



HS REVIEW SUB-COMMITTEE
WORKING GROUP

-
1st Session
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NR0335E1
(+ Annexes I to IV)
O. Eng.

Brussels, 28 November 2002.

POSSIBLE AMENDMENTS TO CHAPTERS 84 AND 85 CONCERNING
INFORMATION TECHNOLOGY PRODUCTS

(PROPOSAL BY JAPAN)

(Item II.2 on Agenda)

Reference documents :

NR0229E1 (RSC/25)	NR0332E2, Annexes C/14 and F/9 (RSC/26 – Report)
NR0285E1 (RSC/26)	NR0332E2, Annexes C/15 and F/5 (RSC/26 – Report)
NR0286E1 (RSC/26)	NR0332E2, Annex C/16 (RSC/26 – Report)
NR0287E1 (RSC/26)	NR0332E2, Annexes C/17 and F/10 (RSC/26 – Report)
NR0288E1 (RSC/26)	NR0332E2, Annexes C/18 and F/11 (RSC/26 – Report)
NR0289E1 (RSC/26)	NR0332E2, Annexes D/2 and F/15 (RSC/26 – Report)
NR0315E1 (RSC/26)	NR0332E2, Annex D/5 (RSC/26 – Report)
NR0319E1 (RSC/26)	NR0332E2, Annexes D/7 and F/20 (RSC/26 – Report)
NR0320E1 (RSC/26)	NR0332E2, Annexes D/8 and F/21 (RSC/26 – Report)
NR0323E1 (RSC/26)	NR0332B2, Annex F/4 (RSC/26 – Report)
NR0325E1 (RSC/26)	NR0332B2, Annex F/19 (RSC/26 – Report)
NR0326E1 (RSC/26)	NR0334E1 (RSC/WG/1)
NR0333B1 (RSC/26)	

I. BACKGROUND

1. At its 26th Session (September 2002), the Review Sub-Committee held a preliminary discussion on possible amendments to Chapters 84, 85, 90 and 95 concerning information technology products (Doc. NR0323E1 – EC proposal). On 7 October, the Secretariat received a note from the Japanese Administration, forwarding the Japanese proposal concerning possible amendments of the Harmonized System Nomenclature with respect to the classification of electrical apparatus, which had been submitted as a non-paper during the 26th Session of the Review Sub-Committee.

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

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II. SECRETARIAT COMMENTS

2. The proposal from the Japanese Administration is reproduced in Annexes I to IV to this document as follows :

Annex I : Scope of the proposal;
Annex II : Proposed structure;
Annex III : Proposed Notes; and
Annex IV : Overview of current headings and Japanese and EC proposals.
3. It is to be noted that the characters used in the proposed headings are to be replaced by the appropriate numbers, once they have been approved.
4. The Secretariat has included its comments on the Japanese proposal in Doc. NR0334E1.

III. CONCLUSION

5. The Working Group is invited to take into account the amendments proposed by the Japanese Administration, when considering Item II.1 of the Agenda.

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Amendments to the HS Nomenclature regarding the classification of electrical apparatus

Scope of the Proposal

1. This proposal covers only electric apparatus (apparatus which record, store, read, write, input, output, or process electric signals). Non-electrical apparatus, such as optical copying machine or optical camera, are not classified under headings covered by this proposal.

