



December 2021

Volume 12

Issue 3



HARMONISED SYSTEM (HS) 2022 – THE 7TH AMENDMENT

What is the HS?

The HS nomenclature comprises a universal economic language and code for transportable, multipurpose goods. This nomenclature was established by the International Convention on the Harmonized Commodity Description and Coding System, or the 'Harmonised System (HS) Convention', under the auspices of the World Customs Organization (WCO). The HS Convention, which entered into force in 1988, established the Harmonised System (HS) nomenclature.

Currently, more than 98% of goods are traded worldwide using the WCO's HS, which has significantly simplified trade in goods. With the advent of planes, ships, cars, and other modes of transport, trade in goods has been facilitated. However, centuries ago, the process wasn't nearly as simple. If you or someone in your village didn't grow, herd, or create it, you had to give up your desire or travel for it, often over long distances. Today, these great distances fall under the umbrella of international trade, where goods are being transported cross-border and being subject to duties and taxes. Internationally traded goods are regulated through a number of government measures, key among them being a tariff on imported goods. The world has graduated from using archaic tariffs, such as "per donkey load of aromatic oil in alabaster jars for twenty-five denarii", which was the norm in the 137 AD ancient Palmyra tariff, to a uniformed Harmonised System (HS) nomenclature.

The HS is used by governments to calculate duties and taxes, for the compilation of international trade statistics, as well as to enforce Customs laws and regulations. It is used by businesses to manage their trade regulation requirements as well as to monitor their supplier networks. It is also used by trade negotiators while drafting international and regional trade treaties. Additionally, international organizations working on issues ranging from food security to environmental protection to global security rely on HS coded data to report progress toward goals or to monitor trade in regulated or forbidden items.

Why Amend the HS?

In an ever-changing world, it is important that the HS remains up-to-date and practical to reflect technological changes and changes to international trade patterns, which ensures a certain degree of long-term stability for international trade. As such, amendments to the HS become imperative. The HS nomenclature has been updated every five years since its implementation, and the HS 2022 version marks the seventh amendment, which becomes effective on January 1, 2022. Since its introduction on January 1, 1988, the WCO has pursued correct and uniform application of the HS in an efficient manner, facilitating international trade and investment, and promoting fiscal compliance with relevant trade rules and laws.

Regarding the HS 2022, there were 351 sets of accepted amendments. Adaption to current trade through the recognition of new product streams and addressing environmental and social issues of global concern are the major features of the HS 2022 amendments. With more specificity, the HS 2022 was amended for the following reasons:

- Changing technology and products;
- Changing trade patterns and volume;
- Needs for clarification or simplification of particular HS provisions; and
- Environmental, security or social concerns, particularly when backed by a treaty or convention.



Kunio Mikuriya,
Secretary General, WCO

"When a nomenclature remains unchanged, i.e. not taking into account the evolution of technology and changes in consumer habits, there is a serious risk of having difficulties, if not disputes, when classifying products."

In this issue:

- Why Amend the HS?

- HS Implementation Processes

- The Role of the JCA

- Typical Examples of Amendment Reasons

- Overview of the HS 2022 Amendments

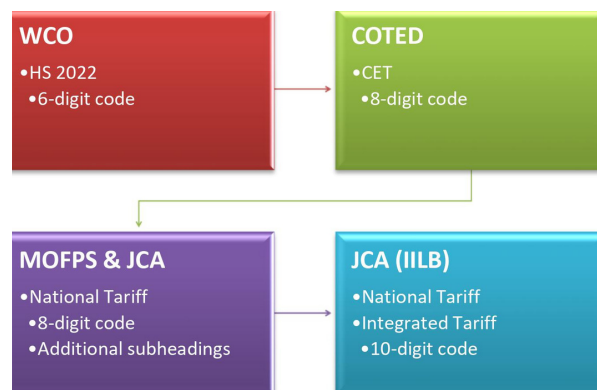


HS Implementation Processes

The implementation process to incorporate the HS amendments to create a new HS every five years can be long and tedious. Subsequent to the recommendation and acceptance of the amendments to the HS 2022 at the WCO level, the amendments are made regionally and nationally. At the regional level, the Council for Trade and Economic Development (COTED) approves the Common External Tariff (CET). The COTED is the arm within the Caribbean Community (CARICOM) that promotes trade and economic development, and has oversight of the operations of the Single Market and Economy. Notably, the CET is comprised of the same HS nomenclature with the addition of two digits to the end of the tariff code, thus, making an eight-digit code. The CET is applicable to goods imported from third countries (i.e., countries outside of CARICOM), or goods which are not certified to be originating. The CET is then disseminated to CARICOM Member States to create their individual national tariffs.

