



HARMONIZED SYSTEM  
REVIEW SUB-COMMITTEE

-  
28<sup>th</sup> Session  
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NR0405E1  
(+ Annexes I and II)

O. Eng.

Brussels, 28 July 2003.

POSSIBLE DELETION OF HEADINGS/SUBHEADINGS

WITH A SMALL VOLUME OF TRADE

(Item II.2 on Agenda)

Reference documents :

40.367 (RSC/14)	42.100, Annex F/1, paragraphs 66 to 69 (HSC/21 - Report)
40.470, Annex E/1 (RSC /14 - Report)	42.233 (RSC /18)
40.413 (HSC/18)	42.491 (RSC /18)
40.600, Annex E/1 (HSC /18 - Report)	42.500, Annex C/1 (RSC /18 - Report)
40.806 (RSC /15)	42.750, Annex E (HSC /22 - Report)
40.902 (RSC /15)	NR0027E1 (RSC/19)
40.920, Annex C/1 (RSC /15 - Report)	NR0045E2, Annexes C/1 and D/11 (RSC/19 – Report)
41.100, Annex E/1 (HSC /19 - Report)	NC0017E1, paragraphs 95 to 98 (HSC/23)
41.332 (RSC /16)	NC0090E2, Annexes F/1, paragraphs 94 and 95, and N/19 (HSC/23 – Report)
41.458 (RSC /16)	NR0091E1 (RSC/21)
41.478 (RSC /16)	NR0101E2, Annex D/1 (RSC/21 – Report)
41.576 (RSC /16)	NC0182E1, paragraphs 10 to 13 (HSC/25)
41.580, Annex C/1 (RSC /16 - Report)	NC0250E2, Annex F/1, paragraph 6 (HSC/25 – Report)
41.600, Annex D, paragraph 87 (CSH/20 - Report)	NR0270E1 (RSC/26)
41.802 (RSC /17)	NR0332E3, Annex B/3 (RSC/26 – Report)
41.817 (RSC /17)	NR0365E1 (RSC/27)
41.920, Annex C/1 (RSC /17 - Report)	NR0400E3, Annex B/2 (RSC/27 – Report)

I. BACKGROUND

1. At its 27<sup>th</sup> Session, the Review Sub-Committee held a discussion on the possible deletion of headings and subheadings with a small volume of trade on the basis of comments submitted by the **Norwegian** Administration and the International Nickel Study Group.
2. Opening the discussion of this agenda item, the **EC** Delegate stated that he was quite supportive of deleting headings/subheadings with a small volume of trade with a view to the simplification of the Harmonized System, but noted that reaction from industry was divided in this respect.

Note : Shaded parts will be removed when documents are placed on the WCO documentation database available to the public.

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3. Other delegates indicated that they were still in the process of consultation with industry and related agencies. Some delegates observed that, on the basis of more recent data, the volume of trade for certain headings or subheadings might be higher than that shown in Doc. NR0270E1 (RSC/26).
4. All delegates who spoke indicated that they would submit their observations as soon as possible.

## II. SECRETARIAT COMMENTS

5. By the time of preparation of this document, the Secretariat had received observations from the **Japanese** Administration and from the **EC** (see Annex I), requesting the retention of certain headings and subheadings in the Nomenclature. These proposals, as well as previous requests from the **Norwegian** Administration and the International Nickel Study Group (INSG), have been reflected in a table reproduced in Annex II to this document. The administrations may wish to further comment on their proposals.
6. Summarising the requests for the retention of headings and subheadings, the Secretariat has identified the following common concerns behind such requests : (A) the need to monitor international trade, (B) the need to monitor the resource situation or environmental concerns, (C) the prospects for an increase in the volume of trade, (D) potential interest for developing countries (no requests for retention have been received from developing countries so far) and (E) structural problems. In the table these reasons for retention have been indicated by letters A, B, C, D and E, respectively.
7. In order to address the concerns raised during the 27<sup>th</sup> Session of the Sub-Committee with regard to outdated trade statistics reproduced in Doc. NR0270E1, new data for the year 2001, provided by the United Nations Statistics Division (UNSD), has been added to the table. Based on the new statistical data, certain headings and subheadings now meet the threshold criteria (USD 50 million for subheadings and USD 100 million for headings) and have, therefore, been deleted from the table.
8. Headings and subheadings listed in Doc. NR0270E1 that have to be retained on the ground that their deletion would cause structural problems and/or are of concern from a social or environmental point of view have not been included in the table.
9. The Secretariat would like to remind the Sub-Committee that information concerning subheadings, to which the content of headings and subheadings to be deleted would be transferred, is given in Doc. NR0365E1.
10. The Secretariat would like to express its concerns about the high number of requests to retain low trade volume headings and subheadings. In this connection, we have received requests for the retention of 10 out of 26 possible headings and 150 out of possible 270 possible subheadings. We are particularly concerned about the justification of the need to "monitor international trade". That is, frankly, not much of a justification and appears to be another way of saying we need to keep the provision because we have it now. Simplification of the Harmonized System by eliminating low trade volume headings and subheadings is an important aspect of this review cycle. If all of the requests for retention are accepted, that facet of the review cycle has been effectively gutted. The Secretariat, of course, leaves it to the Sub-Committee to decide whether or not the requests for retention of particular headings or subheadings are sufficiently justified.

III. CONCLUSION

11. The Sub-Committee is invited to decide whether or not the HS headings and subheadings with a relatively low volume of trade, listed in Annex II to this document, should be deleted, taking into account the observations of INSG, the **Norwegian** and **Japanese** Administrations, the **EC** and the Secretariat.

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