

Committee on Market Access**CONSOLIDATED TARIFF SCHEDULES DATABASE****HS2002 Transposition**Note by the Secretariat¹

1. The Consolidated Tariff Schedules (CTS) database contains all WTO Members' concessions on goods in a standardized format. It currently contains 131 schedules representing more than 700,000 tariff lines. In the light of the slow progress in the HS2002 transposition and also in the context of requirements arising from the ongoing negotiations on goods, it has been suggested to transpose the CTS database to the HS2002 nomenclature.² Should Members agree, a transposition of the CTS to HS2002 could be undertaken by the Secretariat and this could feed into the HS2002 transposition exercise as well as into the current negotiating process. The following note describes the relevant technical issues thus far identified by the Secretariat, which would need to be addressed in a transposition of the CTS to HS2002.

HS2002 Changes

2. As noted in document WT/L/407, the HS2002 nomenclature has 373 changes or sets of changes, which can be summarized as follows:

Table 1 - HS2002 Changes or Sets of Changes³

Category	Changes	Number of Items
1	New break-outs of the nomenclature	87
2	Condensing (or deletion) of the nomenclature	48
3	Textual changes of the nomenclature	130
4	Typographical changes or corrections	108

3. The 238 textual changes (categories 3 and 4) are relatively straightforward and could be done automatically in many cases. Moreover, as noted in WT/L/407, 102 of them are items related only to chapter or subheading notes. Categories 1 and 2 are changes of codes, descriptions or structures, which could be mergers or splits of headings or subheadings. They could also include more complex changes combining splits and mergers. These changes will become more complicated when they have to be transposed to the level of national tariff lines, i.e. more disaggregated than the HS 6-digit subheading level. Examples 1 and 2 in the attachment show the complexity of split and merger transpositions applied to national subheadings. Manual work would be needed for processing these tariff lines. The number of HS subheadings affected by changes in the HS2002 nomenclature can be summarized as follows:

¹ This document has been prepared under the Secretariat's own responsibility and without prejudice to the positions of Members and to their rights and obligations under the WTO.

² It should be noted that a procedure to implement HS 2002 changes to Schedules of Concessions started in 2001. Since then, 33 members have submitted documentation as required, which include loose-leaf schedules and concordance tables (WT/L/407).

³ Changes related to a set of headings or subheadings.

Table 2- HS2002 Changes to HS Subheadings
(Number of HS sub-headings)

Case		HS96	HS2002
A	No change	4713	4713
B	Change in codes only	31	31
C	Split or merger	369	480
	Total	5113	5224

Data

4. Among the 131 schedules, three of them are already filed in HS2002 and need no further work; seven schedules are still in HS 1992, which could be transposed to HS2002 in a two step process (HS92 to HS96 and then HS96 to HS2002). The remaining 121 schedules are in HS96. It is suggested not to include the schedules of the ten new members of the European Communities in the transposition exercise.⁴

Transposition Procedure

Concession elements

5. The CTS database contains not only tariff concessions but also other elements, which can either be on tariff-line basis, such as base duties, initial negotiating rights (INRs) and special safeguards (SSGs), or in other parts of the schedule, such as tariff rate quotas (TRQs). Not all elements currently included in the CTS are needed either for the HS2002 transposition or for the preparation and evaluation of offers in the context of the negotiations. It is therefore suggested to retain only those elements which are required for both purposes (see annex).

Recording of concessions in HS2002

6. Each new HS2002 subheading/tariff line will come from one or more HS96 tariff lines or part of these lines. If a HS2002 subheading/tariff line matches with two or more HS96 tariff lines and if these lines have the same levels or contents of concessions (e.g. same bound duties), the original concession elements would be merged into one new concession at the level of the new HS2002 subheading/tariff line. If the concessions of the original HS96 tariff lines are different, the concession elements of new HS2002 subheading/tariff line would have to reflect this. In this case, the HS2002 subheading/tariff line would be broken down to a more detailed level so that the CTS in HS2002 would reflect fully the same level of concessions as the CTS in HS96.

7. Examples 1 and 2 show that the "collapsing" of tariff lines to HS 6 digit subheadings could significantly simplify the tariff structure and the workload involved. It would require much less manual intervention and would thus be less likely to be controversial. Having a maximum number of concessions defined at the level of HS 6-digit subheadings would also make it easier to transpose the new schedule into any new national applied schedule based on HS2002 nomenclature.⁵

⁴ Of these, one schedule is in HS 2002 and the remaining nine are in HS 1996.

