



HARMONIZED SYSTEM  
COMMITTEE

-  
28<sup>th</sup> Session  
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NC0480E1  
(+ Annex)  
O. Eng.

Brussels, 2 October 2001.

STUDY TO DISTINGUISH THE PROCESSORS AND COPROCESSORS  
OF HEADING 84.71 FROM THOSE OF HEADING 85.42 IN THE CONTEXT  
OF THE AMENDMENT OF THE EXPLANATORY NOTE TO HEADING 84.71

(Item VII.19 on Agenda)

Reference documents :

NC0340E2, Annex G/20, paragraph 5 (HSC/26 – Report)    NC0419E1 (HSC/27)  
NC0407E1(HSC/27)    NC0430E2, Annex IJ/8 (HSC/27 – Report)

I. BACKGROUND

1. At its 27<sup>th</sup> Session, the Committee discussed the proposed amendment to the Explanatory Note to heading 84.71 concerning a possible reference to “processors and coprocessors” as examples of additional units of automatic data processing machines of heading 84.71 (Item (3) of the second paragraph of that Explanatory Note, on page 1406 (HS 1996 edition)).
2. The US Delegate indicated that, since the Committee had adopted an exclusion paragraph in the relevant part of the Explanatory Note to heading 84.71 (see Annex Q/24 to Doc. NC0430E2 (HSC/27 Report) and Item V of the Agenda), there was no longer a problem in this respect. Consequently, there was no need to refer this issue to the Committee’s next session, as initially proposed by his delegation.
3. The EC Delegate, however, considered that more time was needed to study the information presented by the ICC, indicating that the amendment of the Explanatory Note to heading 84.71 at issue had been discussed in the context of the current legal provisions, and that any proposals to amend the legal texts, as suggested in the ICC submission, should be considered separately.
4. After further discussion, the Committee agreed to re-address at its next session, the question whether or not the references to coprocessors, etc. should be kept in item (3) of Part (I) (D), second paragraph, of the Explanatory Note to heading 84.71, on page 1406 (see

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Annex Q/24 to Doc. NC0430E2 (HSC/27 Report) and Item V of the Agenda), considering that any proposals to amend the legal text could be dealt with by the Review Sub-Committee in the context of the new review cycle. The Secretariat was instructed to prepare a new document for the next Committee's session with a view to clarifying the issue on the basis of concrete examples (products).

## II. SECRETARIAT COMMENTS

5. During the intersession, the Secretariat contacted the International Chamber of Commerce (ICC) with a view to obtaining more information vis-à-vis the products at issue. On 23 August it received a message from the ICC indicating that the information provided in Doc. NC0419E1 had not changed, and on 3 September it received samples of processors and coprocessors, which will be made available for examination by the Committee in the meeting room.
  
6. The samples received concern the following (the classification is suggested by the ICC) :
  - (i) Graphic(s) board (card) (coprocessor) consisting of several integrated circuits and other components mounted on a printed circuit board, intended to be incorporated in an automatic data processing (ADP) machine to process the data to be sent to the monitor, with a connector for the monitor and slots for the connection to the motherboard (heading 84.71);
  - (ii) "Microprocessor" consisting of several integrated circuits and other components mounted on a printed circuit board, having a slot type connector to the motherboard (Celeron) (heading 84.73);
  - (iii) "Microprocessor" consisting of several integrated circuits and other components mounted on a printed circuit board, having a slot type connector to the motherboard, in a cartridge (Pentium® II and AMD ATHLON™) (heading 84.73); and
  - (iv) "Microprocessor" mounted on a substrate on which also capacitors have been mounted, having connectors in the form of pins (socket type) (Pentium® III and AMD ATHLON™) (heading 85.42).
  
7. With respect to the respective classifications indicated by the ICC, the Secretariat has some doubts whether the microprocessors of the socket type (described in paragraph 6 (iv) above) are indeed classifiable in heading 85.42, given the fact that, in addition to the integrated circuit, capacitors are mounted on the same substrate. In this context the Secretariat would like to recall the last paragraph of the Explanatory Note to heading 85.42, on page 1517, which indicates that "[. . .] the heading also excludes assemblies formed by mounting one or more discrete components on a support formed, for example, by a printed circuit and assemblies formed by adding to an electronic microcircuit either one or more other microcircuits of the same or of different types or one or more other devices, such as diodes, transformers, resistors." Since these integrated circuits may be used in various apparatus using digital technology (such as ADP units, DVD players/recorders) the Secretariat would be inclined to classify them in heading 85.48 as parts not suitable for use solely or principally with a particular kind of machine, or with a number of machines of the same heading. If they are, however, identifiable for use solely or principally with a particular machine (for example, on the basis of their being processed for a specific application), they

would be classifiable as part of that machine (for example in heading 84.73 when they have been configured for ADP application). The Secretariat could, however, accept the suggested classifications for the items referred to in paragraph 6 (i) to (iii) above. However, it leaves it to the Committee to decide.

