



HARMONIZED SYSTEM
REVIEW SUB-COMMITTEE

-
25th Session
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NR0255E1
(+ Annex)

O Fr.

Brussels, 8 February 2002.

POSSIBLE AMENDMENTS TO THE STRUCTURE OF HEADINGS 73.04 AND 73.06

(PROPOSAL BY THE EC)

(Item III.B.13 on Agenda)

I. BACKGROUND

1. On 9 January 2002, the Secretariat received the following note from the **EC**.

II. NOTE FROM THE EC

2. "In the product groups of seamless line pipe and seamless casting, tubing and drill pipe, those of stainless steel should be separated and combined with the other tubes of stainless steel, corresponding to the given market structure.

3. Proposal : (the proposed modifications are underlined)

73.04 Tubes, pipes and hollow profiles, seamless, of iron (other than cast iron) or steel.

7304.10 - Line pipe of a kind used for oil or gas pipelines, of steel other than stainless steel

- Casing, tubing and drill pipe, of a kind used in drilling for oil or gas, of steel other than stainless steel

7304.21 -- Drill pipe

7304.29 -- Other

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- Other, of circular cross-section, of iron or non-alloy steel :

7304.31 -- Cold-drawn or cold-rolled (cold-reduced)

7304.39 -- Other

- Other, of circular cross-section, of stainless steel :

7304.41 -- Cold-drawn or cold-rolled (cold-reduced)

7304.42 -- Line pipe of a kind used for oil or gas pipelines

7304.43 -- Casing, tubing and drill pipe, of a kind used in drilling for oil or gas

7304.49 -- Other

- Other, of circular cross-section, of other alloy steel :

7304.51 -- Cold-drawn or cold-rolled (cold-reduced)

7304.59 -- Other

7304.90 - Other

73.06 Other tubes, pipes and hollow profiles (for example, open seam or welded, riveted or similarly closed), of iron or steel.

7306.10 - Welded line pipe of a kind used for oil or gas pipelines, of steel other than stainless steel

7306.20 - Welded casing and tubing of a kind used in drilling for oil or gas, of steel other than stainless steel

7306.30 - Other, welded, of circular cross-section, of iron or non-alloy steel

7306.40 - Other, welded, of circular cross-section, of stainless steel

7306.50 - Other, welded, of circular cross-section, of other alloy steel

7306.70 - Other, welded, of square or rectangular cross-section

7306.80 - Other, welded, of other non-circular cross-section

7306.90 - Other".

III. SECRETARIAT COMMENTS

4. The Secretariat wishes to point out that the reference to tubes, pipes and hollow profiles, of iron (other than cast iron) or steel, dates back to the earliest version of the CCCN (1950). That version referred, in heading 73.18, to tubes and pipes (including blanks), of iron or steel, excluding articles of heading 73.19.
5. In 1976, during the HS preparatory work, it was agreed that heading 73.18 would be split into two headings, i.e., headings 73.03 and 73.04. That proposal, reading "Tubes, pipes and hollow profiles, seamless, of iron (other than cast iron) or steel" was definitively adopted by the old HS Committee (HSC/31) (see Doc. 30.070). Subsequently, as the preparatory work progressed, it was agreed that heading 73.04 should be further divided into two headings, so that tubes, pipes and hollow profiles, seamless, of iron (other than cast iron) or steel would remain in heading 73.04, while other, "welded" goods of this kind would fall in heading 73.06. This structure has remained unchanged, at heading level, in all the versions of the HS Nomenclature (1988, 1992, 1996 and 2002).
6. An examination of the **EC** proposal reveals that its purpose is to exclude line pipe of iron or stainless steel, of a kind used for oil or gas pipelines, from subheadings 7304.10, 7304.2, 7306.10 and 7306.20. However, looking at the structure proposed, the Secretariat wonders whether it might not result in significant transfers, especially of iron line pipe. The information available to the Secretariat appears to suggest that iron line pipe is used extensively for oil and gas pipelines. Judging by the statistics for 1996, 1998 and 1999, which are appended hereto, there is a risk that the residual subheadings would fill up at the expense of the more specific subheadings.
7. If this proposal were accepted, it would cause iron line pipe to be classified in subheading 7304.90 or 7306.90, as appropriate. Given the volume of trade in these products, the Secretariat is not convinced that this would be a logical development.
8. In the light of the foregoing the Secretariat, while leaving it to the Sub-Committee to rule on this proposal, wishes to point out that it could support the idea of creating new subheadings 7304.42, 7304.43 and 7306.80 to give separate status to specific products.
9. However, in the case of proposed new subheadings 7304.10, 7304.2, 7306.10 and 7306.20, the Secretariat would be inclined to favour inserting in the texts a reference to iron line pipe. The subheadings concerned would then read as follows :
 - 7304.10 - Line pipe of a kind used for oil or gas pipelines, **of iron or of steel other than stainless steel**
 - 7304.2 - Casing, tubing and drill pipe, of a kind used in drilling for oil or gas, **of iron or of steel other than stainless steel**
 - 7306.10 - Welded line pipe of a kind used for oil or gas pipelines, **of iron or of steel other than stainless steel**
 - 7306.20 - Welded casing and tubing of a kind used in drilling for oil or gas, **of iron or of steel other than stainless steel**.

IV. CONCLUSION

10. The Sub-Committee is invited to examine the proposals put forward by the EC, in the light of the Secretariat comments above.

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STATISTICS FOR THE GOODS OF HEADINGS 73.04 AND 73.06,
FOR THE YEARS 1996, 1997 AND 1998

in \$ U.S.	1998	1997	1996
7304.10	1 220 140 714	1 194 084 608	939 846 948
7304.2	1 527 253 250	1 911 428 853	1 367 406 669
7304.21	372 834 086	461 430 260	343 070 251
7304.29	1 154 419 164	1 449 998 593	1 024 336 418
7304.3	1 850 400 225	1 964 463 963	1 857 364 555
7304.31	556 542 413	596 961 870	535 740 306
7304.39	1 293 857 812	1 367 502 093	1 321 624 249
7304.4	980 364 080	1 159 536 749	1 302 039 017
7304.41	457 535 101	507 798 635	602 475 300
7304.49	522 828 979	651 738 114	699 563 717
7304.5	817 315 329	929 845 734	832 891 584
7304.51	260 691 323	366 709 883	317 617 283
7304.59	556 624 006	563 135 851	515 274 301
7304.90	283 190 367	406 389 530	259 795 051
73.04	6 678 663 965	7 565 749 437	6 559 343 824

in \$ U.S.	1998	1997	1996
7306.10	743 672 277	710 939 721	399 061 272
7306.20	174 459 198	194 092 345	107 928 871
7306.30	2 362 351 169	2 359 854 768	2 199 765 823
7306.40	1 029 625 726	1 074 936 624	976 904 608
7306.50	148 706 882	150 399 640	136 742 656
7306.60	1 655 935 908	1 688 138 949	1 563 082 557
7306.90	469 270 100	661 433 413	409 949 897
73.06	6 584 021 260	6 839 795 460	5 793 435 684