

WCO HS 2007 Changes

WCO Harmonized System Changes

In 1988, the World Customs Organization (WCO) developed the Harmonized Commodity Description and Coding System (HS) nomenclature, which is used as a standardized nomenclature for international trade in order to avoid duplicate product classifications in different countries. The HS consists of about 5,000 commodity groups, each of which is assigned a unique six-digit code. It also includes rules and definitions intended to foster uniform classification of commodities under the HS.

The HS is governed by “The International Convention on the Harmonized Commodity Description and Coding System” (HS Convention), to which approximately 125 countries are contracting parties. Approximately another 70 countries apply the HS even though these countries have not contracted to the HS Convention. Therefore, governments and organizations in almost 200 countries utilize the HS to classify goods, monitor controlled goods, maintain international trade compliance, and as the basis for rules of origin and customs duties.

Periodically, the WCO reviews and amends the HS commodity classification nomenclature at the six-digit level. The current HS nomenclature is now undergoing its third major revision, which is scheduled to go into effect on January 1, 2007.

National Tariff Changes

Under the terms of the HS Convention, contracting parties agree to bring their national statistical and customs tariff nomenclatures into conformity with the 2007 HS Changes on the effective date, January 1, 2007. However, the HS Convention contains no enforcement provisions to ensure that this deadline is met by all contracting parties. Consequently, many countries are expected to issue revised national customs tariffs on or near January 1, 2007, but some countries may not issue their national customs tariffs until well after that date. For the time being, the United States and China have been able to provide the following information about their national tariffs:

United States

In the U.S., the International Trade Commission (ITC) has recommended U.S. tariff changes to the U.S. President to comply with the 2007 HS Changes. The President is expected to submit the recommended changes to certain Congressional committees and, after a 60-legislative day waiting period, will then sign an implementing proclamation. When the President signs the implementing proclamation, another 15-day period must pass before changes to the U.S. tariff can take effect.

China

Customs officials in the People’s Republic of China recently completed the eighteen-month process of translating the 2007 HS Changes into English and have provided the translation to China’s Ministry of Finance, which is expected to disseminate any national tariff changes upon completing its review of the 2007 HS Changes.

As more information is disseminated by the contracting parties about the dates their national tariffs will become available, we will provide this information in future Informational Series flyers.