



**HARMONIZED SYSTEM**  
**SYSTÈME HARMONISÉ**



The Harmonized System  
**2018 is its 30<sup>th</sup> Anniversary!**

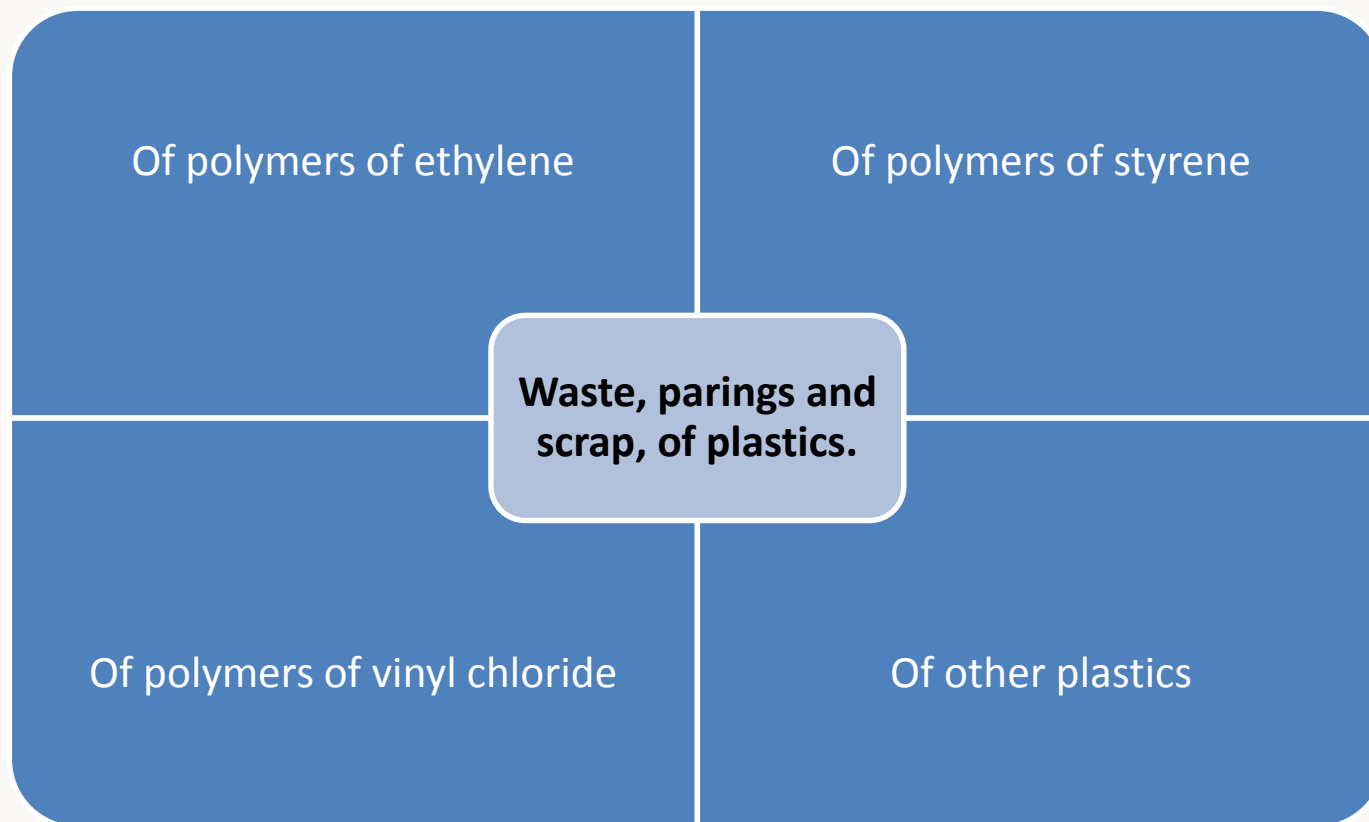
# **The International Convention on the Harmonized Commodity Description and Coding System**

- adopted in June 1983
- entered into force January 1988
- 157 contracting parties
- Applied in 209 countries or Unions

# A few key points to start ...

- It is not possible to name or describe every product traded (many millions of products!) so the Harmonized System (HS) is not a list of goods.
- The HS is a system for *grouping* commodities.
- All goods which are physically traded have a place in the HS, but sometimes it is under “Other ...”

- Groups may be subdivided into smaller groups to give more specific trade data or control.



