



HARMONIZED SYSTEM  
COMMITTEE

-  
32<sup>nd</sup> Session  
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NC0766E1  
(+Annex)

O. Eng.

Brussels, 2003.

POSSIBLE AMENDMENT OF THE EXPLANATORY NOTE TO HEADING 85.23 TO  
CLARIFY THE CLASSIFICATION OF INTEGRATED CIRCUITS

(Item VI.15 on Agenda)

Reference documents :

42.448 (HSC/22)	NC0502E1 (HSC/28)
NC0160E2, Annex G/17 (HSC/24 – Report)	NC0510E2, Annex G/8 (HSC/28 – Report)
NC0225E1 (HSC/25)	NC0549E1 (HSC/29)
NC0250E2, Annex IJ/14 (HSC/25 – Report)	NC0566E1 (HSC/29)
NC0301E1 (HSC/26)	NC0590E2, Annex H/13 (HSC/29 – Report)
NC0340E2, Annex G/18 (HSC/26 – Report)	NC0626E1 (HSC/30)
NC0388E1 (HSC/27)	NC0655E2, Annexes G/17 and L/22 (HSC/30 – Report)
NC0430E2, Annex H/5 (HSC/27 – Report)	NC0683E1 (HSC/31)
NC0470E1 (HSC/28)	NC0730E2, Annex G/12 (HSC/31 – Report)

I. BACKGROUND

1. At its 31<sup>st</sup> Session, the **EC** Delegate began the discussion of the amendments to the Explanatory Notes to clarify the classification of flash electronic storage cards by informing the Committee that the **EC's** proposed exclusion note was intended to ensure that devices with only one integrated circuit were not classified in heading 85.23. He indicated that the **EC's** original proposal was for an exclusion identical to that existing in the Explanatory Note to heading 85.43 (page 1703). In this respect, it would read "This heading does not include "smart cards" consisting only of a single electronic integrated circuit (**heading 85.42**)". However, upon reflection, the **EC** had decided to propose a simpler alternative text. He proposed the exclusion to read "The heading does not include integrated circuits (**heading 85.42**)".
2. The **US** Delegate informed the Committee that his administration could accept the text based on the exclusion in the Explanatory Note to heading 85.43 (page 1703), but would require additional time to examine the alternative proposal that had been submitted by the **EC** from the floor.

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

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3. The Committee concluded its discussion by agreeing to delete the exclusion from the proposal. The Committee also agreed to continue to study the proposed exclusion at its next session.

## II. SECRETARIAT COMMENTS

4. The Secretariat wonders whether it is necessary to ensure that heading 85.23 not only doesn't cover "smart cards" of heading 85.42 consisting only of a single electronic integrated circuit but that it also doesn't cover "smart cards" of heading 85.43 which have embedded in them two or more electronic integrated circuits (e.g., microprocessors) in the form of chips. Consequently, the Secretariat has included in the Annex to this document the EC's original proposal, as well as the EC's simplified proposal and the Secretariat's proposal for consideration by the Committee.

## III. CONCLUSION

5. The Committee is invited to examine the three options presented in the Annex to this document, taking into account the Secretariat's comments, when it examines this agenda item.

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