The Role of the Jamaica Customs Agency

The Jamaica Customs Agency (JCA) plays a critical role in the process of implementation of the HS amendments nationally. Upon receipt of the CET by the Ministry of Finance and the Public Service (MoFPS), it is shared with the JCA's International & Industry Liaison Branch (IILB). The MoFPS and the JCA review the CET to create the draft national tariff. This draft document is updated to reflect the amendments, national disaggregation/ breakouts, and applicable duty rates. These breakouts reflect the national tax policy direction and are reflected in the national tariff. Thereafter, the MoFPS commences the legal process to get the national tariff implemented into law.



When Parliament approves the Resolution, the draft is printed, and is again reviewed by the MoFPS and the JCA for any errors to be identified and corrected. Subsequently, the MoFPS sends instructions to the JCA to implement the new national tariff. The JCA, then, compiles the integrated tariff using the national tariff, along with various pieces of legislation, including the Standards Act and the General Consumption Tax Act. Finally, instructions are sent to the Information Services Division to update ASYCUDA to reflect the changes.

Overview of the HS 2022 Amendments

As previously mentioned, there are 351 sets of amendments in the HS 2022. These amendments include:




- Consequential amendments to Chapter Notes and Subheading Notes,
- Restructuring of headings, and
- Redrafting of headings, e.g., 04.10, 16.01 and 16.02

This has resulted in 8 new Headings and the deletion of 2 Headings. The nomenclature further contains 370 new Subheadings and the deletion of 145 Subheadings. Hence, when the national tariff has been implemented, it will be crucial to consult the HS 2022 before classifying items to avoid misclassification which may have duty treatment or other trade implications.







Typical Examples of Amendment Reasons







The amendments to the HS 2022 appear abstract and voluminous when they are not contextualized. Therefore, the WCO categorised the amendments for the HS 2022 into seven reasons. The WCO provided some typical examples for the reasons for the amendments. Some of the examples are in the tables below:

Typical Reasons	Descriptions	HS 2017	HS 2022	Highlights of the HS 2022 Amendments	Examples
1. Public Health & Safety	Diagnostic types of all types: Kits consisting of many components All detection methods [e.g., Polymerase Chain Reactions (PCR)]	Various codes, including: 3002.11, 3002.15 & 3006.20	3822.11 3822.13	* The amendment was made to facilitate the classification and cross-border transportation of such priority medical goods. * The expansion of heading 38.22.	
2. Protection of Society and Fight Against Terrorism		2844.40	2844.41 - 2844.44	New HS Codes for Dual Use Items * The amendment to the HS was made to facilitate the monitoring and control of transfers of certain products considered by the WCO enforcement experts as strategic dual use goods that could be diverted for unauthorized uses. * New subheadings were added under heading 28.44 and 28.45.	
	Radioactive materials	2845.10 & 2845.90	2845.10, 2845.20, 2845.30, 2845.40 & 2845.90		
	Vaccines	3002.20 & 3002.30	3002.40-3002.49	* Deletion of subheadings 3002.20 and 3002.30. * Creation of a new subheading, 3002.40 and its subdivisions.	
3. Goods Specially Controlled Under International/ Environmental Treaties	HFCs (i.e., Global warming gases)	2903.39	2903.41-2903.51	* The Kigali Amendment to the Montreal Protocol monitors and controls the trade and usage of substances that deplete the ozone layer. Jamaica is a signatory to this agreement. * The Kigali Amendment intends to eventually phase out products that utilize Hydrofluorocarbons (HFCs) (i.e., global warming gases).	
	Mixtures of HFCs	3824.78	3827.11-3827.90		

Typical Examples of Amendment Reasons (cont'd)

Typical Reasons	Descriptions	HS 2017	HS 2022	Highlights of the HS 2022 Amendments	Examples
4. Food Security and Environment Protection (FAO Proposals)	Electrical and electronic waste and scrap	Various headings, including 38.25, 85.48, and 71.12	85.49	<ul style="list-style-type: none"> * New heading, 85.49, created * New Note 6 to Section XVI has been created to define its scope * Note 4 (a) to Chapter 38 has been amended to exclude electrical and electronic waste and scrap from 'Municipal waste' of heading 38.25 and 'radioactive waste' of heading 28.44. 	
5. Technological Progress	3D Printers	84.77	84.85	<ul style="list-style-type: none"> * New heading, 84.85, and subheadings for 'machines for additive manufacturing', also called 3D printers. * New Note 10 to Chapter 84 to define the scope of 3D printing. 	
	E-Cigarettes	8543.70	8543.40	<ul style="list-style-type: none"> * New subheading, 8543.40, has been created for 'Electronic cigarettes and similar personal electric vaporising devices', commonly referred to as e-cigarettes. * Exclusion Notes have also been added to the Explanatory Notes for heading 85.43 to exclude certain items that would be classified at 24.04 and 96.14. 	
6. Trade Patterns	Globes (maps)	4905.10	4905.90	<p>Low Trade Volume:</p> <ul style="list-style-type: none"> * The WCO monitors trade in goods, whether there is high or low volume in trade of an item. Consequently, there are HS codes which are deleted because of low trade volume. However, two new subheadings have been created to account for cadmium waste and other. 	
	Cadmium	81.07	8112.69 8112.61		
	Spring (clock and watch parts)	9114.10	9114.90		

