



HARMONIZED SYSTEM
REVIEW SUB-COMMITTEE

NR0150E1

-
23rd Session
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O. Eng.

Brussels, 8 February 2001.

REVIEW OF THE HS EXPLANATORY NOTES BY THE REVIEW SUB-COMMITTEE

(Item II.2 on Agenda)

I. BACKGROUND

1. At its last sessions (July 2000) the Council approved a revised Strategic Plan for the Organization, including the task of updating and improving the Explanatory Notes to the Harmonized System to reflect changes in technology and trading patterns. In this connection, the Council recommended the Secretariat to prepare a concrete proposal for the updating and modernising of the Explanatory Notes for the Policy Commission at its December 2000 Session. That plan was included in the Secretary General's Interim Report to the Policy Commission.
2. For the information of the Sub-Committee, in June 2000 the Secretariat also received a letter from the International Chamber of Commerce (ICC) raising the issue of the need to update and modernise the Explanatory Notes. This is a particular concern of the ICC in that certain parts of the Explanatory Notes, particularly those in the high-technology and other industrial sectors, no longer reflect the realities of trade. In replying to that letter, the Secretary General gave his assurance that the Secretariat shared the ICC's concerns and noted that the Harmonized System Committee had also agreed that there was an urgent need to update and modernise the Explanatory Notes.
3. The Harmonized System Committee has urged that this task be given a high priority and proposed that :
 - The initial drafting of revised Explanatory Notes be undertaken by the Secretariat;
 - Sufficient additional resources, in the form of Technical Attachés, to carry out the work be assigned to the Secretariat; and
 - The timing of this revision not be tied to the schedule for the 3rd HS Review Cycle.

4. As already reported last year, the Secretariat convened an informal meeting of key administrations and ICC representatives to begin planning for this work. That working group agreed that Chapters 84, 85, 87 and 90, and in particular the following specific HS provisions, should be given priority consideration with regard to the updating of the Explanatory Notes :

- Note 3 to Section XVI
- Note 4 to Section XVI
- Note 5 to Chapter 84
- Heading 84.42
- Heading 84.43
- Heading 84.71
- Heading 85.17
- Heading 85.19
- Heading 85.24
- Heading 85.25
- Heading 85.43
- Heading 87.02
- Heading 87.03
- Heading 87.04
- Heading 90.09.

II. HS EXPLANATORY NOTES WORK PLAN

5. As regards the question of how to tackle this task, the Secretariat has proposed the following :

- The scope of the work would not affect the scope of the legal texts, but would be limited to updating the existing Notes by :
 - Deleting references to obsolete products and technology,
 - Substituting references to current products and technology,
 - Restructuring the Notes to make them easier to understand, and
 - Supplementing the Notes to make them more complete.
- Work to be carried out over a period of five years.
- Secretariat to begin review of the Explanatory Notes for the priority provisions (see above).
- Administrations to be asked to second at least two Technical Attachés to the Secretariat for the duration of the project.

6. In this connection, on 18 December 2000, the Secretary General wrote to all Members requesting the secondment of Technical Attachés for purposes of this project (see Annex to this document). We have not yet received a positive response and would therefore urge delegates to support this request in their administrations.

7. The Secretariat has already begun working on this project (see Agenda Item III.A.5) and we expect to place a number of proposals for the revision of the Explanatory Notes

before the Sub-Committee at its next session, which will be expanded to two weeks in anticipation of the work on both the Explanatory Notes and the 3rd Review Cycle.

III. 3RD HS REVIEW CYCLE

8. Finally, with regard to the 3rd Review Cycle, the Secretariat has been asked to prepare a document for the next meeting of the Policy Commission on the possibility of shortening the cycle. This was a suggestion that had been raised during the WCO's Open Days for the trade community in November 2000. In preparation for the discussion in the Policy Commission, the Secretariat expects to prepare a document on this question for the next session of the Harmonized System Committee. For the time being the Secretariat would merely note that if the 3rd HS Review Cycle is to be implemented by January 2007 as planned, the Review Sub-Committee will need to finalise its work at its Spring 2004 Session, leaving only six working sessions. At the time of the writing of this document the Secretariat had not yet received any proposals from administrations for this review cycle.

IV. CONCLUSIONS

9. The members of the Sub-Committee are invited to take note of the above information and urged to support the Secretary General's request for Technical Attachés in their administrations (see the Annex to this document).

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The Secretary General

Tel. (32 2) 209 92 01
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00NL1232 – K/Gon

Brussels, 18 December 2000.

Dear Madam/Sir,

At its last Sessions (July 2000) the Council approved a revised Strategic Plan for the WCO, including the task of updating and improving the Harmonized System Explanatory Notes to reflect changes in technology and trading patterns.

In this connection, the Council asked the Secretariat to prepare a concrete proposal for the updating and modernizing of the Explanatory Notes for the information of the Policy Commission at its December 2000 Session. That plan was included in my Interim Report to the Policy Commission.

In June of this year the Secretariat also received a letter from the International Chamber of Commerce (ICC) raising the issue of the need to update and modernize the HS Explanatory Notes. This is a particular concern of the ICC in that certain parts of the Explanatory Notes, particularly those in the high-technology and other industrial sectors, no longer reflect the realities of trade.

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In replying to that letter, I gave my assurance that the Secretariat shared the ICC's concerns and noted that the Harmonized System Committee (HSC) had also agreed that there was an urgent need to update and modernize the HS Explanatory Notes. The HSC urged that this task be given a high priority and proposed that :

- The initial drafting of revised Explanatory Notes be undertaken by the Secretariat;
- Sufficient additional resources, in the form of Technical Attachés, to carry out the work be assigned to the Secretariat; and
- The timing of this revision not be tied to the schedule for the 3rd HS Review Cycle.

In this connection, the Secretariat has already convened an informal meeting of key administrations and ICC representatives to begin planning for this work. That working group agreed that Chapters 84, 85, 87 and 90, should be given priority consideration with regard to the updating of the HS Explanatory Notes.

In view of the urgent need outlined above, I am now writing to you to ask your administration to second a Technical Attaché to work on this highly important project. Your nominee should be an expert in the Harmonized System, should be fluent in either English or French, and should preferably be seconded for a period of three years. As is the normal practice with regard to Technical Attachés in the WCO, your administration would be expected to pay the salary and subsistence of the officer while in Brussels.

I look forward to your positive consideration of my request.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Michel Danet', is written over a horizontal line. A vertical line is positioned to the right of the signature.

Michel Danet.