



HARMONIZED SYSTEM
COMMITTEE

-
31th Session
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NC0688E1
(+ Annex)

O. Eng.

Brussels, 14 March 2003.

ESTABLISHMENT OF A CORRELATION BETWEEN THE HARMONIZED SYSTEM AND
THE WTO INSTRUMENT ON PHARMACEUTICAL PRODUCTS

(Item VIII.1 on Agenda)

Reference documents :

41.316 (HSC/20)	NC0409E1 (HSC/27)
41.600, Annex F/21 (HSC/20 – Report)	NC0430E2, Annex C/7 (HSC/27 – Report)
42.055 (HSC/21)	NC0499E1 (HSC/28)
42.100, Annex C/7 (HSC/21 – Report)	NC0510E2, Annexes C/2 and N (HSC/28 – Report)
42.401 (HSC/22)	NC0527E1 (HSC/29)
42.750, Annex C/3 (HSC/22 – Report)	NC0590E2, Annexes C/3 and P (HSC/29 – Report)
NC0010E1 (HSC/23)	NS0063E1 (SSC/18)
NC0090E2, Annex C/3 (HSC/23 – Report)	NS0080E3, Annexes A/1 and C/1 (SSC/18 – Report)
NC0449E1 (HSC/28)	

I. BACKGROUND

1. At its 28th Session, the Harmonized System Committee examined a draft Correlation between the product coverage of selected international conventions and the Harmonized System, as set out in the Annex to Doc. NC0449E1. The Committee finally agreed to publish the Correlation as proposed by the Secretariat (the texts accepted were set out in Annex N to Doc. NC0510B2). The Secretariat was instructed to expand the Correlation by incorporating other conventions and agreements in the future and to prepare documents in this connection for the future sessions of the Committee. The Secretariat was specifically directed to look into whether and to what extent certain WTO agreements could be incorporated in the Correlation.
2. At its 29th Session, the Committee examined the expansion of the coverage of the Correlation to include the WTO instruments. The Director noted that although there was no obligation for WTO Members to use the Harmonized System from the strict legal point of view, the WTO instruments and agreements on the ITA, Civil Aircraft and Pharmaceutical Products had used HS codes in order to define the scope of their concessions.

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

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3. With respect to the WTO instrument on Pharmaceutical Products, the EC Delegate, emphasising the importance of incorporating this instrument in the Correlation and taking into account the fact that the classification of these products, especially hormones and related products, was important for the implementation of duty free treatment based on the WTO instrument, took the view that the examination of the transposition of these products should be carried out.
4. Given the importance of this task, the Director suggested that the Secretariat would first undertake a mechanical transposition of the relevant products from the HS 1996 version to the HS 2002 version and identify the size and the magnitude of the task in order to narrow the problem, and then would submit it to the Scientific Sub-Committee at its next session. In this connection, the EC Delegate stated that as a starting point, he would provide the Secretariat with the Annex to the EC's Combined Nomenclature which listed the classification of the products concerned at subheading level in the HS 2002 version.
5. Finally, the Secretariat was instructed to prepare a new working document on pharmaceutical products on the basis of the EC's submission for examination by the Scientific Sub-Committee at its 18th Session.
6. The Scientific Sub-Committee at its 18th Session examined a draft Correlation between the HS and the WTO instrument on pharmaceutical products.

II. OBSERVATIONS OF THE SCIENTIFIC SUB-COMMITTEE

7. In opening the discussion on this agenda item one delegate stated that his administration could accept the draft correlation, subject to the insertion of new rows with regard to subheadings 2915.60 and 2917.13, and the correction of the rows for subheadings 2918.19 and 3824.90 which appeared twice.
8. Another delegate stressed that the correlation had no legal or official status.
9. The Sub-Committee agreed to recommend the correlation as set out in Annex I to Doc. NS0063E1, to the Harmonized System Committee subject to the above modifications (The recommended correlation is reproduced in Annex C/1 to Doc. NS0083E3).

III. SECRETARIAT COMMENTS

10. The correlation recommended by the Scientific Sub-Committee, which is indicated by shading, is set out in the Annex to this document. As agreed, the correlation has no legal or official status. Once the Committee has accepted it, it will be published as an amending supplement to the HS Classification Handbook in accordance with the now established practice.
11. As for publication on the WCO Web site, the Secretariat would like to note that the Web site version has not contained the exhaustive list of products controlled by the various international organisations, on the basis of the decision taken by the Committee at its 22nd Session (see paragraph 13 of Doc. NC0449E1 as reproduced below).

- "13. *With regard to publication on the WCO Web Site, the Secretariat would draw the Committee's attention to the fact that the Committee, at its 22nd Session, already decided that the exhaustive lists of products controlled by the various international organisations should **not** be published as an Annex to the file disseminated via the Internet (see Annex C/3 to Doc. 42.750, paragraphs 3 and 8). Based on this decision, "I. INTRODUCTION", "II. LIST OF CONVENTIONS AND THEIR ORGANIZATIONS" and "III. CONTACT DETAILS RE THE ORGANIZATIONS ADMINISTERING THE CONVENTIONS" (except "**Notes**") will be disseminated via the Internet. "IV. TABLE" will, however, not be published.*"
12. However, in view of the fact that the entire correlation, including "IV. TABLE" has already been published as an Annex to the HS Classification Handbook, the Secretariat considers that the Internet version should have the same content as the hard copy version and would therefore propose that "IV. Table" should also be made available on the WCO Public Web site.

III. CONCLUSION

13. The Committee is invited to examine the draft correlation between the Harmonized System and the WTO Instrument on Pharmaceutical Products set out in the Annex to this document, taking into account the Scientific Sub-Committee's observations and the Secretariat comments above.
14. Once the Committee has accepted the Correlation, it is also invited to consider whether "IV. TABLE" (exhaustive list of products) should be published on the WCO Public Web site.

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