



HARMONIZED SYSTEM  
REVIEW SUB-COMMITTEE

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24<sup>th</sup> Session  
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NR0194E1  
(+ Annexes I and II)  
O. Eng.

Brussels, 19 July 2001.

PROPOSAL BY THE US ADMINISTRATION TO MERGE  
HEADINGS 95.01 TO 95.03 INTO A SINGLE HEADING FOR TOYS

(Item III.B.9 on Agenda)

I. INTRODUCTION

1. On 10 July 2001 the Secretariat received the following proposal with regard to Chapter 95 from the US Administration.

II. PROPOSAL BY THE US ADMINISTRATION

2. "The US Administration proposes that headings 95.01 through 95.03 be merged into a single heading for toys. The trade supports this proposal as an opportunity to reduce paperwork burdens and to simplify the classification of toy sets.

3. Our proposal is as follows :

Delete headings 95.01 – 95.03 and their structured nomenclatures.

Insert the following new heading :

**"95.XX Wheeled toys designed to be ridden by children (for example, tricycles, scooters, pedal cars); dolls' carriages; dolls; reduced-size ("scale") models and similar recreational models, working or not; puzzles of all kinds; other toys."**

Dossier de référence n° 2864

Insert the following new Chapter Note after Note 2 :

“3.- Subject to the provisions of Note 1 above, heading 95.XX applies, *inter alia*, to :

- (a) Certain toys that may be capable of limited use, but are distinguishable by their size or limited capacity (for example, toy musical instruments, sewing machines, tools, sports equipment);
- (b) Collections of articles, of which one or more items, if presented separately, would be classified in other headings, provided such collections, as put up for retail sale, are clearly intended for use as toys (for example, dolls put up with a bottle of nail polish, or instructional toys such as chemistry or sewing sets).”

Renumber existing Note 3 as Note 4.

### **Explanation**

#### Simplification of the Nomenclature

4. In the toy industry, marketing considerations and product research and development result in a constantly changing mix of products in trade. Exporters typically ship a wide variety of products in each shipment and they do not find the HS distinctions particularly useful in describing classes of goods for their marketing research. The toy industry has suggested to this administration that the HS detail could be collapsed with no adverse loss in data, especially since their statistical interest tends to focus on narrow product lines, and it would be unreasonable to expect the Harmonized System to change every few months as their interests change. Therefore, the HS detail could be collapsed.
5. Simplifying the Harmonized System in this product area would ease administrative burdens on Customs administrations and permit toy importers to focus on particular product lines rather than the existing HS categories. Since national tariff rates are usually the same for most of the products concerned, this kind of simplification potentially could be carried through to include the merging of national subheadings, resulting in a true simplification of the product area.
6. We are also proposing a new Note 3 (a) that contains inclusions to ensure that the scope of the current provisions for toys is maintained. We feel that this new note would clarify the scope of the new merged heading.

#### New Note Clarifying the Classification of Toy Sets (Collections Intended for Use as Toys)

7. With regard to toy sets, the toy industry typically creates sets for retail sale consisting of toys packaged with small promotional articles. In many cases Customs officers do not view these promotional articles as susceptible for use in the same “specific activity” as the toy of headings 95.01 – 95.03. For example, a small bottle of nail polish for children, packaged with a fashion doll, might not be considered to be intended or capable of use in the same play activity. Customs officers who strictly apply the Explanatory Notes to the GIRs (see page 5, explanation (X) (b)), may require separate classification of the two products,

even though the promotional nail polish accounts for a relatively small portion of the cost of the set, and the set is not purchased merely to obtain the promotional article.

8. For this reason we suggest a new Chapter Note 3 (b) to clarify that the inclusion of such ancillary articles does not force separate classification.
9. As with the above mentioned proposal to simplify the Nomenclature, our proposed new Note on “collections” would reduce the administrative burdens on importers and Customs officers by avoiding the separate classification of non-toy articles included in such a collection when the added article does not change the use of the collection.”

### III. SECRETARIAT COMMENTS

10. The Secretariat has reproduced the US proposal as an Article XVI amendment in Annex I to this document. After the word “distinguishable”, in the first line of proposed Note 3 (a), we have included the expression “as toys”, in order to make the sentence clearer. The Secretariat would also draw the Sub-Committee’s attention to the fact that this proposal, if accepted, would normally require use of a new heading number, but leaves it to the Sub-Committee to decide whether one of the merged heading numbers could be re-used for this purpose. Annex II to this document reproduces statistics provided by the UNSD for the years 1996 to 1998 for the headings and subheadings concerned.
11. The US Administration justifies the present proposal on the basis of a demand from the toy industry for simplification of the Harmonized System in this product area, suggesting that the actual HS detail could be collapsed with no adverse loss in data. The Secretariat leaves it to the Sub-Committee to decide on the appropriateness of the proposed amendments.

### IV. CONCLUSION

12. The Sub-Committee is invited to examine the proposal from the US Administration reproduced in Annex I to this document taking into account the comments above by that administration and by the Secretariat.

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