

1988-2018

# THE HARMONIZED SYSTEM

A universal language  
for international trade

30 Years On



WORLD CUSTOMS ORGANIZATION

# PREFACE



On this occasion of the Harmonized System's 30<sup>th</sup> Anniversary, the "Harmonized System Compendium – 30 Years On" has been published, an updated and expanded version of the existing "Customs Compendium" to meet the needs of a new generation of Customs.

The original "Customs Compendium" series was published in 2006. It was created to address topics arising directly out of issues, questions and concerns raised by the Director Generals of Customs. The intention of those reference documents was not only to provide information and food for thought for Customs administrations, but also for their partners and the general public.

The WCO's 183 Member administrations together process 98% of international trade and have incomparable technical expertise and knowledge of Customs matters related to the classification of goods. The Harmonized Commodity Description and Coding System (HS) contributes to the harmonization of Customs and trade procedures, and non-documentary trade data interchange.

The objective of this publication is to provide a comprehensive description of the essential instrument which is the Harmonized System, encompassing its inception, how it works, its amendment and updating processes, and its application. This new volume is a highly topical addition to the collection, as the latest edition of the Harmonized System entered into force on 1 January 2017.

Against that background, this publication constitutes a useful work of reference and the WCO hopes that you will find it of interest.

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# INTRODUCTION

With over US\$ 15 trillion worth of goods moving around the world, how do you know what is crossing your border?

This is the issue that the Harmonized Commodity Description and Coding System (popularly known as the Harmonized System or the HS) is designed to address. It is a nomenclature which enables all physical goods moving across borders to be assigned to a class in a uniform manner all over the world.

Thanks to its versatile structure and multipurpose nature, the HS is a true “language of international trade”. It is used, as of December 2018, as the basis for Customs tariffs and for the compilation of international trade statistics, by more than 200 economies and Customs or Economic Unions (of which 157 are Contracting Parties to the HS Convention).

The HS is one of the most successful instruments developed by the World Customs Organization (WCO) because it addresses a fundamental need of governments: the ability to categorize what is being traded. This enables both decisions on immediate actions for specific goods (for example duty collections, restrictions or controls) and the use of the collated information to underpin economic and trade related policies and planning.

Governments and businesses alike use the HS's identification and coding of merchandise to facilitate international trade and regulation. The HS is, therefore, an important instrument not only for the WCO but also for all institutions, public or private, involved in world trade.

While the HS has many uses, its first and fundamental purpose is the categorisation of goods so that governments can assign and collect import duties and taxes. The WCO has 183 Members (as of December 2018), approximately three quarters of which could be characterized as developing or in transition to a market economy. A large percentage of these Members depend to an important extent on Customs duties for their national revenues.

However, the HS is more than just a tool for creating tariffs for duty collection. It is used within many other areas of government regulation and business practices, for example, rules of origin, monitoring of controlled goods, internal taxes, freight tariffs, quota controls and statistical reporting. The statistical data it provides is developed into national and international trade information that informs trade policy, economic research and analysis, and corporate decisions.

Goods need to be properly classified to enable correct revenue collection. In addition, accurate classification is required to ensure that the use of the HS in regulating trade and in providing the data for trade statistics and policy is not compromised. The more accurate the application of the HS, the more it serves the needs of its users.

This serves to emphasize the importance of proper application of the HS for day-to-day Customs work, policy development and trade.

# HISTORY

“Wool dyed purple. For each fleece imported or exported, three denarii”

“Per camel load of olive oil comprising of four goatskin bags, ten denarii at importation and exportation”

*From the tariff of ancient Palmyra from the year 137 AD*

“Imported commodities shall pay 1/5<sup>th</sup> of their value as toll.”

“Of cloths (vastra), quadrupeds, bipeds, threads, cotton, scents, medicines, wood, bamboo, fibres (valkala), skins, and clay-pots; of grains, oils, sugar (ks-hdra), salt, liquor (madya) cooked rice and the like, he shall receive 1/20<sup>th</sup> or 1/25<sup>th</sup> as toll.”

*From “Arthashastra”, ancient Indian text, credited to Kautilya (4<sup>th</sup> century BC)*

Tariffs have probably been in existence for as long as governments. However early tariffs were simple lists of goods and the amount payable, usually by consignment, quantity or as a percentage of value.

Such lists worked well when there were only a relatively few, simply defined commodities and their only use was revenue collection. However, over the last century and a half, the range and complexity of goods traded has grown well beyond what could have been imagined by previous Customs administrations. At the same time, the demand for detailed information on trade, including on international trade patterns, has grown with that expansion.

This need for information makes it unsurprising that the convergence between statistical and tariff nomenclatures has increased over time and that the first attempts at an international tariff nomenclature arose from statisticians.

During the nine International Statistical Congresses that were held between 1853 and 1876, the idea was elaborated that an international tariff was a necessary prerequisite to any attempt at an international statistical

nomenclature. This was also favoured by business. At the International Commercial Congress in Paris in 1889 the question was put: “Would it not be in the interest of all nations to adopt in their Customs tariffs and in their official statistics comparable classifications and uniform vocabularies?”

Although the extreme difficulty of constructing a uniform vocabulary for goods was recognised, the idea was firmly implanted and there were successive attempts on national and international levels to advance this aim.

In 1931, the League of Nations’ “Sub-Committee of Experts for the Unification of Customs Tariff Nomenclature” completed its “Draft Customs Nomenclature”, commonly referred to as the Geneva Nomenclature, and the document was opened for comments from governments of member states. The Geneva Nomenclature had 941 four-digit headings, organised into 86 Chapters grouped into 21 Sections. The comments were incorporated and a revised version was issued in 1937. Unfortunately, the outbreak of the Second World War prematurely halted work on the widespread adoption of the Nomenclature.

## BRUSSELS CONVENTION ON NOMENCLATURE FOR THE CLASSIFICATION OF GOODS IN CUSTOMS TARIFFS

The drive for economic reconstruction and the desire for greater freedom of trade following the Second World War renewed the emphasis on Customs tariffs, and the need for an internationally recognized common nomenclature once again became a priority.

It was natural that the work done from 1948 onwards by the European Customs Union Study Group with a view to preparing a common Customs tariff for use by all participating countries should be based on the Geneva Nomenclature. It was the only standard framework of its kind available at that time. Nevertheless, considerable amendments were made to the Geneva text, partly to reflect technical progress and partly because of shortcomings revealed by the experience of countries that had already adopted Geneva-type tariffs.

In 1949, a preliminary draft containing headings and subheadings that had been produced was issued. The Study Group decided that the immediate need for a common nomenclature must be satisfied. Irrespective of the progress which might be made on the European Customs Union project, the very valuable results already attained in the field of nomenclature should be turned to advantage. It was accordingly decided that the headings of the preliminary draft Nomenclature (other than the subheadings, which were left to the initiative of individual countries), should be established by a Convention.

It was this 1949 draft, which, rearranged, abridged and simplified, became, on 15 December 1950, the Brussels Convention on Nomenclature for the Classification of Goods in Customs Tariffs. This Convention was opened for signature at the same time as the Convention establishing a Customs Co-operation Council and the Convention on the Valuation of Goods for Customs Purposes. It came into force on 11 September 1959, following the adoption, on 1 July 1955, of a Protocol of Amendment establishing a revised version of the Nomenclature.

This Nomenclature was initially known as the "Brussels (Tariff) Nomenclature" (BTN), but in 1974 it was renamed the "Customs Co-operation Council Nomenclature" (CCCN), to avoid any confusion as to the international organisation responsible.

The CCCN took the form of a systematic list of goods. It comprised 1,241 headings (1,011 headings until 1987) divided among 96 Chapters (99 Chapters until 1987), themselves arranged in 21 Sections. Each heading was identified by two groups of two digits each: the first group represented the Chapter in which the heading appeared, while the second indicated its position in that Chapter.

The Nomenclature Convention made special provision for the administration of the new instrument (the Nomenclature Committee), and laid down a procedure for its periodic updating. The CCCN was updated on 1 January 1965 (first three Recommendations), 1 January 1972, 1 January 1978 and 1 January 1988.

There is no doubt that these measures, which represented a significant advance over the Geneva Nomenclature, were instrumental in the success of the new Convention.

Until 1987, fifty-two countries were Contracting Parties to the Nomenclature Convention. In actual fact over 150 countries and territories used the CCC Nomenclature as a basis for their Customs tariffs.

The CCC Nomenclature was supported by:

- Explanatory Notes which, although not part of the 1950 Nomenclature Convention, constituted the official interpretation of the Nomenclature as approved by the Customs Co-operation Council;
- An Alphabetical Index listing all the goods referred to or described in the Nomenclature and the Explanatory Notes;
- A Compendium of Classification Opinions listing all the Classification Opinions adopted by the CCC as a result of the study of classification questions which had been brought to its attention.

**Figure 1.**

Brussels Tariff  
Nomenclature (BTN)  
adopted in 1955

<p>84.34 Machines à fondre et à composer les caractères; machines, appareils et matériel de clicherie, de stéréotypie et similaires; caractères d'imprimerie, clichés, planches, cylindres et autres organes imprimants; pierres lithographiques, planches et cylindres préparés pour les arts graphiques (planés, grenés, polis, etc.).</p>	<p>84.34 Machinery, apparatus and accessories for type-founding or type-setting; machinery, other than the machine-tools of heading No. 84.45, 84.46 or 84.47, for preparing or working printing blocks, plates or cylinders; printing type, impressed flongs and matrices, printing blocks, plates and cylinders; blocks, plates, cylinders and lithographic stones, prepared for printing purposes (for example, planed, grained or polished).</p>
<p>84.35 Machines et appareils pour l'imprimerie et les arts graphiques, marqueurs, plieuses et autres appareils auxiliaires d'imprimerie.</p>	<p>84.35 Other printing machinery; machines for uses ancillary to printing.</p>
<p>84.36 Machines et appareils pour le filage (extrusion) des matières textiles synthétiques et artificielles; machines et appareils pour la préparation des matières textiles; machines et métiers pour la filature et le retordage; machines à bobiner (y compris les canetières), mouliner et dévider.</p>	<p>84.36 Machines for extruding man-made textiles; machines of a kind used for processing natural or man-made textile fibres; textile spinning and twisting machines; textile doubling, throwing and reeling (including weft-winding) machines.</p>

## INTERNATIONAL CONVENTION ON THE HARMONIZED COMMODITY DESCRIPTION AND CODING SYSTEM

In the late 1960's there was a growing awareness of the need to further rationalize and harmonize trade documentation data and, in particular, to harmonize the designation and coding of countries, units of quantity, modes of transport, transport handling requirements and, not least, commodities. Many studies had shown the immense costs involved for the public and private sectors in maintaining different product classification systems in different countries. Indeed, it had been found that a commodity could be designated up to 17 times in the course of a single international transaction.

The development of automatic data transmission techniques did, it is true, offer a solution to this problem, but only if an internationally recognized code was available for identifying the goods. While it was recognized that the problem could not be entirely eliminated, further harmonizing commodity classification would alleviate the problem.

The focal point for these studies was the Economic Commission for Europe, via its Working Party on Facilitation of International Trade Procedures and a Group of Experts on data requirements and documentation.

Early in 1970, representatives of the Customs Co-operation Council discussed these developments with other international organizations and, at a meeting of the Economic Commission for Europe, it was agreed that the Council was the organization best suited to sponsor a study of the problems related to commodity description and coding. The Council set up a Study Group to examine the possibility of preparing a Harmonized Commodity Description and Coding System capable of meeting the principal requirements of Customs authorities, statisticians, carriers and producers. In addition to the CCCN, the Study Group examined the "Standard International Trade Classification" (SITC) as a classification tool. The SITC was intended to be used by governments for their external trade statistics.

In its final Report, approved by the Council in May 1973, the Study Group concluded that:

- a) the development of a Harmonized Commodity Description and Coding System was not only feasible but essential in the longer-term interests of the facilitation of international trade;

- b) the System should be developed from the CCCN and SITC (revised). However, the work done to date demonstrated a need for some changes in these two instruments, to bring them into step with current trade conditions; in addition, it would be advisable to modify some parts of the CCCN to facilitate establishment of the Harmonized Commodity Description and Coding System; of course, after the System had been developed, steps would have to be taken to ensure that it be revised as necessary;
- c) the CCCN would constitute the core of the Harmonized System. It should continue to be maintained under the provisions of the current Convention, as a separate 4-digit entity;
- d) during the development of the System, account should be taken of existing nomenclatures and commodity description systems which were primarily representative of Customs, statistical and transport requirements;
- e) the System should be developed under the auspices of the Customs Co-operation Council, but an international/ interorganizational body should be maintained in existence throughout the development period to ensure that the needs of all interests involved were fully taken into account and to plan the implementation of the Harmonized System.

When the Council approved the Study Group's Report, it also set up a Harmonized System Committee to prepare the Harmonized System, in accordance with the guidelines laid down by the Study Group, and to draft the text of the instrument under which it would be implemented. In addition, it set up a special unit in the Council's Secretariat, known as the Technical Team, to serve the new Committee and to draft initial proposals for the Harmonized System. The Deputy Secretary General (and later an Assistant Secretary General) of the Council was put in charge of the Technical Team and became the Chairman of the Harmonized System Committee. The Nomenclature Directorate of the Council's Secretariat gave its full support to the Technical Team.