- Groups and subgroups may be very specific,  
**Vacuum cleaners.**
  - With self-contained electric motor :
    - - Of a power not exceeding 1,500 W and having a dust bag or other receptacle capacity not exceeding 20 l
- Or very broad.  
**Manganese and articles thereof, including waste and scrap.**

We name and count what  
we value,  
(or worry) about.

So the Harmonized System (HS) tells  
us much about what are our global  
concerns in trade are (or what they  
used to be).

# What prompts amendments?

The most common cause of amendments are:

- new technological developments;
- changing trade patterns;
- clarification or simplification of particular HS provisions; and
- Environmental, security or social concerns, particularly when backed by a treaty or convention.

# When is the HS amended?

- The HS is reviewed on a five year cycle.
- The last edition was HS2017.
- The next edition is HS2022
- The year in the name refers to when it is required to be implemented – not when it is finalized.
- Amendments for HS2022 will be finalized by mid-2019



How is the HS amended?

**Very, very  
carefully!!!**

# Who amends the HS

Amendments are made to the HS by Contracting Parties to the Convention.

This is a four stage process.

## Harmonized System Review Sub-Committee (RSC)

- Considers the need for the change and the draft wording.
- Meets twice a year in Brussels and is composed of delegates from Customs administrations.
- The RSC is a consensus body which needs to agree to send the proposal forward.
- A proposal may pass the RSC on the first meeting , but this is unusual.

## Harmonized System Committee (HSC)

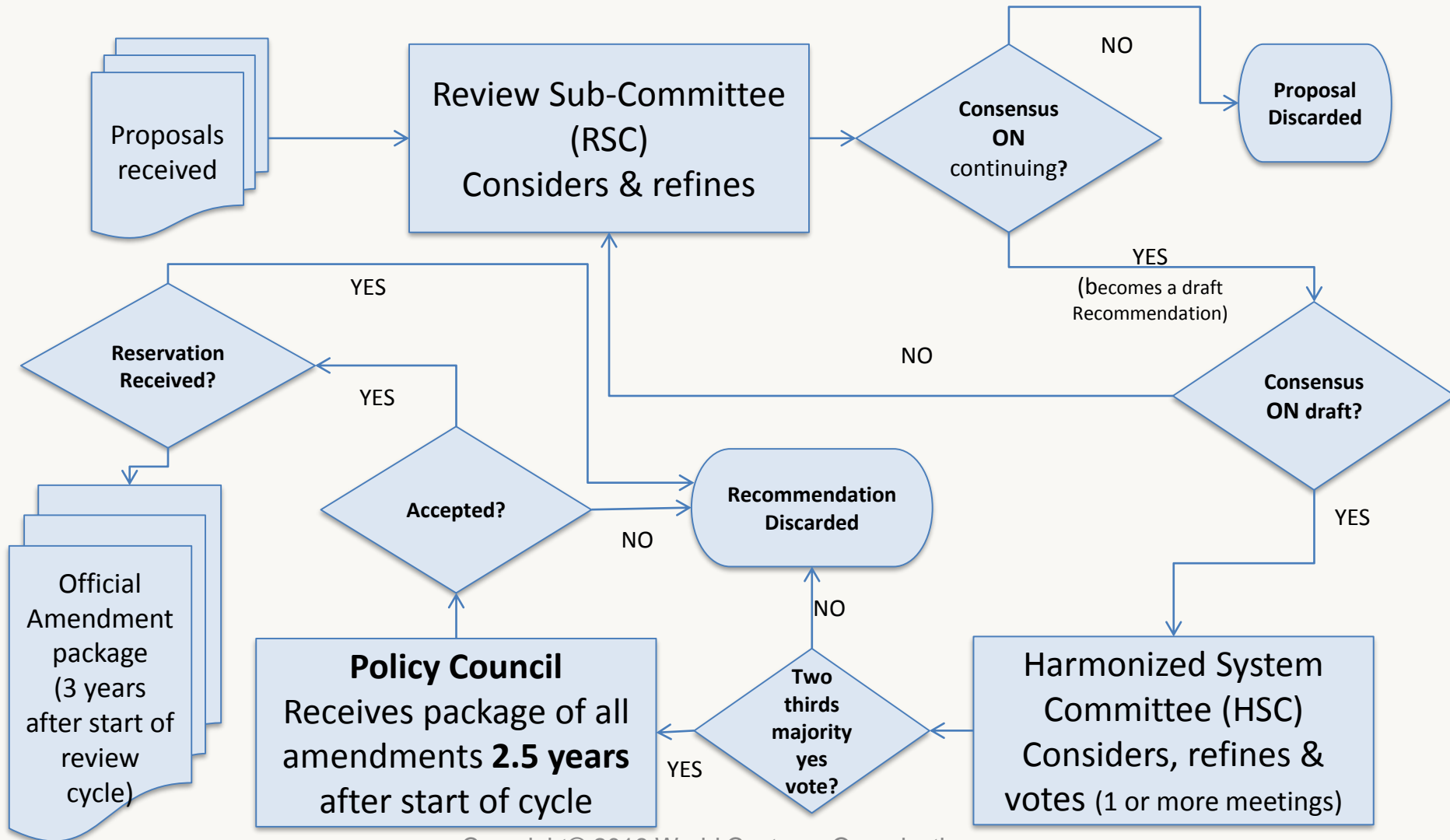
- Votes to accept the change as a draft recommendation. A 2/3 majority vote is required.
- Meets twice a year in Brussels and is composed of delegates from Customs administrations.
- A proposal may pass the HSC on the first meeting, however, if there are concerns or disagreements on the wording, then it may take several meetings.