⁵ This would not preclude that concessions defined only at the level of subheadings could be broken down again into tariff line detail by the Members concerned.

Procedural Issues

8. It is proposed that the Secretariat convert all tariff lines into the HS2002 nomenclature. Those tariff lines that have been affected by changes in the HS nomenclature would be flagged. Whenever possible, automated processing would be used to reduce the workload (cases A, B and parts of C). However, a considerable number of tariff lines would have to be processed manually. These tariff lines need to be reviewed line by line to determine the new tariff line code(s) and description(s) and their respective level of concession according to the amendments and correlation tables between HS96 and HS2002. Although some methodologies and software could be developed to facilitate the manual revision and verify outcomes, they would work only as tools, and not as the substitute for manual revisions. It has to be recognized that the Secretariat may have to adjust detailed tariff line codes and descriptions in certain instances (e.g. example 2, table 12) in order to generate meaningful and intelligible new tariff schedules. Any modifications that require manual modifications would need to be clearly flagged for verification and approval by Members.

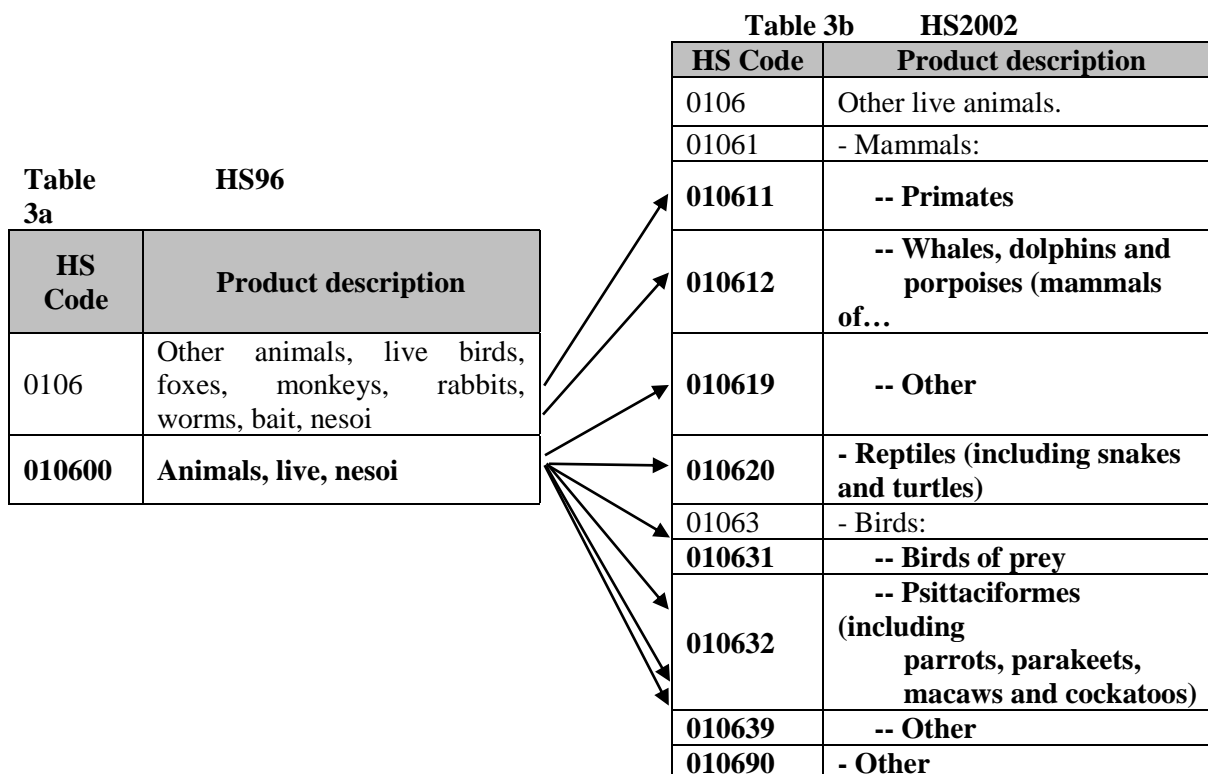
Reference Documents

9. The transposition should be based on the information from the World Customs Organization, which is included in the WTO documents G/MA/W/24, G/MA/W/26, G/MA/W/27 and G/MA/W/27/Add.1. The key element for such a transposition would be a detailed concordance table between the HS96 and the HS2002 nomenclatures.

