



**World Customs  
Organization**

# The Review Cycle of the Harmonized System

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

# Harmonized Commodity Description and Coding System – HS



Created under the “International Convention on the Harmonized Commodity Description and Coding System”, entering into force on 1 January 1988.

The Nomenclature itself forms the Annex to the Convention.

Later editions of the Annex has entered into force in 1992, 1996, 2002, 2007, 2012, 2017 and 2022.

# The objectives of the HS Convention



are:

- i. to facilitate international trade and the collection, comparison and analysis of statistics by harmonizing the description, classification and coding of goods in international trade;
- ii. to reduce the expenses related to international trade and
- iii. to facilitate the standardization of trade documentation and the transmission of data.

# The HS review cycle



The HS has a fixed review cycle. It is normally updated every 5 years.

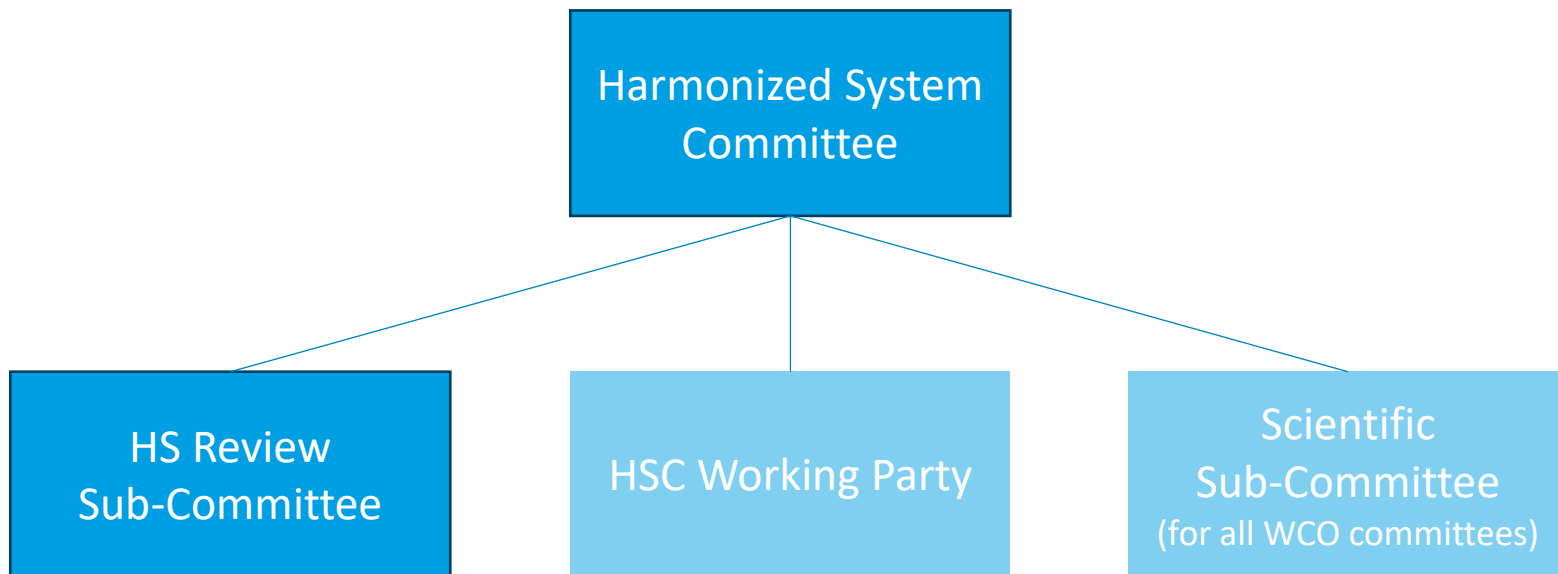
For the current cycle, the time of the cycle has been extended to 6 years. The work was delayed during the Covid pandemic.

The next version will enter into force on 1 January 2028.

# The Harmonized System Committee



Consists of:



# Timeline for the 2022 edition cycle (a 5-year cycle)

The cycle began immediately after the provisional acceptance of the previous 2017 version by the WCO Council in June 2014 (for entry into force on 1 January 2017)

New amendments discussed and agreed by the HS Review Sub-Committee (November 2014 to November 2018)

Provisional adoption of specific amendments by the Harmonized System Committee (September 2014 to March 2019)

Adoption of the aggregated version of amendments (Recommendation) by the HSC (March 2019)

Provisional acceptance of the Recommendation by the WCO Council (June 2019) - end of cycle – for entry into force in Jan 2022, **five years** after the previous edition entered into force.

# Who can directly submit proposals for amendment?



Contracting Parties (CP) to the Convention, that is, the Countries and Customs or Economic unions who have ratified the HS Convention.

(The proposals are normally made by Customs administrations but can also be made by other administrations of the CP.)

