



HARMONIZED SYSTEM
REVIEW SUB-COMMITTEE

-
27th Session
-

NR0376E1
(+ Annexes I and II)

O. Eng.

Brussels, 3 March 2003.

POSSIBLE AMENDMENT OF THE NOMENCLATURE TO CHAPTER 44

(PROPOSAL BY THE EC)

(Item III.B.7 on Agenda)

I. BACKGROUND

1. By letter of 20 January 2003, the EC has presented a note setting out proposals to amend the Nomenclature to Chapter 44. This note is reproduced in Annex I to this document. The usual layout of these proposals as well as alternative proposals prepared by the Secretariat, are reproduced in Annex II to this document.

II. SECRETARIAT COMMENTS

2. The Secretariat would first like to note that the EC has not provided amendments to the relevant (parts of the) Explanatory Notes, in particular with respect to the proposed new heading 44.22. It is also to be noted that the EC has not suggested consequential amendments to the relevant Chapter Notes. Hereafter, the Secretariat offers its comments with respect to the proposed amendments, in the order of the headings.

Heading 44.07

3. The EC has proposed to insert a number of subheadings to provide for more detailed statistical information vis-à-vis the international trade in certain types of wood, and has provided statistical information (trade volumes) with respect to the current subheadings of heading 44.07. This information and the statistical information on trade volume available at the Secretariat, seem to warrant the creation of the subheadings proposed.
4. It should be noted that proposed code number 4407.21 was in use until 1996. In this context, the Sub-Committee is reminded that the HS Committee, at its 10th Session (October 1992) set the period of reusing code numbers at 12 years (Doc. 37.700, Annex C/3, paragraph 13 – HSC/10 Report). Although by 1 January 2007 this period will not have

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

File No. 2975

elapsed, the Secretariat suggests using this number, given the fact that no other code numbers are available within subheading 4407.2.

5. If the Sub-Committee agrees with the proposed restructuring of the subheadings, Subheading Note 1 to Chapter 44 should be amended accordingly. The Secretariat has prepared a draft proposal to that effect in Annex II to this document.

Heading 44.09

6. The **EC** proposes the deletion of the phrase “(including strips and friezes for parquet flooring, not assembled)” from the heading text, due to the creation of a separate heading for such commodities (see new heading 44.22). If the Sub-Committee adopts this new heading, the Secretariat would suggest including an exclusion reference in heading 44.09 with a view to avoiding overlapping between the two headings. A draft proposal to that effect is reproduced in Annex II.

Heading 44.10

7. The **EC** first suggests redrafting the text of heading 44.10, thus identifying in this heading oriented strand board (OSB) as a separate product. However, it has not given a reason for that amendment. It is recalled that the text of heading 44.10 and its structured nomenclature were amended as from 1 January 2002 after having been the subject of lengthy discussions. During the 17th Session, a majority of the Sub-Committee was in favour of the text proposed by the Secretariat (i.e., the current text) and rejected the text suggested by the **United States**, which read “Particle board, oriented strand board (OSB) and similar boards of wood or other ligneous materials, whether or not agglomerated with resins or other binding substances” (see Doc. 41.920, Annexes A/2 and D/9 – RSC/17 Report). At that time it was also considered that the insertion of the references to oriented strand board and waferboard would not entail a transfer from other headings. In other words, these two products were already covered by the expression “particle board and similar board”. The Secretariat, taking into account the discussions held in the Sub-Committee and in the HS Committee with respect to the heading text, would not be in favour of amending the current wording, unless it is proved that it is wrong. Moreover, the Secretariat believes that the credibility of the Harmonized System may be put in doubt when the same legal text is amended in subsequent review cycles. It has placed the proposed amendment in square brackets, leaving it to the Sub-Committee to decide, and the **EC** may wish to clarify this point.
8. Having said this, the Secretariat considers that Note 3 to Chapter 44 should be modified if the text of heading 44.10 is amended as suggested by the **EC** by replacing the phrase “particle board or similar board, fibreboard” by “particle board, oriented strand board or similar board, fibreboard” (French version : “panneaux de particules ou panneaux similaires” by “panneaux de particules, panneaux dits "oriented strand board" ou panneaux similaires”).
9. With respect to the proposed structured nomenclature, the Secretariat would like to point out first that the **EC** comments refer to the HS 1996 structure. Second, the **EC** argues that the volumes of production of and the international trade in particle board are far higher than that of OSB, and that, consequently, particle board should be mentioned first. The Secretariat agrees with that principle. However, in the case at issue there might be an overlap at the two dash level between proposed subheadings 4410.22 (“Particle board”) and 4410.23 (“Oriented strand board”), bearing in mind that the latter is a subcategory of the former (see paragraph 7 above).

10. Moreover, the EC has not given information on how to distinguish between “particle board” (proposed subheading 4410.22) on the one hand and “other” (proposed subheading 4410.29) on the other hand, which would cover board similar to particle board (other than OSB). The EC may wish to clarify this point.