(1) Problems of Existing HS and Principal Concept of the Proposal

2. There are various criteria for classification of goods such as function, usage, or manufacturing process in the existing HS. However, neither “usage” and “manufacturing process” is appropriate for a criterion for classification of electric apparatus. Goods are possible to be classified under different headings when they are classified according to “usage” because “usage” is affected by the users’ intention. Particularly, use of electric apparatus classified under current Chapter 84 / 85 are becoming more and more diversified as technology advances. Further, “manufacturing process” criterion can easily become obsolete as technology advances. By using these criteria, the legal stability of HS is not maintained.
3. Furthermore, in the existing HS, goods are often arranged in order of their appearance to the market cited simply in headings classifying goods to which they are akin, without systematic approach. For instance, heading 85.25 is for transmission apparatus such as radio-transmitters or TV cameras. However, still cameras and camcorders are also classified under this heading only because they are similar to TV cameras though they do not have transmission apparatus. Cellular phones are also classified heading under 85.25 as transmission apparatus, but on the other hand line telephones are classified under heading 85.17 as line telephony apparatus. However, their functions are exactly the same in the point that both are terminal units of telephonic network and there is no essential difference whether they are wired or wireless. Furthermore, the existing HS divides audio apparatus into two headings, that is, players (heading 85.19) and recorders (heading 85.20) because record players appeared on the market before recorders. On the other hand, it does not divide video players and recorders. Both are classified under one heading – 85.21 – simply because video players and recorders appeared on the market at the same time. These are evidences that the existing HS is not systematic.

(2) Principal Concept of the Proposal

4. The aim of HS is to enable a clear and neutral classification of goods within the international trade. For this purpose, we propose to classify electric apparatus according to their technological functions (*1) so that all apparatus which may appear on the market in future can also be classified objectively and clearly.

(*1) A technological function means an action or an operation performed by a technological principle of each apparatus. Basically, apparatus are regarded as having the same function if the apparatus act by the same technological principles. However, even if the internal technological principles of apparatus are different, they can still be regarded as having the same function if the technological principles are the same in connection with the external environment of the apparatus. For instance, the internal technological principles of recording are different between a magnetic disc and a DVD disc, that is, the former is magnetic recording system and the latter is optical recording system. However, they are considered the same in the point that they are the same technological principles when considered externally, that is, they both record electric signals. Therefore, they can be regarded as having the same function. In this way, a technological function is objective and appropriate as a criterion of classification.

(3)“Processing Function” in the Proposal

5. It has become easier over the years for processing apparatus to incorporate input and output functions because of the miniaturisation of input or output functions. For example, more cellular phones (processing apparatus) are incorporating CCD image capturing apparatus (input apparatus) and LCD display (output apparatus). It is also common for processing apparatus to incorporate read and write functions of electric signals recorded on silicon media. Such processing apparatus, for example, PCs and consumer electronics apparatus, exchange data through silicon media and USB terminals. Furthermore, recent camcorders are able to exchange contents through a network through incorporated Internet telecommunication functions. Thus, input, output, read, write, and telecommunication functions can be added as a mere feature of a processing function, and therefore, are regarded as incidental in this proposal.
6. As such, this proposal regards a processing function as a main function whether or not input, output, read, write, or telecommunication functions are incorporated. A processing function can be classified objectively according to the contents of the signals. Therefore, the proposal classifies processing apparatus according to the type of contents of the signals which they process (i.e., sound, image or other information).

(4)Storage / media and reader / writer

7. The ratio of analogue recording is expected to become extremely small after 2007. Digital signals cannot be distinguished by their contents by nature, e.g., program, image, sound, or text, when they are recorded / stored on storage / media or read / written by reader/writer. What storage / media of digital signals record / store is only a binary digital form (whether the information is “0” or “1”). Reader / writer of such signals read / write the binary digital form from storage / media. Therefore, there is no worth in distinguishing these apparatus by their contents. They should be classified based on the way of reading / writing of signals.

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* Letters in HS code column will be replaced by appropriate numbers.

