



The Harmonized System (HS)

Presentation on The **H**armonized **S**ystem

Tariff and Trade Affairs Directorate



The Harmonized System (HS)

- **Outline of HS**
- **HS Nomenclature**
- **Settlement of Dispute**



The Harmonized System (HS)

Outline of HS



Needs for a common nomenclature

- Color
- Style
- Materials

.....





History



- Geneva nomenclature
- Brussels nomenclature
- CCCN
- HS nomenclature



The Harmonized System (HS)

Multipurpose Goods Nomenclature developed by WCO.



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Multipurpose Goods Nomenclature

- Customs tariffs
- Collection of international trade statistics
- Determination of rules of origin
- Trade negotiations (e.g., WTO)





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Multipurpose Goods Nomenclature

- Monitoring of controlled goods (e.g.,
Ozone layer depleting substances,
Narcotics, Endanger species)
- Vital element of core Customs process
areas of Customs controls and procedures





The Harmonized System (HS)

**An universal economic
language and code
for transportable goods**



The Harmonized System (HS)

- **Basis for Customs Tariffs and Trade Statistics**
 - **137** Contracting Parties (April 2009)
 - **More than 200** countries and economies use HS
- **More than 98 % of World trade in terms of the HS.**



The Harmonized System (HS)

- **Implemented in 1988** HS Codes : 5019
- **Amended in 1992**
– Mainly editorial HS Codes : 5018
- **Amended in 1996**
– 393 sets of amendments HS Codes : 5113
- **Amended in 2002**
– 374 sets of amendments HS Codes : 5224
- **Amended in 2007**
– 354 sets of amendments HS Codes : 5052
- **The next amended is scheduled in 2012**



Figures and Terms

- Full name of CCCN

Customs cooperation council nomenclature

- The number of contracting parties

137

- Full name of HS

Harmonized System

- When did the HS came into force internationally

Jan.1st 1988





- The Harmonized System is ~~not~~ used by Customs



- All the merchandise ~~entering~~ the world trade are classified ~~according~~ to HS



- Now we are applying 2007 amendment of HS





The Harmonized System (HS)

HS Nomenclature



The Harmonized System (HS)

- **Structure**
 - **General Interpretative Rules**
 - **Section, Chapter and Sub-chapter notes**
 - **Headings and subheadings**



The Harmonized System (HS)

General Interpretative Rules

- There are six **General Rules**
- They are an **Integral part** of the Nomenclature
- THE Rules set out **The Principles** for classification in the HS
- They provide for **Uniform Application** of the HS Nomenclature



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General Interpretative Rules

- **GIR1** Classification is determined by the terms of headings and of the Section and Chapter Notes.
- **GIR 2**
 - **GIR 2(a)** unassembled or disassembled articles
 - **GIR 2(b)** Extends the scope of headings,
- **GIR 3**
 - **GIR 3(a)** most specific
 - **GIR 3(b)** essential character
 - **GIR 3(c)** last in numerical order