8. Concerning the distinction between processors and coprocessors of heading 84.71 on the one hand and those of heading 85.42 on the other hand, the Secretariat would like to recall that one of the criteria used by industry for processors and coprocessors to be classifiable in heading 84.71, is apparently that “they are externally connected by cable to the CPU” (see also paragraph 3 of the Annex I to Doc. NC0419E1), although none of the samples received is to be connected to the CPU by cable.
9. Having said this, it appears that the terms “processors” and “coprocessors” (when used without qualification) are indiscriminately used for integrated circuits not combined with other components, classifiable in heading 85.42 and those which have been combined with other components, classifiable in other headings. The Secretariat would, therefore, suggest not to refer to the terms “processors” and “coprocessors” if they are not qualified.
10. With respect to the Explanatory Note to heading 84.71, the Secretariat would like to clarify that no reference is made to “processors” or “coprocessors” in current Item (3) of the second paragraph (page 1406 – HS 1996 edition) of the Explanatory Note to heading 84.71, which reads as follows :
 

“(3) **Additions which enhance the processing power** of the central processing unit (e.g., floating point arithmetic units).”
11. In the context of deleting references to obsolete equipment, the Secretariat had suggested deleting the example in brackets. However, following discussions in the Working Party of the Committee’s 25<sup>th</sup> Session, the Secretariat was asked to try to find an example of the “additions” referred to in Item (3). At the suggestion of industrial circles, the Secretariat proposed the following wording : “(e.g., floating point processing units, coprocessors, accelerator, print processor, display processor, graphic cards, math coprocessor, etc.)”. However, since the reference to processors and coprocessors in the Explanatory Note of heading 84.71 could lead to confusion with the integrated circuits of heading 85.42, the Committee decided to place the relevant part in square brackets for further consideration.
12. The Secretariat feels that, as a result of the additional information received from ICC and of a further study of this issue, the terms “processor” and “coprocessor” should not be used as an example of in the Explanatory Note to heading 84.71, if they are not qualified. Furthermore, it is questionable whether print processors, display processors and graphic cards are indeed examples of additions which enhance the processing power of the central processing unit. That being the case, the Secretariat suggests inserting a reference to “floating point processing units” only, as an example of Item (3). Nonetheless, the ICC or other interested parties may wish to clarify the issue.
13. As indicated by the Secretariat in paragraph 6 of Doc. NC0407E1, any examples referred to in Item (3) should be in the form of a unit in order to be classified in heading 84.71. If not, they are to be classified outside that heading.
14. In conclusion, the Secretariat suggests Item (3) of the second paragraph of part (I) (D) of the Explanatory Note to heading 84.71 to read as follows :

“(3) **Additions which enhance the processing power of the central processing unit** (e.g., floating point processing units).

However, electronic integrated circuits and microassemblies of **heading 85.42** are **excluded.**”

(French version :

“(3) **Les unités destinées à accroître la capacité de traitement de l'unité centrale** (unités à virgule flottante, par exemple).

Toutefois, sont **exclus** les circuits intégrés et les micro-assemblages électroniques du n° **85.42.**”)

15. Alternatively, Item (3) at issue could be deleted entirely (including the recently adopted subparagraph (reading “However, electronic integrated circuits and microassemblies of **heading 85.42** are **excluded.**”), in which case Items (4) to (6) should be renumbered accordingly. If the Committee agrees with this approach, the Secretariat suggests adding the referenced subparagraph after Item (6) at the bottom of page 1406 (HS 1996 edition), as a separate paragraph.

16. The Secretariat has prepared appropriate draft amendments to the Explanatory Note to heading 84.71, which are set out in the Annex to this document. The page number, which refers to the HS 1996 edition, is placed in square brackets, pending the publication of the HS 2002 edition of the Explanatory Notes.

17. It should be noted that either of the amendments would replace the corresponding text which is presented to the Committee as a result of the discussions held by the Review Sub-Committee (see Item V on the Agenda).

### III. CONCLUSION

18. The Committee is invited to take into account the observations of the Secretariat in paragraphs 5 to 17 above, when considering this Agenda item.

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