As the principal objective of the Harmonized System was to meet the needs of all those concerned with world trade (Customs, international trade statistics, transport), it was important that the Harmonized System Committee set up by the Council to prepare

the System should be representative of all the interests involved. Consequently, in addition to delegates from the Customs administrations of various Council Member States, the Committee included representatives of a number of national or international organizations. In carrying out the technical work involved, the Committee was assisted by a Working Party, made up of members of the Committee itself together with representatives of other countries (some of them not Members of the Council) and of other organizations.

The interest and support for this proposal resulted in almost 60 countries and more than 20 international and national organizations taking part in the activities of the Harmonized System Committee and its Working Party (with their proposals, comments on proposals or participation in the decision making procedure). Representatives of national administrations using tariffs not based on the CCCN, together with the United Nations Statistical Office, the United Nations Conference on Trade and Development (UNCTAD), the General Agreement on Tariffs and Trade (GATT), the International Organization for Standardization (ISO), the International Chamber of Commerce (ICC), the International Chamber of Shipping (ICS), the International Air Transport Association (IATA) and the International Union of Railways (UIC) took part in the development.

In accordance with the general principles established by the Study Group, the Harmonized System not only had to be developed from the CCCN and SITC, Rev.2 (which was correlated to the CCCN), but also took account of a wide range of other classification systems. These included tariff or statistical nomenclatures, some of which were based on the CCCN (Customs Tariff of Japan, Tariff Nomenclature for the Latin American Free Trade Association (NABALALC), Nomenclature of Goods for the External Trade Statistics of the (European) Community and Statistics of Trade between Member States (NIMEXE)), whilst others had been developed independently (Customs Tariff of Canada, Customs Tariff of the United States, "Import Commodity Classification" and "Export Commodity Classification" (Canada), "Schedule B (Export)" (United States)). They also considered transport nomenclatures such as the International Union of Railways' Standard Commodity Nomenclature (NUM), the International Air Transport Association's "Worldwide Air Cargo Commodity Classification" (WACCC), the Freight Tariff of the Association of West India Trans-Atlantic Steamship Lines (WIFT) and the "Standard Transportation Commodity Code" (STCC).

The revision and amendment of the CCCN itself being within the specific competence of the Nomenclature Committee, established by the Nomenclature Convention of 1950, the new texts relating to heading level resulted from the final agreement between both the Harmonized System Committee and the Nomenclature Committee. Both Committees worked in harmony. This enabled the Harmonized System Committee to make use of the Nomenclature Committee's subordinate bodies, notably the Chemists' Committee, which provided useful advice.

The separate identification in the Harmonized System of goods or groups of goods was, as a general rule, approved only if there was agreement amongst participants that the goods or groups of goods concerned gave rise to significant international trade.

By adopting a strictly disciplined approach to the task, the Harmonized System Committee was able to complete preparatory work on the entire System by the beginning of 1981. Only then did the true nature of the System begin to reveal itself with its full importance and implications. While in some respects it might be regarded, as has been pointed out, as an offshoot of the present CCCN and of the SITC, Rev.2, it was in fact a new-generation, multipurpose, 6-digit nomenclature for transportable goods. As such, in due time it would replace the CCCN internationally, and the necessary provisions had to be made, namely, the drafting of an International Convention for the Harmonized System and the undertaking of complementary measures in related fields.

In May 1983, the Harmonized System Committee and its Working Party held their 31<sup>st</sup> and last Session. During the third week the session was held jointly with the Nomenclature Committee in order to finalize on agreed terms all remaining technical issues of legal standing common to both Committees.

The exploratory studies and preparatory work carried out under the auspices of the Council resulted, some 13 years after commencement, in the completion of the "Harmonized Commodity Description and Coding System", and the establishment of a new international Convention for its implementation.

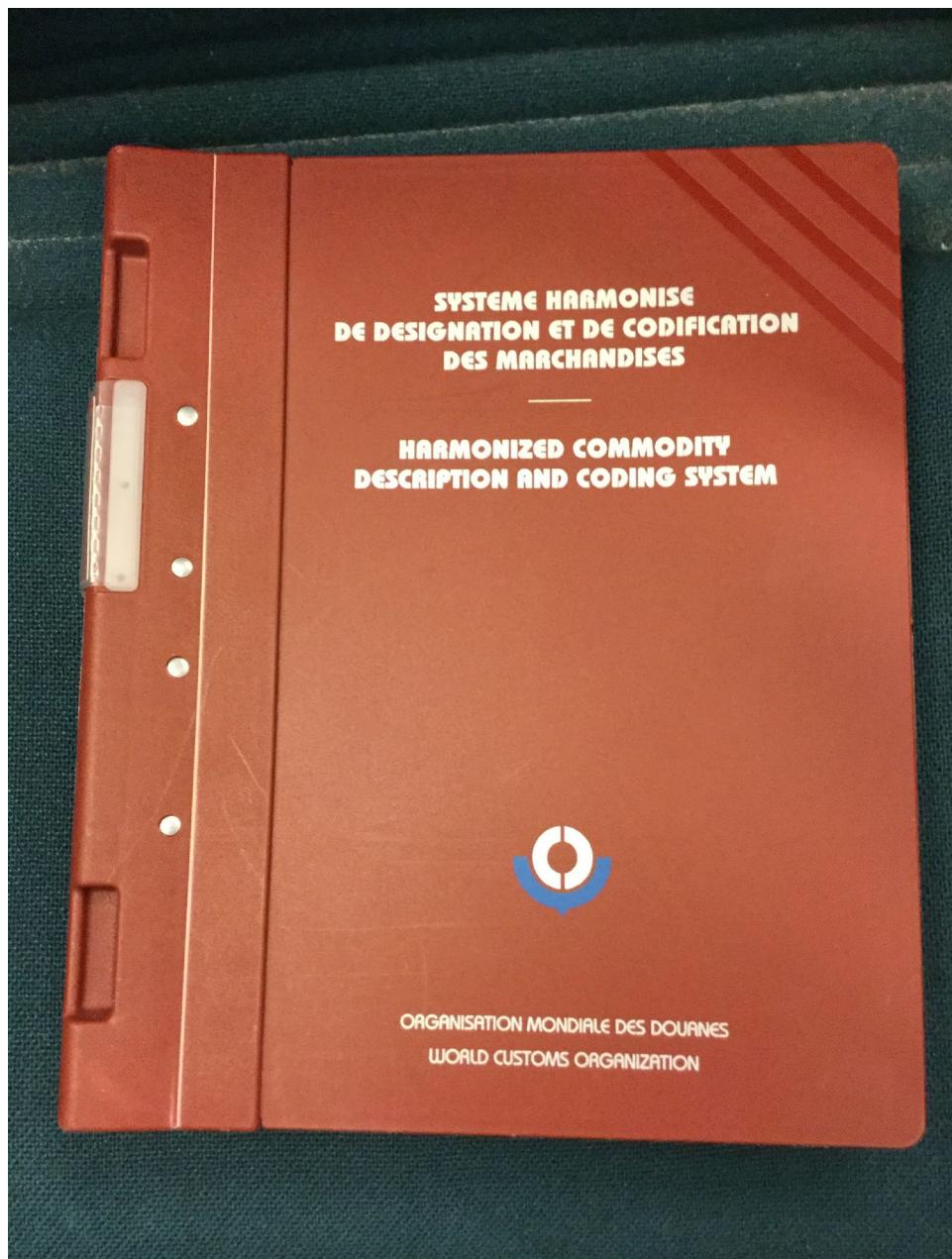
In June 1983, during its 61<sup>st</sup>/62<sup>nd</sup> Sessions held in Brussels, the Customs Co-operation Council approved the Harmonized System Committee's draft International Convention on the Harmonized Commodity Description and Coding System and opened it for signature. It also approved the remaining proposals of the Committee.

The original intention of the Council was to implement the Harmonized System Convention on 1 January 1987, and Article 13 was drafted accordingly. However, delays in administrative measures and in GATT Article XXVIII negotiations, necessitated by the transposition of national tariffs to the format of the Harmonized System, forced the Council to abandon the January 1987 date, and a new target date for implementation was fixed for 1 January 1988.

The Harmonized System Convention, as amended, entered into force on 1 January 1988.

**Figure 2.**

The first edition  
of the HS



**Figure 3.**

CCC News Flash  
of October 1987



THE CUSTOMS CO-OPERATION COUNCIL - Rue de l'Industrie 26-38, B-1040 Brussels OCTOBER 1987

## NEWSFLASH : HARMONIZED SYSTEM TO KICK OFF IN JANUARY '88

### LAST MINUTE RATIFICATIONS BEAT SEPTEMBER DEADLINE

After more than 15 years of blood, sweat, toil and tears, the dream that was the Harmonized Commodity Description and Coding System has become a reality. When the last of the thousands of documents had been prepared, when the hundreds of meeting days had finally ended, when the months of GATT negotiations had led to a protocol of agreement, one question still remained - when would the Harmonized System be implemented? That question has now been answered.

On 22 September 1987, at a special ceremony held at the Council headquarters, 15 new Contracting Parties joined the existing 13 Contracting Parties to put the HS Convention "over the top", thus enabling the Convention to enter into force on 1 January 1988. These additional Contracting Parties were vitally important, for under the terms of the HS Convention, 17 Contracting Parties were required by 30 September 1987 for the Convention to enter into force on 1 January 1988. Otherwise, implementation would have been delayed for another full year, until January 1989.

At the "over-the-top" ceremony, the EEC [the following 14 Members of the Council became Contracting Parties: Australia, Austria, Bangladesh, Belgium, Denmark, Finland, France, Germany (Fed. Rep. of), the Netherlands, New Zealand, Pakistan, Sweden, Switzerland and the United Kingdom. They joined the following 13 Members who were already Contracting Parties: Botswana, Czechoslovakia, India, Israel, Japan, Jordan, Lesotho, Mauritius, Norway, Swaziland, Yugoslavia, Zambia and Zimbabwe.

This means that these 27 countries and the EEC have agreed to adopt new import tariffs and statistical nomenclatures for imports and exports based on the HS format. In the meantime, Spain has also joined this group.

Of course, many other countries are preparing to move ahead with their own plans for HS implementation. Virtually every country which now uses a CCCN-based tariff has had to develop a national plan for converting to the HS at some time in the near future. Many of these countries are already at the stage where they will be able to implement the HS in 1988.

It should be remembered that there are also 24 countries which have signed the HS Convention, but are not yet Contracting Parties. So it is likely that the number of Contracting Parties will grow quickly during the coming months.

As for Canada and the United States, both are making every effort to become Contracting Parties by the end of this year. The Canadian Administration is expecting action on the HS by its Parliament in October, while the US Administration is hoping for Congressional approval of the HS sometime in November.

The Contracting Parties to date already account for approximately 50 percent of world trade and it is expected that 80 to 90 percent of world trade will be reported in HS terms by the end of next year.