## Policy Council

- Final approval of the overall package of amendments.
- Considers the changes once every five years (at the mid-point of the review cycle).
- The Council composed of heads of Customs administrations or their representatives.
- An amendment must be accepted by consensus.
- There is a six month reservation period after the meeting and any reservation will prevent a change.

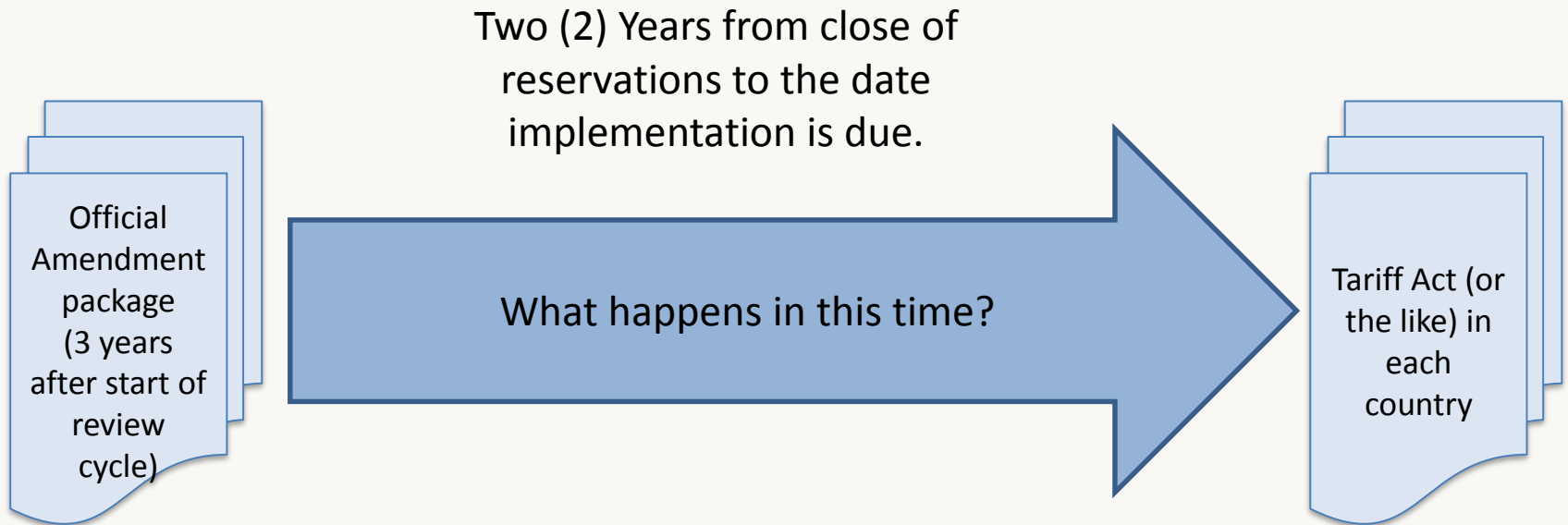
# From proposal to HS amendment

## Part 1 (simplified version)



# From proposal to HS amendment

## Part 2 (simplified version)



# Two years for ...

The WCO, in the HS Committees and the Contracting Parties use the time for

- Development of correlation tables between the old and the new versions of the HS
- Drafting of consequential Amendments to the Explanatory Notes
- Updating and re-publication of *all* HS publications and sites – WCO, international and domestic
- Translation of all the texts into multiple languages
- Training of Customs and other affected government agencies
- Legislative drafting in Member administrations
- Passing of legislation through parliaments or other relevant bodies to give legal effect to the new edition
- Consequential amendments in non-Customs legislation relating to imported goods

