



HARMONIZED SYSTEM
REVIEW SUB-COMMITTEE

NR0106E1

-
22nd Session
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O. Eng.

Brussels, 9 August 2000.

SCOPE OF THE THIRD HS REVIEW CYCLE

(Item II.2 on Agenda)

I. BACKGROUND

1. In past discussions on the scope of the Third HS Review Cycle the Harmonized System Committee had agreed that a general review of the Harmonized System would be appropriate in addition to the review of specific sectors, such as the high-technology sector. A further goal of the new review cycle would be the simplification of the Harmonized System, particularly in the pharmaceutical, information technology and textile sectors.
2. It was also agreed by the Committee that there was an urgent need to update and modernise the HS Explanatory Notes, particularly with regard to the high-technology Chapters. The Secretariat was asked to prepare a project proposal in this connection, it being understood that the timing of this revision would not be tied to the schedule for the completion of the Third HS Review Cycle.

II. NEED FOR URGENCY

3. The schedule for completion of the new review cycle requires finalisation of any proposed amendments to the Harmonized System by the Spring 2004 Session of the Review Sub-Committee – allowing for a total of eight sessions, including the September Session this year. In the Secretariat's view such a limited number of meetings make it imperative for proposals to be submitted by administrations as soon as possible in order for the ambitious plans for the Third Review Cycle to be realised.
4. The Secretariat would remind the Sub-Committee that in both past review cycles late proposals to amend the Harmonized System have had to be postponed to future cycles – resulting in a minimum five-year delay in implementation. In view of the need for extensive consultations with industry on proposals to amend the Harmonized System the Secretariat would strongly urge administrations to submit their proposals, particularly comprehensive proposals for changes, to the Secretariat as soon as possible and preferably no later than the Spring 2001 Session of the Sub-Committee.

III. FOCUS OF THE SECRETARIAT

5. During the intersession the Secretariat held informal consultations with a number of administrations and the private sector in order to get some guidance on how to best focus the Secretariat's scarce resources with regard to work on the new review cycle. During those discussions, it was agreed that the following legal notes and headings were in greatest need of attention :

Note 3 to Section XVI
Note 4 to Section XVI
Note 5 to Chapter 84
Heading 84.42
Heading 84.43
Heading 84.71
Heading 85.17
Heading 85.19
Heading 85.24
Heading 85.25
Heading 85.43
Heading 87.02
Heading 87.03
Heading 87.04
Heading 90.09.

The Secretariat will therefore attempt to make proposals for the updating of these provisions and would appreciate receiving any assistance, suggestions, comments, or proposals that administrations might wish to offer in this connection.

IV. REVIEW OF THE EXPLANATORY NOTES

Committee v. Sub-Committee

6. As concerns the question of the review of the Explanatory Notes, a number of issues need to be addressed. The first concerns whether this review should take place in the Sub-Committee or in the HS Committee. Review of the Explanatory Notes has, of course, traditionally been the purview of the HSC, but the Committee has never undertaken a comprehensive review of the Notes and such an effort might be more appropriately tackled by the Review Sub-Committee.
7. However, since the Review Sub-Committee will be busy with the new review cycle there may not be enough time for the Sub-Committee to undertake both a legal text and Explanatory Notes review at the same time. If the Sub-Committee is to tackle both assignments concurrently we will, at a minimum, need to expand Sub-Committee meetings to two weeks each.

Scope of the EN review

8. Another issue with regard to the review of the Explanatory Notes concerns the scope of that review. In the past, the Explanatory Notes have normally only been amended consequentially based on classification decisions of the Committee or amendments to the legal texts. This time we are considering amendments to the Explanatory Notes by

themselves. Those amendments should, of course, not result in a change in scope of the legal texts - they should merely update the existing Notes by :

- deleting references to obsolete products and technology,
- substituting references to current products and technology,
- restructuring the Notes to make them easier to understand, and
- supplementing the Notes to make them more complete.

9. It should always be remembered that the review of the Explanatory Notes will proceed under the Corrigendum Procedure and may be implemented on a flow basis twice a year by the Harmonized System Committee. While the same headings may be reviewed under the new review cycle, that review will proceed under the Article 16 Procedure and any resulting amendments to the legal texts and Explanatory Notes will not be implemented before the year 2007.

V. CONCLUSION

10. In summary, the Secretariat is :

- Urging administrations to submit their proposals as early in the new review cycle as possible, preferably in time for the Spring 2001 RSC session,
- Asking the Sub-Committee to take note of the Secretariat's priorities with regard to the new review cycle, as detailed in paragraph 5 above,
- Asking the Sub-Committee to give its views as to whether the comprehensive review of the Explanatory Notes should be examined first in the Review Sub-Committee or directly by the Harmonized System Committee,
- Asking the Sub-Committee to give its views as to whether to expand the Sub-Committee's meetings to two weeks each to cope with the expected workload during the new review cycle, and
- Asking the Sub-Committee to give its views as to the scope of the review of the Explanatory Notes outlined in paragraph 8 above.