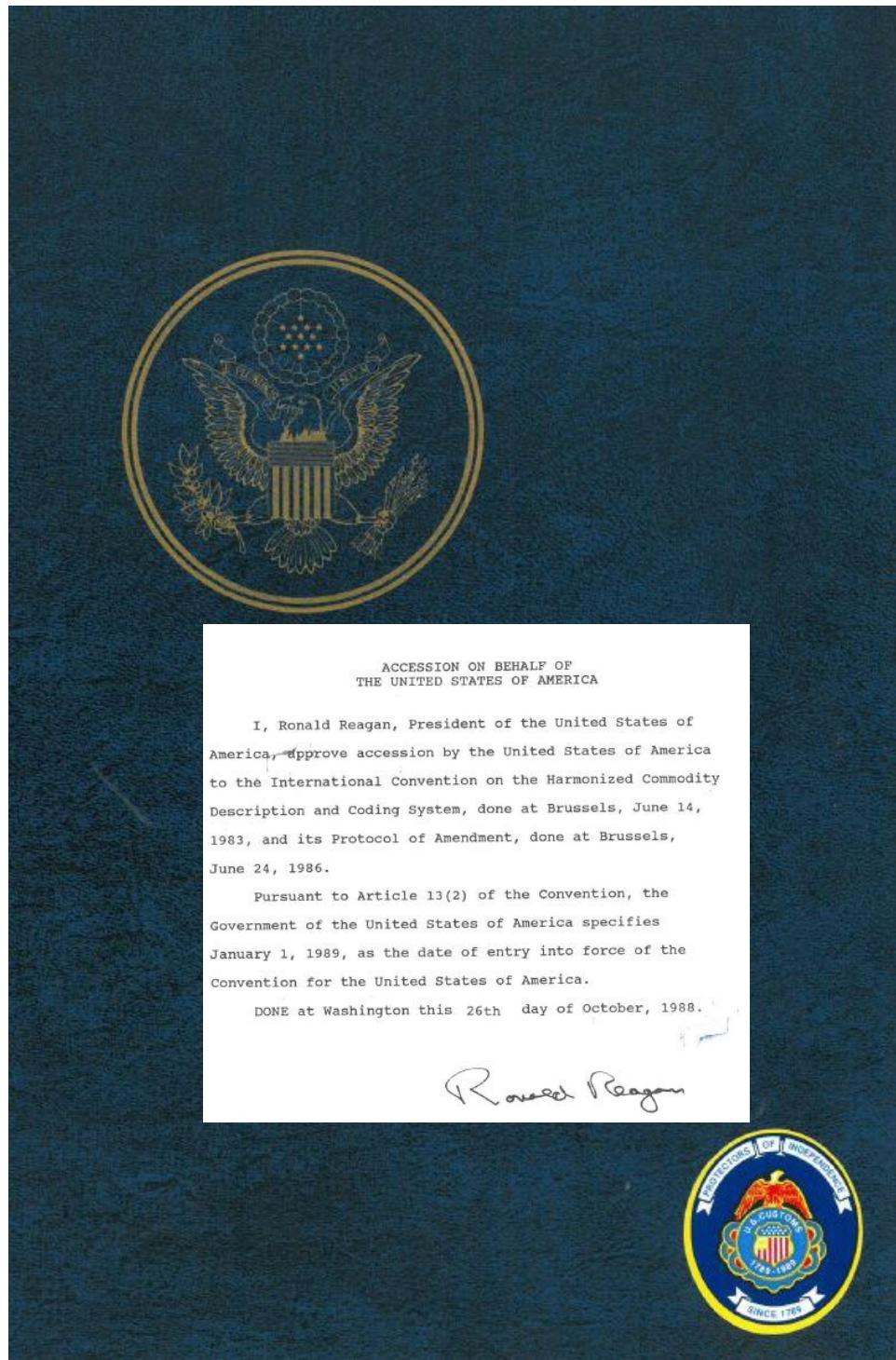
The Council Secretariat is continuing its efforts to encourage as many developing countries as possible to join the HS in 1988. To this end the Secretariat is actively providing support and technical assistance during this period of transition, primarily by offering training courses on the HS and by assisting with HS tariff transpositions, both in Brussels and "on the spot" in host countries.



Mr. E.R. Vilar, Director General of the EEC Customs Union (left), joins Mr. Asakura, Mr. Dickerson and Mr. Augé in fielding questions at the press conference following the ceremony.

**Figure 4.**

Instrument of Accession  
to the HS Convention  
of the United States  
signed by Ronald  
Reagan on 26 October  
1988.



# THE INTERNATIONAL CONVENTION ON THE HARMONIZED COMMODITY DESCRIPTION AND CODING SYSTEM

The Harmonized System Convention entered into force on 1 January 1988. The objectives of the HS Convention are, by harmonizing the description, classification and coding of goods in international trade, to facilitate international trade and the collection, comparison and analysis of statistics. In addition, it is intended to reduce the expense of trade and facilitate the standardization of trade documentation and transmission of data.

The HS Convention comprises a Preamble, 20 Articles and an Annex. The Preamble sets out why the international community supported the adoption of the HS. The 20 Articles include provisions for obligations of Contracting Parties, role of the Council and the Harmonized System Committee, settlement of disputes between Contracting Parties, and the amendment procedure. And the Annex is the Nomenclature for the actual classification of commodities.

Contracting Parties are obliged to ensure that their Customs tariffs and statistical nomenclatures for both imports and exports are in conformity with the Harmonized System. They should also make publicly available their import and export trade statistics in conformity with the six-digit codes of the Harmonized System, or on their initiative, beyond that level.

After its implementation, the use of the HS quickly spread and there are now more than 200 economies and Customs or Economic Unions currently using the System as a basis for their national Customs tariffs. However, its use is not confined to Customs tariffs. It is also used for many other purposes. Among the most important uses of the HS are the following:

- As a basis for Customs tariffs;
- As a basis for the collection of international trade statistics;
- As a basis for rules of origin;
- For the collection of internal taxes;
- As a basis for trade negotiations (e.g., the WTO schedules of tariff concessions, Free Trade Agreements);
- For transport tariffs and statistics;
- For the monitoring of controlled goods (e.g., wastes, narcotics, chemical weapons, ozone layer depleting substances, endangered species);
- As a vital element of core Customs process areas of Customs controls and procedures, including risk assessment, information technology and compliance.

The use of the HS for monitoring and control of certain goods covered by other international conventions or agreements has greatly expanded. At the request of several United Nations organizations, the WCO has adopted Recommendations and HS subheadings to monitor trade in controlled drugs and certain drug precursors, chemical weapons, and environmentally hazardous substances, which are covered by other international conventions or agreements, as below (not necessarily exhaustive):

- Single Convention on narcotic drugs (1961), as amended by the 1972 Protocol
- Convention on psychotropic substances (1971)
- Convention against illicit traffic in narcotics drugs and psychotropic substances (1988)
- Convention on international trade in endangered species of wild fauna and flora
- Montreal Protocol relating to substances affecting the ozone layer
- Basel Convention on the control of transboundary movements of hazardous wastes and their disposal
- Convention on the prohibition of the development, production, stockpiling and use of chemical weapons and on their destruction
- OECD Council decision green and amber control procedures

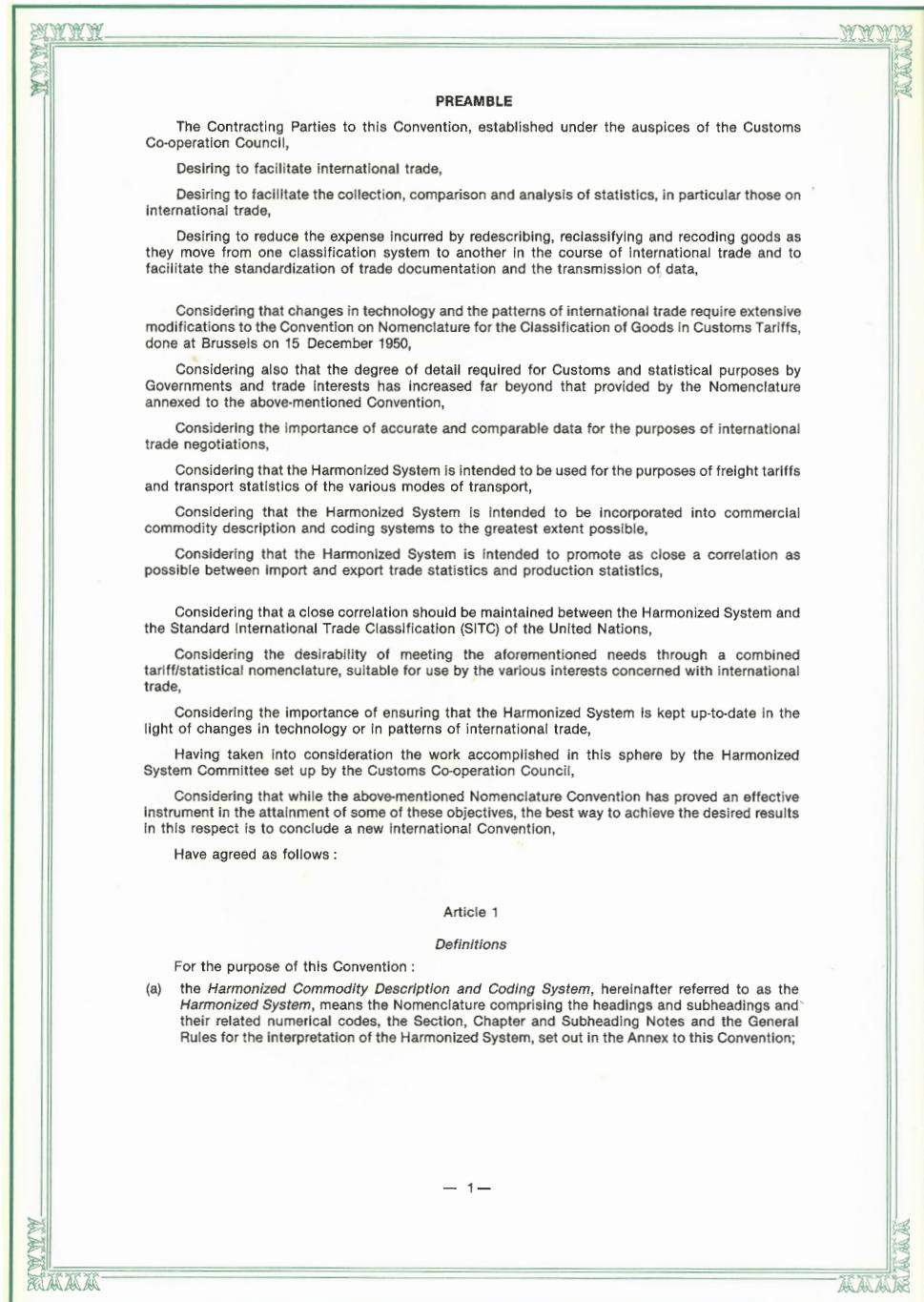
- WTO Agreement on trade in civil aircraft
- WTO Instrument on pharmaceutical products
- Rotterdam Convention on the prior informed consent procedure for certain hazardous chemicals and pesticides in international trade
- Stockholm Convention on persistent organic pollutants.

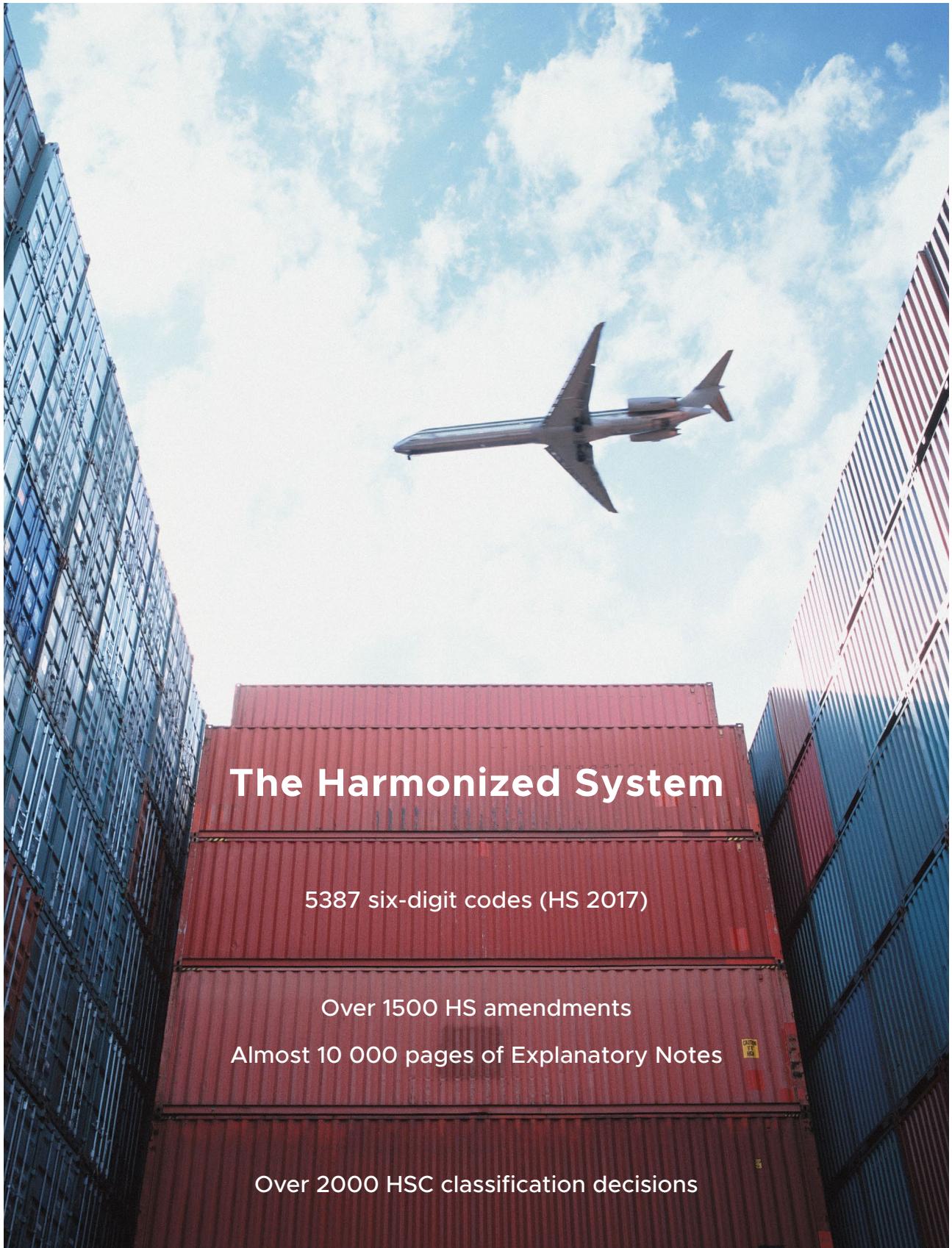
All WCO Members are eligible to accede to the HS Convention, without any extra cost, and enjoy numerous benefits. These include:

- automatic membership of the HS Committee with the rights, opportunities and privileges of being able to:
  - place questions on the Committee's agenda;
  - request an amendment to the Harmonized System;
  - defend their interests in questions considered by the Committee;
  - participate in the decision making process; and
  - vote on decisions and amendments.
- the capacity to enter a reservation in respect of a Committee decision and to veto any amendment if it is unacceptable to them.