11. It should also be noted that the subheadings introduced in HS 2002 concerning the type or level of processes applied to the boards, are no longer included in the EC proposal. Similarly, the EC proposal no longer refers to waferboard, currently classified with OSB in subheading 4410.2. If the Sub-Committee agrees with the EC proposal to delete the references to (i) the working or surface coating of the boards and (ii) waferboard, the Secretariat, taking into account its comments in paragraphs 9 and 10 above, suggests the following structure, using the code numbers as indicated :

“ - Of wood :
 4410.12 -- Oriented strand board (OSB)
 4410.19 -- Other
 4410.90 - Other”

(French version :

“ - En bois :
 4410.12 -- Panneaux dits "oriented strand board" (OSB)
 4410.19 -- Autres
 4410.90 - Autres”

12. Subheading 4410.19 would then cover particle board (other than OSB) and similar board, of wood. In addition, the Secretariat suggests creating a Subheading Explanatory Note describing OSB in order to avoid any misunderstanding concerning the scope of the subheadings. This Subheading Explanatory Note could be based on the second paragraph, item (1), of the current Explanatory Note to heading 44.10, on page 812.

Heading 44.11

13. The EC has proposed the redraft of the structured nomenclature to heading 44.11 with a view to identifying medium density fibreboard (MDF) separately. The Secretariat understands that this distinction should be made because of the various characteristics of MDF on the one hand and those of other fibreboard on the other hand (the fact that there are different industrial federations for each type of the fibreboards should be disregarded in this respect). Due to these different characteristics, MDF is used in other markets than other fibreboard. Having said this, the Secretariat has some doubts with respect to the way to distinguish between these two types of fibreboards, since the description given in the EC submission refers to “wood-based panel as defined in EN 316 manufactured from lignocellulosic fibres by the “dry process”, i.e., having a fibre moisture content less than 20% at the forming stage and being essentially produced under heat and pressure with the addition of an adhesive” (emphasis added). The Secretariat believes that the description of MDF should be based on the typical characteristics in the form it is presented. This kind of information was, unfortunately, not provided in the EC submission. The EC is, therefore, invited to clarify this point.

14. In addition, since the heading refers to fibreboard of wood or other ligneous materials (emphasis added), the proposed structure might not cover those boards made of ligneous materials, other than wood. In this context it is recalled that the description for MDF given by the EC, refers to “wood based” panels. The Secretariat, therefore, suggests renaming the

proposed second one dash subheading as "Other", rather than referring to "Wet process fibreboards".

15. In order to use the existing language, the Secretariat also suggests replacing the phrase "With a thickness" by "Of a thickness" in the English version. In addition, the Secretariat suggests replacing the phrase "Panneaux de fibres par procédé sec (de densité moyenne – MDF)" in the proposed first one dash subheading of the French version by "Panneaux de densité moyenne (dits "MDF")".
16. If the Sub-Committee accepts the proposal to redraft the structure of the subheadings of heading 44.11, as suggested by the **EC**, the Secretariat suggests the following wording and coding, taking into account its comments in paragraphs 13 and 14 above :

" - Medium density fibreboard (MDF) :

4411.12 -- Of a thickness not exceeding 5 mm

4411.13 -- Of a thickness exceeding 5 mm but not exceeding 9 mm

4411.14 -- Of a thickness exceeding 9 mm

- Other :

4411.92 -- Of a density exceeding 0.8 g/cm³

4411.93 -- Of a density exceeding 0.5 g/cm³ but not exceeding 0.8 g/cm³

4411.94 -- Of a density not exceeding 0.5 g/cm³".

(French version :

" - Panneaux de densité moyenne (dits "MDF") :

4411.12 -- D'une épaisseur n'excédant pas 5 mm

4411.13 -- D'une épaisseur excédant 5 mm mais n'excédant pas 9 mm

4411.14 -- D'une épaisseur excédant 9 mm

- Autres :

4411.92 -- D'une masse volumique excédant 0,8 g/cm³

4411.93 -- D'une masse volumique excédant 0,5 g/cm³ mais n'excédant pas 0,8 g/cm³

4411.94 -- D'une masse volumique n'excédant pas 0,5 g/cm³".)

Heading 44.12

17. The **EC** has proposed to simplify the structure of the subheadings by eliminating subheadings 4412.2 to 4412.29 and replacing subheadings 4412.92 and 4412.93 by a new subheading referring to "blockboard, laminboard and battenboard" (proposed new subheading 4412.95). The **EC** has, however, not provided information as to the possible trade in the products of proposed subheading 4412.95, and is invited to present this information. However, if the Sub-Committee agrees with the insertion of the new subheading, the Secretariat suggests using code 4412.94. The appropriate amendment in this respect have been made in Annex II.
18. Having said this, the **EC** has not given the reason for the deletion of the subheadings concerned. Information available in the Secretariat reveals that the volumes of trade in current subheadings 4412.23, 4412.92 and 4412.93 were below the threshold set (i.e., US \$ 50 million annual global trade), and the Secretariat suggests deleting these subheadings (see Agenda item II.2, Doc. NR0365E1 (RSC/27)). The trade volumes in the other subheadings are substantial. The **EC** may wish to clarify this point.

Heading 44.18

19. With a view to creating a separate heading for parquet panels (new heading 44.22), the EC has proposed, as a consequence, amending the text of heading 44.18. The actual text proposal is, however, somewhat awkward, since in both proposed language versions cellular wood panels and shingles and shakes might also be excluded, which is apparently not the intention of the EC. If the Sub-Committee agrees to transfer assembled parquet panels to new heading 44.22, the Secretariat suggests the following wording for heading 44.18 :

"44.18 Builders' joinery and carpentry of wood, including solid wood panels, cellular wood panels, shingles and shakes, other than goods of heading 44.22."