HS code	Description	Examples of products (HS code under HS 2002)
8AAA	Media for the storage of electric signals.	
- 8AAA.1	Magnetic media	Magnetic tape, hard disc, floppy disc (85.23/85.24)
- 8AAA.2	Optical media	CD, CD-ROM, CD-R, CD-RW, DVD, DVD-RAM, MD, MO Disc (85.23/85.24)
- 8AAA.3	Semiconductor media	Flash memory card (85.23/85.24)
- 8AAA.4	Other	
8BBB	Apparatus for reading or writing electric signals (excluding apparatus having the function of the electric signal processing).	
- 8BBB.1	For magnetic media	Floppy disc drive, hard disc drive (84.71)
- 8BBB.2	For optical media	CD-ROM Drive, CD-RW Drive, DVD-ROM Drive (84.71)
- 8BBB.3	For semiconductor media	Reader / writer for flash memory card (84.71)
- 8BBB.4	Other	Record player (85.19)
8CCC	Apparatus for converting coded data to electric signals (coded data input apparatus) (excluding apparatus having the function of the electric signal processing).	Keyboard, controller, mouse (84.71)
8DDD	Apparatus for converting electric signals to coded data (coded data output apparatus) (excluding apparatus having the function of the electric signal processing).	Coded data indicator (display which only indicate coded data) (85.31, etc.)
8EEE	Apparatus for converting sound to electric signals (sound input apparatus) (excluding apparatus having the function of the electric signal processing).	Microphone (85.18)
8FFF	Apparatus for converting electric signals to sound	Speaker (85.18)

HS code	Description	Examples of products (HS code under HS 2002)
	(sound output apparatus) (excluding apparatus having the function of the electric signal processing).	
8GGG	Apparatus for converting image to electric signals (image input apparatus) (excluding apparatus having the function of the electric signal processing).	
- 8GGG.1	Incorporating camera tubes	
- 8GGG.2	Incorporating CCD	TV camera (without recording function (85.25), scanner (84.71)
- 8GGG.3	Other	
8HHH	Apparatus for converting electric signals to image (image output apparatus) (excluding apparatus having the function of the electric signal processing).	
- 8HHH.1	Incorporating cathode-ray tubes (television picture tubes)	CRT display (84.71)
- 8HHH.2	Incorporating flat panel based on liquid crystals, plasma, or other technologies	Flat panel display (84.71)
- 8HHH.3	Other	
8III	Data processing machines for executing any external programs.	PC (84.71)
8JJJ	Electric signal processing machines except machines of headings 8KKK to 8MMM.	
- 8JJJ.1	Having a broadcasting function :	
-- 8JJJ.11	Having input or output functions	
-- 8JJJ.12	Having reading or writing functions	
-- 8JJJ.13	Having both input or output and reading or writing functions	Telegraph, pager, coded telegram apparatus, Internet terminal (processing only coded data) (85.25)
-- 8JJJ.19	Other	
- 8JJJ.2	Having a telecommunication function, whether or not having a broadcasting function :	
-- 8JJJ.21	Having input or output functions	

HS code	Description	Examples of products (HS code under HS 2002)
-- 8JJJ.22	Having reading or writing functions	
-- 8JJJ.23	Having both input or output and reading or writing functions	
-- 8JJJ.29	Other	
- 8JJJ.3	Other (that is, having neither broadcasting nor telecommunication function) :	
-- 8JJJ.31	Having input or output functions	Calculator (84.70)
-- 8JJJ.32	Having reading or writing functions	
-- 8JJJ.33	Having both input or output and reading or writing functions	GPS apparatus (processing neither sound nor image signal : 85.26); digital electronic dictionary
-- 8JJJ.39	Other	
8KKK	Sound signal processing machines.	
- 8KKK.1	Having a broadcasting function :	
-- 8KKK.11	Having input or output functions	Radio (85.27)
-- 8KKK.12	Having reading or writing functions	Cassette / CD /MD player / recorder with radio tuner (85.27)
-- 8KKK.13	Having both input or output and reading or writing functions	Component stereo, radio cassette player / recorder (85.27)
-- 8KKK.19	Other	
- 8KKK.2	Having a telecommunication function, whether or not having a broadcasting function :	
-- 8KKK.21	Having input or output functions	Transceiver (85.25)
-- 8KKK.22	Having reading or writing functions	
-- 8KKK.23	Having both input or output and reading or writing functions	Telephone (not processing image) (85.17/85.25)
-- 8KKK.29	Other	
- 8KKK.3	Other (that is, having neither broadcasting nor telecommunication function) :	
-- 8KKK.31	Having input or output functions	
-- 8KKK.32	Having reading or writing functions	Cassette / CD / MD player / recorder (85.19/85.20)
-- 8KKK.33	Having both input or output and reading or writing functions	Cassette / CD / MD player / recorder with microphone / earphone (85.19/85.20)

