 – Possible amendments to the Nomenclature regarding the classification of sauces

6. The Sub-Committee agreed to re-examine the issue at its next session on the basis of a new document to be prepared by the Secretariat (with contributions from Contracting Parties and the industry).

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

Annex C/2 and E/2 – Possible amendments to Note 1 (c) to Chapter 41 regarding hides and skins of camels

8. The Sub-Committee unanimously approved the draft amendments to the Nomenclature and the Explanatory Notes prepared by the Secretariat.
9. The Sub-Committee took note of the Secretariat's observation in paragraph 3 of Doc. NR0137E1 that only raw hides and skins of camels (including dromedaries), with the hair on, had been transferred from heading 43.01 to heading 41.03, which transfer could, in the view of the Secretariat, be presented in the following way :

HS 2007	HS 2002	Observations
4103.90	4103.90 ex 4301.80 ex 4301.90	Raw hides and skins of camels (including dromedaries) have been added to the exclusions in Note 1 (c) to Chapter 41.
4301.80	ex 4301.80	
4301.90	ex 4301.90	

HS 2002	HS 2007
4103.90	ex 4103.90
4301.80	ex 4103.90 ex 4301.80
4301.90	ex 4103.90 ex 4301.90
4301.90	ex 4103.90 ex 4301.90

10. **The Committee is invited to take note of transfers shown above and to provisionally adopt the amendments (HS 2007) set out in Annex E/2 to Doc. NR0165B2.**

Annex C/3 and E/3 – Proposal by Canada to amend the Nomenclature and Explanatory Notes to Chapter 54

11. With regard to the text of certain subheadings of heading 54.02 and subheading 5407.10 and the use of the term “polyester” in the plural, the Delegate of Canada said that his administration was withdrawing its proposals on the basis of information provided by the Scientific Sub-Committee.
12. The Sub-Committee agreed to maintain the remaining texts in square brackets for re-examination at its next session. The texts in square brackets are reproduced in Annex E/3 to Doc. NR0165B2.

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

Annex C/4 – Possible amendments to the Nomenclature and Explanatory Note to heading 84.42

14. The Director indicated that the Secretariat would produce a concrete proposal for heading 84.42 for the next session of the RSC. In this connection, he emphasized that this undertaking should proceed in partnership with administrations and called on them to submit written proposals.

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

Annex C/5 and E/1 – Possible amendments to the Explanatory Note to heading 84.71

16. The Sub-Committee agreed with the new layout for the Explanatory Note to heading 84.71, as proposed by the Secretariat.

17. As a general remark, the Chairman suggested replacing the term “storage(s)” as used in the English version of the Note, by “storage unit(s)”. Although the Sub-Committee could accept this suggestion in principle, there was some concern as to whether the reference to “unit(s)” in the English version would be appropriate in all circumstances. It was agreed to re-address this issue at the next session, leaving the relevant texts in square brackets.
18. One delegate proposed an amplification of the text of the fifth paragraph on page 2 to read “... thus constituting a data processing system, known as a local area network (LAN)” (proposed part underlined). Since the Sub-Committee could not reach consensus on this point, the text concerned was placed in square brackets, leaving time for delegates to consider this proposal during the intersession.
19. While questioning the appropriateness of the deletion of the current penultimate paragraph on page 1403 of the Explanatory Note to heading 84.71, which reads “These systems may include remote input or output units in the form of data terminals.”, another delegate suggested reinserting this text as a new sixth paragraph on page 2 of the Annex to the working document. It was agreed that the Sub-Committee would re-address this issue at its next session, leaving the text in square brackets.
20. The same delegate suggested the insertion of a reference to the provisions of Note 5 (E) to Chapter 84 in Part (I) (A) of the Explanatory Note. It was agreed to address this issue at the next session, on the basis of a new proposal.
21. The Sub-Committee agreed to add the current last sentence of the first paragraph of Part (I) (D), on page 1405 of the Explanatory Note to heading 84.71, at the end of the first paragraph of Part (D) (page 3 of the Annex to the working document).
22. It could, however, not agree on a proposal to rephrase the wording of the third paragraph of Part (I) (D) on page 3 of the Annex to the working document. The parts at issue were placed in square brackets, pending discussions at the Sub-Committee’s next session. One delegate also questioned whether this paragraph was appropriate in the context of the work of the Sub-Committee, since this issue was also on the Committee’s agenda. Since the Sub-Committee felt that the text proposed by the Secretariat was acceptable, it was agreed to leave the text underlined with a view to drawing the Committee’s attention to this particular paragraph.
23. Subject to certain modification and to some minor editorial amendments, the Sub-Committee approved the other texts, as proposed by the Secretariat.
24. The texts approved and those placed in square brackets are set out in Annex E/1 to Doc. NR0165B2.
25. **The Committee is invited to take note of the above developments until the Sub-Committee finalizes the amendments to the entire Explanatory Note to heading 84.71.**