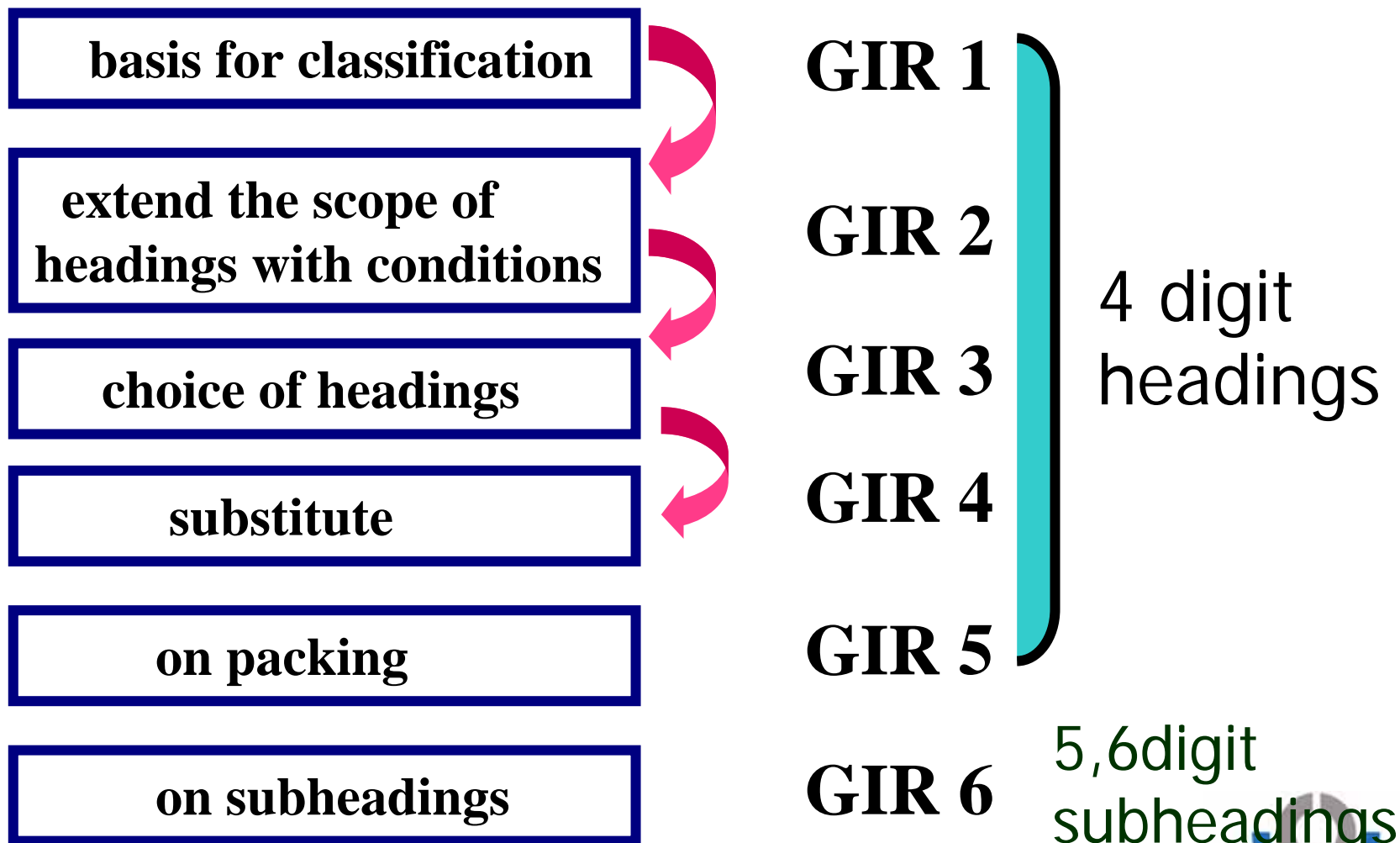
The Harmonized System (HS)

General Interpretative Rules

- **GIR 4** most akin
- **GIR 5**
 - **GIR 5(a)** special containers
 - **GIR 5(b)** general containers
- **GIR 6** subheadings



The 6 GIRs are applied in order





The Harmonized System (HS)

- **Section, Chapter and Subchapter Notes**
 - **To define the Scope of a**
 - Section
 - Chapter
 - Heading (or group of headings)
 - Subheading
 - **Form an integral part of the HS**
 - **Commonly known as “Legal Notes”**



Notes



Notice:
Baby milk
is on the
food shelf

Notes

Shelf for food



Shelf for baby stuffs





Notes

- Notes can give definitions
- Notes can change the scope
- Notes can make exceptions
- Notes can regulate method





Notes

- Notes can give definitions

e.g. Can alloy steel containing 11% chromium be regarded as stainless steel of Chapter 72?

Chapter 72 note 1(e), stainless steel:

-alloy steels containing, by weight, 1.2% or less of carbon and 10.5% or more of chromium, with or without other elements.





