Harmonized Codes - Classifying Your Export Products

Why codes are needed
- Universal classification of products
- Prevention of misinterpretation of local identification
  - Tariffs
  - Taxes
  - Quotas
  - Duties
- Tracking flow of goods
- Cross-referencing foreign and transport documentation

Other code systems
- SIC - Standard Industrial Classification
- NAICS - North American Industry Classification
- SITC - Standard International Trade Classification
Commodity Codes are 10 digit numbers

0102.14.0013

Breakdown of Code

0102.14.0013

Codes have sections and chapters

- 22 sections
- 99 chapters
  - Correspond to the international system of numbering
  - Chapter 99 is blank (catch all)
Headings
- Headings include the chapter number
- Generally indicate priorities of the chapter (or levels of processing)
  - Start at broadest category (primary products)
  - Becomes more defined due to condition or subset (or more complex products)
- Necessary to explore all headings
  - Example of book live animals vs. circus animals

Subheadings
- Once heading defined, subheading determined
- Covers first 6 digits of ten-digit code
- Descriptions are pretty complete

Commodity Codes = Statistical Subdivisions
- May vary in each country
- Some countries may utilize 4 zeros
- May be just one commodity code or many
- Necessary to explore for each country
- Only the subheading is consistent
Commodity Code
Use in the United States

- **Importing**
  - Harmonized Tariff Schedule (HTS)
  - Managed by the Office of Tariff Affairs and Trade Agreements under the U.S. International Trade Commission
  - Determine import duties
  - Track import statistics

- **Exporting**
  - Schedule B
  - Managed by U.S. Census Bureau
  - Schedule B is the actual book codes are published

If importing and exporting the same product, two harmonized codes might be used.

Locating the Correct Code

- Obtain copies of:
  - Schedule B if exporting
    - [www.census.gov/foreign-trade/schedules/b](http://www.census.gov/foreign-trade/schedules/b)
  - HTS if importing
    - [http://www.usitc.gov/taffairs.htm](http://www.usitc.gov/taffairs.htm)
- Check the Index
- Both schedules can be cross referenced
- Difficult classification may require assistance

General Rules of Interpretation

- Harmonized Tariff Schedule of the United States
- Updated annually
- Summed up in text under 6 guiding rules.
Six Guiding Rules

1) Titles of sections and chapters are only a guide
2) Incomplete or unfinished articles are classified as if complete (assembly kits)
3) If good can be classified under multiple headings:
   a) Use most specific heading
   b) If equal description, use heading of major material
   c) If a or b not applicable, use last classification of merit
4) If rules 1 to 3 inadequate, use most similar Schedule B classification
5) Packing and Containers- typically classified with goods
6) Rules 1-4 for the Heading, repeat process for subheading, etc.

Seeking Assistance

- U.S. Census Bureau
- U.S. Customs
- U.S. International Trade Commission
- Local International Trade Resources
- Binding rulings
  - Free service of U.S. Customs

Rates of Duty

Column 1

GENERAL: Duties for all products that do not qualify for special tariff treatment.
SPECIAL: Duties levels for those countries that fit into special tariff treatment programs—see listing included.
(Example NAFTA)

Column 2

Rate of duties for any products imported directly or indirectly from specific countries currently:
- Cuba and North Korea
**Special Tariff Treatment**

**WTP-Chris Schrage**

**SIC**
- Standard Industrial Classification
- Now replaced by NAICS
- Four digit number describing activity of organization
  - "what it does"
  - May not produce a physical product for export or import
- [www.osha.gov/oshstats/sicser.html](http://www.osha.gov/oshstats/sicser.html)

**NAICS**
- North American Industry Classification
- Tied to NAFTA agreement
  - Canada, Mexico, and United States
- Expanded SIC code to 6 digits
  - More flexibility
- Better comparisons between three countries' activities than SIC
- [www.census.gov/naics](http://www.census.gov/naics)
- [www.ntis.gov/business/sic.htm](http://www.ntis.gov/business/sic.htm)
**SITC**
- Standard International Trade Classification
- United Nations - 100 countries report
- Developed in 1950
- Can be outdated information
- May provide general insight into trade flows

**ECCN**
- Export Control Classification Number

**CT-PAT**
- Patriot Act (after 9-11)
- Implications on what can be transported across borders