10. The concordance tables submitted by the 33 Members under the procedure for the HS2002 transposition (WT/L/407) could also be used in the procedures developed for the HS2002 CTS transposition, so that the workload could be reduced. Furthermore, for Members that already have made their IDB submissions in HS2002, this could be useful reference for the exercise.

Example 1: Category 1 - Split

One HS96 subheading 010600 becomes eight new HS2002 subheadings:



In this example, in the CTS database, a Member has three tariff lines (TL) under subheading 010600:

TL code	Product description
0106	Other live animals.
010600	Other live animals
01060010	- Domestic rabbits
01060020	- Pigeons
01060090	- Other

In theory, the three national subheadings could go under each of the eight new HS2002 subheadings. If the conversion is done by computer program, it may generate 24 possible HS2002 tariff lines. However, not all of the 24 new national subheadings are appropriate when the product descriptions are considered. For instance, the national subheading “domestic rabbits” should not be under the subheading “primates”. Therefore, in this case, each tariff line generated by computer program needs to be reviewed manually to determine whether it should stay under the corresponding new HS2002 subheading. From all these possible new tariff lines and product descriptions, the following tariff lines would be retained.

Table 5 HS2002

TL code	Product description
0106	Other live animals.
01061	- Mammals:
01061100	-- Primates
01061200	-- Whales, dolphins and porpoises ...
010619	-- Other
01061910	--- Domestic rabbits
01061990	--- Other
01062000	- Reptiles (including snakes and turtles)
01063	- Birds:
01063100	-- Birds of prey
01063200	-- Psittaciformes ...
010639	-- Other
01063910	--- Pigeons
01063990	--- Other
01069000	- Other

If all national subheadings (tariff lines) under a 6-digit subheading have the same duties (and same other concession elements), these lines could be collapsed to HS 6-digit subheading level. For example, assuming HS96 tariff lines 01060020 and 01060090 have the same bound rate of 20, and the duty on 01060010 is 10 percent as shown in the table below:

Table 6 HS96

TL code	Product description	Bound duty
0106	Other live animals.	
010600	Other live animals	
01060010	- Domestic rabbits	10
01060020	- Pigeons	20
01060090	- Other	20

HS2002 tariff lines 01063910 and 01063990 could then be collapsed to 01063900 because they have same duty rate of 20 percent. However, tariff lines 01061910 and 01061990 could not be collapsed because they have different duty rates.

Table 7a HS2002 before collapsing

TL code	Product description	Bound duty
0106	Other live animals.	
01061	- Mammals:	
01061100	-- Primates	20
01061200	-- Whales, dolphins and porpoises ...	20
010619	-- Other	
01061910	--- Domestic rabbits	10
01061990	--- Other	20
01062000	- Reptiles (including	20

Table 7b HS2002 after collapsing

TL code	Product description	Bound duty
0106	Other live animals.	
01061	- Mammals:	
01061100	-- Primates	20
01061200	-- Whales, dolphins and porpoises ...	20
010619	-- Other	
01061910	--- Domestic rabbits	10
01061990	--- Other	20
01062000	- Reptiles (including	20

	snakes and turtles)			snakes and turtles)		
01063	- Birds:			01063	- Birds:	
01063100	-- Birds of prey	20		01063100	-- Birds of prey	20
	--	20			--	20
01063200	Psittaciformes ...			01063200	Psittaciformes ...	
010639	-- Other				-- Other	
01063910	--- Pigeons	20	→	01063900	-- Other	20
01063990	--- Other	20	→			
01069000	- Other	20		01069000	- Other	20

A concordance table between the HS96 and HS2002 nomenclature at the tariff line level would be constructed as follows:

Table 8a HS96 to HS2002

HS96	ex	HS2002
01060010		01061910
01060020		01063900
01060090	x	01061100
01060090	x	01061200
01060090	x	01061990
01060090	x	01062000
01060090	x	01063100
01060090	x	01063200
01060090	x	01063900
01060090	x	01069000

Table 8b HS2002 to HS96

HS2002	ex	HS96
01061100	x	01060090
01061200	x	01060090
01061910		01060010
01061990	x	01060090
01062000	x	01060090
01063100	x	01060090
01063200	x	01060090
01063900	x	01060020
01063900	x	01060090
01069000	x	01060090

