



HARMONIZED SYSTEM
REVIEW SUB-COMMITTEE

NR0092E1

-
21st Session
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O. Eng.

Brussels, December 1999.

UPDATING OF THE CURRENT EXPLANATORY NOTES

(Item III.B on Agenda)

Reference document :

NC0094E1 (HSC/24)
NC0160E2, Annex E (HSC/24 Report)

I. BACKGROUND

1. At the 24th Session of the Harmonized System Committee, the EC Delegate, supported by the Delegate of Sweden, explained that certain parts of the Explanatory Notes needed updating because there had been no full-scale revision since the texts were first drafted in the 1950's. He acknowledged that additional resources might be needed to do this job, which would require approval of the Council.
2. Other delegations, while agreeing that the Explanatory Notes should evolve in step with new technologies and commodities, expressed some doubts vis-à-vis the exact scope of the proposal and asked for clarification. It was finally agreed that the Review Sub-Committee should have a further look into this issue, thus giving administrations the opportunity to reflect on the proposal. This further consideration would be based on a working document to be prepared by the Secretariat, outlining the plan, time frame and necessary resources.

II. SECRETARIAT COMMENTS

Full-scale revision

3. The Nomenclature + Classification Sub-Directorate has the following staff :

1 Deputy Director
1 Supervisor
1 Senior Technical Officer
7 Technical Officers, and
2 Technical Attachés.

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4. As compared with the last Council year, the Nomenclature + Classification Sub-Directorate has lost one Technical Officer, who is now assigned to the Valuation Sub-Directorate. The Sub-Directorate has also lost one Technical Attaché.
5. With its reduced staff, the Sub-Directorate is working to accomplish the myriad tasks assigned to it on the basis of the goals set out in the WCO Strategic Plan (see Annex II to Doc. NC0094E1). It should be noted that under the existing resources, it is very difficult to achieve all the assigned tasks successfully. In particular, there has been a considerable delay in accomplishing some of the tasks, e.g., the preparation of a Classification Practice Handbook.
6. Therefore, the Secretariat would like to stress that within its current resources, it would be very difficult, if not impossible, to undertake a full-scale revision of the Explanatory Notes.
7. If a full-scale revision should be undertaken, additional resources, in the form of Technical Attachés, would be required. The question would then become how many Attachés would be required and how long it would take to complete the full-scale revision work.
8. The Secretariat felt that it would be rather difficult to estimate the resource requirements exactly and considered that the work done on the development of the HS Explanatory Notes from the early to mid 1980's could constitute a good basis for this estimation. The survey made by the Secretariat in this regard has provided the following information :

(i) Duration of the Secretariat's work

The Secretariat spent five years from the beginning of 1980 to the end of 1985 on the preparation of the HS Explanatory Notes.

(ii) Number of meetings held

A Joint Working Party (NC/IHSC) was established for this work and eight sessions were held from November 1983 to April 1985. Except for two sessions of the Joint Working Party, which lasted three weeks, all other sessions were for two weeks.

(iii) Number of documents published

During the five year period, 1,377 documents were published, some of them being simple reproductions of administrations' comments, which did not require substantial study by the Secretariat. Based on a survey made by the Secretariat regarding a few Chapters, comments were made by the Secretariat with regard to 30 % to 50% of those documents. Therefore, supposing that the Secretariat had substantially contributed to the preparation of about 40% of the total number of documents, it can be calculated that the Secretariat worked on about 550 documents during the above-mentioned period. Although the time spent on preparing the documents for the Explanatory Notes is different from year to year, it could be estimated that about 110 documents were produced in a year on average.

(iv) Officers involved

During the above-mentioned five-year period, 10 Technical Officers were assigned to the Nomenclature and Classification Directorate. They worked on the preparation of the HS Explanatory Notes as well as other nomenclature related work. It is rather difficult to calculate what part of the officers' entire work was devoted to the preparation of the Explanatory Notes since there is no statistical data in this regard. Therefore, the Secretariat has made an estimation on the basis of the number of documents produced and concluded that about 44 % of the work was devoted to the preparation of the Explanatory Notes. This means that 4.4 officers were involved in this work on a full time basis.

9. As for the proposed revision work, the Secretariat is not sure of the magnitude of the project. The previous revision was not necessarily a comprehensive and full revision, but involved the modification of the CCCN Explanatory Notes. The proposed revision work would be a comprehensive review and might involve a restructuring of the Explanatory Notes on the basis of 6-digit subheadings. Moreover, many classification questions are likely to be encountered during the revision work which would need to be examined separately by the Harmonized System Committee. Nevertheless, given that the revision work should be carried out by Technical Attachés who would be fully involved in the work, the Secretariat conservatively estimates that the same resources as before would be required for this purpose; namely, 4.4 Attachés over a five-year period.
10. As regards the number of meetings to be held, the Secretariat would also assume that eight sessions of a special Working Party would be required as before and the Working Party would report to the HSC as appropriate. In that case, meetings could be held no more than twice a year in view of the already crowded meeting calendar of the WCO. It would therefore take four years for the special Working Party to complete its work.
11. As for the duration of the work of the Technical Attachés, the Secretariat considers that four to five years would be appropriate in view of the information provided above.
12. In the light of the foregoing, if the work is to be finalised in four years, 5.5 Technical Attachés would be required. If the work is to be finalised in five years, 4.4 Technical Attaches would be required.
13. Therefore, although the above estimates contain a lot of assumptions, the Secretariat would conclude that 4 to 6 Technical Attachés would need to be assigned to the Secretariat for 4 to 5 years.

Limited revision

14. The Secretariat would frankly question whether a sufficient number of Technical Attaches would be seconded by donor administrations to pursue a full-scale revision of the HS Explanatory Notes. For that reason the Secretariat would propose an alternative approach for the consideration of the Sub-Committee, i.e., asking administrations and the Secretariat to volunteer to undertake a revision of selected Chapters of the Explanatory Notes.

15. In this connection, the Secretariat has already noted that in its opinion a review of the high technology Chapters (especially Chapters 84, 85 and 90) should be emphasised during the next review cycle. In the Secretariat's view this review should not only focus on the legal texts but also the Explanatory Notes.

III. CONCLUSION

16. Based on the above information and comments, the Review Sub-Committee is invited to express its views on :
- (1) Whether a full-scale revision of the Explanatory Notes should be undertaken during the next review cycle ?
 - (2) Whether a limited revision of the Explanatory Notes should be undertaken during the next review cycle and, if so, what Chapters would be encompassed by that review ?
 - (3) Whether either revision of the Explanatory Notes should be based on a restructuring of the Explanatory Notes on the basis of the 6-digit subheadings ?
 - (4) If a full-scale revision were desired, an indication from administrations as to whether they would be prepared to second Technical Attachés.
 - (5) If a limited revision is desired, an indication from administrations as to which Chapters they would be prepared to draft initially.
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