

## EXECUTIVE SUMMARY – 31<sup>ST</sup> SESSION OF THE HS COMMITTEE (HSC)

HSC held its 31<sup>st</sup> Session from 15 to 27 May 2003. Mr. C.E. (Ed) De Jong (The Netherlands) chaired. 59 HS Members (including the EC) were represented. 4 WCO Members and 5 international organisations were represented as observers.

### 1. Report by the Secretariat

- 1.1 **HS position as of 27 May 2003** : There are now 112 CPs; Eritrea being a new CP; HS is used by more than 190 countries for tariff and statistical purposes (paras. 8 to 20).
- 1.2 **Progress report on implementation of HS 2002** : 81 CPs implemented HS 2002 by 27 May 2003. 31 CPs have not yet implemented the latest version, or have not yet responded to the Secretariat's requests for information (paras. 8 to 20).
- 1.3 **Report on PC/48** : HSC took note of recent developments (paras. 21 to 25).
- 1.4 **Approval of HSC/30 decisions** : HSC took note of fact that decisions taken were deemed approved by the Council except for the following on which reservations were entered; classifications of the "Media Composer 1000" (US) and the "decision that "photocopying" is not limited to the projection of an image onto a photosensitive surface and that present heading 90.09 covers digital copying". (US), (Canada), (Japan) and (Mexico) (paras. 26 to 29).
- 1.5 **Capacity building activities of the Nomenclature and Classification Sub-Directorate** : HSC took note of the fact that the Secretariat was still planning to organise three regional seminars during this calendar year – in Trinidad and Tobago (for the Americas/Caribbean Region), Egypt (for the North African, Near and Middle East Region) and Malaysia (for the Asia/Pacific Region). Director informed HSC that Secretariat was working on an e-learning project that would include a module on HS training. HS module was scheduled to be completed by Spring 2005 (paras. 30 to 36).
- 1.6 **Co-operation with other international organisations** : HSC took note of WCO's close co-operation with UNSD, UNEP (Ozone), ICC, OECD and FAO (paras. 37 to 41).
- 1.7 **New information provided on the WCO Web site** : HSC took note of latest developments with regard to the public and Members' WCO Web sites, in particular with respect to the HS Nomenclature (on the public Web site) and the public documentation database, which provided access to HS historical documentation (i.e., working documents and reports) (paras 42 to 45).
- 1.8 **Annual survey to determine the percentage of national revenue represented by Customs duties** : HSC took note of results of survey (paras. 46 and 47).
- 1.9 **Survey on Free Trade Agreements** : HSC took note of results of survey (paras. 48 to 50).
- 1.10 **Non-Application of HS Decisions** : HSC instructed Secretariat to prepare a report for each session of the Committee listing notifications as to non-application of HSC decisions which it had received and agreed that this information should be disseminated via the WCO public Web site (paras. 51 to 55).

### 2. General questions

- 2.1 **Spanish language version of ENs** : HSC accepted Spanish versions of Amending Supplements 1 and 2 to the Explanatory Notes and the Compendium of Classification Opinions (including Amending Supplements 1 to 31) (Annex C/1).
- 2.2 **Correlation Tables between the 1996 and 2002 versions of the Harmonized System : Possible corrigendum to Doc. NG0023B1** : HSC accepted the proposed amendments to the Correlation Tables and noted that Secretariat would publish a corrigendum to Doc. NG0023B1 (Annex C/2).
- 2.3 **Update on the progress of the HS Review Cycle** : Director informed HSC that, as suggested by RSC, Secretariat had organised an informal meeting, at the time of pre-session Working Party, with the 3 administrations that had made major proposals with regard to the hi-tech provisions. The aim of the informal meeting had been to see whether it was possible to reach agreement on a plan for the completion of the work during this review cycle. Issues agreed to be worked on were the following :
  - Possible amendment of Note 5 to Section XVI (Secretariat);
  - Possible amendment of Note 5 to Chapter 84 (Secretariat);
  - Possible amendment of Note 5 to Chapter 85 (Secretariat);
  - Possible combination of headings 85.19 and 85.20 (Secretariat);
  - Possible combination of headings 85.23 and 85.24 (Secretariat);
  - Comprehensive review of the provisionally approved amendments to headings 84.43, 84.69, 85.19, 85.20 and 85.28 (Secretariat);

