



HARMONIZED SYSTEM  
REVIEW SUB-COMMITTEE

-  
28<sup>th</sup> Session  
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NR0457E1  
(+ Annexes I and II)

O. Fr.

Brussels, 22 July 2003.

POSSIBLE AMENDMENTS TO HEADINGS 52.05 AND 52.06

(PROPOSAL BY THE ROMANIAN ADMINISTRATION)

(Item III.B.12 on the Agenda)

Reference documents :

NG0061E1 (HLWG/2)  
NG0067E2, paragraph 94 (HLWG/2 - Report)

NR0365E1 (RSC/27)  
NR0405E1 (RSC/28)

I. BACKGROUND

1. On 22 May 2003, the Secretariat received the following note from **Romania** concerning a proposal for the possible amendment of the structured nomenclature to headings 52.05 and 52.06.

II. NOTE FROM ROMANIA

2. "With a view to attaining the objective of simplifying the Harmonized System (as stated in Doc. NG0061E1 of 30 January 2003), the **Romanian** Customs Administration wishes to put forward the following proposal for the amendment of headings **52.05 - "Cotton yarn (other than sewing thread), containing 85% or more by weight of cotton, not put up for retail sale"** and **52.06 - "Cotton yarn (other than sewing thread), containing less than 85% by weight of cotton, not put up for retail sale"**.
3. The **Romanian** proposal provides a means of simplifying the structure of these headings while retaining some of the current commodity descriptions.
4. In order to avoid misunderstandings, the proposal is appended as a table. (In fact the Secretariat has reproduced this proposal in the normal format, at Annex I hereto).

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

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5. The other arguments justifying these amendments are as follows :

**Heading 52.05**

- (a) Under this proposal, certain existing subheadings which account for only a small volume of international trade will be deleted.

For example, between January and August 2002, **European Union** imports and exports of the yarns classified in subheading 5205.35.00 amounted to less than 950,000 EURO (according to the publication "Eurostat statistics"), representing less than 0.1% of the figure for the entire heading over the same period.

In **Romania** in 2002, total imports and exports of the yarns of subheadings 5205.21, 5205.28, 5205.35, 5205.42 and 5205.46 together represented less than 0.15% of imports and exports under the entire heading.

- (b) This proposal makes it possible to delete 20 subheadings (i.e., 83% of the total number of subheadings in this heading), and to reduce the excessive level of detail under this heading.

**Heading 52.06**

- (a) Under this proposal, certain existing subheadings which account for only a small volume of international trade will be deleted.

For example, between January and August 2002, **European Union** imports and exports of the yarns classified in subheading 5206.35.00 amounted to less than 64,000 EURO (according to the publication "Eurostat statistics"), representing less than 0.04% of the figure for the entire heading over the same period.

In **Romania** in 2002, total imports and exports of the yarns of subheadings 5206.35 and 5206.45 together represented less than 0.12% of imports and exports under the entire heading.

- (b) This proposal makes it possible to delete 16 subheadings (i.e., 75% of the total number of subheadings in this heading), and to reduce the excessive level of detail under this heading.

6. These amendments would have no commercial policy implications for a significant number of Members, because (on the basis of an analysis conducted by the **Romanian Administration**) almost 90% of the 36 countries and Customs unions in the list reproduced below\* apply the same duty rates for the new subheadings.

7. The **Romanian Administration** hopes that world trade statistics will confirm these figures, and that its proposal will be included in the Agenda for a future session of the Harmonized System Review Sub-Committee.

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\* Algeria, Argentina, Brazil, Bulgaria, Comoros, Canada, Caribbean Community, Chile, China, Colombia, Congo, Cuba, Cyprus, Ecuador, Egypt, European Union, Finland, Hungary, Indonesia, Iceland, Japan, Madagascar, Morocco, Mexico, New Zealand, Norway, Philippines, Poland, Romania, Russian Federation, Slovenia, Sri Lanka, South Africa, Turkey, United States, Venezuela.

8. The **Romanian** Administration will be happy to provide any further information you may require.”

### III. SECRETARIAT COMMENTS

9. As indicated by the **Romanian** Administration, this proposal was made with a view to simplifying the Harmonized System – an objective recommended by the High Level Working Group at its 2<sup>nd</sup> Meeting (Doc. NG0061E1 of 30 January 2003 and Doc. NG0067E2 - Report). This question could in fact be studied in conjunction with Agenda Item III.B.5 at the present session, which also relates to the simplification of the textiles Chapters.
10. The Secretariat has reproduced, at Annex II hereto, the trade statistics for headings 52.05 and 52.06 for the years 1998 to 2000, drawn up using data provided by UNSD.
11. The statistics consulted would appear to corroborate the figures submitted by the **Romanian** Administration. They also show a relatively insignificant volume of trade, especially in respect of heading 52.06, in which only subheadings 5206.11, 5206.12 and 5206.22 show trade volumes in excess of 50 million US dollars.
12. In the circumstances, the Secretariat can support the proposal for simplification as put forward by the **Romanian** Administration, and even wonders whether it is necessary to have two 4-digit headings in the Harmonized System for these goods, given that the distinction based on the percentage content of cotton could easily be made within a single 4-digit heading, which would be entitled "Cotton yarn (other than sewing thread), not put up for retail sale".

### IV. CONCLUSION

13. The Sub-Committee is invited to examine the proposal by **Romania** to amend the structured nomenclature to headings 52.05 and 52.06, as reproduced in Annex I to this document, in the light of the Secretariat comments set out in paragraphs 9 to 12 above.

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