



HARMONIZED SYSTEM
REVIEW SUB-COMMITTEE

-
28th Session
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NR0444E1
(+ Annex)

O. Eng.

Brussels, 1 July 2003.

POSSIBLE AMENDMENT OF THE DEFINITION OF NEWSPRINT

(PROPOSAL BY THE INDIAN ADMINISTRATION)

(Item III.A.14 on Agenda)

Reference documents :

NC0710E1 (HSC/31)

NC0730E2, Annex IJ/5 (HSC/31 – Report)

I. BACKGROUND

1. By its letter of 8 January, the **Indian** Customs Administration presented a note concerning the definition of “newsprint” in the Harmonized System. In this connection, it should be noted that the reference to Note 3 to Chapter 48 should be to Note 4 to Chapter 48. The **Indian** note is reproduced in the Annex to this document.
2. The Secretariat had prepared a document for the Harmonized System Committee’s 31st Session, with a view to considering the appropriate classification of the products at issue. However, during that session, the Delegate of **India** explained the background of the proposal put forward by his administration. He clarified that the proposal did not involve a question of the classification of newsprint, but rather a question of amending Note 4 to Chapter 48 to include a reference to “de-inked pulp”. He indicated that paper currently used for the printing of newspapers was frequently obtained by recycling and de-inking waste paper of different kinds. He suggested that Note 4 to Chapter 48 be amended to permit all newsprint obtained from de-inked pulp to be classified as newsprint, so long as it meets all technical criteria specified in Note 4.
3. The representative of the ICC confirmed that newsprint currently traded internationally often contained less than 65% of wood fibres obtained by a mechanical or chemi-mechanical process. Consequently, by application of Note 4 to Chapter 48, such newsprint had to be classified in heading 48.02. In his view, it would be appropriate to use not only the existing percentage criteria used to define newsprint, but also a criterion related to the use of de-inked pulp. He explained that the current 65% threshold often did not cover newsprint obtained from de-inked pulp.

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4. While confirming his administration's willingness to study this matter, which was also an important environmental issue, the **EC** Delegate stressed that this was a very sensitive question. He reminded the Committee that during the second review cycle the paper industry had not supported the idea of widening the scope of Note 4 to Chapter 48 by inserting a reference to recycled paper. He emphasised that trade in newsprint was highly regulated and, therefore, consultations with the world paper industry were also needed. Account should be taken of all the repercussions of a possible amendment to the definition of newsprint in the Harmonized System, which was governed by the provisions of Notes 4, 7 and 8 to Chapter 48. He called attention to the fact that Item (2) of the Explanatory Note to heading 48.01 excluded neutral sulphite semi-chemical (NSSC), bisulphite semi-chemical or kraft semi-chemical pulps classified in heading 47.05. He suggested that the term "de-inked pulp" should be clarified since this was a comparatively new term, and also expressed some concerns about the appropriateness of including the expression "and/or any other process" in a legal text.
5. He further observed that different sorts of paper could be used for the printing of newspapers in different countries. A reference to technological processes involved in the production of newsprint, which were mentioned in Note 4 to Chapter 48, was important to identifying newsprint for the purposes of classification. Should **India** wish to extend the scope of newsprint obtained from recycled pulp, it could examine the possibility of making a reference to the contents of subheading 4706.20.
6. The Director drew the Committee's attention to the fact that the complex language currently used in the legal text of Chapter 48 had been carefully negotiated with the paper industry. He urged the Committee to consider possible ramifications of the proposed amendments vis-à-vis the other provisions of Chapter 48 as well as the possible transfer of products.
7. The **US** Delegate expressed concerns with regard to the proposal at issue. He pointed out that the definition of the term "de-inking" differed from one source to another. In his opinion, insertion of a reference to de-inked pulp would change the whole system of technical criteria currently used in Chapter 48. Consequently, he suggested that a precise description of the de-inking process and information concerning the material, from which de-inked pulp was obtained, be submitted to the Committee.
8. Several other delegates expressed their interest in studying the proposal in depth within the time frame of the current review cycle.
9. Noting that the Committee had expressed enthusiasm for tackling this issue, the Chairperson concluded the discussion by inviting the **Indian** Administration to submit to the Secretariat its proposal with regard to the amendments to Chapter 48 by 30 June 2003, at the latest. The Committee decided to forward this matter to the Review Sub-Committee and instructed the Secretariat to prepare a new document to that end.

II. SECRETARIAT COMMENTS

10. At the time of preparing this document, the Secretariat had not yet received the actual proposal for how Note 4 to Chapter 48 should be amended with a view to covering newsprint obtained from de-inked pulp. However, following the 31st Session it did receive a note from the ICC representative, clarifying the gist of the issue. The note reads as follows :

“Members of Indian Newspaper Society have been importing newsprint from all over the world and recently started importing newsprint manufactured out of waste paper. The waste paper coming from different sources like old newspapers, printed writing paper, corrugated cartons are used for making the pulp by de-inking process. That de-inked pulp is used to make the newsprint and such newsprint is solely being used for printing the newspapers. In terms of Note 4 to Chapter 48 any paper which is to be classified as newsprint (under heading 48.01) should satisfy three conditions namely :

- (i) It should be uncoated paper containing not less than 65% by weight of the total fibre content consisting of mechanical wood fibres;
- (ii) Surface roughness should be more than 2.5 microns, and
- (iii) The weight should be between 40 gm² and 65 gm².

