



**World Customs
Organization**

The Review Cycle of the Harmonized System

**Second Webinar of the International Statistical Classifications Sprint
29 November 2023**

Harmonized Commodity Description and Coding System – HS



Created under the “International Convention on the Harmonized Commodity and 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.

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.

Who can submit proposals for amendment?



Contracting Parties (CP) to the Convention (called Members), 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 submit proposals for amendment?



Other WCO Members

Intergovernmental Organizations

Private sector, including trade and industry bodies

Non-governmental 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

Timeline for the review cycle



The cycle begins immediately after the approval by the WCO Council of the previous version (June 2019)

New amendments are discussed and agreed by the HS Review Sub-Committee (2019 to 2024)

Provisional approval of specific amendments by the Harmonized System Committee (2020 to 2025)

Adoption of the aggregated version of amendments (Recommendation) by the HSC (March 2025)

Approval of the Recommendation by the WCO Council (June 2025) - end of cycle – for entry into force in Jan 2028

Why the long implementation period?



Drafting of amendments to the Explanatory Notes

Translation into third languages

Legislative process in Member administrations and update of national computer databases

Updating and re-publication of all HS related publications, such as the Nomenclature, Explanatory Notes, Compendium of Classification Opinions, Alphabetical Index, HS database, E-learning courses, but also national publications

Training of Customs, other organizations and trade
Etc.

What if there is a need for an urgent change?

The HS only allows for changes, normally, every five years.

Changes to national tariffs can be made at shorter intervals, often once a year.

It is possible to use a Council Recommendation to amend national tariffs on an interim basis between amendments to the HS itself.

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.

Types of amendments

Clarification of difficult classifications

Correcting mistakes

Amendments to reflect updated Conventions

Identification of products for statistical needs

Identification of products to clarify the classification for tariff reasons

Updates to reflect current trade patterns and advances in technology

Addressing global environmental and social issues

Cooperation with other stakeholders 'Meat and Cheese substitutes'



A proposal by the Statistical community

- A request was submitted to the WCO
- Improvement of the draft proposal, in collaboration between the two organizations
- Presentation to the RSC
- Classification (HSC) of certain products to identify under which heading the amendments should be inserted
- Continued discussion at the RSC ending in a probable approval of the proposal
- Provisional adoption by the HSC

Cooperation with other stakeholders 'Meat and Cheese substitutes'



Amendments needed for this particular matter:

To the HS

- Nomenclature changes to identify specific products
- Creation of Notes to define specific products or to explain the changed scope of a specific heading

To the HS Explanatory Notes

- Provide more detailed guidance for named products

To the Compendium of Classification Opinions

- COs for the products that were classified.

Benefits of having a fixed review cycle



A constant review of the Nomenclature to keep it up-to-date, there is no start-up period.

The work is always ongoing, a proposal that is not finalized in one cycle is automatically carried over to the next.

Interested parties can make requests or proposals at any time, not having to wait for a window of opportunity.

Delegates to the Sub-Committee are kept aware of the procedures for amendment and how to draft the texts.



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