(French version :

"44.18 Ouvrages de menuiserie et pièces de charpente pour construction, y compris les panneaux à base de bois massif, les panneaux cellulaires et le bardeaux ("Shingles" et "Shakes"), en bois, autres que ceux du n° 44.22.")

20. With respect to proposed subheading 4418.60, the Secretariat would like to point out that neither information concerning the volume of trade nor clarification on the scope of this subheading were provided by the EC. The Secretariat assumes that glue-laminated timber (glulam), as referred to in the third paragraph of the Explanatory Note to heading 44.18, on page 820, would be covered by this new subheading if in the form of posts or beams, at least in the English version. The Secretariat has, however, some doubts whether the English and French versions cover the same commodities, since (i) the reference to "composite" in the English version does not have an equivalent term in the French, and (ii) doorposts and windowposts, and doorbeams and windowbeams (i.e., the upright and horizontal parts of door or window frames, respectively) will be covered in the English version, whereas the French equivalents ("montant" and "traverse", respectively) might not be covered by the French terms "poteaux" and "poutres". The EC may wish to provide the necessary information.

New heading 44.22.

21. The EC proposes the creation of a separate heading for parquet components, unassembled, and assembled parquet panels. With respect to the intended scope of this heading, the Secretariat would like to offer the following comments.
22. First, the proposed wording does not refer to the kind of material the components and panels should be made of. Given the fact that the EC observations refer to products currently classified in headings 44.07, 44.09 and 44.18, the Secretariat assumes that the products at issue should be made of wood. It suggests, therefore, including a reference to "of wood" (French version : "en bois") in the text of the proposed heading. The draft text in Annex II has been duly modified.
23. Second, Note 3 to Chapter 44 stipulates that "headings 44.14 to 44.21 apply to articles of the respective descriptions of particle board or similar board, fibreboard, laminated wood or densified wood as they apply to such articles of wood". If the new heading is accepted, the next question will be whether or not this Note should be amended with a view to including this heading to cover such products of particle board, etc. If the answer is in the affirmative, not only products from heading 44.09 will be transferred to new heading 44.22, but also the same products from headings 44.10, 44.11, 44.12 and 44.13. If the answer is negative, the products currently classified in heading 44.18 and made of particle board, etc.

will remain in that heading. Whatever the outcome, if a new heading 44.22 is created and current heading 44.21 will be renumbered as heading 44.23, the reference to heading 44.21 in Note 3 to Chapter 44 should be revised accordingly. The Secretariat has prepared appropriate proposed amendments in Annex II, but has placed them in square brackets, pending the outcome of the discussions.

24. Third, in its comments, the **EC** mentions “parquet components” which will be transferred from heading 44.07 to new heading 44.22. The Secretariat has some doubts as to how these articles can be identified, since it concerns wood sawn or chipped lengthwise, sliced or peeled, but not otherwise processed. The Secretariat is also not sure about the scope of the expression “unassembled parquet components”, as used in the **EC** submission. The **EC** may wish to clarify the above points.
25. With respect to the proposed French wording, the Secretariat suggests replacing the expression “panneaux assemblés de parquet” by “panneaux assemblés pour parquet”, as used in current heading 44.18. The Secretariat has placed both alternatives in square brackets in Annex II pending the outcome of the discussions.
26. Finally, the **EC** argues that the new heading would avoid classification problems which exist today. It has, however, not identified the nature of these problems, and the Secretariat is not aware of any classification problems between headings 44.09 on the one hand and 44.18 on the other hand. In recent years it has received requests from Customs administrations to provide classification advice for parquet panels made of fibreboard, tongued and grooved on the edges and the ends (“laminated flooring panels”). However, from the proposed wording, the Secretariat understands that these panels should not be transferred to this new heading (see in this respect also paragraph 23 above).
27. Having said this, the **EC** suggests a structured nomenclature which is similar to the current situation at the four digit level, i.e., unassembled strips and friezes separated from the assembled parquet panels at the one dash level. This means that, if there is any classification problem because of the current structure at four digit level, as suggested by the **EC**, the same will occur at the subheading level and the problem, if any, will not be solved by just moving it to the level of one dash subheadings. The **EC** is invited to clarify this point.
28. With respect to the proposed subheadings, the Secretariat feels that there might be an overlap between subheadings 4422.22 and 4422.23. To avoid such an overlap, the Secretariat suggests placing the term “other” in front of the proposed wording of subheading 4422.23. It has placed this suggestion in square brackets in Annex II, pending the outcome of the discussions.

III. CONCLUSION

29. The Sub-Committee is invited to examine the **EC** proposal to amend the Nomenclature to Chapter 44, as set out in Annex I to this document, taking into account the comments of the Secretariat in paragraphs 2 to 28 above. The proposed amendments and texts in square brackets are set out in Annex II to this document.