While conditions (ii) and (iii) are satisfied on the imported newsprint obtained from de-inked pulp, the percentage of mechanical wood pulp content varies from lot to lot, say from 55% to 75%. So long as the percentage of mechanical pulp is 65% above, no dispute is raised by Indian Customs but in those lots where the mechanical wood pulp content is less than 65%, since one of the conditions prescribed in Chapter Note 4 is not satisfied the Customs authorities are classifying such newsprint under heading 48.02. This poses a major problem in the importation of the recycled newsprint which is environment friendly. The proposal is to amend the Chapter Note 4 to Chapter 48 to include newsprint made from pulp obtained by de-inking process without having a minimum percentage content of mechanical wood pulp.”

11. With respect to the nature of the fibres of newsprint, the Secretariat would like to recall that Note 4 to Chapter 48 stipulates that not less than 65% by weight of the total fibre content should consist of wood fibres obtained by a mechanical or chemi-mechanical process. The second paragraph of the Explanatory Note to heading 48.01, on page 873, further explains this expression as follows : “In this definition the expression “wood fibres obtained by a mechanical or chemi-mechanical process” means fibres obtained by various pulp manufacturing techniques in which defibration is solely or principally achieved by the application of mechanical forces upon the raw material.”
12. From the second paragraph of the same Explanatory Note, on page 874, it can be concluded that the pulp obtaining processes involved are restricted to those mentioned in headings 47.01 and 47.05. Since de-inked pulp is pulp derived from recovered paper and paperboard, classifiable in heading 47.06, paper made of such pulp would be excluded from heading 48.01, if the weight of the fibre content consisting of wood fibres obtained by a mechanical or chemi-mechanical process is less than 65%.
13. As de-inked pulp is obtained from recovered (waste and scrap) paper or paperboard of heading 47.07, such pulp might initially have been produced by various processes (i.e., mechanical, chemical or a combination of mechanical and chemical pulping processes). Consequently, if recovered paper and paperboard is processed into pulp, this pulp will consist of a mixture of mechanically or chemically obtained pulp.
14. If the definition of “newsprint” as presented in Note 4 to Chapter 48 should include such paper obtained from de-inked pulp, it needs to be amended with a view to providing for the pulps obtained by other processes than a mechanical or chemi-mechanical process.

According to the information provided by the ICC representative (see paragraph 10 above), there appears no need to alter any of the requirements laid down in Note 4 to Chapter 48, other than the requirement that the wood fibres should be obtained by a mechanical or chemi-mechanical process (emphasis added). If the Sub-Committee supports the proposal of **India** to widen the scope of the definition of “newsprint” for the purposes of the Harmonized System, the Secretariat suggests adding a new paragraph to Note 4 to Chapter 48. This new paragraph could read as follows :

“The expression “newsprint” also includes paper made from de-inked pulp, consisting of less than 65% by weight of the total fibre content of wood fibres obtained by a mechanical or chemi-mechanical process. Such paper should, however, satisfy the other conditions set out above.”

15. It is to be noted, however, that no further information vis-à-vis the scope of the expression “de-inked pulp” has been received so far. Interested administrations may wish to provide information with respect to this kind of pulp.
16. The Secretariat has refrained from preparing amendments to the Explanatory Notes, pending the outcome of the discussion.

IV. CONCLUSION

17. The Sub-Committee is invited to consider the proposal to amend the definition of newsprint, as set out in Note 4 to Chapter 48, taking into account the observations of the **Indian** Customs Administration reproduced in the Annex to this document, and those of the Secretariat set out in paragraphs 10 to 16 above.

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NOTE FROM THE INDIAN CUSTOMS ADMINISTRATION

1. "The Indian Customs Administration has received a representation from the Indian Newspaper Society (INS) stating that due to environmental concerns, world-wide, stress is on production of newsprint, from recycled paper. Old newspapers, corrugated cartons, etc. are processed to yield "de-inked pulp" which is then used for making newsprint. According to the INS, the definition of newsprint, as given in Note 3 [4] to Chapter 48 of the HS, does not take into account newsprint obtained from "de-inked pulp".
2. The Harmonized System defines "newsprint" as uncoated paper of a kind used for the printing of newspapers, of which not less than 65 % by weight of the total fibre content consists of wood fibres obtained by a mechanical or chemi-mechanical process, unsized or very lightly sized, having a surface roughness Parker Print Surf (1 MPa) on each side exceeding 2.5 micrometres (microns), weighing not less than 40 g/m², and not more than 65 g/m². The INS wants it to be amended, so as to include "newsprint" whose wood fibres have been obtained by a mechanical and/or chemi-mechanical process and/or by de-inking and/or any other process, unsized or very lightly size, having surface roughness Parker Print Surf on each side exceeding 2.5 micrometres (microns), weighing not less than 40 g/m² and not more than 65 g/m².
3. It is requested that the matter may kindly be examined to ascertain the correct position and the prevailing international practice."