**Figure 5.**

Preamble  
in the Original  
version of the HS  
Convention





# DESCRIPTION OF THE HS

## INTRODUCTION

The Harmonized System is a structured nomenclature comprising a series of 4-digit headings, most of which are further subdivided into 5- and 6-digit subheadings. Indeed, this structure reflects the manner in which the System was developed: first by the deliberate creation of 4-digit headings to accommodate particular groupings of related products, and second, by the subdivision of these headings to provide separate treatment for the more important trade products included in the headings. At the same time, care was taken to ensure that the total scope of all related subheadings, taken together, was exactly the same as that for the relevant subheading or heading at the immediately higher level.

Both in concept and design, the HS therefore represents a valuable instrument, which may be used for a variety of purposes while yet retaining a structure such as is required for the purpose of tariff classification.

## MULTIPURPOSE NOMENCLATURE

The HS was designed and developed as a “core” system so that countries and organizations adopting it could make further subdivisions (national subdivisions) according to their particular needs. Customs tariffs and statistical nomenclatures for the import and export of goods can, today, be readily based at the national level on this instrument. It can be used by Customs administrations, statisticians, transporters, freighters, etc. Its 6-digit code numbers can enable the collection of data by grouping information at the subheading levels.

As a multipurpose classification system, the HS is designed to be usable for all transportable goods, even if such goods are not actually involved in international trade. However, to be truly multipurpose, there needs to be flexibility to single out particular products or subgroups of products as the need arises internationally. To enable this flexibility, the HS includes 5- and 6-digit subheadings, under 4-digit headings. These enable changes to be made to separately identify products within a heading without moving the products out of their groups.

An example will clarify this point. On the one hand, 4-digit heading 08.08, taken in its entirety, covers apples, pears and quinces, fresh while heading 08.13 covers dried fruit, etc. For various reasons, information may be required on both fresh and dried apples. At the 4-digit level such information is not available, as headings 08.08 and 08.13 cover a number of other fruits. However, at subheading level, the required information can easily be obtained by simply grouping the available data from subheadings 0808.10 and 0813.30.

**Figure 6.**

Headings 08.08  
and 08.13 in the HS

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

While this example relates to a relatively simple situation, it clearly shows that it is only the groups coded at 5 or 6-digit subheading level which are fully multipurpose, because they constitute “building blocks” which can be combined in different ways to fulfil different needs. If the System is abridged to a uniform higher level of detail, the resulting nomenclature ceases to fulfil a multipurpose function.

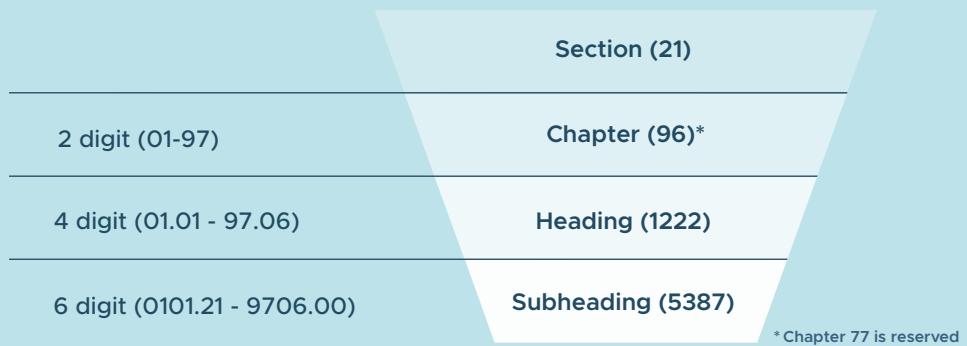
## STRUCTURED NOMENCLATURE

For the purposes of tariff classification, the Harmonized System provides a legal and logical structure within which a total of 1,222 headings (HS 2017) are grouped in 96 Chapters, the latter being themselves arranged in 21 Sections.

Each heading of the System is identified by a 4-digit code (column entitled “Heading”), the first two digits of which indicate the Chapter wherein the heading appears, while the latter two digits indicate the position of the heading in the Chapter. Thus, heading 21.05 (“Ice cream and other edible ice, whether or not containing cocoa”) is the fifth heading in Chapter 21 which, in its entirety, covers “Miscellaneous edible preparations”. Most of the headings are subdivided into 5-digit (one-dash) and 6-digit (two-dash) subheadings.

Thus, the Harmonized System 2017 comprises a total of 5387 separate groups of goods identified by a 6-digit code (column entitled “HS code”), the first four digits of which correspond to the relevant heading number, while the fifth and sixth digits identify the one- and two-dash subheadings respectively (the absence of such subheadings being indicated by a zero).

**Figure 7.**  
Structure of the HS  
Codes (HS 2017)

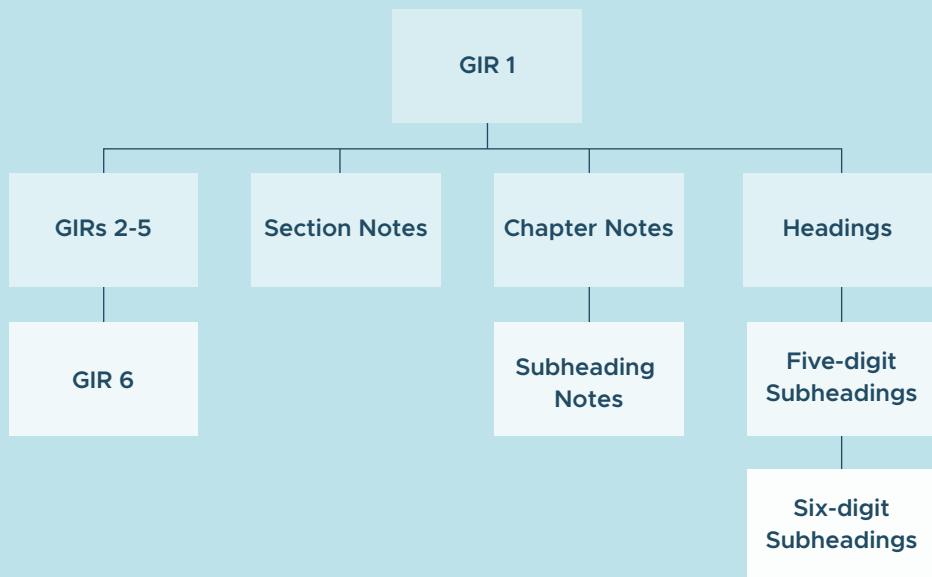


- The HS code for cucumbers and gherkins, fresh or chilled, is 0707.00, which indicates that heading 07.07 has not been subdivided (fifth and sixth digits = 0);
- The HS code for buckwheat is 1008.10, which means that buckwheat is included in the first one dash subheading (fifth digit = 1) of heading 10.08 and that this subheading has not been further subdivided (sixth digit = 0);
- Potato starch is coded 1108.13, i.e., this product falls in the third two-dash subheading (sixth digit = 3) of the first one-dash subheading (fifth digit = 1) of heading 11.08.

The Harmonized System therefore constitutes a coherent set of headings and subheadings, which, together with the General Interpretative Rules and Section, Chapter and Subheading Notes, provide for the systematic and uniform classification of goods.

# STRUCTURE OF THE HS

**Figure 8.**  
Structure of the HS



The Harmonized System comprises:

- General Rules for the interpretation of the Harmonized System;
- Section and Chapter Notes, including Subheading Notes;
- A list of headings arranged in systematic order and, where appropriate, subdivided into subheadings.

## THE GENERAL INTERPRETATIVE RULES

To be completely sound, a classification system must associate each individual product with a single heading (and, as the case may be, subheading), to which that product can be simply and unequivocally assigned. Hence it must contain rules designed to ensure that a given product is always classified in one and the same heading (and subheading), to the exclusion of any others which might appear to merit consideration. All classification decisions must be based upon the application of these rules.

The text of the Harmonized System incorporates a series of preliminary provisions codifying the principles on which the System is based and which lays down general rules to ensure uniform legal interpretation.

There are six of these rules, known as the “General Rules for the Interpretation of the Harmonized System” and commonly referred to as the “GIRs”, which are applied in hierarchical fashion. The GIRs are explained at the beginning of Volume 1 of the Explanatory Notes to the Harmonized System, but the following overview briefly explains their use and relationship.

**General Interpretative Rule 1 (GIR 1)** is the foremost rule of classification. It specifies the elements that can legally be used to classify products.

1. The titles of Sections, Chapters and sub-Chapters are provided for ease of reference only; for legal purposes, classification shall be determined according to the terms of the headings and any relative Section or Chapter Notes and, provided such headings or Notes do not otherwise require, according to the following provisions.

The legal elements of classification are:

- the terms of headings;
- Section or Chapter Notes; and
- if not prevented by the two elements above, the remaining General Interpretative Rules.

For legal purposes classification is determined by the terms of the headings, the Section or Chapter Notes where relevant, and, if necessary and allowable, the other GIRs.

Where the terms of the headings and any relevant Notes leave only one heading open for consideration, or they direct either the classification or the means of classification, then only GIR 1 is used at heading level.

**General Interpretative Rule 2 (GIR 2)** is in two parts. It seeks to ensure that articles and products are not left unclassifiable by reason of being incomplete, unfinished, unassembled or disassembled, mixed or made of multiple materials.

2. (a) Any reference in a heading to an article shall be taken to include a reference to that article incomplete or unfinished, provided that, as presented, the incomplete or unfinished article has the essential character of the complete or finished article. It shall also be taken to include a reference to that article complete or finished (or failing to be classified as complete or finished by virtue of this Rule), presented unassembled or disassembled.

The first part of GIR 2 (a), extends the scope of headings which refers to articles to also cover such articles when they are incomplete or unfinished, provided that, as presented, they have the essential character of the complete or finished articles. This does not extend coverage to parts or subassemblies which are not yet identifiable as having the essential character of the complete finished articles.

The second part of GIR 2 (a), provides that complete or finished articles presented unassembled or disassembled, usually for reasons such as the requirements or convenience of packing, handling or transport, are to be classified in the same heading as the assembled articles.

2. (b) Any reference in a heading to a material or substance shall be taken to include a reference to mixtures or combinations of that material or substance with other materials or substances. Any reference to goods of a given material or substance shall be taken to include a reference to goods consisting wholly or partly of such material or substance. The classification of goods consisting of more than one material or substance shall be according to the principles of Rule 3.

GIR 2 (b) covers products that are mixtures or combinations of materials or articles made of more than one material or substance. It extends the scope of any heading referring to a material or substance to include such mixtures, combinations or articles which are partly made of that material or substance. GIR 2 (b) does not classify products: it simply opens the scope of headings to include such goods. Goods covered by more than one heading because of this General Interpretative Rule are classified according to the principles of GIR 3.

**General Interpretative Rule 3 (GIR 3)** provides classification principles for goods which, *prima facie*, fall under two or more headings. It has three parts which are applied sequentially until a classification is determined.

3. When by application of Rule 2 (b) or for any other reason, goods are, *prima facie*, classifiable under two or more headings, classification shall be effected as follows:

- (a) The heading which provides the most specific description shall be preferred to headings providing a more general description. However, when two or more headings each refer to part only of the materials or substances contained in mixed or composite goods or to part only of the items in a set put up for retail sale, those headings are to be regarded as equally specific in relation to those goods, even if one of them gives a more complete or precise description of the goods.
- (b) Mixtures, composite goods consisting of different materials or made up of different components, and goods put up in sets for retail sale, which cannot be classified by reference to Rule 3 (a), shall be classified as if they consisted of the material or component which gives them their essential character, insofar as this criterion is applicable.
- (c) When goods cannot be classified by reference to Rule 3 (a) or 3 (b), they shall be classified under the heading which occurs last in numerical order among those which equally merit consideration.

GIR 3(a) stipulates that goods should be classified in the heading giving the most specific description. However, any headings which are opened by the provisions of GIR 2 as covering part of the materials or substances or any headings that are only open because they cover a component or item in a composite good or set are regarded as equally specific. So in practice, this provision classifies where the good in its entirety is covered by two or more headings.

GIR 3 (b) deals with mixtures, composite goods and sets put up for retail sale. By application of this General

Interpretative Rule, goods are classified in the heading applicable to the material or component which gives them their essential character.

GIR 3 (c) applies only where goods cannot be classified by application of GIR 3 (a) or GIR 3 (b); it provides that goods should be classified in the heading which occurs last in numerical order amongst those which equally merit consideration in determining their classification.

Practically all goods are classified to a heading by either GIR 1 or GIRs 1 and 3. However, to guard against the possibility of something that is otherwise unclassifiable, there is an extra rule relating to heading classification.