The WCO Secretariat

The WCO Council

The Chairperson of the Committee

# Who can directly submit proposals for amendment?



Other WCO Members who are not CPs

Intergovernmental Organizations

[https://www.wcoomd.org/-/media/wco/public/global/pdf/topics/nomenclature/activities-and-programmes/amending/creating-hs-change-proposals--how-to\\_english-17-may-2023.pdf?la=en](https://www.wcoomd.org/-/media/wco/public/global/pdf/topics/nomenclature/activities-and-programmes/amending/creating-hs-change-proposals--how-to_english-17-may-2023.pdf?la=en)



# What about industry or NGOs?



The private sector, including trade and industry bodies, and non-governmental organizations can not directly submit proposals.

They can potentially submit proposals for amendment ***indirectly*** by submitting them to a CP or IGO with a request for consideration of the CP or IGO putting them forward as the CP or IGO's proposals

[https://www.wcoomd.org/-/media/wco/public/global/pdf/topics/nomenclature/activities-and-programmes/amending/creating-hs-change-proposals--how-to\\_english-17-may-2023.pdf?la=en](https://www.wcoomd.org/-/media/wco/public/global/pdf/topics/nomenclature/activities-and-programmes/amending/creating-hs-change-proposals--how-to_english-17-may-2023.pdf?la=en)

# What do we do?



- Proposals are sent to the WCO Tariff and Trade Affairs Directorate.
- Depending on which meeting is the next, HSC or RSC, and the request, the proposals are presented to the Committee or Sub-Committee.
- If presented at the HSC, the Committee usually decides to refer the matter to the RSC, where the proposal is discussed in detail.

# What do we do?



The discussions can be quick, immediately approved by the RSC, or take several years, sometimes even more than one cycle. The reasons for delay may be:

- The proposal concerns a major amendment to one or several headings;
- The initial proposal needs substantial amendments before it can be accepted;
- The Members can't agree if the amendment is necessary or not;
- New additions are made to the proposal as a result of the discussions; or
- The details of the proposed changes are controversial.

# What do we do?



## Consequential amendments:

- A proposal that is aimed at a specific heading or note may also affect other texts, such as the Explanatory Notes or other headings or notes with a similar scope;
- The Secretariat works to identify any required consequential amendments to the legal text as these must also go through the approval process; and
- For changes to the ENs, the normal process is to adopt the amendment to the heading(s) and Note(s), and then discuss the consequential amendments to the ENs for approval before entry into force (may occur after the final adoption of the Recommendation).

# Recap: timeline for the review cycle



The cycle begins immediately after the provisional acceptance by the WCO Council of the previous version. In the following five years:

- New amendments are discussed and agreed by the HS Review Sub-Committee (two meetings a year - one to two weeks per meeting);
- Provisional adoption of specific amendments by the Harmonized System Committee (HSC) are made on a rolling basis (two meetings a year - one to two weeks per meeting);
- At the March HSC meeting in the year of acceptance (five years after the previous acceptance), the HSC adopts the aggregated version of amendments (Recommendation), including any provisional amendments adopted at that meeting; and
- The Recommendation goes to the WCO Council in the June for provisional acceptance and the new cycle begins.

# What happens when the HS amendments are approved?

There is a long period between the Council approval and the entry into force of the amendments. Why is it so?

Tasks for the HSC, RSC, and the Secretariat:

- Finalisation of consequential amendments to the Explanatory Notes (Secretariat, RSC, HSC);
- Preparation of the correlation tables (Secretariat, HSC);
- Updating and publication of the main HS related publications for the new edition (Nomenclature, Explanatory Notes, and Compendium of Classification Opinions) (Secretariat);
- Updating of the HS database, E-learning courses, and any other materials (Secretariat); and
- Conducting regional training on the new edition (Secretariat).

# What happens when the HS amendments are approved?



Tasks at national level:

- Translation into third languages
- Updating of national tariffs followed by a legislative process in Member states
- Updating of national publications and of national computer systems and databases
- Training of Customs, other organizations and trade, etc..

## What if there is a need for an urgent change?

The HS only allows for changes with a new edition, normally, every five years, and the periods between provisional acceptance, final acceptance and entry into force are mandated by the Convention, making it a minimum of 2.5 years until any change can be made after presentation to the Council.

Changes to national tariffs can be made at shorter intervals, as determined by the relevant government, and are often once a year.

Following a decision on a future amendment to the HS, a recommendation can be adopted to invite Members to make interim changes to their national tariffs until the HS amendments enter into force, but these are voluntary and not always followed.



# Why 5 years?



Determining the length of the cycle is a balancing act:

Keeping the HS up to date in terms of changes in technology or patterns of international trade.

For Customs tariffs and import and export trade statistical systems there is a need for long term stability.

Practical reasons, in particular the long time needed for implementation.

# One of the main reasons for 5 years



The HS forms the basis of national tariffs, which determine duties. Hence any change to the HS means governments need to ensure that they restructure their duties to match their WTO commitments and any relevant commitments in their trade agreements with other countries.

This link to revenues and international commitments generally means that a longer cycle is needed than may be the case for statistical only nomenclatures.

# Types of amendments



- Amendments to reflect other updated Conventions
- Identification of products for statistical needs
- Simplification of classification where the current classification is difficult or ambiguous
- Correcting mistakes
- Updates to reflect current trade patterns and advances in technology
- Changes to support addressing global environmental and social issues



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**Thank you for your attention!**

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