



**World Customs
Organization**

Exploratory Study on the Possible Strategic Review of the HS – Review Cycle Timeline

**Meeting of the United Nations Committee of Experts on International
Statistical Classifications
14 – 15 May 2024**

Background



Study Initiation

- Decision made at 139th/140th Council in June 2022
- Study commenced on September 5, 2022

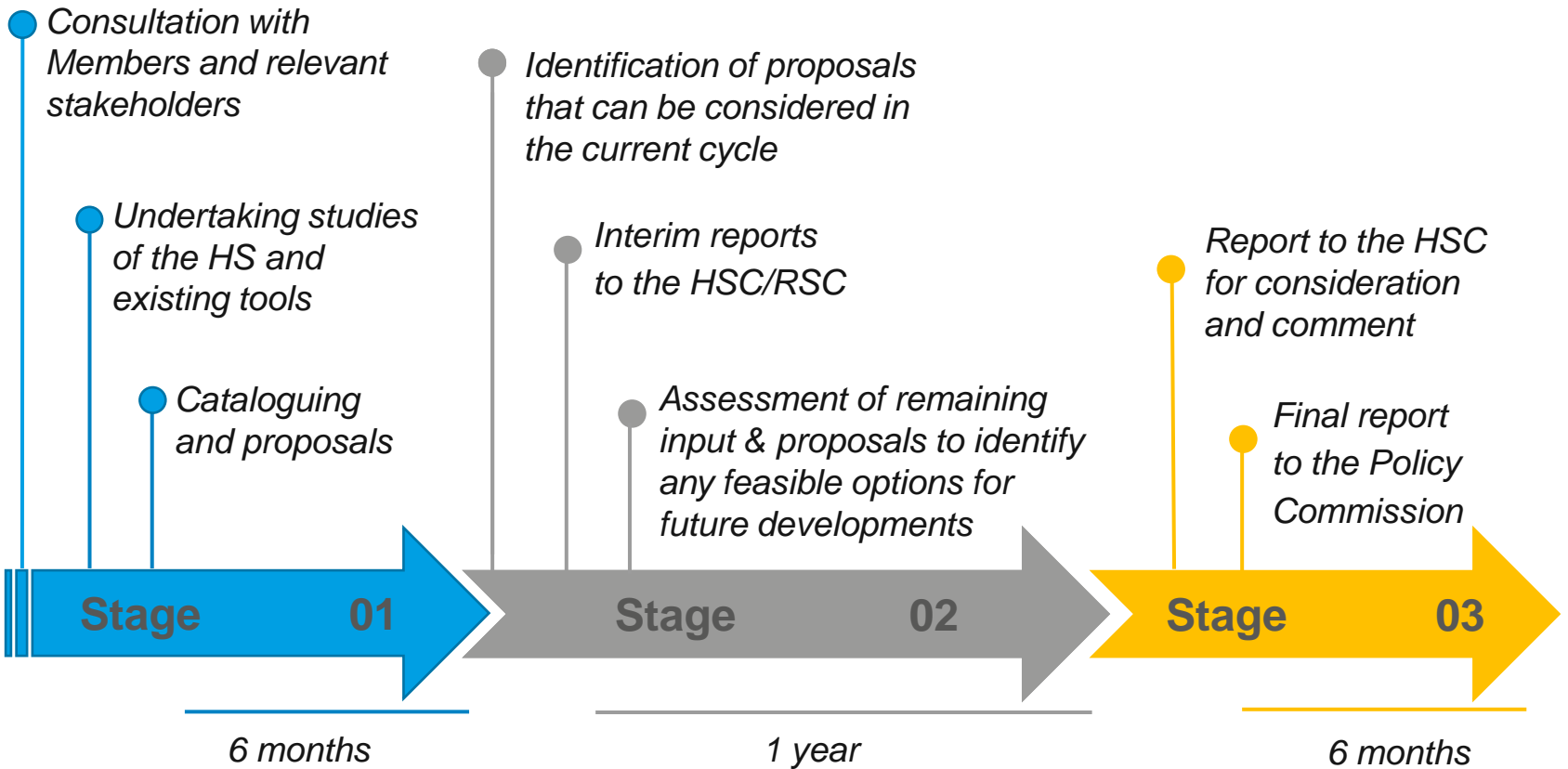
Study Goal

- Provide a report on HS's current health and future sustainability
- Assess feasible strategies for long-term viability

Considerations

- HS Annex to International Convention on Harmonized Commodity Description and Coding System
- Broader "HS system" including official tools and bodies involved in management and maintenance.

Timeline



Analysis



Thematic areas:

1. Understanding of the governing rules: General Interpretive Rules.
2. Usability and accessibility of the HS and its tools: Legal Notes, language and accessibility.
3. HS update process: Review cycle timeline, workload and correlation tables.
4. Ability of the HS to respond to emerging demands: Verification requirements and the structural constraints of the HS.
5. The mechanisms, capacity and agility of the HS update processes.

The Review Cycle Timing – Current Situation



- **Standard Length:** The review cycle lasts five years, starting from the presentation of the next new edition of the HS. For instance, the HS 2033 review cycle begins after the June 2025 Council and extends until the June 2030 presentation of the HS 2033 Recommendation.
- **Flexibility:** While the time from draft Recommendation submission to its implementation is set in the Convention, the time between draft submissions is at the HSC's discretion. The 72nd Session of the HSC extended the review cycle by one year to 2028, noting it as an exceptional case.
- **Varying Viewpoints:** The Study identified three main factions regarding the duration of the review cycle: those advocating for a shorter cycle, those supporting the current time limit, and those proposing an extended period.

Challenges and considerations in implementing new HS editions and shortening review cycle

- Legislative processes, system updates, and user communication are major hurdles.
- Not all Contracting Parties adhere to prescribed timing, leading to variable global implementation periods. Differing implementation dates complicate multinational trade and can cause compliance and clearance issues.
- Resource constraints, especially in developing countries, hinder effective management of changes.
- Late releases of national correlations create uncertainty for businesses.
- Other international organizations may require renegotiations under WTO due to HS changes.
- While some support shorter cycles, the majority deem the current five-year cycle appropriate.
- A cautious approach to shortening the cycle was taken in 2013 due to implementation and resource concerns.

Impact of the HS being a combined nomenclature (statistical / customs) on cycle length

It was noted that a shorter cycle could potentially be preferable for statistical purposes to allow more rapid adaptation of the HS to information needs.

While long-term data series are essential, there was increasing recognition of the need to be able to more quickly distinguish subgroups to meet the faster pace of policy needs.

However, the challenges of a shorter cycle to the customs and revenue related role of the HS outweighed the benefits of a shorter cycle for statistics in the overall view.

Hence, the length of cycle is not necessarily best adapted for statistical needs as the HS is not a purely statistical instrument.

Overview of draft final report: HS's health and future directions



- The HS is an invaluable tool for global trade facilitation.
- Its complexity poses a challenge as it's often used by non-experts, leading to inconsistencies.
- Efforts are needed to simplify and enhance its usability.
- Various strategies have been identified to achieve this, but it's an ongoing endeavor.
- The study highlights the evolving nature of trade information needs.
- Balancing the HS's role as a source of data and the tariff foundation is increasingly challenging.
- Input beyond technical experts is necessary to address these challenges.
- The future of the HS requires broader governmental and global consideration of trade priorities.



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Thank you