* * *

EC PROPOSED AMENDMENTS TO HS CHAPTER 44

APPENDIX 1

Note : The texts or codes which are new or those whose scope has changed with regard to the present nomenclature are underlined

44.07	Wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or end-jointed, of a thickness exceeding 6 mm :
	- Coniferous :
<u>4407.11</u>	-- Pine of the kind "Pinus sylvestris L."
<u>4407.12</u>	-- Spruce of the kind "Picea abies Karst" or silver fir (Abies alba Mill.)
<u>4407.19</u>	-- Other
	- Of tropical wood specified in subheading note 1 to this chapter :
<u>4407.21</u>	-- Mahogany (<i>Swietenia spp.</i>)
<u>4407.25</u>	-- Dark Red Meranti, Light Red Meranti and Meranti Bakau
<u>4407.26</u>	-- White Lauan, White Meranti, White Seraya, Yellow Meranti and Alan
<u>4407.27</u>	-- Sapelli
<u>4407.28</u>	-- Iroko
<u>4407.29</u>	-- Other
	- Other :
<u>4407.91</u>	-- Of oak (<i>Quercus spp.</i>)
<u>4407.92</u>	-- Of beech (<i>Fagus spp.</i>)
<u>4407.93</u>	-- Of maple
<u>4407.94</u>	-- Of cherry
<u>4407.95</u>	-- Of ash
<u>4407.99</u>	-- Other

Notes :

- Heading 4407.21 "Mahogany" (Swietenia spp.) is taken from HS heading 4407.24 which is deleted
- The codes of the residual headings do not change but their scope varies

44.09	Wood continuously shaped (tongued, grooved, rebated, chamfered, V-jointed, beaded, moulded, rounded or the like) along any of its edges, ends or faces, whether or not planed, sanded or end-jointed:
<u>4409.10</u>	- Coniferous
<u>4409.20</u>	- Non-coniferous

Notes

- Amendment of the heading text in order to delete the reference to strips and friezes for parquet flooring which are transferred to new heading 44.22
- The requested modification pertains to the removal of "(including strips and friezes for parquet flooring, not assembled)" from the heading text. The reason behind this request for removal is that EC is requesting the creation of a new and separate heading 44.22 for parquet panels and components, which would include the "strips and friezes for parquet flooring, not assembled". For more information, please refer to the EC proposal

for modification of the heading 44.18 and the proposal for a new heading 44.22 of the Harmonised System.

<u>44.10</u>	Particleboard, Oriented strand board (OSB) and similar board (for example waferboard), of wood or other ligneous materials, whether or not agglomerated with resins or other binding substances
	Of wood :
<u>4410.22</u>	-- Particleboard
<u>4410.23</u>	-- Oriented strand board (OSB)
<u>4410.29</u>	-- Other
<u>4410.80</u>	- Other

Notes

- In 1998 the worldwide production of particleboard was 56,2 million m³ and that of OSB was 17,3 million m³. It is therefore justified to invert the terms "OSB" and "particleboard".

<u>44.11</u>	Fibreboard of wood or other ligneous materials, whether or not bonded with resins or other organic substances :
	- <u>Dry process fibreboards (Medium Density Fibreboard - MDF) :</u>
<u>4411.12</u>	-- With a thickness not exceeding 5mm
<u>4411.13</u>	-- With a thickness exceeding 5mm but not exceeding 9mm
<u>4411.18</u>	-- With a thickness exceeding 9mm
	- <u>Wet process fibreboards :</u>
<u>4411.22</u>	-- Of a density exceeding 0,8 g/cm ³
<u>4411.23</u>	-- Of a density exceeding 0,5 g/cm ³ but not exceeding 0,8 g/cm ³
<u>4411.28</u>	-- Of a density not exceeding 0,5 g/cm ³

<u>44.12</u>	Plywood, veneered panels and similar laminated wood
	- Plywood consisting solely of sheets of wood, each ply not exceeding 6 mm thickness :
<u>4412.13</u>	-- With at least one outer ply of tropical wood specified in Subheading Note 1 to this chapter
<u>4412.14</u>	-- With at least one outer ply of non-coniferous wood
<u>4412.19</u>	-- Other
	- Other :
<u>4412.95</u>	-- Blockboard, laminboard and battenboard
<u>4412.99</u>	-- Other

Notes:

- The amendment of this heading would entail the deletion of six sub-headings (4412.22 – 4412.99) and the creation of a new subheading 4412.95, reducing the number of subheadings by five.

<u>44.18</u>	Builders' joinery and carpentry of wood including <u>solid wood panels other than goods of heading 44.22</u>, cellular wood panels, and shingles and shakes :
<u>4418.10</u>	- Windows, French-windows and their frames
<u>4418.20</u>	- Doors and their frames and thresholds
<u>4418.40</u>	- Shuttering for concrete constructional work

<u>4418.50</u>	- Shingles and shakes
<u>4418.60</u>	- Composite posts and beams
<u>4418.90</u>	- Other

Notes :

- "Parquet panels" have been transferred to new heading 44.22 and therefore they have been deleted from this heading.

<u>44.22</u>	Strips and friezes for parquet flooring or parquet components, unassembled and assembled parquet panels
	- Strips and friezes for parquet flooring or parquet components, unassembled :
<u>4422.11</u>	-- Coniferous
<u>4422.12</u>	-- Non-coniferous
	- Assembled parquet panels :
<u>4422.21</u>	-- Parquet panels for mosaic floors
<u>4422.22</u>	-- Multilayer parquet panels
<u>4422.29</u>	-- Other

Notes :

- This new heading regroups parquet articles and tries to avoid the present classification problems of these products.