HS code	Description	Examples of products (HS code under HS 2002)
-- 8KKK.39	Other	Audio amplifier (85.18)
8LLL	Image signal processing machines.	
- 8LLL.1	Having a broadcasting function :	
-- 8LLL.11	Having input or output functions	TV (85.28)
-- 8LLL.12	Having reading or writing functions	
-- 8LLL.13	Having both input or output and reading or writing functions	TV with VTR (85.28)
-- 8LLL.19	Other	TV tuner
- 8LLL.2	Having a telecommunication function, whether or not having a broadcasting function :	
-- 8LLL.21	Having input or output functions	TV (with communication function (85.28)
-- 8LLL.22	Having reading or writing functions	Set top box (with communication function, without display) (85.28)
-- 8LLL.23	Having both input or output and reading or writing functions	Cellular phone (with camera function) (85.25)
-- 8LLL.29	Other	
- 8LLL.3	Other (that is, having neither broadcasting nor telecommunication function) :	
-- 8LLL.31	Having input or output functions	Video projector (85.28)
-- 8LLL.32	Having reading or writing functions	HDD for video recording or reproducing, VTR, CD-V player, DVD player / recorder (85.21)
-- 8LLL.33	Having both input or output and reading or writing functions	Digital still camera, camcorder (85.25)
-- 8LLL.39	Other	Video amplifier
8MMM	Apparatus for converting electric signals to fix optical image by means of printers.	
- 8MMM.1	Having a telecommunication function	Fax machine (85.17)
- 8MMM.2	Other	Printer (84.71, etc.)

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Notes

Note 1 :

Unless otherwise requested, apparatus which are *prima facie* classifiable under two or more headings are to be classified under the heading which occurs last in numerical order among the possible headings.

Note 2 :

For the purposes of 8AAA, the term "Media for the storage of electric signals" means an apparatus on which data has been stored via writer and which allow the stored data to output as electric signals via reader.

Note 3 :

For the purposes of 8BBB, the term "reading or writing electric signals" means an apparatus having the function of reading data stored on media as electric signals or writing electric data on media.

Note 4 :

For the purposes of 8BBB to 8LLL, the term "input" means to change external information (e.g., coded data, sound, or image) into electric signals, and the term "output" means to change electric signals into such external information.

Note 5 :

For the purposes of 8III, the term "data processing machines for executing any external programs" mean that the machines satisfies the following two criteria;
(a) comprising, at least a central processing unit (CPU) and a main memory designed for storing programs or data necessary for the execution of the programs;
(b) being designed for reading and executing external programs.

* Such programs are usually read by BIOS (boot-strap loader) of the apparatus.

Note 6 :

For the purposes of 8JJJ to 8LLL, the term "processing machines" means machines whose function is to process electric signals by its hardware and programmes installed therein. They include machines capable of executing external programs as a part of the function. They are classified under appropriate headings respectively according to the types of contents represented by electric signals which they process. The terms "sound processing" and "image processing" do not include such function as create sound or image signals in fixed form from coded data.

Note 7 :

For the purposes of 8JJJ to 8LLL, the term "telecommunication" excludes such communication only for the household or precincts such as wireless LAN technology.

Note 8 :

For the purposes of 8JJJ and 8LLL, the term "coded data" means letters, numbers, symbols or other data (or information) except sound or image.

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**Japan HS Rewrite Proposal on Electrical Apparatus
- Scope of Proposal -**