- Separate heading for printers, copiers, plotters, fax machines and multifunction machines having two or more of the following functions : printing, scanning or faxing (EC);
- Separate heading for monitors, projectors and flat panel display units, having an ADP or video function (and possibly cameras of heading 85.25) (Japan);
- Separate heading for apparatus having a communications function (US) (Japan);
- Separate heading for readers, scanners, drive units and input units (EC);
- Separate heading for flat panel displays (intermediate product) (EC); and
- Classification of “game-players” (EC).

HSC took note of these developments with respect to hi-tech provisions and supported the approach that had been suggested by the informal group, including a renewed commitment to meeting the June 2004 deadline for the completion of the 3<sup>rd</sup> Review Cycle.

HSC, finally, approved the cut-off date suggested by the Sub-Committee, i.e., 30 June 2003, by which any new proposal for this review cycle should be submitted to the Secretariat (Annex F/1).

3. **WCO Council Recommendation on ODS** : HSC unanimously approved Draft Recommendation for adoption by Council at its next sessions (Annexes D + L).

#### **4. Technical questions (Article 8 procedure)**

##### **4.1 Classification decisions**

- 4.1.1 **Pegacaristim (INN List 80)** and **pegartograstim** in subheading 3907.20; **labradimil (INN List 83)** in subheading 2937.19. HSC also agreed to classification of **16 products from INN List 84** and **21 products from INN List 85** (E/1, para. 8, M/4).
- 4.1.2 HSC approved suggested classification of **44 products from INN List 86** (E/1, para. 10, M/6).
- 4.1.3 HSC approved suggested classification of **50 products from INN List 87** (E/2, M/7).
- 4.1.4 **“Fanta” beverage base** in subheading 3302.10 rather than heading 21.06 (H/6).
- 4.1.5 **“CATO® 15A”** and **“CATO-SIZE® 52A”** in subheading 3505.10 and **“Penfold® Gum 270”**, **“Astro X-101 Starch”**, **“ETHYLEX® 2040 Gum”**, **“STALOK® 400”** in subheading 3505.10 (H/7).
- 4.1.6 **“Natamax”** in Chapter 38 (H/8).
- 4.1.7 **Classification of yarn put up in hanks** in subheading 5509.32 (H/12).
- 4.1.8 **Goods-vending machine** in subheading 8419.81 rather than heading 84.76 (H/14).
- 4.1.9 **Bread-making machine** in subheading 8516.60 rather than subheading 8516.79 (IJ/1).
- 4.1.10 **“Skate fins”** in subheading 0303.79 (IJ/2).