Example 2: Category 2 - Merger

Three HS96 subheadings merge to one new HS2002 subheading:

Table 9a HS96		Table 9b HS2002	
HS code	Product description	HS code	Product description
1103	Cereal groats, meal and pellets.	1103	Cereal groats, meal and pellets.
11031	- Groats and meal :	11031	- Groats and meal:
110311	-- Of wheat	110311	-- Of wheat
110312	-- Of oats	110313	-- Of maize (corn)
110313	-- Of maize (corn)	110319	-- Of other cereals
110314	-- Of rice		
110319	-- Of other cereals		

In the CTS database, a Member has five tariff lines related to the three subheadings:

Table 10 HS96	
TL code	Product description
1103	Cereal groats, meal and pellets.
11031	- Groats and meal :
110311	-- Of wheat
11031110	--- Durum wheat
11031190	--- Common wheat and spelt
11031200	-- Of oats
110313	-- Of maize (corn)
11031310	--- Of a fat content not exceeding 1,5 % by weight
11031390	--- Other
11031400	-- Of rice
110319	-- Of other cereals
11031910	--- Of rye
11031930	--- Of barley
11031990	--- Other

If the first 6 digits of the HS96 tariff lines are substituted by the new HS2002 subheadings:

Table 11a HS96		Table 11b HS2002	
TL code		TL code	Product description
11031200	substitute first 6 digits with 110319	11031900	-- Of oats
11031400		11031900	-- Of rice
11031910		11031910	--- Of rye
11031930		11031930	--- Of barley
11031990		11031990	--- Other

The new HS2002 codes do not conform to the HS coding rules, since “00” exists twice. Furthermore an HS code ending in “00” cannot coexist under the same subheading with other codes, in this case “10”, “30” and “90”. These lines could be corrected by assigning new codes for HS codes 11031900 as follows:

Table 12 HS2002

TL code	Product description
11031910	--- Of rye
11031930	--- Of barley
11031940	--- Of oats
11031950	--- Of rice
11031990	--- Other

If all national subheadings (tariff lines) under a 6-digit subheading have the same duties (or other concession elements), these lines could be collapsed to HS 6-digit subheading level and the transposition exercise could be significantly simplified as shown below. For example if the duties in the original CTS schedule were as shown in the table below:

Table 13 HS96

TL code	Product description	Bound duty
1103	Cereal groats, meal and pellets.	
11031	- Groats and meal :	
110311	-- Of wheat	
11031110	--- Durum wheat	10
11031190	--- Common wheat and spelt	10
11031200	-- Of oats	10
110313	-- Of maize (corn)	
11031310	--- Of a fat content not exceeding 1,5 % by weight	10
11031390	--- Other	10
11031400	-- Of rice	10
110319	-- Of other cereals	
11031910	--- Of rye	10
11031930	--- Of barley	10
11031990	--- Other	10

Then the resulting table in HS2002 could be simplified as shown below.

Table 14a HS2002 before collapsing

TL code	Product description	Bound duty
11031910	--- Of rye	10
11031930	--- Of barley	10
11031940	--- Of oats	10
11031950	--- Of rice	10
11031990	--- Other	10

Table 14b HS2002 after collapsing

TL code	Product description	Bound duty
110319	-- Of other cereals	10

A concordance table between the HS96 and HS2002 nomenclature at the tariff line level would be constructed as follows:

Table 15a HS96 to HS2002

HS96	ex	HS2002
11031200		110319
11031400		110319
11031910		110319
11031930		110319
11031990		110319

Table 15b HS2002 to HS96

HS2002	ex	HS96
110319	x	11031200
110319	x	11031400
110319	x	11031910
110319	x	11031930
110319	x	11031990

Annex

The new HS2002 concession table to be constructed based on the CTS would cover all bound tariff lines. It would need to contain for each tariff line the following data elements:

- Tariff line code in HS2002 nomenclature (including suffix or ex)
- Product description
- Base duty (if year of implementation is later than 2005)
- Final bound duty
- Other duties and charges
- Special safeguard
- Present legal instrument
- Present INR (if available in the CTS)
- Implementation period (if year of implementation is later than 2005)
- Certification indicator

Additional tables containing the supplementary agricultural commitments (tariff quotas, export subsidies, domestic support) would need to be considered.

Members would need to reflect on whether the first instruments and earlier INRs and concession notes need to be retained.