Annex C/6 – Possible amendment of the text of heading 85.25 to clarify the classification of cameras

26. The Sub-Committee decided to combine the Canadian and Secretariat proposals into one proposal. The Secretariat was asked to draft such a combined proposal for the RSC's next session. Any administration wishing to make a proposal in this connection was invited to do so in writing.
27. **The Committee is invited to take note.**

Annex C/7 – Possible amendment of Note 5 (B) to Chapter 85

28. The Sub-Committee agreed to await the results of the examination of the classification of **SIMM** and **DIMM** modules by the HSC before continuing this study (see Agenda Item IX.4).
29. **The Committee is invited to take note.**

Annex C/8 and E/4 – Amendment of the text of subheading 9021.10 in order to align the French and English versions

30. The Sub-Committee recognized that there was a lack of alignment between the English and French versions of the present text of subheading 9021.1 (subheading 9021.10 in the 2002 version of the HS) and agreed on the need to amend the subheading text in the French version, by adding "Article et", in order to align it on the heading text.
31. Given that this amendment could result in broadening the scope of the subheading, it was agreed that it should be carried out under the Article 16 procedure.
32. With regard to the English version and referring to part (I) of the present Explanatory Note to heading 90.21, several delegates pointed out that certain goods mentioned therein were not appliances, but rather articles, whereas the term "articles" was not included in the English text of heading 90.21.
33. Most delegates were in favour of a strict alignment of the English and French versions, thus opting for the second alternative proposed by the Secretariat in the Annex to Doc. NR0143B1.
34. One delegate nevertheless noted that the term "articles" was very general and that its insertion could result in an unintended transfer of products. In his opinion, the present English text raised no interpretation problems and should therefore not be amended.
35. Finally, the Sub-Committee decided to place the proposed texts in square brackets, for examination by the Committee at the present session. The Committee was requested to rule, in particular, on the need for a strict alignment of the English version on the French version and the insertion of the terms "articles and" before "appliances" in the text of heading 90.21 and of subheading 9021.10.

36. The texts approved and those placed in square brackets are reproduced in Annex E/4 to Doc. NR0165B2.

37. **The Committee is invited to examine the proposed texts placed in square brackets and to rule, in particular, on the need for a strict alignment of the English version on the French version and the insertion of the terms “articles and” before “appliances” in the text of heading 90.21 and of subheading 9021.10.**

Annex C/9 – Possible amendments to the Nomenclature and Explanatory Notes to Chapter 24

38. The Sub-Committee decided to return to this question at its next session. In the meantime, all administrations were asked to look into this question more carefully and to seek the views of their tobacco industry.

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

Annex C/10 – Study with a view to amending the structure of Chapter 87

40. The Sub-Committee agreed to maintain the status quo in respect of Chapter 87. However, if, in the future, any interested administrations submitted new and more concrete proposals, they would certainly be examined by the Sub-Committee.

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

Annex C/11 and E/5 – Study with a view to amending the structure of heading 73.21

42. The Sub-Committee agreed to approve the EC’s proposals set out in the working document.

43. The relevant transfers, in the view of the Secretariat, could be presented in the following way :

HS 2007	HS 2002
7321.19	ex 7321.11 7321.13
7321.89	ex 7321.81 7321.83

HS 2002	HS 2007
7321.11	ex 7321.19
7321.81	ex 7321.89

44. The texts approved are reproduced at Annex E/5 to Doc. NR0165B2.

45. **The Committee is invited to take note of above transfers and to provisionally adopt the amendments (HS 2007) set out in Annex E/5 to Doc. NR0165B2.**

Annex D/1 and E/6 – Possible amendments to the Nomenclature in order to update the terminology of certain products and to delete obsolete items

46. The Sub-Committee examined four Secretariat proposals to update the HS Nomenclature to reflect trade realities.

(1) Heading 84.69

The Sub-Committee approved the deletion of subheadings 8469.1 to 8469.30 as proposed by the Secretariat, due to the low volume of trade in the machines concerned.