Typical Examples of Amendment Reasons (cont'd)

Typical Reasons	Descriptions	HS 2017	HS 2022	Highlights of the HS 2022 Amendments	Examples
7. Clarification of the HS Texts	Flours, meals and pellets of fish, crustaceans, molluscs and other aquatic invertebrates, fit for human consumption	03.05, 03.06, 03.07 and 03.08	03.09	* Change made to clarify the classification of flour, meals and pellets in Chapter 3. Also, the references to flours, meals and pellets in headings 03.05 to 03.08 were deleted.	
	Smartphones	8517.12	8517.13	* Deletion of heading 8517.12. * A new subheading, 8517.13, was created to provide for smartphones. * A new subheading, 8517.14, to classify Other, given the deletion of 8517.12.	
	Other telephones for cellular networks or for other wireless networks	8517.12	8517.14	* A new Note 5 to Chapter 85 to define the scope of smartphones.	
	Parts for the smartphones & other cellphones	8517.70	8517.71 & 8517.79	* A new heading 8517.71 and 8517.79 both new headings for parts.	
	Unmanned aircraft (drone)	88.02	88.06	* Amendment to heading 88.02 to exclude unmanned aircrafts. * New Note 1 to Chapter 88 to define the scope of unmanned aircrafts. * New subheading Note 2 to Chapter 88 to clarify the scope of subheadings under new heading 88.06. * Deletion of heading 88.03, i.e., parts of headings 88.01 and 88.02. * New heading 88.07 and related subheadings, i.e., parts of headings 88.01, 88.02 and 88.06. * Creation of a new exclusion Note 1 p to Chapter 95 to exclude unmanned aircrafts.	
Electric Vehicles (Road Tractors)	8701.20	8701.20 - 8701.24 & 8701.29	* Subdivisions of subheading 8701.20 for fully or partially electric powered road tractors for semi-trailers.		
Electric Vehicles (Motor Vehicles, Pick-ups, Trucks, etc.)	8704.90	8704.40, 8704.50, 8704.60 & 8704.90	* New subheadings, 8704.4 to 8704.60, have been created to provide separately for certain electric vehicles.		



The JCAs Sensitisation Strategies for HS 2022

As part of the JCAs strategic drive towards stakeholder engagement and awareness building, the IILB has begun hosting sensitization sessions for both internal and external stakeholders. The sessions are geared towards ensuring a smooth transition from the HS 2017 to the HS 2022, thus continuing to facilitate legitimate trade, while capacitating our stakeholders. Currently, the Jamaica Customs Agency is awaiting directives from the MoFPS concerning the implementation of the HS 2022 through our national and integrated tariffs. Consequently, the present nomenclature, the HS 2017, should continue to be utilized until the Industry Liaison Section advises differently. When the new nomenclature becomes effective, we encourage all our stakeholders to verify the tariff codes in the HS 2022 before classifying goods.

For more information on the changes of HS 2022, you may visit the WCOs website at <http://www.wcoomd.org/en/topics/nomenclature/instrument-and-tools/hs-nomenclature-2022-edition/amendments-effective-from-1-january-2022.aspx>, and/or contact the IILB at iilu@jca.gov.jm.

The International and Industry Liaison Branch



The International and Industry Liaison Branch (IILB) is committed to raising awareness on topics relating to international trade, as well as issues concerning the Caribbean Community which affect our internal and external stakeholders. Our quarterly newsletter seeks to highlight global trade topics and their importance to customs administrations worldwide, specifically as it relates to the Jamaica Customs Agency (JCA).

As we realize our vision of becoming a modern customs administration delivering excellent service, we recognize the importance of knowledge transfer in delivering our objectives and use this forum as our way of contributing to the vision of the JCA.

The IILB is located at the JCAs Head Office, Myers' Wharf, Newport East, Kingston, and our officers are available to respond to your trade-related queries. You may contact us via email at iilu@jca.gov.jm

Prepared by: The International and Industry Liaison Branch