<u>44.23</u>	Other articles of wood
<u>4423.10</u>	- Clothes hangers
<u>4423.20</u>	- Other

Note :

- Present heading 44.21 should be renumbered 44.23 given its position as residual heading of this Chapter.

APPENDIX 2

Revision of the heading 44.07

“Wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or end-jointed, of a thickness exceeding 6mm”

The **EC** justifies the request for modification of the heading 44.07 of the current Harmonized System on the following grounds :

The main advantage of the proposal lies in the fact that it will lead to a simplification of the statistical system and provide for clear information, considering that it clearly lists the main wood species traded both within the **EU** and internationally.

We consider that a statistical system should follow, as much as possible, changes in the market place and the trading of goods in order to maintain the relevance of the data.

Furthermore, trade in products under heading 44.07 has a big economic importance, as exemplified by the attached **Eurostat** data. The proposed revision will contribute to a greater transparency of market flows.

Extra-EU exports and imports of sawn timber in value (000 €)

Source : Eurostat

The following tables present an overview of the **extra-EU** exports and imports of sawn timber and are taken from the official data published by **Eurostat**, the **Statistical Office of the European Communities**.

CN Legend 1999

4407	WOOD SAWN OR CUT LENGTHWISE, SLICED OR BARKED, WHETHER OR NOT PLANED, SANDED OR FINGER-JOINTED, WITH A THICKNESS OF > 6 MM
440710	CONIFEROUS WOOD SAWN OR CUT LENGTHWISE, SLICED OR BARKED, WHETHER OR NOT PLANED, SANDED OR FINGER-JOINTED, WITH A THICKNESS OF > 6 MM
440724	VIROLA, MAHOGANY 'SWIETENIA SPP.', IMBUIA AND BALSA, SAWN OR CUT LENGTHWISE, SLICED OR BARKED, WHETHER OR NOT PLANED, SANDED OR FINGER-JOINTED, OF A THICKNESS OF > 6 MM
440725	DARK RED MERANTI, LIGHT RED MERANTI AND MERANTI BAKAU, SAWN OR CUT LENGTHWISE, SLICED OR BARKED, WHETHER OR NOT PLANED, SANDED OR FINGER-JOINTED, OF A THICKNESS OF > 6 MM
440726	WHITE LAUAN, WHITE MERANTI, WHITE SERAYA, YELLOW MERANTI AND ALAN, SAWN OR CUT LENGTHWISE, SLICED OR BARKED, WHETHER OR NOT PLANED, SANDED OR FINGER-JOINTED, OF A THICKNESS OF > 6 MM
440729	TROPICAL WOOD SPECIFIED IN SUBHEADING NOTE 1 TO THIS CHAPTER, SAWN OR CUT LENGTHWISE, SLICED OR BARKED, WHETHER OR NOT PLANED, SANDED OR FINGER-JOINTED, OF A THICKNESS OF > 6 MM (EXCL. VIROLA, MAHOGANY 'SWIETENIA SPP.', IMBUIA, BALSA, DARK RED MERANTI, LIGHT RED MERANTI, MERANTI BAKAU, WHITE LAUAN, WHITE MERANTI, WHITE SERAYA, YELLOW MERANTI AND ALAN)
440791	OAK 'QUERCUS SPP.', SAWN OR CUT LENGTHWISE, SLICED OR BARKED, WHETHER OR NOT PLANED, SANDED OR FINGER-JOINTED, WITH A

- 440792 THICKNESS OF > 6 MM
BEECH 'FAGUS SPP.', SAWN OR CUT LENGTHWISE, SLICED OR BARKED,
WHETHER OR NOT PLANED, SANDED OR FINGER-JOINTED, WITH A
THICKNESS OF > 6 MM
- 440799 WOOD, SAWN OR CUT LENGTHWISE, SLICED OR BARKED, WHETHER OR
NOT PLANED, SANDED OR FINGER-JOINTED, WITH A THICKNESS OF > 6
MM (EXCL. TROPICAL WOOD OF SUBHEADINGS 4407.21 TO 4407.23,
CONIFEROUS WOOD, OAK 'QUERCUS SPP.' AND BEECH 'FAGUS SPP.')

Extra-EU exports 1999 in value (000 €)									
	4407	440710	440724	440725	440726	440729	440791	440792	440799
AT	324.196	290.836	17	55	74	345	2.682	24.580	5.609
BE	9.024	1.273	21	548	173	804	719	2.917	2.569
DE	200.685	66.177	404	3.017	70	5.421	6.993	108.639	9.964
DK	13.476	5.537	356	59	8	1.156	1.680	3.766	914
EI	125						51		74
ES	6.152	3.020	24	102	330	732	397	1.069	478
FIN	451.749	448.467	61	2	0	720	465	169	1.865
FR	68.319	10.959	134	74	1	3.150	8.608	34.411	10.982
GB	5.237	763	44	58	357	195	1.011	282	2.527
GR	4.184	321	176	8	0	890	144	693	1.952
IT	101.305	5.995	2.101	197	92	4.861	2.104	67.140	18.815
LU	6	0	0	0	0	0	0	6	0
NL	25.453	9.753	140	584	8	1.929	331	10.344	2.364
PT	6.809	5.736	7	0	0	56	68	35	907
SE	547.192	542.937	111	15	18	583	890	994	1.644
Total EU	1.763.912	1.391.774	3.596	4.719	1.131	20.842	26.143	255.045	60.664