HS 2002		Japan Proposal		EC Proposal	
HS Code	Description	HS Code	Description	HS Code	Description
8401 to 8442				Out of scope	
8443	Printer (Japan Proposal covers only electric printer)	8MMM	Apparatus for converting electric signals to fix optical image by means of printers	85.65	Printer (including combination with fax or scanner)
8444 to 8468		Out of scope		Out of scope	
8469	Typewriter	Out of scope		Out of scope	
8470	Calculator	8JJJ	Electric signal processing machines except machines of heading 8KKK to 8MMM	Out of scope	
84.71	PC	8III	Data processing machines for executing any external programs	85.73	ADP machine and processing machine not classified other headings
8471.60	Input unit for PC	8CCC	Apparatus for converting coded data to electric signals (coded data input apparatus)	85.63	Data capture machine, other than those of heading 85.62
8471.60	Output unit for PC (display)	8HHH	Apparatus for converting electric signals to image (image output apparatus)	85.68	Image-reception machine (monitor/projector)
8471.60	Output unit for PC (scanner)	8GGG	Apparatus for converting image to electric signals (image input apparatus)	85.62/85.65 ?	Printer (including combination with fax or scanner)
8471.60	Output unit for PC (electric printer)	8MMM	Apparatus for converting electric signals to fix optical image by means of printers	85.65	Printer (including combination with fax or scanner)
8471.70	Storage unit for PC (drive)	8BBB	Apparatus for reading or writing electric signals	85.63/85.64 ?	Data capture machine, other than those of heading 85.62
84.72	Other office machines	Out of scope		84.72	Almost no change (8473.10 is deleted)
8473.30	Parts for PC and PC peripherals	Parts	Parts for data processing machines for executing any external programs	Parts	Classified under headings for parts respectively
8474 to 8485		Out of scope		Out of scope	

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HS 2002		Japan Proposal		EC Proposal	
HS Code	Description	HS Code	Description	HS Code	Description
8501 to 8503		Out of scope		Out of scope	
8504	Transformer, static converter	Out of scope		Out of scope	
8505	Electro-magnet	Out of scope		Out of scope	
8506	Primary cell and battery	Out of scope		Out of scope	
8507	Electric accumulator	Out of scope		Out of scope	
8509 to 8516		Out of scope		Out of scope	
85.17	Line telephone	8KKK.2	Sound signal processing machines	85.72	Data-transmission or -reception machine, other than those of 85.67 to 85.71
85.17	Fax	8MMM	Apparatus for converting electric signals to fix optical image by means of printers	85.65/85.72 ?	Printer (including combination with fax or scanner)
8518	Microphone	8EEE	Apparatus for converting sound to electric signals (sound input apparatus)	85.63	Data capture machine, other than those of heading 85.62
8518	Headphone, speaker	8FFF	Apparatus for converting electric signals to sound (sound output apparatus)	85.66	Sound-reception machine, whether or not incorporating sound-recording machine
8518	Amplifier	8KKK.3	Sound signal processing machines	85.73	ADP machine and processing machine not classified other headings
85.19	Sound reproducing apparatus	8KKK	Sound signal processing machines	85.66	Sound-reception machine, whether or not incorporating sound-recording machine
85.20	Sound recording apparatus	8KKK	Sound signal processing machines	85.64/85.66	Machine only for the recording of data / Sound-reception machine, whether or not incorporating sound-recording machine
85.21	Video recording or reproducing apparatus	8LLL	Image signal processing machines	85.70	Television-reception or image-reception machine other than those of 85.68
8522	Parts for 85.19 to 85.21	Parts	Parts for apparatus for reading or writing electric signals and electric signal processing machines	Parts	Classified under headings for parts respectively
85.23	Unrecorded media	8AAA	Media for the storage of electric signals	85.60	Unrecorded carrier media for the storage of data