##### **4.2. EN amendments**

- 4.2.1 **EN to heading 19.05** with regard to waffles (H/2, M/1).
- 4.2.2 **ENs to Chapter 39 and heading 40.08** (H/10, M/2).
- 4.2.3 **ENs to headings 29.32 and 29.33** (heterocyclic compounds), **heading 29.34** (nucleic acids) and **heading 29.35** (sulphonamides), including insertion of a reference to sildenafil citrate in EN to heading 29.35 (E/1, para. 3, M/3).
- 4.2.4 **EN to heading 30.02** regarding toxins (E/1, para. 9, M/5).
- 4.2.5 **EN to heading 94.01** with regard to safety seats for infants and toddlers (H/17, M/8).
- 4.2.6 **EN to heading 95.05** (H/18, M/10).
- 4.2.7 **EN to heading 85.17** (H/20, M/11).
- 4.2.8 **ENs to Chapter 41** (F/1, para. 24, M/13).
- 4.2.9 **ENs to headings 61.03 and 61.04** (F/1, para. 26, M/14).
- 4.2.10 **EN to heading 85.43** (French only) (F/1, para. 58, M/15).
- 4.2.11 **ENs with regard to the term “felspar”** (F/1, para. 64, M/16).
- 4.2.12 **EN to heading 29.37** (F/1, paras. 72 and 73, M/17).
- 4.2.13 **EN to heading 29.41** (F/1, para. 74, M/18).
- 4.2.14 **ENs with regard to medicated bone graft substitute** (G/3, M/22).
- 4.2.15 **EN to heading 33.04** (G/5, M/24).
- 4.2.16 **ENs to headings 84.24 and 84.79** with regard to a hydraulic salt/sand spreader (G/10, M/29).
- 4.2.17 **EN to heading 85.23** to clarify flash electronic storage devices (G/12, M/31).
- 4.2.18 **EN to heading 85.36** with regard to junction boxes (H/16, M/36).

### **4.3. Classification Opinions**

- 4.3.1 **Insertion of pictures or drawings** (6 cases in Chapters 56 to 83) (G/1, M/20).
- 4.3.2 **OP 1905.32/2** with regard to bakers' wares (waffles) (G/2, M/21).
- 4.3.3 **OP 3208.90/1** with regard to polyurethane resin in dimethyl formamide (G/4, M/23).
- 4.3.4 **OP 3814.00/1** with regard to "Mosstanol L" (G/6, M/25).
- 4.3.5 **OP 4421.90/2** with regard to certain panels of wood (G/7, M/26).
- 4.3.6 **OP 6304.92/1** with regard to quilted, decorative pillow coverings (shams) (G/8, M/27).
- 4.3.7 **OP 7308.30/1** with regard to sliding doors for lifts (elevators) (G/9, M/28).
- 4.3.8 **OP 8479.10/1** with regard to a hydraulic salt/sand spreader (G/10, M/29).
- 4.3.9 **OPs 7326.90/7 and 8535.90/1** with regard to certain grounding rods and grounding devices (G/11, M/30).
- 4.3.10 **OPs 8507.30/1 and OP 8507.80/1** with regard to battery packs for cellular (mobile) telephones (G/13, M/32).
- 4.3.11 **OP 9401.80/1** with regard to safety seats for infants and toddlers (G/14, M/33).
- 4.3.12 **OP 9403.70/1** with regard to "Baby Walker" (G/15, M/34).
- 4.3.13 **OP 9506.70/1** with regard to roller shoes (G/16, M/35).

### **5. Technical questions (HS 2007)**

The following amendments were provisionally adopted.

- 5.1 **Nomenclature and EN to heading 38.21** (F/1, paras. 19 to 21, N/2).
- 5.2 **Nomenclature and EN to Note 3 (a) to Chapter 61** (F/1, para. 26, N/3, O/1)
- 5.3 **Nomenclature to correct certain texts to align the English and French versions of Note 9 to Chapter 71** (F/1, para. 29, N/4).
- 5.4 **Structured nomenclature to headings 73.04 and 73.06** (F/1, para. 31, N/5).
- 5.5 **Nomenclature to headings 95.01 to 95.03** (F/1, para. 33, N/6)
- 5.6 **Nomenclature and ENs to correct certain texts** (F/1, para. 44, N/7, O/2).
- 5.7 **Nomenclature and ENs to headings 03.01, 03.02, 03.03 and 03.04** (F/1, paras. 47 to 50, N/8 and O/3).
- 5.8 **Subheading 8543.30** (French only) (F/1, paras. 58 to 61, N/9).
- 5.9 **Heading 2529.10 and ENs** (F/1, para. 64, N/10, O/4)
- 5.10 **Nomenclature to Chapters 16, 20 and 21 – subheading notes** (French only) (F/1, para. 68, N/11)
- 5.11 **Subheading 9030.20** (F/2, N/12)