Notes

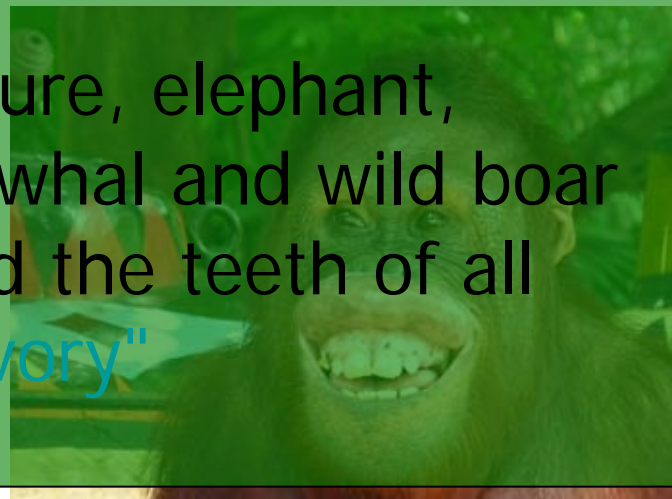
extensions

- Notes can change the scope of headings

e.g. *can monkey teeth (unworked) be classified in heading 0507("ivory")?*

Chapter 05 note 3

- Throughout the Nomenclature, elephant, hippopotamus, walrus, narwhal and wild boar tusks, rhinoceros horns and the teeth of all animals are regarded as "ivory"





Case study

①

woven fabric, of 50% cotton / 50% polyester staple

Should be classified in Ch.55 according to GIR 3(c)

②

Screws for cars, made of stainless steel.

Should be classified as parts for motor vehicles in 87.08 according to GIR 1



Case study

③

Bows, presented with violins, in a normal match number.

The bows should be classified in the same heading of violin since the violin gives its essential character and GIR 3(b) is applied.

④

Garments in set for retail sale, containing 1 suit, 1 shirt, 1 trousers.

Should be classified as set of suit in heading 6203 according to GIR 3(b)



Case study

ANSWER: ①

Sec.11 note 2

(A) Goods classifiable in Chapters 50 to 55 or of heading 58.09 or in heading 58.09 or 59.02 and of a mixture of two or more textile materials are to be classified as if consisting wholly of that one textile material which predominates by weight over any other single textile material.

woven fabric, of
50%cotton /
50%polyester •
staple

When no one textile material predominates by weight, the goods are to be classified as if consisting wholly of that one textile material which is covered by the heading which occurs last in numerical order among those which equally merit consideration.





Case study

ANSWER: ②

Screws for cars, made of stainless steel.



Sec.17 note 2(b)

- Parts of general use, as defined in Note 2 to Section XV, of base metal (Section XV), or similar goods of plastics (Chapter 39) ;

Sec.15 note 2

- Throughout the Nomenclature, the expression "parts of general use" means :
 - Articles of heading 73.07, 73.12, 73.15, 73.17 or 73.18 and similar articles of other base metals;



Case study

ANSWER: ③

Ch.92 note 2

Bows, presented with violins, in a normal match number.



-Bows and sticks and similar devices used in playing the musical instruments of heading 92.02 or 92.06 presented with such instruments in numbers normal thereto and clearly intended for use therewith, are to be classified in the same heading as the relative instruments.





Case study

ANSWER: ④

Sec.11 note 14

Garments in set for retail sale, containing 1 suit, 1 shirt, 1 trousers.



-Unless the context otherwise requires, textile garments of different headings are to be classified in their own headings even if put up in sets for retail sale. For the purposes of this Note, the expression "textile garments" means garments of headings 61.01 to 61.14 and headings 62.01 to 62.11.