Exports : Destination countries
(with export value > 20 million €)

Exports 1999 to	In value (000 €)
Japan	440.437
Norway	181.992
Hong Kong	140.647
Switzerland	106.875
United States	95.380
Algeria	87.425
China	81.402
Israel	65.204
Saudi-Arabia	55.828
Morocco	43.387
Tunisia	31.936
Poland	20.766

Source : Eurostat/Comext

Extra-EU imports 1999 in value (000 €)									
	4407	440710	440724	440725	440726	440729	440791	440792	440799
AT	167.821	104.047	15	1	0	665	12.102	26.558	24.433
BE	297.609	103.625	900	51.842	1.763	54.383	43.425	2.687	38.984
DE	683.814	433.871	1.394	18.426	1.238	41.072	39.710	47.479	100.624
DK	100.670	45.674	4.457	968	188	14.356	8.851	6.615	19.561
EI	65.146	19.130	221	111	51	29.153	10.682	58	5.740
ES	431.273	130.865	4.405	135	0	125.141	108.476	6.068	56.183

FIN	53.029	21.242	688	92	0	4.076	8.724	4.783	13.424
FR	313.041	107.068	1.283	4.391	3.425	84.909	22.625	9.041	80.299
GB	703.434	497.966	12.124	19.527	249	47.288	52.005	2.225	72.050
GR	89.133	48.405	422	297	0	6.685	16.686	4.888	11.750
IT	833.265	205.201	20.795	11.509	514	116.273	68.838	137.214	272.921
LU	197	93	0	0	0	0	26	19	59
NL	397.511	148.581	2.009	96.334	1.559	85.645	20.476	1.415	41.492
PT	80.949	3.906	1.101	0	0	25.069	19.357	124	31.392
SE	77.383	16.328	661	21	7	4.039	22.806	7.764	25.757
Total EU	4.294.275	1.886.002	50.475	203.654	8.994	638.754	454.789	256.938	794.669

Imports : originating countries

(with import value > 50 million €)

Imports 1999 from	In value (000 €)
United States	717.244
Latvia	369.601
Russia	367.091
Canada	363.283
Malaysia	284.543
Brasil	206.309
Czech Republic	200.390
Ivory Coast	184.560
Cameroun	176.025
Poland	160.960
Estonia	122.088
Norway	121.299
Croatia	96.259
Lithuania	91.283
Ghana	90.117
Romania	77.163
Hungary	68.858
Slovakia	64.062
Indonesia	56.722
Bosnia	52.783
Belarus	52.752

Source : Eurostat/Comext

Revision of the heading 44.10

“Particleboard, Oriented strand board (OSB) and similar board (for example waferboard), of wood or other ligneous materials, whether or not agglomerated with resins or other binding substances”

The EC proposes to inverse the lines for particleboard and OSB in order to have particleboard rank first and OSB second.

Table 1 : Global and European production of particleboard and OSB, 1998-1999, x mio m³

	global production		European production	
	1998	1999	1998	1999
particleboard	56.2	58.6	32.2	32.9
OSB	17.3	18.8	0.8	1.0

Source : BIS, RISI, Siempelkamp, EPF

Within the current heading of 44.10, particleboard is classified under “Of wood” second indent “Other”, whereas OSB is classified under the first indent “Waferboard, including OSB”.

During 1999, global production of particleboard amounted to some 58.6 million m³, which represented an increase of 4 % over 1998, and of OSB to 18.8 million m³, or + 9 % compared to 1998. Production of particleboard is concentrated in Europe, with a share of 56 % in the overall production, followed by North America with 19 % and Asia with 12 %. OSB, on the other hand, is first and foremost produced in North America (95 %) with the remaining 5 % being produced in Europe. Although particleboard is already in the mature stage of its lifecycle, it is still enjoying new investments resulting in expanding capacities. In Europe, the overall production capacity will rise by some 3 % during the next few years. Already well known in North America before 1994, OSB has only been produced commercially in Europe since then. As it thus a relatively new wood-based panel in Europe, its capacity is expanding much more rapidly than that of particleboard (+ 57 % up to end 2001). However, as the global OSB production represents about 32 % of the global particleboard production, particleboard will remain by far the dominant wood-based panel in the near future.

This disequilibrium is also reflected in the trade figures of the European Union. During 1999, extra-EU imports of particleboard totaled 176.8 million ECU and of OSB 58.2 million ECU. Extra-EU imports of OSB thus accounted for 33% of the overall extra-EU particleboard imports.

As to exports, extra-EU exports of particleboard totaled 391.9 million ECU and of OSB 17.8 million ECU. Extra-EU exports of OSB thus accounted for 5 % of the overall extra-EU particleboard exports.

Table 2 : Extra-EU imports and exports of particleboard and OSB, 1998-1999, x mio ECU

	extra-EU imports		extra-EU exports	
	1998	1999	1998	1999
particleboard	174.9	176.8	415.9	391.9
OSB	32.4	58.2	11.3	17.8

Source : Eurostat

As extra-EU imports and exports of particleboard largely exceeded those of OSB, it is much more logical to put particleboard in the first place and OSB in the second.