**General Interpretative Rule 4 (GIR 4)** deals with goods which (for example because they have just appeared on the world market) are not covered by any heading of the Harmonized System, even by the material that they are made from. In the unlikely event it is needed, this GIR provides for classification with the goods to which are most similar in nature.

4. Goods which cannot be classified in accordance with the above Rules shall be classified under the heading appropriate to the goods to which they are most akin.

**General Interpretative Rule 5 (GIR 5)** relates to containers and packaging for goods. Few goods are traded without being packed in some way. This leaves the question of how to account for these packing materials and containers.

5. In addition to the foregoing provisions, the following Rules shall apply in respect of the goods referred to therein:

- (a) Camera cases, musical instrument cases, gun cases, drawing instrument cases, necklace cases and similar containers, specially shaped or fitted to contain a specific article or set of articles, suitable for long-term use and presented with the articles for which they are intended, shall be classified with such articles when of a kind normally sold therewith. This Rule does not, however, apply to containers which give the whole its essential character.

(b) Subject to the provisions of Rule 5 (a) above, packing materials and packing containers presented with the goods therein shall be classified with the goods if they are of a kind normally used for packing such goods. However, this provision is not binding when such packing materials or packing containers are clearly suitable for repetitive use.

GIR 5 (a) governs the classification of cases, boxes and similar containers presented with the articles for which they are intended, while GIR 5 (b) applies more generally to packing containers presented with the goods they hold. It should be noted that the application of GIR 5 (b) in respect of classification of packing materials and containers suitable for repetitive use is left to the discretion of countries, which may take whatever measures they consider appropriate in this area.

By the end of General Interpretative Rule 5, all goods, and their containers and packaging, are classified to heading level.

Finally, **General Interpretative Rule 6 (GIR 6)** requires the whole process to be repeated again as a separate exercise to choose the five-digit subheading and then again for the six-digit subheading level as required.

**6. For legal purposes, the classification of goods in the subheadings of a heading shall be determined according to the terms of those subheadings and any related Subheading Notes and, mutatis mutandis, to the above Rules, on the understanding that only subheadings at the same level are comparable. For the purpose of this Rule the relative Section and Chapter Notes also apply, unless the context otherwise requires.**

In the classification procedure for the subheading levels, classification is on the basis of the terms of the subheadings and any relevant subheading Notes. However, the General Interpretative Rules 1 to 5 and any relevant Section and Chapter Notes still apply, with the required changes (mutatis mutandis) to refer to the subheading level being considered instead of the headings.

Subheading classification is done by comparing only the subheadings of the same level that fall under the heading (or subheading) previously determined. It should be emphasized that at each step in the process, no account is taken of the terms of any lower-level subdivisions. This principle applies without exception throughout the Harmonized System.

The General Interpretative Rules thus establish classification principles which are applicable throughout the Harmonized System Nomenclature. They provide a step-by-step basis for the classification of goods within the Harmonized System firstly at the 4-digit heading level, then separately at each level below as required.

## **SECTION AND CHAPTER NOTES, INCLUDING SUBHEADING NOTES**

Certain Sections and Chapters are preceded by Notes which, like the General Interpretative Rules, form an integral part of the Harmonized System and have the same legal force. Some of these Notes, grouped under the title "Subheading Notes", refer solely to the Interpretation of subheadings.

The function of these Notes is to define the precise scope and limits of each subheading, heading (or group of headings), Chapter or Section. This has been achieved, depending on the circumstances, by the following means.

- DEFINITION**

This can be general definitions delineating the scope of a subheading or heading or the meaning of particular terms; for example sparkling wine is defined by Subheading Note 1 to Chapter 22, while legal Note 5 to Section XI gives a general definition of the sewing thread of headings 52.04, 54.01 and 55.08 in terms of its appearance and texture.

- **INCLUSION**

This can be by an exhaustive list of the goods covered by a heading or group of headings or a non-exhaustive list of typical examples. For example, Notes 2, 3 and 4 to Chapter 31 together provide an exhaustive list the products that fall to be classified as fertilisers in headings 31.02, 31.03 and 31.04. In comparison, Note 3 to Chapter 86 specifies some of the railway and tramway track fixtures and fittings covered by heading 86.08.

- **EXCLUSION**

Notes which list certain articles that must not be included in a particular subheading, heading (or group of headings), Chapters or Section are common. For example, Note 2 to Chapter 64 lists the articles which must not be regarded as parts of footwear within the meaning of heading 64.06.

- **METHOD OF CLASSIFICATION**

There are Notes which prevent the use of General Interpretative Rules 2 to 5 by directing the means of classification where there is more than one possible heading. For example, Note 7 to Section XV directs that classification of composite articles of two or more base metals are to be classified on the basis of the metal contributing the greatest weight, thereby over-riding the operation of GIR 3.

Certain Notes employ several of these drafting formulae. The definition of "synthetic rubber" in Note 4 to Chapter 40 provides an example of a definition in general terms, in accordance with scientific criteria, followed by an enumeration of products which, within the context of this definition, are to be taken as covered by the definition.

Under GIR 6, the Section and Chapter Notes also apply to the classification of goods in the subheadings unless, of course, the context otherwise requires. This is the case, for example, with Note 4 (B) to Chapter 71 (definition of the term "platinum"), which cannot apply to subheadings 7110.11 and 7110.19, for which the term "platinum" is more restrictively defined by Subheading Note 2 to Chapter 71.

It would no doubt have been possible, at least in certain cases, to incorporate the substance of these Notes in the text of the headings or subheadings themselves. But this would have greatly lengthened these texts, making them difficult to understand, and would have involved a great deal of repetition. The Notes thus made it possible to draft the headings in concise form while at the same time safeguarding the precision and exactness of interpretation that are essential to avoid doubts and disputes in classification.

## HEADINGS AND SUBHEADINGS OF THE HS

In the Harmonized System, the headings (with their subheadings) are arranged in 96 Chapters, which are themselves grouped in 21 Sections.

As a general rule, goods are arranged in order of their degree of manufacture: raw materials, unworked products, semi-finished products, finished products. For example, live animals fall in Chapter 1, animal hides and skins, in Chapter 41, and leather footwear, in Chapter 64. The same progression also exists within the Chapters and headings.

Under GIR 1, the Chapter and Section titles are not legally binding. They are provided for ease of reference only, and have therefore been drawn up in concise and very general terms.

SECTION	MAIN CATEGORY	SCOPE
I	Live animals; animals products	<b>Chapters 1 to 5</b> Meat, fish, dairy produce, eggs, honey, other edible products, and inedible products, excluding certain oils and fats (Chapter 15), as well as hides, skins, furskins and articles thereof (Section VIII).
II	Vegetable products	<b>Chapters 6 to 14</b> Plants, seeds, vegetables, fruits, cereals, flours, straw, plaiting materials, etc. (whether or not edible), but excludes certain oils and fats (Chapter 15) and wood (Chapter 44).
III	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	<b>Chapter 15</b> Animal or vegetable fats and oils and products derived there from (prepared fats, waxes).
IV	Prepared foodstuffs; beverages, spirits and vinegar; tobacco and manufactured tobacco	<b>Chapters 16 to 24</b> Beverages, spirits, vinegar and tobacco, together with products of the food industries not covered by previous Chapters.
V	Mineral products	<b>Chapters 25 to 27</b> Salt; sulphur; earths and stone; plastering materials, lime and cement; ores, slag and ash; Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes.
VI	Products of the chemical or allied industries	<b>Chapters 28 and 29</b> Separate chemically defined compounds generally are dealt with in inorganic and organic chemicals.
		<b>Chapters 30 to 38</b> Other products of the chemical industries (pharmaceutical products, fertilisers, soap, cosmetics, paints, explosives, etc.).
VII	Plastics, rubber, articles thereof	<b>Chapters 39 to 40</b> Plastics and rubber articles.
VIII	Raw hides and skins, leather, furskins and articles thereof; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut	<b>Chapters 41 to 43</b> Hides and skins, articles of leather or animal gut, furskins. It should be noted that headings 42.01 and 42.02 also cover certain articles other than of leather.
IX	Wood, articles of wood; wood charcoal; cork, articles of cork; manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork	<b>Chapters 44 to 46</b> Wood, cork, and articles thereof; manufactures of plaiting materials, basketware and wickerwork. However, some manufactures are classified in other Chapters, e.g., furniture (Chapter 94).

SECTION	MAIN CATEGORY	SCOPE
X	Pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper or paperboard; paper and paperboard and articles thereof	<p><b>Chapters 47 to 49</b> Pulp, paper and paperboard and articles thereof and products of the printing industry.</p>
XI	Textiles and textile articles	<p><b>Chapters 50 to 55</b> Textiles in forms ranging from the raw material to the finished fabric.</p> <p><b>Chapters 56 to 60</b> Textile articles or special textiles such as wadding, felt and nonwovens, special yarns, twine and rope, floor coverings, special woven fabrics, tufted textile fabrics, lace, tapestries, trimmings and embroidery, impregnated, coated, covered or laminated textile fabrics and textile articles for industrial use and knitted or crocheted fabrics.</p> <p><b>Chapters 61 and 62</b> Knitted or crocheted articles of apparel and clothing accessories, and other articles of apparel and clothing accessories.</p> <p><b>Chapter 63</b> Other made up textile articles, together with certain sets and worn textile articles and rags.</p>
XII	Footwear, headgear, umbrellas, walking-sticks, seat-sticks, whips, riding-crops and parts thereof; prepared feathers and articles made therewith; artificial flowers; articles of human hair	<p><b>Chapters 64 to 67</b> Footwear, headgear, umbrellas, feathers and articles made therewith; artificial flowers; articles of human hair.</p>
XIII	Articles of stone, plaster, cement, asbestos, mica or similar materials; ceramic products; glass and glassware	<p><b>Chapters 68 to 70</b> Articles of stone, plaster, cement, asbestos, mica or similar materials; ceramic products; glass and glassware.</p>
XIV	Pearls, precious or semi-precious stones, precious metals and articles thereof; imitation jewellery; coin	<p><b>Chapter 71</b> Pearls, precious or semi-precious stones, precious metals, metals clad with precious metal and articles thereof; imitation jewellery; coin.</p>

SECTION	MAIN CATEGORY	SCOPE
<b>XV</b>	Base metals and articles of base metal	<b>Chapters 72 to 73</b> Ferrous metals and articles thereof, except articles in Chapters 82 and 83.
		<b>Chapters 74 to 81</b> (Chapter 77 is kept empty for future use) Other unwrought base metals and articles of base metal, except articles in Chapters 82 and 83.
		<b>Chapters 82 and 83</b> Articles of base metal, tools, implements, cutlery and spoons and forks.
<b>XVI</b>	Machinery and mechanical appliances; electrical equipment; parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	<b>Chapters 84 and 85</b> Machinery and mechanical appliances, electrical equipment, sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles (one of the most important Sections in terms of the number of headings and subheadings).
<b>XVII</b>	Vehicles, aircraft, vessels and associated transport equipment	<b>Chapters 86 to 89</b> Railway rolling-stock, motor vehicles and other land vehicles, aircraft and spacecraft and ships and floating structures.
<b>XVIII</b>	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; clocks and watches; musical instruments; parts and accessories thereof	<b>Chapters 90 to 92</b> Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus, clocks and watches, musical instruments.
<b>XIX</b>	Arms and ammunition; parts and accessories thereof	<b>Chapter 93</b> Arms and ammunition and parts and accessories thereof.
<b>XX</b>	Miscellaneous manufactured articles	<b>Chapters 94 to 96</b> Furniture, lamps and lighting fittings, illuminated signs and prefabricated buildings, toys, games and sports requisites and miscellaneous manufactured articles.
<b>XXI</b>	Works of art, collectors' pieces and antiques	<b>Chapter 97</b> Works of art, collectors' pieces and antiques.

# MAINTENANCE OF THE HS

## THE HARMONIZED SYSTEM COMMITTEE (HSC)

Most of the problems involved in the application of a Customs nomenclature are essentially questions of classification. The appropriate heading or sub-heading for each individual product has to be determined on the basis of available technological data and by application of the texts of the headings or subheadings, the Section, Chapter or Subheading Notes, the General Interpretative Rules and the relevant Explanatory Notes.

In drafting the Harmonized System and its complementary publications, it was obviously quite impossible, in a field as vast and varied as that of a goods nomenclature, to provide, for every possible current and future contingency and to settle each such possibility, in advance, in a manner so precise as to obviate any subsequent doubt about the classification of any particular product or article.

The General Interpretative Rules do of course lay down guiding principles for classification purposes, but their application may sometimes be a delicate matter.

For example, GIR 3 (b) provides, amongst other things, that mixtures and composite goods, *prima facie* classifiable under two or more headings, shall be classified as if they consisted of that material or component giving the product its essential character; but this principle can give rise to very different results according to the viewpoint of the person considering the matter. Other provisions within the Notes and terms talk about similarly subjective concepts and classes such as 'principal function', 'purpose', 'toys' and 'accessories'. Interpretation of many of the words used to define classes of goods can be the subject of disagreement between people, administrations and judiciaries.

