



Brussels, 7 July 2003.

REVISION OF CHAPTERS 54 AND 55 (PROPOSAL BY THE EC)

(Item III.A.15 on Agenda)

Reference documents :

NR0378E1 (RSC/27)

NC0730E2, Annex F/1 (HSC 31 – Report)

NR0400E3, Annexes D/9 and F/17 (RSC/27 – Report)

I. BACKGROUND

1. At its 27th Session, the Review Sub-Committee examined an EC proposal to revise Chapters 54 and 55.
2. The EC Delegate explained that the amendments proposed were aimed primarily at modernising the HS Nomenclature. Essentially, their purpose was to give separate status to high tenacity yarn of aramids in heading 54.02, to staple synthetic fibres of aramids in heading 55.03, to polypropylene and elastomeric yarn in headings 54.02 and 54.04 and to synthetic filament tow of polypropylene in heading 55.01. He added that to offset these additions, the deletion of subheadings 5402.51 to 5402.69 could be envisaged at the request of the industry.
3. During the discussions, there were mixed opinions about the creation of these new subheadings, and several delegates asked for more time to consider the proposals and consult industry before taking any decision. Where the proposal concerning elastomers was concerned, the possibility of an overlap with other subheadings at the same level was also raised.
4. It was also emphasised that if subheadings 5402.51 to 5402.69 were deleted, trade statistics would no longer reflect the relatively significant volume of trade in the polyamides and polyesters of these subheadings.

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5. The Sub-Committee therefore agreed to place the entire proposal in square brackets and invited administrations to consult industry. It would return to this question at its next session, on the basis of the comments made during the discussions and any additional information which might be submitted.

II. SECRETARIAT COMMENTS

6. At the time of writing, the Secretariat had received no additional comments or proposals.
7. The Secretariat wishes to make the following comments regarding the **EC's** proposal to insert additional subdivisions for elastomeric yarn.
8. Elastomeric yarn is defined in Subheading Note 1 (a) to Section XI as being "Filament yarn, including monofilament, of synthetic textile material, other than textured yarn, which does not break on being extended to three times its original length and which returns, after being extended to twice its original length, within a period of five minutes, to a length not greater than one and a half times its original length".
9. According to that definition, elastomeric yarn can, in principle, be manufactured from any synthetic textile material and the new subdivisions proposed by the **EC** for this type of yarn (subheadings 5402.44 and 5404.11) could potentially overlap with other subheadings at the same level. To this end, from a purely theoretical point of view, on the basis of Subheading Note 1 (a) to Section XI there could be reason to classify elastomeric yarn of nylon, polyester or other synthetic textile materials in other subheadings.
10. Should the Sub-Committee wish to give the elastomeric yarn separate status within the relevant headings, it would be preferable, so as to avoid any ambiguity, to list them first in the desired subdivision and then to mention the other yarns.
11. In order to avoid any potential overlap with the text proposed by the **EC**, the Secretariat has, wherever appropriate, placed an alternative in square brackets in the Annex hereto, taking account of the above comments.

III. CONCLUSION

12. The Sub-Committee is invited to examine the **EC's** proposal to amend the Nomenclature to Chapters 54 and 55, as well as the Secretariat's alternative proposals for the new subheadings 5402.44 to 5402.49 and 5404.11 to 5404.19, as set out in the Annex hereto, taking account of the Secretariat's comments in paragraphs 6 to 11 below.

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