World Customs Organization
Organisation mondiale des douanes

HARMONIZED SYSTEM
Fact Sheet

UNDERSTANDING THE HARMONIZED SYSTEM

The language of international trade

Used by more than 200 economies and Customs or Economic Unions

Enables governments to apply border treatments of goods (taxation, restrictions, prohibitions, facilitation measures, etc..) at HS grouping levels, simplifying application and the ability of trade to understand and comply

Assigns a class to all physical goods moving across borders

Provides accurate data on what is being traded internationally

Managed by the 163 Contracting Parties to the HS Convention

Serves as the basis for trade negotiations

WHAT IS THE HARMONIZED SYSTEM?

The Harmonized Commodity Description and Coding System (popularly known as the Harmonized System or the HS) was designed and developed as a "core" system so that countries adopting it could make further subdivisions beyond six-digit HS codes according to their particular needs. Customs tariffs and statistical nomenclatures for the import and export of goods are based on this instrument.

Today more than 200 economies and Customs or Economic Unions use the HS.

CLASSIFYING A COMMODITY INTO A GROUP AND GIVING IT NUMBERS AS NAMES

The HS is a structured nomenclature which enables all physical goods moving across borders to be assigned to a class in a uniform manner all over the world. It is a taxonomic system comprising a series of 4-digit headings for general classes of goods, most of which are further subdivided into 5- and 6-digit subheadings for more specific classes of goods.

HEADINGS 08.08 AND 08.13 IN THE HS 2022

08.08	Apples, pears and quinces, fresh
0808.10	Apples
0808.30	Pears
0808.40	Quinces
08.13	Fruit, dried, other than that of headings 08.01 to 08.06; mixtures of nuts or dried fruits of this Chapter
0813.10	Apricots
0813.20	Prunes
0813.30	Apples
0813.40	Other fruit
0813.50	Mixtures of nuts or dried fruits of this Chapter

PROVIDING ACCURATE DATA ON WHAT IS BEING TRADED INTERNATIONALLY

Putting individual goods into classes enables governments to collect trade data. For trade beyond the imports/exports of one Customs union or one country, the comparison of data relies on classification at the six-digit level, i.e., at the level provided by the HS.

ALLOWING FOR DIFFERENTIAL TREATMENT AT BORDER

The HS provides a common framework that allows governments to apply border measures consistently and helps businesses understand how their goods will be treated at the border.

It is particularly used for:

- revenue collection – the assigning of different levels of duties and/or indirect taxes reflecting the priorities;
- the application of non-revenue measures - e.g. certification requirements or facilitation requirements for highly perishable product groups;
- restrictions – putting controls or requirements on goods;
- trade remedies and protective measures – the application of anti-dumping or countervailing duties, quotas, etc.;
- trade agreements and preferential treatment;
- trade sanctions;
- origin determination - applying rules of origin by reference to HS product categories and, where relevant, through a change in tariff classification.

A LIVING LANGUAGE

The HS is reviewed every five-years usually. If a Contracting Party identifies changes that it believes are needed, or has accepted a proposal from a national industry representative seeking changes, then the government concerned sends a proposal to the WCO Secretariat for presentation to the Harmonized System Committee (HSC) and its Review Sub-Committee (RSC). This can also happen via an intergovernmental organization.

EVOLVING WITH TRADE

Treating goods as individual items and given common names worked when there were only a relatively few, simply defined commodities and their only use was national revenue collection. But the system became unsustainable in the 19th century and some governments started switching their alphabetical list of goods to a nomenclature based on systematic classification.

The problem was that they all had their own system, and trade operators had to adapt to each separately. This also complicated the work of statisticians at a time when the demand for detailed information on trade, including on international trade patterns, had grown.

The idea of developing an international nomenclature was discussed as early as 1889, which today has grown to become the HS.