It may therefore sometimes happen that users of nomenclatures based on the Harmonized System will arrive at different decisions concerning the classification of the same product.

It is the responsibility of the Harmonized System Committee to take all necessary measures or to make any necessary proposals to the Customs Co-operation Council to ensure the uniform interpretation and application of the Harmonized System. The basic powers and functions of the Committee are set out in Articles 6 and 7 of the HS Convention.

## 1. Establishment of the Committee

The HSC, composed of representatives from each Contracting Party, was established in accordance with Article 6 of the HS Convention. That is, Contracting Parties to the HS Convention automatically become a member of the Committee.

In the Committee, each Contracting Party has the right to one vote. Nevertheless, for the purposes of the HS Convention, where a Customs or Economic Union as well as one or more of its Member States are Contracting Parties, then those Contracting Parties can together exercise only one vote. At present, this provision concerns the European Union and its Member States.

In 1988, the HSC, as its first task, drew up its Rules of Procedure in accordance with Article 6.6 of the HS Convention, and submitted them to the Council for approval. The Council, at its 71<sup>st</sup>/72<sup>nd</sup> Sessions, approved the Rules of Procedure of the HSC. Consequently, the Rules of Procedure of the HSC are essentially based on the HS Convention.

The HSC normally meets at least twice a year at the Headquarters of the Council. Members of the Council which are not Contracting Parties to the HS Convention may also be represented at meetings of the HSC as observers with the right to take part in the discussions but not to vote. Where appropriate, the Committee invites other intergovernmental or international organizations to participate as observers in its work.

Decisions concerning amendments to the HS Convention are taken by a majority of not less than two-thirds of the votes cast by the Members of the HSC. Other decisions are taken by a simple majority of the votes cast by the Members of the HSC.

## 2. Role of the Committee

According to Articles 7.1 (Functions of the HSC) and 10 (Settlement of disputes) of the HS Convention, the HSC plays the following major roles:

- Ensuring the uniform interpretation and application of the Harmonized System;
- Settlement of disputes between Contracting Parties with regard to the classification of goods in the HS;

- Continuous updating of the HS, taking into account changes in technology or in patterns of international trade.

### Ensuring the uniform interpretation and application of the HS

One of the most important roles of the HSC is to take all necessary measures or to make any necessary proposals to the Council to ensure the uniform interpretation and application of the System.

Article 7.1 of the HS Convention stipulates the functions necessary to fulfil this role of the HSC as follows:

- To prepare Explanatory Notes, Classification Opinions or other advice as guides to the interpretation of the Harmonized System;
- To prepare recommendations to secure uniformity in the interpretation and application of the Harmonized System;
- To collate and circulate information concerning the application of the Harmonized System;
- On its own initiative or on request, to furnish information or guidance on any matters concerning the classification of goods in the Harmonized System to Contracting Parties, to Members of the Council and to such intergovernmental or other international organizations as the Committee may consider appropriate.

In carrying out these functions, the Committee in its meetings examines a series of technical and general questions and decides on the action to be taken thereafter.

### Questions handled and form of decisions taken by the Committee

#### a) Technical questions

In most cases, technical questions (classification questions) are raised by Contracting Parties to the HS Convention. However, the Committee may also be called upon to deal with questions submitted by other countries or by organizations (e.g., intergovernmental or non-governmental international organizations representing particular trades or industries).

**Figure 9.**

The Harmonized System Committee (HSC) held its first session (from 11 to 22 April 1988). - CCC News Issue 12, spring 1988

### HARMONIZED SYSTEM COMMITTEE — INAUGURAL SESSION

**The Harmonized System springs to life**

*A new era begins*

Midnight on 31 December 1987 signalled the entry into force of the CCC's new-generation nomenclature — the Harmonized System (HS).

On 1 January 1988 there were 39 Contracting Parties to the Harmonized System Convention and 40 countries around the world started to apply Customs tariffs and international trade statistical nomenclatures based on the HS.

By 1 July 1988 at least 43 countries, accounting for considerably more than 50 % of world trade, will be applying the full 6-digit HS as the basis for their tariff and statistical nomenclatures.

Still waiting in the wings are the member countries of the West African Economic Community and of the Central African Customs and Economic Union, those member countries of the Preferential Trade Area for Eastern and Southern African States which have not yet become Contracting Parties to the Convention, and a further 11 countries which have already signed the Convention subject to ratification, as well as the United States and many others.

**Opening ceremony**

The inaugural session of the new HS Committee, set up to administer the HS, took place at CCC headquarters in April. At a special opening ceremony the Council's large meeting room was packed almost to capacity as the Secretary General, Mr. G.R. Dickerson, welcomed more than 140 delegates and observers from 64 countries and territories and 8 international organizations.

Mr. Dickerson recalled that the Harmonized System was not merely a Customs and statistical nomenclature, but was designed also to be used by importers, exporters, carriers, producers and all others involved in international trade. Thus, while the first objective of the Council must be to achieve the adoption of the HS by all countries, it was also necessary that efforts be intensified to achieve its adoption by the other intended users.

The Harmonized System was an instrument of major importance for international trade and for the CCC, which now had a vital role to play in ensuring its full implementation, maintenance and further development.

During the opening ceremony, the new Committee was also addressed by three distinguished guest speakers, each of whom had made an immense contribution to the development of the Harmonized System:

Mr. E.F. Kilpatrick, Deputy Secretary General 1972-1976; Mr. J.H. Hoguet, Director of Nomenclature 1975-1981; and Mr. J.J.A. Sortheix, Assistant Secretary General 1977-1986.

Among the other speakers to offer congratulations on the successful development of the HS were the representatives of various international organizations and individual countries, including GATT, the European Economic Community, CEAO, UDEAC, the International Container Bureau, the United States, the USSR and Pakistan.

**The new Committee**

With these words of encouragement ringing in their ears, the Members of the new Committee then turned to the very heavy agenda which had been drawn up for its first session.

After adopting its Rules of Procedure and defining its priorities, the Committee decided to create a Review Sub-Committee as the central feature of a mechanism to ensure that the HS is kept up to date, and a presessional Working Party to assist it in the finalisation of texts. The general frequency of major amendments to the Harmonized System was also decided, and a corrigendum procedure for the speedy implementation of minor amendments was established. A large number of technical questions were also resolved.

The Committee's workload will continue to be heavy for some considerable time to come. But this is merely evidence of the fact that an international goods nomenclature is a living instrument which calls for uniform interpretation and application and which must continue to reflect the ever-changing needs of international trade.

In creating the framework for its future activities and clearing the decks for action, the new-born Harmonized System Committee achieved resounding success and showed that it was both ready and willing to meet the challenge of the new era in international goods classification that the Harmonized System has ushered in.

**The Harmonized System and UN economic classifications**

In connection with the inaugural session of the Harmonized System Committee, Mr. W. Seltzer, Director, United Nations Statistical Office, has provided the following comment:

"The Harmonized System has played an important role in harmonizing international production and trade classifications. Pursuant to a 1976 Decision of the UN Statistical Commission, the Statistical Office participated in the work of constructing the Harmonized System on which it subsequently patterned its SITC, Rev. 3. Thus there is complete harmonization between the HS and the SITC, Rev. 3, and the ISIC and the Central Product Classification are being developed in harmony with the HS. Continued co-operation between the UNSO and the CCC is vital for the progress of the HS and of the UN statistical classifications which are correlated to it."

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*The Harmonized System Committee's 1st Meeting. Left, the three guest speakers below: the Chairman Mr. J.W. Reintjes (Netherlands) flanked by senior officials of the Secretariat.*

*reflect the ever-changing needs of international trade.*

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*"The Harmonized System has played an important role in harmonizing international production and trade classifications. Pursuant to a 1976 Decision of the UN Statistical Commission, the Statistical Office participated in the work of constructing the Harmonized System on which it subsequently patterned its SITC, Rev. 3. Thus there is complete harmonization between the HS and the SITC, Rev. 3, and the ISIC and the Central Product Classification are being developed in harmony with the HS. Continued co-operation between the UNSO and the CCC is vital for the progress of the HS and of the UN statistical classifications which are correlated to it."*

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In addition, the Committee may be invited to consider classification questions identified by the Secretariat during the course of its work or which have been raised by national or international governmental or non-governmental organizations or by private concerns and which the Secretariat itself has been unable to resolve in correspondence with the administrations or organizations concerned.

Many classification questions are first examined by the Secretariat (Nomenclature and Classification Sub-Directorate of the Tariff and Trade Affairs Directorate). The Secretariat examines them, based on documentation and samples, and advises appropriate classification. For the most part, these classification questions are resolved in correspondence with the administrations or organizations concerned.

If administrations or organizations ask for classification questions to be examined by the HSC, the Secretariat then refers the questions, supported by necessary documentation and samples, where available, and normally a note setting out its own conclusions, for consideration by the HSC, which then decides on appropriate action after comparing the views and arguments of Member delegations and the Secretariat.

The action taken following the examination of a classification question is likely to vary according to the type of case:

- where the classification is already clearly established by the Harmonized System text or the Explanatory Notes and hence does not raise any new or unusual difficulties, the Committee may simply mention the classification decision in the Report on the Committee session at which the question was examined;
- in cases where, although classification can be established under the terms of the Harmonized System or the Explanatory Notes, the question raises new or unusual difficulties, the Committee may issue a Classification Opinion;
- if it is found that the Explanatory Notes do not provide specifically for the resolution of the problem, the Committee may amend or amplify the Explanatory Notes;
- if the classification decision necessitated by the existing Harmonized System texts is not considered by the Committee to be the most appropriate for

the goods concerned, the Committee may then propose to the Council that the Nomenclature be amended, corresponding amendments, if necessary, being made to the Explanatory Notes.

According to Rule 21 of the Rules of Procedure of the HSC, the Council Secretariat performs the secretarial work in connection with meetings of the Committee and circulates communications to the Members of the Committee concerning items on the Agenda of such meetings, prepares the working documents and draws up the reports of the meetings.

Documents and reports are presented in the form of proposals for the amendment of the Convention, the Explanatory Notes and/or Classification Opinions or proposals for Recommendations to secure uniformity in the interpretation and application of the HS.

#### b) General questions

The HSC also normally examines a series of general questions that are not directly related to the HS Nomenclature, but certainly provide valuable assistance with regard to the uniform application and maintenance of the HS.

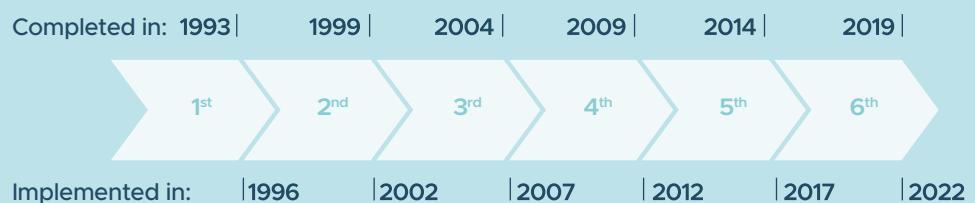
General questions that may be raised include, among other matters: the use, and promotion of the HS; the running of the Committee; improvement of processes, including Recommendations on necessary or desirable amendments to the Convention; co-operation or involvement with other internal and external bodies (including the private sector); the content, preparation and distribution of publications and surveys or research on HS related matters.

### THE HS REVIEW SUB-COMMITTEE (RSC)

The Council set up the HS Review Sub Committee (RSC) to work on the drafting of updates to the Harmonized System. The RSC consists of representatives of Contracting Parties to the HS Convention and any Member of the Council which is not a Contracting Party to that Convention. In addition, the Secretary General may invite, representatives of States which are not Members of the Council, representatives of any relevant intergovernmental or other international organizations, and any experts whose participation is considered desirable on the basis of the contribution they might be expected to make to the work of the RSC.

The RSC is responsible for ensuring the systematic review of the Nomenclature, as envisaged by Article 7.1 (a) of the HS Convention, by considering and drafting proposals for amendments with a view to presenting to the HSC reviewed and well-drafted proposals. Proposals may be sent directly to the RSC or be referred for consideration from the HSC.

**Figure 10.**  
General Review Cycles  
of the HS



The RSC holds its sessions as and when required and subject to approval by the HSC and the WCO Council. In practice, it holds two sessions a year, which are held approximately two months after the HSC meetings to enable work arising from those meetings to be addressed.

The RSC works on a consensus basis and reports to the HSC. If agreement cannot be reached on a question, then the differing views, together with their supporting rationales, are also reported.

According to Rule 1 (Functions) of its Rules of Procedure, the RSC also prepares, to the extent appropriate, any consequential amendments to the Explanatory Notes for consideration by the HSC, in addition to the review of the Harmonized System.

The first general review of the Harmonized System by the RSC was completed in 1993 and entered into force on 1 January 1996. The following reviews were implemented in 2002, 2007, 2012 and 2017. At the time of publication, work was proceeding for 2022.