Annex

Structure

Sections, I, II ..XXI

(21)

Chapters 1, 2 .. 97

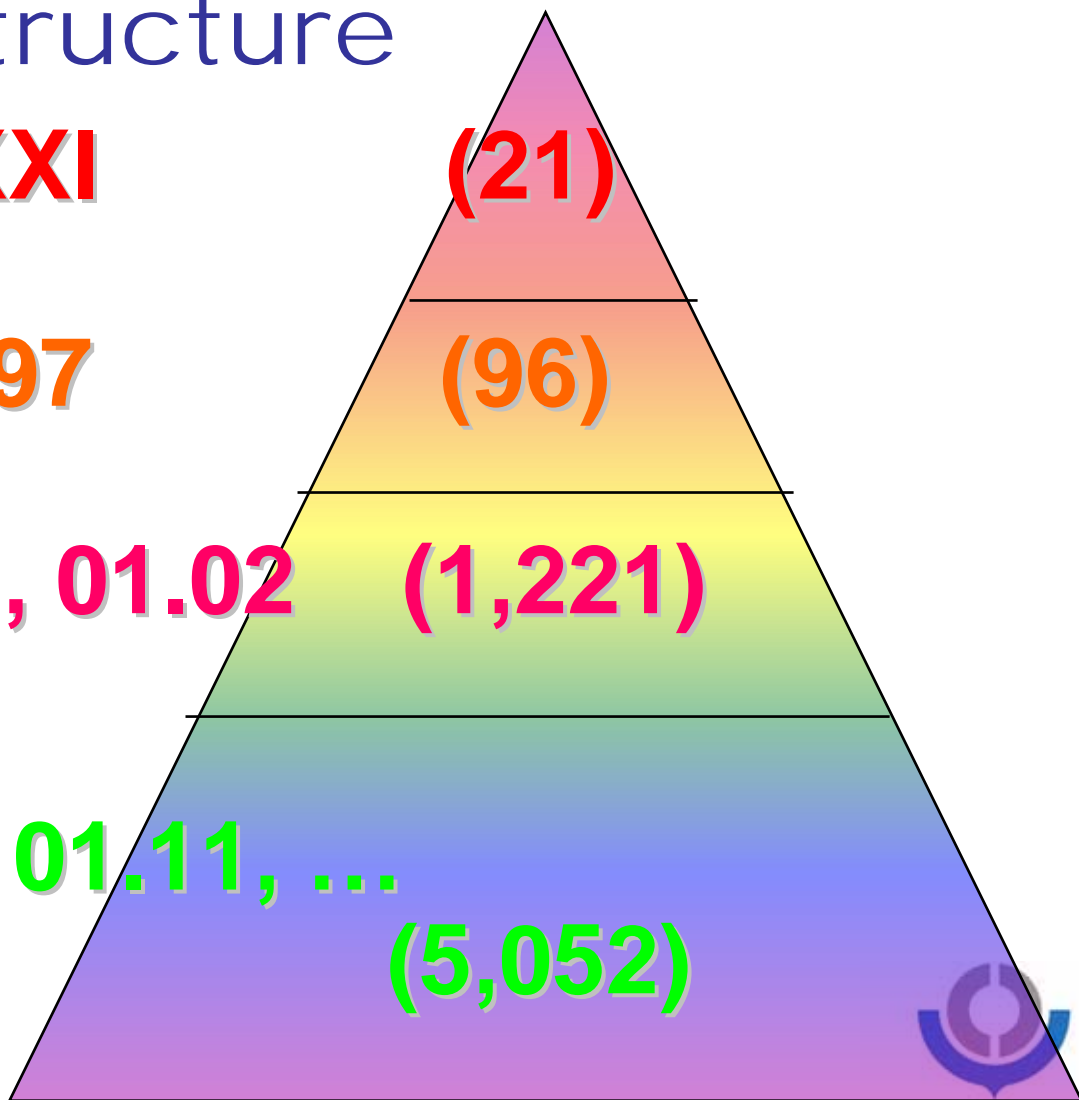
(96)

**Headings 01.01, 01.02
..., 97.06**

(1,221)

**Subheadings 0101.11, ...
....., 9706.00**

(5,052)





Annex

Structure

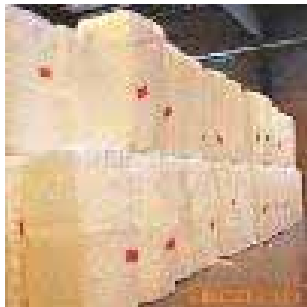
- **As a general rule, goods are arranged in order of their degree of manufacture:**
 - Raw materials, unworked products, semi-finished products, finished products.
- **Section I Agricultural products**
 - Chapter 1 Live animals.....
- **Section XXI Works of art, collectors' pieces and antique**
 - Chapter 97



