



HARMONIZED SYSTEM
REVIEW SUB-COMMITTEE

-
27th Session
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NR0349E1
(+ Annexes I, II and III)

O. Fr.

Brussels, 24 January 2003.

POSSIBLE AMENDMENTS TO THE STRUCTURED NOMENCLATURE
TO HEADINGS 73.04 AND 73.06
(PROPOSAL BY THE EC)
(Item III.A10 on Agenda)

Reference documents :

NR0255E1 (RSC/25)
NR0280E1 (RSC/26)

NR0265E3, Annex D/13 (RSC/25 - Report)
NR0332E3, Annex C/9 (RSC/26 - Report)

I. BACKGROUND

1. At its 26th Session, the Review Sub-Committee examined a proposal to amend the structure of headings 73.04 and 73.06. During that session, the EC, which had made this proposal, explained that its purpose was to highlight the distinction between tubes and pipes of stainless steel and other tubes.
2. When this question was being examined, an alternative to the initial proposal was put forward and discussed in the meeting. At the end of the discussion, considering the importance of the products in question in world trade, the Sub-Committee agreed to place the initial proposal and the alternative proposed in the course of the meeting in square brackets to allow time for verification during the intersession. It also instructed the Secretariat to prepare for examination at the next session a new working document that would contain a subdivision of heading 73.05 and take into account the views expressed during the meeting.

II. SECRETARIAT COMMENTS

3. At the time this document was being prepared, the Secretariat had not yet received any comments or contributions from administrations that might throw further light on this question.

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4. In accordance with the Sub-Committee's instructions, in Annex I to this document the Secretariat has reproduced the texts examined and placed in square brackets at the 26th Session. These texts include both the **EC** proposal concerning headings 73.04 and 73.06 and the variant based on the **Canadian** proposal which was discussed in the meeting.
5. Moreover, on the basis of the new structures proposed for headings 73.04 and 73.06 and the broad support manifested in the Sub-Committee for subdividing heading 73.05, in Annex II to this document the Secretariat proposes a subdivision of that heading.
6. For reasons of consistency, the Secretariat found it necessary to reconstruct the entire heading. This required a complete renumbering, and to distinguish between tubes and pipes of stainless steel and other tubes the present subheadings 7305.1, 7305.20, 7305.3 and 7305.90 were subdivided into 7305.2, 7305.4, 7305.5, 7305.6, 7305.7 and 7305.9, respectively. Thus, the exercise led to the replacement of all the existing headings.
7. However, bearing in mind the trade data reproduced in Annex III and taking into account the threshold for maintaining or deleting an HS subheading, the Secretariat would draw the Sub-Committee's attention to the fact that if the statistical trends observed during the period from 1997 to 2000 were to persist, at least one of the new subheadings of subheadings 7305.4 and 7305.9 could represent a trade volume of less than 50 million US dollars.
8. As regards the choice to be made between the texts reproduced in Annex I, the Secretariat notes its preference for the **Canadian** alternative. It finds this text more realistic, especially as regards the new subheadings 7306.61 and 7306.69. Moreover, it has the advantage of minimising the loss of statistical data and possible transfers and would certainly limit the changes to the current structure.
9. To facilitate the examination of this question, in Annex I to this document the Secretariat has reproduced the **EC** proposal as amended at the 26th Session, together with the **Canadian** alternative discussed in the meeting, and in Annex II, its proposed new subdivision of heading 73.05.

III. CONCLUSION

10. The Sub-Committee is invited to examine the draft texts reproduced in Annexes I and II to this document, while taking into account the Secretariat's comments and the trade data provided in Annex III.

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STATISTICAL DATA PROVIDED BY UNSD

In thousands of US dollars

HS subheading	2000	1999	1998	1997
7305.11	766.481	1.155.852	1.580.831	1.351.261
7305.12	274.987	216.297	577.817	498.954
7305.19	208.274	253.380	707.885	537.843
7305.20	89.995	52.336	91.593	115.837
7305.31	101.165	144.562	175.509	213.658
7305.39	117.399	107.454	201.572	117.719
7305.90	78.908	84.831	98.851	144.277