## THE SCIENTIFIC SUB-COMMITTEE (SSC)

The Scientific Sub-Committee (SSC), is an advisory body of the WCO Council on questions involving chemical or other scientific matters. It mainly consists of representatives of the Customs laboratory services of Council Members. The HSC and the RSC are often assisted in their most technical work (in particular, questions

**Figure 11.**  
HS related Committees  
in the WCO



involving the classification of chemical products) by the SSC. The SSC holds its sessions as and when required and subject to approval by the Council. It normally holds at least one session a year in January.

The SSC seeks to reach agreed views on any matter examined and reports them to the Council or the relevant Committee, as appropriate. If agreement cannot be reached on a question, the differing views together with their supporting rationales are also reported.

## WORKING PARTIES

Article 6 of the HS Convention stipulates that the HSC shall set up Sub-Committees or Working Parties as needed, having regard, in particular, to the provisions of paragraph 1(a) of Article 7. Currently, the presessional Working Party of the HSC has the responsibility of finalizing the texts of possible amendments to the Nomenclature, the Explanatory Notes, and the Compendium of Classification Opinions before their adoption by the HSC.

# AMENDING THE HS

## WHAT TRIGGERS AMENDMENTS?

**Trade Volume** As trade changes, so does the need for separate entries. Some, like typewriters and word processing machines no longer need specific mention while other such as multi-component integrated circuits and hybrid vehicles do.

**Changing technology and products** As products emerge or change, classifications and definitions need to be developed.

**Public good** Food security, health, environment, and safety: the HS can be used to help identify goods frequently needing higher scrutiny, priority clearance or special treatment. In particular, the HS is a tool for monitoring and tracking trade in goods of concern. From chemical weapons to refrigerants, the HS adapts to the needs of the international community.

**Member's Proposals** The HS is responsive to the needs of its Contracting Parties. Most changes result from proposals from Members to improve, clarify or enhance the HS or to respond to critical national needs for the identification of goods.

A goods nomenclature cannot be an absolutely rigid instrument. It is designed to serve as a framework for international trade and other needs, which are themselves in constant evolution, and must therefore be kept abreast of current requirements. Also, the success of the Harmonized System depends to a great extent on how far requirements of present and future users are met. It is also important that the definitions and descriptions of the legal notes, headings and subheadings reflect the actual situation in trade and production.

These imperatives are of particular relevance to the Harmonized System, because it provides a systematic and methodical classification of goods based essentially on technological data. Such a classification system is of use only if it is kept in step with technical progress. Paragraph 1(a) of Article 7 of the HS Convention clearly specifies this role of the HSC.

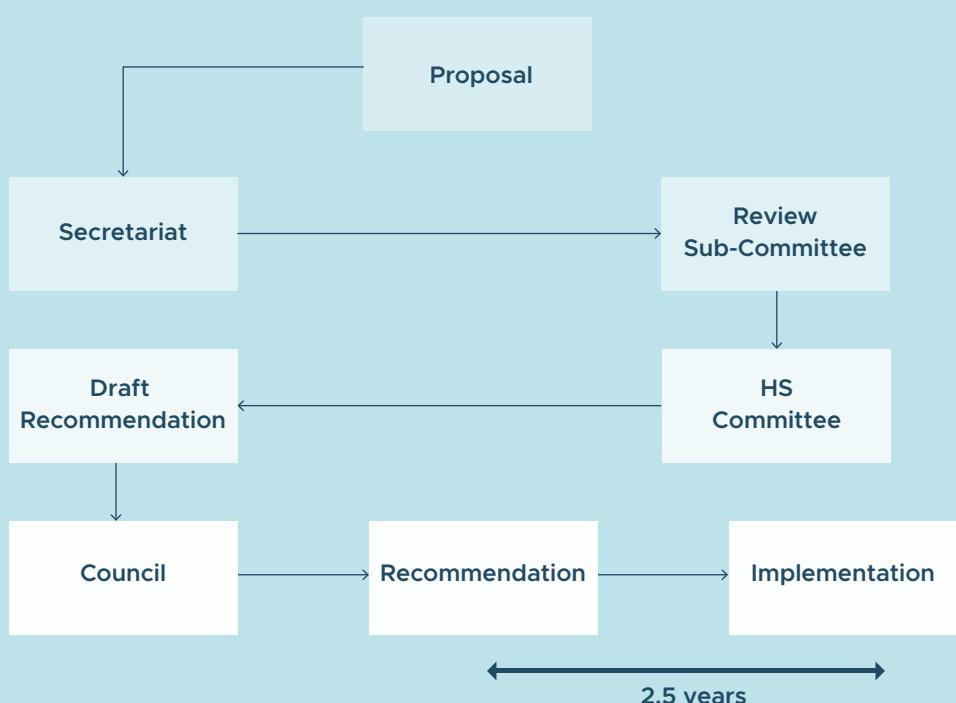
In some cases, these objectives might be achieved by amending the Explanatory Notes alone. However, amending the Explanatory Notes alone, does not alter the scope of the headings/sub-headings concerned. There are, sometimes, cases when legal texts need to be amended. In such cases, it is expected that the Harmonized System itself be amended in accordance with the procedure laid down in Article 16 of the HS Convention.

Amendment under the same procedure may also be required to clarify the application of the System or for the purposes of its simplification, consequential amendments being made as necessary to the Explanatory Notes and Classification Opinions. In either event, after an amendment has come into force or has been accepted, no government may accede to the Harmonized System Convention unless it also accepts that amendment.

Article 16 of the Convention states that the starting point for the time periods specified in that Article are the dates on which the Secretary General of the Council notifies Contracting Parties of the recommended amendment. Contracting Parties have six months, starting from that date, to indicate any objections to the amendment. If no objections are outstanding at the end of this period, the amendment is deemed to have been accepted.

However, Contracting Parties need time to finalize all the legal and regulatory procedures for the amendment of their own tariffs or statistical nomenclatures. Therefore, accepted amendments enter into force usually 2.5 years after the notification of the recommended amendments to administrations.

**Figure 12.**  
The HS Amendment Process



The important issue here is that Contracting Parties should pay attention to the timely implementation of amendments to the HS when they are due. They have to update their national tariff accordingly. In the past, some Contracting Parties have had problems with implementing amendments to the HS for several reasons such as from simple negligence to the complicated nature of national legislative procedures.

The first set of Article 16 amendments to the Harmonized System (see the Council's Recommendation of July 1989) became effective for all Contracting Parties on 1 January 1992. The second set of Article 16 amendments, which was the first comprehensive set of amendments (see the Council's Recommendation of July 1993), entered into force on 1 January 1996. The third set of amendments, which is also a comprehensive set, (see the Council's Recommendation of June 1999), entered into force on 1 January 2002. The fourth set of amendments, which is also a comprehensive set, (see the Council's Recommendation of June 2004), enters in force on 1 January 2007. The fifth set of amendments, which is also a comprehensive set, (see the Council's Recommendation of June 2009), entered into force on 1 January 2012. The sixth set of amendments, which is also a comprehensive set, (see the Council's Recommendation of June 2014), entered in force on 1 January 2017.

In this connection, as the history of the development of the Harmonized System has already shown, it will be of paramount importance that close contact be maintained between the Harmonized System Committee and the many and varied organizations whose interests are served by the System and whose expertise will undoubtedly be of considerable value in ensuring that the System continues to reflect the needs of its users and any changes in technology or in patterns of international trade.

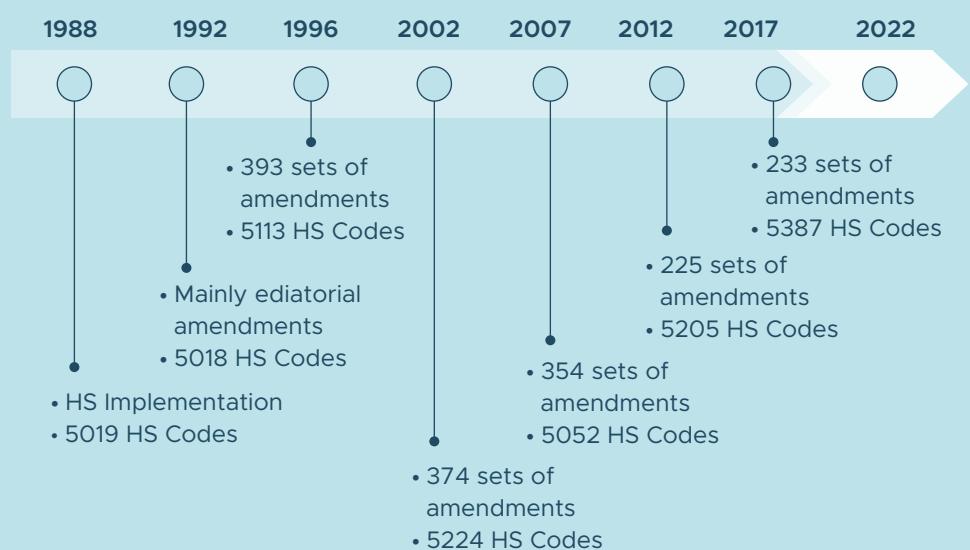
**Figure 13.**

The timing of deadlines for the preparation of HS 2022 amendments



**Figure 14.**

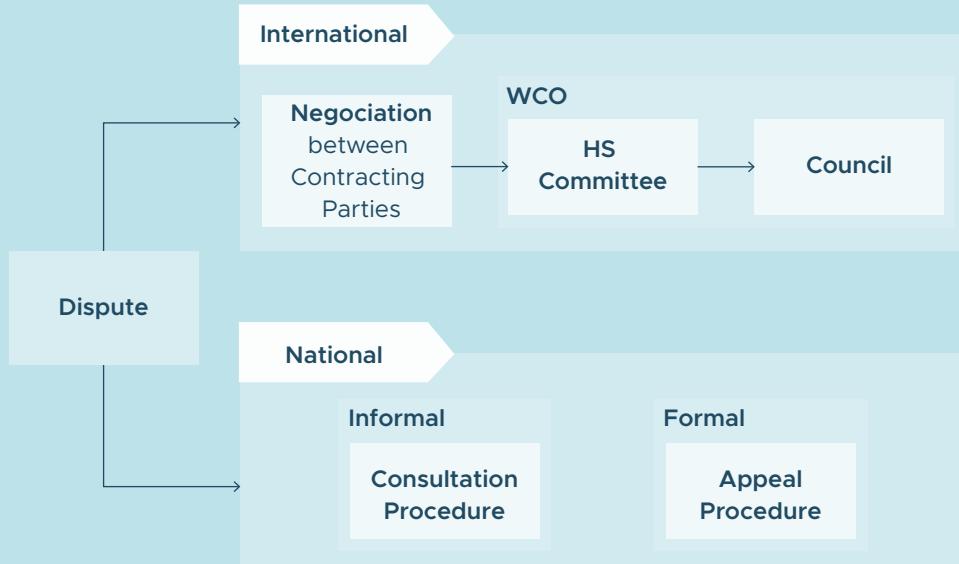
Scope of previous amendments



At the time of publication, the current review is due to be implemented on 1 January 2022. This means that all amendments must be finalised well before this time to allow for the implementation process.

# DISPUTE SETTLEMENT

**Figure 15.**  
Dispute settlement procedures



## GENERAL POINTS

Another important task assigned to the Harmonized System Committee is the settlement of disputes between Contracting Parties with regard to the classification of goods in the Harmonized System (see Article 10 of the HS Convention).

Where a dispute arises between two or more Contracting Parties regarding the interpretation or application of the Harmonized System, the parties concerned should, in the first instance, endeavour to reach agreement among themselves. Administrations which have resolved such questions by direct negotiation may advise the Secretariat and then the Secretariat may inform the HS Committee of the solution adopted.

However, classification disputes which cannot be settled by direct negotiation are referred through the Secretariat to the Committee, which, after examination, makes appropriate recommendations for their solution. If the Committee is unable to settle a dispute, it refers the matter to the Council for a recommendation on the question. In either event, the Parties to a dispute may agree in advance to accept the recommendations of the Committee or the Council as binding.

Where classification divergences are brought directly to the attention of the Secretariat, the facts are confirmed by consulting the Contracting Parties concerned. If it is found that there is a real divergence of opinion, the matter is referred to the Committee in accordance with the normal procedure.

The Harmonized System was designed to be as user friendly as possible in its application. The publication of the HS Explanatory Notes, HS Commodity Data Base and other HS-related material is one WCO initiative aimed at making the system user friendly. However, the HS still remains a complex system which may often lead to differences regarding the interpretation of its provisions. Some of these differences are fuelled by the different needs of the users, while others are a result of genuine difficulties encountered in its interpretation. Certain Customs decisions, for example, are contested by the trade community and, conversely, Customs often contests classification decisions made by the trade community.

Such conflicts cost both government and the trade community a great deal of time and money. These conflicts can arise at the various stages e.g., the pre-entry classification stage, the declaration-processing stage or the post-entry stage. If a dispute arises at the pre-entry stage and is dealt with at that time, it will help avoid future conflicts. If, however, most of the classification checks are performed at the declaration-processing stage and conflicts arise at that stage, a great deal of time and money will be lost in the process of resolving disputes.