# Continued ...

- Development of correlation tables for domestic tariff codes in each country
- Updating of Trade Agreement provisions to maintain correct coverage for moving goods
- Examinations and negotiations concerning the possible impairments of tariff concessions
- Updating of profiles and other compliance and enforcement measures implemented on the basis of classifications
- Revision of the trade statistical systems of the United Nations (for example, the SITC, CPC).
- Updating of affected computer databases in Member administrations
- Updating of systems across industries, including freight forwarders, shippers and other logistics companies, customs brokers, trade software providers and importers/exporters
- Trade education and awareness sessions on the changes to prepare private enterprise
- Etc.



Change can be difficult,  
and it is slow to be effected,  
but that is because the  
HS is powerful  
and wide-ranging in its effects.

Having codes for particular commodities gives:

- visibility of their trade;
- statistical information;
- another tool to legally tackle misidentification;  
and
- the ability to have better targeted responses  
for legitimate trade

# Conventional Arms - Chapter 93

Changes since the first edition of the HS.

**HS2002** *subheadings were added for certain military weapons -*

9301.10 - Artillery weapons (for example, guns, howitzers and mortars)

9301.20 - Rocket launchers; flame-throwers; grenade launchers; torpedo tubes and similar projectors

9301.90 – Other  
*and their parts -*

9305.91 - - Of military weapons of heading 93.01

9305.99 - - Other

# Conventional Arms - Chapter 93

Changes since the first edition of the HS.

**HS2007** *subheadings were deleted because of low trade volumes -*

9305.21 - - Shotgun barrels

9305.29 - - Other

# Conventional Arms - Chapter 93

Changes since the first edition of the HS.

**HS2007** *a subheading was deleted because of low trade volumes -*

~~9306.10 - Cartridges for riveting or similar tools  
or for captive bolt humane killers and  
parts thereof~~

# Conventional Arms - Chapter 93

Changes since the first edition of the HS.

**HS2012** *subheadings were deleted because of low trade volumes -*

~~9305.21 -- Shotgun barrels~~

~~9305.29 -- Other~~

**There are currently no amendments for 2022**

# Current Timeline

- All amendments for HS2022 MUST have:
  - passed the RSC by the end of its last sitting for the negotiation period (November 2018)
  - achieved a 2/3 majority vote at the HSC by the end of its 63<sup>rd</sup> Session March 2019.
- Proposals that are not already under consideration would be unlikely to meet these deadlines
- After this, all outstanding proposals will go into the negotiations for HS2027

# How to craft a successful proposal to add headings/subheadings

- Be very clear about the goods you want to cover -
  - can they be named/described clearly?
    - use terms that are globally understood or easily definable
    - describe the objective characteristics, not the use
  - can they be identified at the border?
  - where are they currently classified?



# Crafting proposals continued ...

- Clearly state why this group of goods should be specified –
  - security concerns?
  - trade volume?
  - Treaty obligations?

# Crafting proposals continued ...

- Provide supporting information –
  - specify goods that are of the type to be covered and give information on them so that the delegates can confirm current classification
  - if there are international obligations about the goods, what are they and how do they define the goods?
  - name any relevant standards
  - give any available information on the value or scope of trade

# Crafting proposals continued ...

- Talk to Customs administrations –
  - where possible, let Customs administrations know what you are proposing and why well before the meeting
  - listen to and address any questions or objections they raise before the meeting
  - if needed, provide the answers to such concerns in a supporting document to the WCO prior to the meeting: if one administration raises the issue or question, others will usually have similar concerns

# Crafting proposals continued ...

- Be early, be clear and keep communicating with the Secretariat –
  - the Secretariat is here to help, but it takes time to put together a good working document and there are many proposals – send yours in well in advance of the meeting
  - respond to requests for more information - if the Secretariat feels that more information is needed, so will the Sub-Committee
- **Finally, be patient: the delegates will not be as familiar with the specific topic and need as you are and changing anything in the HS is a major decision, not taken lightly!**

# SUMMARY

- If after your consideration of the classification of arms in the HS, you decide changes are required, a proposal can be made to the HS Committees.
- For changes to the HS2022 edition, a new proposal would need to be passed through the RSC in a single meeting (November 2018) and passed by a 2/3 majority vote at a first hearing at the HSC (March 2019).
- The practical aim would be for any changes to be in the HS2027 edition.