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HS 2002		Japan Proposal		EC Proposal	
HS Code	Description	HS Code	Description	HS Code	Description
8524	Recorded media	8AAA	Media for the storage of electric signals	85.61	Recorded carrier media for the storage of data
85.25	Pager, coded telegram apparatus, Internet terminal	8JJJ.2	Electric signal processing machines except machines of heading 8KKK to 8MMM	85.72	Data-transmission or -reception machine, other than those of 85.67 to 85.71
85.25	Transceiver, cellular phone	8KKK.2	Sound signal processing machines		
85.25	Cellular phone (with camera function)	8LLL.2	Image signal processing machines		
85.25	TV camera	8GGG.2	Apparatus for converting image to electric signals (image input apparatus)	85.62	Image-capture machine (camera)
85.25	Camcorder, digital still camera	8LLL.3	Image signal processing machines	85.62	Image-capture machine (camera)
8526	Radar apparatus, radio navigational apparatus	8LLL	Image signal processing machines	85.26	Delete Navigation System → 85.73?
8527	Radio reception apparatus	8KKK.1	Sound signal processing machines	85.67	Radio-reception machine, whether or not incorporating sound-recording or -reproduction machine
8528	TV reception apparatus	8LLL.1	Image signal processing machines	85.69/85.70	Television-reception or image-reception machine
				85.70 or 85.68	Image-reproduction machine?
8528	Video monitor	8HHH	Apparatus for converting electric signals to image (image output apparatus)	85.68	Image-reproduction machine (monitor/projector)
8528	Digital video projector	8LLL.3	Image signal processing machines	85.68	Image-reproduction machine (monitor/projector)
8529	Parts for 85.25 to 8528	Parts	Parts for electric signal converting machines and electric signal processing machines	Parts	Classified under headings for parts respectively
8530	Electrical signalling, safety or traffic control equipment	Out of scope		Out of scope	
8531.20	Electric sound or video signalling apparatus	8HHH	Apparatus for converting electric signals to image (image output apparatus)	85.31	Indicator panel (8531.20 is deleted)
85.32	Electrical capacitor	Out of scope		85.51	Discrete passive circuit element
85.33	Electrical resistor	Out of scope		85.52	Discrete active circuit element
85.34	Printed circuit		To be considered in future	85.54	Printed circuit

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HS 2002		Japan Proposal		EC Proposal	
HS Code	Description	HS Code	Description	HS Code	Description
85.35	Electrical switching or protecting apparatus exceeding 1,000V	Out of scope		Out of scope	
85.36	Electrical switching or protecting apparatus not exceeding 1,000V	Out of scope		Out of scope	
85.37	Electrical control apparatus	Out of scope		Out of scope	
85.38	Parts for 8535 to 8537	Out of scope		Out of scope	
85.39	Electric filament or discharge lamp	Out of scope		Out of scope	
85.40	Cathode-ray tube	8HHH	Apparatus for converting electric signals to image (image output apparatus)	85.57	Electronic valve and tube
85.41	Diode, transistor		To be considered in future	85.52	Discrete active circuit elements
85.42	IC		To be considered in future	85.53	IC
85.43	Other electrical apparatus	Out of scope	One of the purposes of this proposal is to minimise the number of apparatus classified under such "basket heading".	85.43	Almost no change
85.44	Wire, cable	Out of scope		85.56	Wire, cable, optical fibre, and optical fibre bundle
85.45 to 85.47		Out of scope		Out of scope	
85.48	Waste and scrap of primary cell, battery and electric accumulator, other electrical parts	Out of scope	One of the purposes of this proposal is to minimise the number of apparatus classified under such "basket heading".	85.48	Almost no change
90.01	Optical fibre, optical fibre bundle	Out of scope		85.56	Wire, cable, optical fibre, and optical fibre bundle
90.02 to 90.05		Out of scope		Out of scope	
90.06	Photographic camera	Out of scope		85.62	Image-capture machine (camera)
90.07	Cinematographic camera	Out of scope		85.62	Image-capture machine (camera)
90.08	Image projector, photographic enlarger	Out of scope		85.62	Image-capture machine (camera)
90.09	Optical copying apparatus	Out of scope		85.65	Printer (including combination with fax or scanner)
90.10 to 90.12		Out of scope		Out of scope	
90.13	Liquid crystal device (Japan Proposal covers only electric LCD device)	Parts	Image output apparatus (out of scope?)	Out of scope	Is current 90.13 classified under 8558 of EC proposal?

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HS 2002		Japan Proposal		EC Proposal	
HS Code	Description	HS Code	Description	HS Code	Description
90.14 to 90.33		Out of scope		Out of scope	
95.04	Video game machine	Out of scope		95.04	9504.10 is deleted - transferred to subchapter 85.71?