Irrespective of the stage at which a dispute might occur, it is necessary to have an appropriate mechanism for resolving conflicts as quickly as possible.

There are basically two procedures for settling classification disputes:

- Informal (consultation); and
- Formal.

The WCO recommends that a combination of consultation and formal procedures be clearly outlined by law as a fair means of solving classification disputes.

## INFORMAL PROCEDURE: CONSULTATION WITH IMPORTERS AND EXPORTERS

The consultation procedure is applicable at all stages. Communication with the importer or exporter on findings of Customs and points requiring clarification will frequently resolve issues. Final decisions by Customs should only be made after traders have been given a chance to explain (either orally or in writing and in a reasonable timeframe) their point of view.

If a dispute is handled within the Customs administration, a unit or office which is different from the original unit or office processing the declaration should deal with the matter.

Importers should be made aware of the formal appeals procedure and their ability to resort to the judicial system if they are not satisfied with the Customs decision.

Apart from co-ordination, dispute settlement procedures should ensure speedy, objective and efficient handling of disputes. Not only will this enable Customs to resolve most classification problems fairly and quickly, but it will also reduce the costs that might arise if matters take a long time to be resolved.

## FORMAL PROCEDURE

Matters should normally be referred to courts of law only if the internal mechanisms fail to resolve the issue. Justice demands that recourse to courts of law should be an option for importers or exporters aggrieved by Customs. This is a fundamental principle of fair treatment for the business community and should be encouraged by Customs.

The formal appeals procedure should be clearly outlined, and legal requirements and procedures should be explained to the trade community. The first appeal may be to a designated departmental authority whereas the second appeal or further appeals should be to independent judicial authorities.

Headquarters or the classification centre should provide all necessary background or technical information at its disposal to such authorities upon request.

# THE HS SIXTH EDITION (2017)

The 2017 edition is the fifth major revision of the HS. It includes 233 sets of amendments to the Nomenclature. The list of all amendments is available on the WCO's website, but below are some examples of areas which were addressed.

**Environmental and social issues of global concern:** The majority of these changes to the HS were prompted by the FAO (Food and Agriculture Organization of the United Nations). These include amendments for fish and fishery products, the objective being to further enhance the coverage of species and product forms which need to be monitored for food security purposes and for better management of resources.

**Monitoring:** HS 2017 also features certain classification provisions introduced in order to monitor trade in products such as substances controlled under the Chemical Weapons Convention, hazardous chemicals controlled under the Rotterdam Convention, and persistent organic pollutants controlled under the Stockholm Convention.

There is also a focus on forestry products, with the aim being to enhance the coverage of wood species to obtain a better picture of trade patterns, including trade in endangered species.

**Technological progress:** New provisions such as multi-component integrated circuits (MCOs) as defined in new Note 9 (b) (iv) to Chapter 85 help keep the HS relevant to today's goods. MCOs are advanced semiconductor devices that combine integrated circuits and discrete components into a single package manufactured using semiconductor technology.

Other amendments resulted from changes in international trade patterns, manufacturing processes, as well as efforts to simplify the HS.

**Figure 16.**  
HS 2017 edition



# THE EXPLANATORY NOTES

**Figure 17.**  
HS Explanatory Notes  
(2017 Edition)



To complement the legal core, there are Explanatory Notes to the HS published separately by the WCO. While these notes do not form part of the legal provisions of the HS, it is important that they be consulted during the classification process as they provide commentary on the intent and scope of provisions. As approved by the Customs Co-operation Council, they constitute the official interpretation of the Harmonized System at the International level and are an indispensable complement to the System.

It will always be useful and sometimes essential to refer to them in order to ascertain the correct interpretation of the System itself, and in this context it might be noted that the equivalent Explanatory Notes to the CCCN had been unilaterally incorporated by a number of countries into their domestic legal systems (by means, for example, of a Regulation). However, it must be borne in mind that the Explanatory Notes are not an exhaustive, unchangeable commentary on the overall scope of the headings and subheadings of the Harmonized System; they must always be read in strict conformity with the texts of the System itself, from which they cannot be dissociated, and in particular with the General Interpretative Rules and the Section, Chapter and Subheading Notes.

The 1978 edition of the CCCN Explanatory Notes was found to be very useful in preparing the Explanatory Notes to the Harmonized System. However, during the course of the examination of these Notes, it was recognized that significant areas would have to be brought up-to-date, both to take account of the more comprehensive structure of the Harmonized System and to reflect the considerable technological progress made since the Notes last underwent major revision.

Thus, the Explanatory Notes to the Harmonized System follow the systematic order of that instrument. They provide a commentary on the scope of each heading, giving a list of the main products included and excluded, together with technical descriptions of the goods concerned (their appearance, properties, method of production and uses) and practical guidance for their identification. Where appropriate, Explanatory Notes also clarify the scope of particular subheadings.

# THE COMPENDIUM OF CLASSIFICATION OPINIONS

The Compendium of Classification Opinions includes a list of the most significant and difficult classification decisions taken by the Harmonized System Committee and adopted by the Customs Co-operation Council, set out in the order of the headings and sub-headings of the HS Nomenclature.

Although the Compendium does not form an integral part of the Harmonized System Convention, it is a useful tool to assist with the classification in the Harmonized System.

The Interim Harmonized System Committee and the Nomenclature Committee agreed that some of the Classification Opinions contained in the CCCN Compendium of Classification Opinions would continue to be useful in the context of the Harmonized System. The Committees therefore decided to examine the CCCN Compendium and to publish certain of those opinions (with the necessary HS modifications) as a Compendium of Harmonized System Classification Opinions. The Committees also agreed to include in the HS Compendium certain new Classification Opinions agreed to by the two Committees during the period June 1983 to June 1987. The HS Compendium was approved by the Council in June 1987 and was published in late 1987.

Since the first edition, the HS Compendium has been regularly amended to include new classification decisions by the Harmonized System Committee. The new edition of the HS Compendium relating to the HS 2017 edition incorporates all previous amending supplements adopted by the Committee.

**Figure 18.**

The Compendium of  
Classification Opinions  
(2017 Edition)



## Section XI

### 6307.90 (*suite*)

8. Porte-bébé (extérieur 100 % toile de coton et doublure 100 % coton satiné), consistant en une ceinture solide et des bretelles rembourrées qui s'adaptent à la morphologie du porteur, pour un portage confortable de l'enfant. Il est destiné à transporter un bébé depuis sa naissance jusqu'à ce qu'il atteigne un poids d'environ 20 kg. Ce porte-bébé peut être utilisé pour porter l'enfant de différentes façons.

Application des RGI 1 (Note 7 f) de la Section XI) et 6.

*Adoption : 2016*

### 6307.90 (*continued*)

8. Baby carrier (100 % cotton canvas exterior and 100 % sateen cotton lining) consisting of a sturdy waist belt and padded form-fitting shoulder straps to make it comfortable for carrying a growing child. It is designed for carrying a growing child from newborn up to a maximum weight load of approximately 20 kg. The carrier can be used to carry a child in different ways.

Application of GIRs 1 (Note 7 (f) to Section XI), and 6.

*Adoption : 2016*



# FUTURE DIRECTIONS

The HS is a living document. Unlike many international instruments, it has a clear and relatively simple process for amendment to keep it up-to-date and relevant. This type of incremental improvement will of course continue. Yet, the expectation of the international trading community remains high for a speedier decision-making process and binding HS decisions to give answers and certainty to business.

There is another factor that will play an important part of the HS's future. With the help of information technology, we are able to analyse and use data and information with a scope and sophistication that has never before been matched. And yet the usefulness of that information is dependent on the quantity and quality of data we can feed into the process. The crucial role that the HS plays in providing data on world trade ensures that its importance will only grow with time. Trade is vital to economies and information on what is traded internationally informs policy areas as diverse as economics, security, health and wellbeing, political stability, environment and resource management to name just a few.

With this importance to both current research and analysis and the future uses which advanced analytics will be able to develop for trade data, the need to continue to nurture the HS and look towards its future developments has never been stronger.

# CONCLUSION

A tariff classification nomenclature enables uniform and consistent identification of traded goods for the purposes of duty and tax collection and enforcement of national laws.

An internationally harmonized tariff classification nomenclature builds the basis for the simplified implementation of international treaties, analysis of global trade for economic, policy and business planning, and international trade negotiations. It also supports seamless end-to-end integrated international transactions, facilitating trade and development.

Therefore, the Harmonized System is not only one of the major instruments and success stories of the World Customs Organization. It is a critical and essential tool of Customs in a global context.

# Annex

## The Developers of the HS

### PARTICIPANTS IN THE STUDY GROUP

#### I. COUNTRIES

Austria	Germany (Fed. Rep. of)	Netherlands
Belgium	Hungary	Sweden
Canada	Italy	United Kingdom
Czechoslovakia	Japan	United States
Denmark	Korea (Rep. of)	
France	Malaysia	

#### II. INTERGOVERNMENTAL INTERNATIONAL ORGANIZATIONS

Customs Co-operation Council (CCC)  
Economic Commission for Europe (ECE)  
European Economic Community (EEC)  
Food and Agriculture Organization of the United Nations (FAO)  
General Agreement on Tariffs and Trade (GATT)  
North Atlantic Treaty Organization (NATO)  
Organization for Economic Co-operation and Development (OECD)  
United Nations Conference on Trade and Development (UNCTAD)  
United Nations Statistical Office (UNSO)

#### III. NON-GOVERNMENTAL INTERNATIONAL ORGANIZATIONS

International Air Transport Association (IATA)  
International Cargo Handling Co-ordination Association (ICHCA)  
International Chamber of Commerce (ICC)  
International Chamber of Shipping (ICS)  
International Federation of Freight Forwarders Associations (FIATA)  
International Organization for Standardization (ISO)  
International Road Transport Union (IRU)  
International Union of Railways (UIC)  
World Trade Centers Association (WTCA)

#### IV. NATIONAL ORGANIZATIONS

National Committee on International Trade Documentation (NCITD) (United States)  
Simplification of International Trade Procedures Board (SITPRO) (United Kingdom)  
Transportation Data Co-ordinating Committee (TDCC) (United States)

#### PARTICIPANTS IN THE HARMONIZED SYSTEM COMMITTEE AND ITS WORKING PARTY (1973 - 1987)

##### I. COUNTRIES

Algeria	India*	Philippines
Argentina	Iran	Portugal
Australia*	Ireland	Saudi Arabia
Austria	Israel	Senegal
Bangladesh	Italy	Singapore
Belgium	Ivory Coast	South Africa
Brazil	Japan*	Spain
Cameroon	Kenya	Sudan
Canada*	Korea (Rep. of)	Sweden
China	Madagascar	Switzerland
Colombia	Malawi	Tanzania
Cuba	Malaysia	Thailand
Czechoslovakia*	Mauritania	Trinidad and Tobago
Denmark	Mexico	Tunisia
Ethiopia	Morocco	Turkey
Finland	Netherlands	Uganda
France*	New Zealand	United Kingdom*
Germany (Fed. Rep. of)	Nigeria	United States*
Greece	Norway	Zaire
Grenada	Pakistan	

## II. INTERGOVERNMENTAL INTERNATIONAL ORGANIZATIONS

Caribbean Community (CARICOM)  
Customs Co-operation Council (CCC) - (Nomenclature Committee)\*  
Customs Co-operation Council (CCC) - (Secretariat)\*  
Economic Commission for Europe (ECE)\*  
Economic and Social Commission for Asia and the Pacific (ESCAP)  
European Economic Community (EEC)\*  
Food and Agriculture Organization of the United Nations (FAO)  
General Agreement on Tariffs and Trade (GATT)\*  
International Customs Tariffs Bureau (BITD)  
International Olive Oil Council (IOOC)  
North Atlantic Treaty Organization (NATO)\*  
Organization for Economic Co-operation and Development (OECD)  
United Nations Conference on Trade and Development (UNCTAD)  
United Nations Statistical Office (UNSO)\*

## III. NON-GOVERNMENTAL INTERNATIONAL ORGANIZATIONS

European Confederation of Pulp, Paper and Board Industry (CEPAC)  
European Trade Promotion Organization (ETPO)\*  
International Air Transport Association (IATA)\*  
International Chamber of Commerce (ICC)  
International Chamber of Shipping (ICS)\*  
International Federation of Freight Forwarders Associations (FIATA)  
International Institute of Synthetic Rubber Producers (IISRP)  
International Organization for Standardization (ISO)\*  
International Union of Railways (UIC)\*

## IV. NATIONAL ORGANIZATIONS

French Committee for the Simplification of International Trade Procedures -  
Comité français pour la simplification des procédures du commerce international  
(SIMPROFRANCE) (France)  
Simplification of International Trade Procedures Board (SITPRO) (United Kingdom)

## V. MISCELLANEOUS

Joint United Nations Statistical Office/Statistical Office of the European  
Communities (UNSO/SOEC) Working Group on world level classifications.

\*Member of the Harmonized System Committee (1973 - 1987)

## NOTES





# **HARMONIZED SYSTEM**

# **SYSTÈME HARMONISÉ**



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