



HARMONIZED SYSTEM
REVIEW SUB-COMMITTEE

NR0244E1

-
25th Session
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O. Eng.

Brussels, 28 January 2002.

POSSIBLE AMENDMENTS TO THE TEXT OF HEADING 08.02 TO
PROVIDE FOR MACADAMIA NUTS
(PROPOSAL BY THE AUSTRALIAN ADMINISTRATION)
(Item III.B.7 on Agenda)

I. INTRODUCTION

1. The Secretariat received, on 19 December 2001, a proposal with regard to the possible amendments to the text of heading 08.02 to provide for macadamia nuts from the Australian Administration. The proposal is reproduced below.

II. NOTE FROM THE AUSTRALIAN ADMINISTRATION

2. "As part of the Harmonized System (HS) Third Review, the Australian Customs Service requests that consideration be given to specifying macadamia nuts in their own right within the structure of the HS Nomenclature.
3. Australia currently classifies macadamia nuts within subheading 0802.90 of the HS Nomenclature as it considers the goods fall within the description "Other Nuts ..." of heading 08.02, and there is no specific subheading.
4. Until just recently, the absence of a specific subheading for this product was seen as justifiable, as the industry had relatively modest import and export volumes. However, the Australian Macadamia Society, which is the Australian macadamia nut peak body, has indicated that this position has changed substantially, with export figures from Australia alone being in the vicinity of US\$ 41.5 millions.

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5. The Society has also indicated that the South Africa and the US (Hawaii) are other significant export contributors, and there are other emerging producers such as Kenya and Costa Rica.
6. They have further advised that the major importers of the Australian product are the US, Japan, the EC countries, Hong Kong and China.
7. Should the Review Sub-Committee agree with Australia's proposal, and if there be no other amendments to the structure of heading 08.02, it would seem appropriate to allocate new subheading 0802.60 for macadamia nuts".

III. SECRETARIAT COMMENTS

8. Based on the information provided by Australia with regard to the trade in macadamia nuts, the Secretariat can agree to insert a separate subheading for such nuts (fresh or dried, whether or not shelled or peeled) in heading 08.02. The Secretariat can also agree to allocate subheading 0802.60 to these nuts.
9. For the Sub-Committee's information, the Secretariat has collected some facts from technical literature and the Internet with regard to macadamia nuts. This information can be summarized as follows :

MACADAMIAError! Bookmark not defined. (*Macadamia spp.*)

Common Names : Macadamia, Australian nut, Queensland Nut.

Species : "Smooth-shelled Macadamia" (*Macadamia integrifolia* Maiden & Betche), "Rough-shelled Macadamia" (*M. tetraphylla* L. Johnson). Hybrid forms exist between the two species.

Fruit : The fruits have a dark green husk and are about 30 - 50 mm in diameter, and inside these is a spherical nut 15 - 35 mm in diameter that has a very hard brown shell. As the common name indicates, this seed coat is smooth in the case of *M. integrifolia*. It holds a creamy white kernel containing up to 80% oil and 4% sugar. When roasted it develops a uniform colour and texture. The oil content ranges from 65 % to 75 % and sugar content ranges from 6 % to 8 %.

Uses : The kernel is the main product from the macadamia nut tree. After harvesting, the husks covering the nuts are removed. The nuts are fried, the shells are cracked, and the kernels are removed to be oil-roasted or dry-roasted. Kernels are commonly sold as snack nuts and chocolate-covered candy. Ice cream manufacturers and the baking industry also use macadamia kernels as an ingredient. The shell and husk also have uses. Shells can be used as a mulch, fuel for processing macadamia nuts, planting medium for anthurium culture, plastic manufacture and as a substitute for sand in the sandblasting process. Husks are used as mulch or composted for fertilizer.

Oil can be extracted from culled nuts. The cosmetic industry, especially in Japan, uses the oil in soaps, sunscreens and shampoos. The remaining press cake might be used for animal feed.

Production : Hawaii is the major producer, accounting for over 73 % of total production, followed by Australia (22 %). Other producers include South Africa, Guatemala, Kenya, Costa Rica, Malawi, Brazil, Mexico, New Zealand and China.

IV. CONCLUSION

10. The Sub-Committee is invited to examine the proposal of the Australian Administration taking into account the comments made by the Secretariat in paragraphs 8 and 9 above.