In addition, it should be borne in mind that there are clear indications that particleboard is quite often registered as OSB due to the fact that this product ranks first. Consequently, the OSB volume of trade risks to be overestimated and that of particleboard to be underestimated. In order to improve the quality of the statistical data for these products, it is therefore recommended to inverse these headings.

Revision of the heading 44.11

“Fibreboard of wood or other ligneous materials, whether or not bonded with resins or other organic substances”

In the fibreboard industry, a distinction is made between :

- wet process fibreboard (hard-, medium- and softboard);
- **dry process fibreboard (Medium Density Fibreboard or MDF), defined by prEN 13986/2000 as: “wood-based panel as defined in EN 316 manufactured from lignocellulosic fibres by the “dry process”, i.e., having a fibre moisture content less than 20% at the forming stage and being essentially produced under heat and pressure with the addition of an adhesive”.**

The current HS nomenclature for fibreboards does not make any reference to this commercial distinction and subdivides all fibreboards into 4 density classes which in turn are subdivided into “not mechanically worked or surface covered” and “other”. This subdivision dates from a time when only wet process fibreboard was produced in Europe. Consequently, it is based on the different types of this board. As wet process fibreboard now is in the maturity stage of its lifecycle, production is expected to stabilise at the current level. Some 20 years ago, however, production of dry process fibreboard (or MDF) started coming on stream in Europe. Given the growth rates of 27 % during 2000, it is fair to say that this product still is in the developing stage of its lifecycle. As the MDF industry has already announced a production capacity extension of some 16 % for the near future, the production increase will certainly continue in the years 2001-2003.

Table 3 : Production of MDF and wet process fibreboards, 1998-1999, x mio m³

	global production		European production	
	1998	1999	1998	1999
Dry process fibreboard (MDF)	12.8	15.0	7.1	9.0
wet process fibreboard	7.6	7.9	1.7	1.7

Source : BIS, RISI, Siempelkamp, EPF and Feropa

To stress sufficiently the different character of dry and wet process fibreboards, it should be noted that they are represented by separate **European** industrial federations due to their substantially different production processes. In addition, the difference between wet and dry process fibreboard can easily be recognised and this distinction certainly does not necessitate a laboratory examination. Also, in the field of applications, the two boards are used in a complementary rather than a substitutive way.

In summary, although in theory it concerns two types of wood-based panels that are both made of wood fibres and therefore classified under heading 44.11, wet and dry process fibreboards are in practice two different wood-based panels, destined for different end markets. Trade statistics mixing up the two fibreboards are of no use to the industry.

On request of **EPF** (the **European** federation of MDF industry) and **FEROPA** (the **European** federation of wet-process fibreboards) a distinction between the two types of fibreboards was already introduced at the level of the **Combined Nomenclature** in 1999, which came into force on 1 January 2000.

Table 4 : **Extra-EU** imports and exports of MDF and wet process fibreboards, 1999-2000, x mio ECU

	extra-EU imports		extra-EU exports	
	1999	2000	1999	2000
fibreboards	269.6		500.6	
Dry process fibreboards (MDF)		107.8		345.6
wet process fibreboards		108.5		366.2

Source : **Eurostat**

The current subdivision of the Harmonised System for fibreboards is based on a distinction between the different densities. As described earlier, this distinction does not allow to identify MDF and wet process fibreboard separately, although two different products are concerned. Moreover, a distinction on the basis of densities is not in accordance with the actual market situation of MDF. In fact, for industry and trade a distinction of MDF according to thickness classes would be much more appropriate, since it would allow to recognise some end uses of MDF, like e.g., the booming market of laminate flooring (global production of laminate flooring rose from 55 million m² in 1995 to 370 million m² in 2000). It should be noted that in general hardly any information on end-use markets is available.

In short, it can be stated that the following end-uses are related to the requested thickness classes :

thickness	end-use
≤ 5 mm	back sides and bottoms of cupboards
5 - ≤ 9 mm	laminate flooring
> 9 mm	other

Suggestion for the creation of a heading 44.22:

"Strips and friezes for parquet flooring or parquet components, unassembled and assembled parquet panels"

The trade in parquet components and panels has grown greatly in recent years, as is clear from tables 1, 4 and 5 below. **As a result, the trade in parquet is significant enough to warrant the creation of a separate heading 44.22 in the Harmonized System, instead of being listed under heading 44.18, as is currently the case. In addition, a distinction must be made between parquet components (not-assembled) and parquet panels (assembled).**

Justification as to "parquet components" (not-assembled)

The current **Combined Nomenclature** includes two headings directly related to "parquet components". These are:

- 44 07 91 31 "Blocks, strips and friezes for parquet or wood block flooring, not assembled, of oak, thickness > 6 mm;
- 44 09 20 91 "Blocks, strips and friezes for parquet or wood block flooring, not assembled, of non-coniferous wood.