Headings generally arranged by degree of processing

Ch.47 → Ch.48 → Ch.49

Pulps of wood → papers → prints





The Harmonized System (HS)

- **Relation to national Customs tariffs**
 - **Customs Tariffs and Statistical Nomenclatures shall be in Conformity with the HS :**
 - follow the numerical sequence of the HS
 - no modification except textual adaptations for the purpose of domestic law
 - national subdivisions beyond 6-digit HS subheadings can be created.



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21.02 Yeasts (active or inactive); other single - cell micro-organisms, dead (but not including vaccines of heading 30.02); prepared baking powders.

2102.10 - Active yeasts

2102.20 - Inactive yeasts; other single-cell micro-organisms, dead

2102.20 100 ---Yeasts

2102.20 200 ---Others

(Japan)



E. Notes (Explanatory Notes)

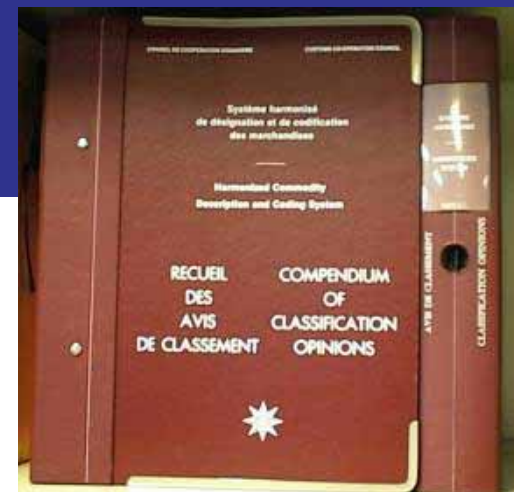


- **Not an integral part of the HS**
- **Official interpretation of the HS**
- **Indispensable complement to the System**





Compendium of Classification Opinions



- ***Set out in the order of the headings and subheadings of the HS***
- ***Classification Opinions adopted by the WCO***
- ***Specific nature of these Classification Opinions***





Disputes Settlement



Classification procedure

Pre-entry stage classification



Declaration- processing stage



Post-clearance stage





Dispute settlement

- Subject to either oral or in written
- Subject to appeal
- Subject to any stage of the classification

• First appeal

Designated
Customs
authority

• further appeal

Independent
judicial court



The Harmonized System (HS)

Q&A



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0805 20 – **Mandarins :**

0805 2**1** – – Fresh

0805 2**9** – – Other

Or

0805 20 – **Mandarins :**

0805 20 **10** – – Fresh

0805 20 **90** – – Other



The Harmonized System (HS)

GIR 3 (c) :

(c) When goods cannot be classified by reference to 3 (a) or 3 (b), they shall be classified under the heading which occurs last in numerical order among those which equally merit consideration.

Amended to read :

*(c) When goods cannot be classified by reference to 3 (a) or 3 (b), they shall be classified under the heading which **attracts the highest rate of duty** among those which equally merit consideration.*





The Explanatory Notes are binding on the same basis as the Legal Notes.

- True
- False
- **False**

Unlike the Legal Notes, the Explanatory Notes are not binding in nature. Rather they are for advisory use only.



Which of the following type of products are generally classified at the beginning of HS Section and Chapter ?

- Raw material
 - Unworked products
 - Finished products
-
- **Raw materials are generally classified at the beginning of HS Section and Chapters**





The six General Interpretative Rules do not have to be applied in order.

- True/false

- **False**

The six General Interpretative Rules must be applied to their hierarchical order (Rule 1 before Rule 2, Rule 2 before Rule 3, etc)





Headings can be split into several subheadings.

- True/False

- **True**

Headings can indeed be split into several one-dash subheadings, and then possibly into several two-dash subheadings.



The Harmonized System (HS)

Thank you for your attention

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