Given that the Explanatory Notes were currently being reworked for the 2002 version of the HS, the corresponding required amendments would be presented at a later date.

The text approved is reproduced in Annex E/6 to Doc. NR0165B2.

(2) Heading 85.19

The Sub-Committee agreed to look at a related proposal by the United States when examining this issue (see Annex D/7 to Doc. NR0165E2).

The Sub-Committee decided to continue examining these proposals on the basis of trade data to be provided by the US Administration and a new revised text or alternative texts to be prepared by the Secretariat for the next session, taking account of the Secretariat's proposal and the ideas put forward by the United States (see also Annex D/7 to Doc. NR0165E2).

(3) Heading 85.20

The Sub-Committee decided to review all the possibilities on the basis of statistics to be submitted by administrations and the Secretariat was requested to draft a new proposal on the basis of the comments made during the meeting.

(4) Heading 85.24

The Sub-Committee decided to review this proposal at its next session, on the basis of statistics and further information to be submitted by administrations

47. **The Committee is invited to provisionally adopt the text set out in Annex E/6 to Doc. NR0165B2 and take note of the developments in respect of headings 85.19, 85.20 and 85.24.**

Annex D/2 – Proposal by the US Administration to amend the Nomenclature concerning cut flowers of heading 06.03

48. The Sub-Committee agreed to continue discussion of this agenda item at its next session.

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

Annex D/3 – Proposal by the US Administration to amend the Nomenclature and Explanatory Note to heading 38.21

50. The Delegate of Canada felt that the proposal was logical and supported it in principle. However, he felt that further review would be required.

51. Another delegate suggested that, in view of the technical nature of the proposal, it would be appropriate to refer this issue to the Scientific Sub-Committee to clarify whether the scope of the heading would be widened and the nature of transfers, if any. He also suggested that the Scientific Sub-Committee should provide its views on the text of the proposed Explanatory Note and the definitions of eukaryotic and prokaryotic cells.

52. The Sub-Committee agreed to this suggestion and decided to refer the US proposal and the Canadian comments (see Annex D/3 to Doc. NR0165E2) to the Scientific Sub-Committee for advice on the points raised in paragraph 54 above.

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

Annex D/4 – Proposal by the US Administration to amend the Nomenclature to Chapter 41

54. Since the proposal was closely linked to the HS 2002 amendments, one delegate indicated that the issue should not be discussed before the implementation of these amendments. However, the Sub-Committee agreed to continue discussions at its next session, thus allowing administrations to consult with their industry during the intersession.

55. The Chairman invited administrations to submit their comments in good time, to enable the Secretariat to prepare a new working document for the next session.

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

Annex D/5 – Proposal by the US Administration to amend the Nomenclature and Explanatory Note to heading 70.13

57. The Sub-Committee agreed to continue its examination of this proposal at its next session.

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

Annex D/6 – Proposal by the US Administration to amend the Nomenclature and Explanatory Note to heading 84.82

59. The Sub-Committee agreed to continue discussion of this proposal at its next session.

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

Annex D/7 – Proposal by the US Administration to amend the Nomenclature and Explanatory Note to heading 85.19

61. The Sub-Committee decided that at its next session the US ideas presented in the working document would be incorporated in a revised text or alternative texts by the Secretariat for the consideration of the Sub-Committee (see also Annex D/1 to Doc. NR0165E2).

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

Annex D/8 – Proposal by the US Administration to amend certain subheadings of heading 87.08

63. The Sub-Committee agreed to continue discussion of this proposal at its next session.

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

Annex D/8 – Proposal by the Australian Administration to amend the Nomenclature to heading 70.19 concerning glass fibres

65. Given the impact of this proposal on other Nomenclature provisions, the Sub-Committee felt that it would be more appropriate for Australia to refine its proposal, taking account of the comments from various delegates, before resubmitting it to the Sub-Committee.

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