In 1999, these headings accounted for the following trade volumes (source : **Eurostat**) :

(i) Table 1 : **Extra-EU** imports and exports in value and m², 1999

	Extra-EU imports		Extra-EU exports	
	Value	M²	Value	m²
4407 91 31	19.5 mio €	1'726'356	757'000 €	325'680
4409 20 91	173 mio €	15'146'572	21 mio €	1'244'563

From these figures it is clear that the importance of 44 07 91 31 is much lower than 44 09 20 91, which may be due to the fact that there is some overlapping between the headings. Therefore, **FEP** considers that it would be more appropriate to have one specific heading for these parquet components of non-coniferous wood to be put under a separate heading 44.22.

Parallel to this, and taking into account that parquet is also produced from coniferous wood species, a mirror heading for parquet components from coniferous wood ought to be included.

Justification as to “parquet panels” (assembled)

The current **Combined Nomenclature** includes the following headings for parquet panels :

4418.30	-	Parquet panels :
4418.30.10	--	For mosaic floors
	--	Other :
4418.30.91	---	Composed of two or more layers of wood
4418.30.99	---	Other

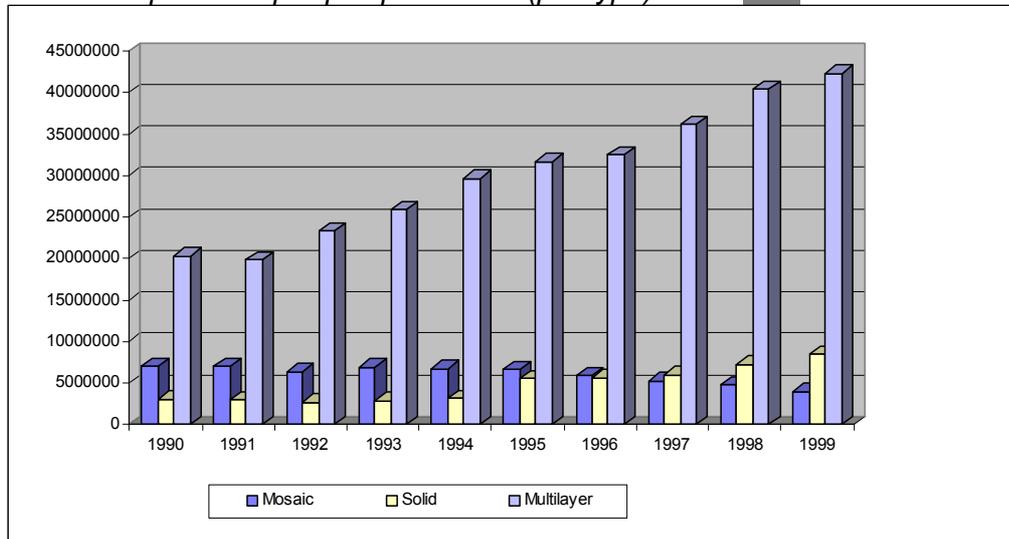
In the parquet market, however, a distinction is made between mosaic, multilayer and solid parquet. This would roughly correspond to the headings above.

For reasons of clarity and transparency, therefore, a rewording of the present headings would be appropriate and more in line with the actual situation in the market.

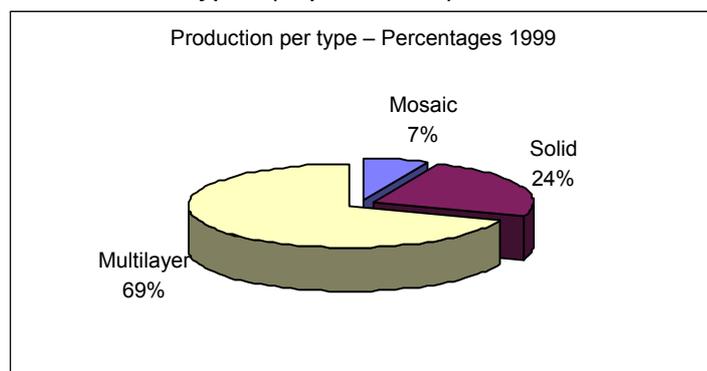
In the **FEP** (**European** Parquet Federation) countries, total parquet production in 1999 amounted to nearly 61 million m². Over the past 10 years a strong increase in multilayer parquet was experienced, next to increasing volumes of solid but decreasing volumes of mosaic.

This again shows the importance of clearly specifying the types of parquet in the HS.

*Graph 1 : Development of parquet production (per type) in the **FEP** countries*



Graph 2 : Relative shares of the types (in production)



Next to production, there are important trade volumes in the **extra-EU** trade of these parquet panels :

Table 2 : **Extra-EU** imports and exports x 1,000 EUR, 1995-1999

	1995	1996	1997	1998	1999	Mosaic	Multi-layer	Other
					441830	44183010	44183091	44183099
Extra EU imports	191.446	178.534	196.704	214.596	257.238	23.674	122.564	111.000
Extra EU exports	109.820	134.676	213.336	218.752	221.065	7.081	126.686	87.298

Table 3 : **Extra-EU** imports and exports x m², 1995-1999

	1996	1997	1998	1999	Mosaic	Multilayer	Other
				441830	44183010	44183091	44183099
Extra EU imports	14.809.945	14.080.556	17.284.659	18.726.869	3.288.204	7.504.957	7.933.708
Extra EU exports	7.088.334	12.181.102	11.989.517	12.692.462	623.979	6.058.687	6.009.796

* * *