

4. The Secretariat wishes to begin by pointing out that other proposals, which are still under study, have already been put forward WITHin the framework of the current review cycle, namely :
- Possible deletion of headings/subheadings covering goods in which the volumes of trade are low (see Item II.2 on the Agenda - Doc NR0405E1);
 - Revision of Chapters 54 and 55 (Proposal by the **EC**) (see Item III.A.15 on the Agenda – Doc. NR0414E1);
 - Possible amendment of headings 52.05 and 52.06 (Proposal by **Romania**) (see Item III.B.12 on the Agenda – Doc. NR0457E1).

5. The subheadings in the “textile Chapters” which could perhaps be deleted because of the small volume of trade are listed, in the light of the comments by the **EC** and **Japan**, in Annex II to the above-mentioned Doc. NR0405E1. They are subheadings 5403.20, 5406.10 and 5406.20, 5509.92, 5604.20, 5607.10, 5702.50, 5702.52 and 5702.59, 6103.11, 6302.52, 6302.92 and 6302.93, 6303.11, 6306.11, 6306.21, 6306.31, 6306.39, 6306.41 and 6306.49.

6. Bearing this in mind, the Sub-Committee will find appended to this document the Secretariat’s proposals for simplification, which relate primarily to the following headings or subheadings :

Headings 51.03 and 51.04

7. On consulting the trade statistics for heading 51.04 and the subheadings of heading 51.03, the Secretariat noted that only subheading 5103.10 showed a volume of trade in excess of the 50 million US dollar threshold.
8. Trade figures for heading 51.04, in particular, are extremely low (2.69 million US dollars in 2000). Under these circumstances, the Secretariat questions whether garnetted stock of wool, or of fine or coarse animal hair, should continue to be separately identified in a 4-digit heading, and proposes that these products be classified in heading 51.03 with other waste, where they would be separately identified at subheading level with reference to the nature of the textile material.
9. The Secretariat’s proposal to merge headings 51.03 and 51.04 is reproduced in the Annex to this document.

Headings 52.05 and 52.06

10. As indicated in paragraph 4 above, the **Romanian** Administration has proposed a simplification of the subdivisions within headings 52.05 and 52.06.
11. In addition, **Japan** has expressed a preference for maintaining subheadings 5206.31 to 5206.35 and 5206.41 to 5206.45, and monitoring international trade in these products (see Annex II to Doc. NR0405B1).
12. If, however, the Sub-Committee shares the **Romanian** Administration’s view and opts for the proposed simplification, the Secretariat wonders whether, as already suggested in paragraph 12 of Doc. NR0457E1, the distinction based on the percentage by weight of cotton could be made within a single 4-digit heading.

13. The Secretariat's proposal to merge headings 52.05 and 52.06 is reproduced in the Annex to this document.

Subheadings 5309.11 to 5309.29

14. Although the trade statistics reveal a relatively large volume of trade for the goods of these subheadings, the Secretariat nevertheless wonders whether it is still necessary to distinguish between woven fabrics of flax, on the basis of the percentage by weight (85 % or less) of flax which they contain.
15. The Secretariat also wishes to point out that this distinction based on the percentage by weight does not exist for the other textile materials of Chapter 53, and suggests that the structured nomenclature to heading 53.09 could be amended in the manner proposed in the Annex to this document.

Headings 52.08 to 52.12 and 55.12 to 55.16

16. The Secretariat notes that Chapters 52 and 55, and particularly headings 52.08 to 52.12 and 55.12 to 55.16, offer a very high level of detail, both at heading and at subheading level.
17. The headings concerned generally group fabrics with reference to their type, with distinctions made in respect of weight, and percentage by weight of the textile material concerned, in some cases with an indication of the main textile used in any mixture of fibres constituting the fabric; in certain cases, at the subheading level, there is also a reference to the type of weave – sometimes combined with a weight criterion.
18. The Secretariat questions the need to maintain some of the distinctions made in these headings, and would be inclined to the view that a review of the heading and/or subheading texts could be carried out in order to simplify their structure.
19. On the other hand, the possible deletions proposed by the Secretariat in respect of some of these subheadings, for which trade volumes are low, have not met with the approval of all Member administrations (see Annex II to Doc. NR0405B1).
20. This is the case, in particular, for subheadings 5208.23, 5208.53, 5210.12, 5210.22, 5210.42, 5210.52, 5211.21 to 5211.29, 5211.41, 5211.43, 5513.22, 5513.32, 5513.33, 5513.42, 5513.43, 5514.13, 5514.31 to 5514.39 and 5515.92.
21. Consequently, the Secretariat considered it premature to make a definite proposal for the present review cycle, and proposes to continue its investigations. For this purpose, it feels it must stress the need for co-operation from Contracting Parties, given its limited resources and the difficulties it experiences in obtaining information from the industry.
22. Provided that the Sub-Committee considers that the headings concerned (or other headings of Section XI) should indeed be simplified, the Secretariat believes that it would be helpful if Member administrations could, after contacting their Trade Ministries, give an initial indication as to which headings or subheadings could potentially be "simplified".

IV. CONCLUSION

23. The Sub-Committee is invited to decide what steps should be taken in respect of the Secretariat's proposals to amend the structured nomenclature to the headings of certain Chapters in the textiles sector, in the light of the comments made in paragraphs 3 to 22 above.

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