

INTERNATIONAL TRADE COMMISSION
Washington, D.C. 20436

Investigation No. 1210-006

**WCO Sixth Review Cycle: Request for Proposals to Amend the International
Harmonized System for Implementation in 2022**

AGENCY: United States International Trade Commission.

ACTION: Institution of an investigation for the purpose of soliciting and considering proposals to amend the international Harmonized System tariff nomenclature for possible implementation in 2022.

SUMMARY: The Commission, pursuant to section 1210(b) of the Omnibus Trade and Competitiveness Act of 1988 (19 U.S.C. 3010(b)), is requesting proposals from interested persons and agencies to amend the International Harmonized Commodity Description and Coding System (Harmonized System or HS) in connection with the Sixth Review Cycle of the World Customs Organization (WCO). The Commission will review the proposals in consultation with U.S. Customs and Border Protection (Customs) and the U.S. Department of Commerce (Commerce). Subject to the policy direction of the Office of the United States Trade Representative (USTR), the Commission will formulate technical proposals for possible submission by the U.S. Government to the WCO in Brussels, Belgium.

DATES: February 29, 2016: Deadline for filing written proposals with the Commission.

ADDRESSES: All Commission offices are located in the United States International Trade Commission Building, 500 E Street, SW., Washington, DC. All written submissions should be addressed to the Secretary, United States International Trade Commission, 500 E Street, SW., Washington, DC 20436. The public record for this collection of proposals may be viewed on the Commission's electronic docket (EDIS) at <http://www.usitc.gov/secretary/edis.htm>.

FOR FURTHER INFORMATION CONTACT: James R. Holbein, Director, Office of Tariff Affairs and Trade Agreements, (202-205-2593, fax 202-205-2616 (james.holbein@usitc.gov) or Barbara Elkins, Attorney-Advisor, (202-205-2253) (barbara.elkins@usitc.gov). The media should contact Margaret O'Laughlin, Office of External Affairs (202-205-1819. (margaret.olaughlin@usitc.gov). Hearing impaired individuals may obtain information on this matter by contacting the Commission's TDD terminal at 202-205-1810. General information concerning the Commission may also be obtained by accessing its Internet Web site (<http://www.usitc.gov/>). Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000.

BACKGROUND: The Harmonized Tariff Schedule of the United States (HTS) was approved by Congress in the 1988 Act and became effective on January 1, 1989. The HTS incorporates within its legal structure the rules of interpretation, legal notes, and nomenclature categories of

the international HS, and provides additional product provisions for U.S. rate of duty and statistical purposes.

In order that the HS might be updated over time, Congress enacted several provisions of law that facilitate such updates, including section 1210 of the 1988 Act. Section 1210 provides that the Commission, the Department of the Treasury, and Commerce, subject to the policy direction of the USTR, are to be primarily responsible for formulating U.S. Government positions on technical and procedural issues and to represent the U.S. Government with respect to the activities of the WCO Council relating to the International Convention on the Harmonized Commodity Description and Coding System (Convention). Customs, now part of the Department of Homeland Security, represents the Department of the Treasury.) Section 1210(b) of the 1988 Act calls upon the three agencies to formulate technical proposals that are appropriate or required to assure that the U.S. contribution to the development of the Convention recognizes the needs of the U.S. business community for a Convention which reflects sound principles of commodity identification, modern producing methods, and current trading patterns and practices. Section 1210(b) also requires that the three agencies solicit and consider the views of interested parties in the private sector and interested Federal agencies.

Following enactment of the 1988 Act, the USTR issued a notice stating that the Commission would “lead the U.S. delegation to international working parties and HSC subcommittees responsible for considering amendments to the HS in order to keep the Harmonized System abreast of changes in technology and patterns of international trade and shall ensure that U.S. technical positions reflect the needs of the business community” (53 FR 45646, Nov. 10, 1988). Pursuant to that direction, the Commission leads the U.S. delegation to the HS Review Subcommittee (RSC) and is therefore seeking the input of the trading community to identify possible HS changes.

Shortly after implementation of the HS in 1988, the RSC began a series of systematic reviews of the HS. Reviews result in WCO recommendations to those countries using the HS, so that they have a basis for updating their national tariff schedule to reflect international amendments. In November 2014 the RSC began its Sixth Review Cycle and invited member countries to submit proposals to amend the HS. The RSC will examine the proposals submitted, and it will forward its final proposed amendments to the HSC in November 2018. Thereafter the HSC will consider and agree upon the changes to be included in the WCO recommendation scheduled to be issued in June 2019. Members are then expected to implement the agreed changes under their domestic legal processes, with a January 1, 2022 targeted date for implementation of this set of amendments by all countries using the HS. The U.S. process for implementing changes is set out in sections 1205-1206 of the 1988 Act.

An up-to-date copy of the Harmonized Tariff Schedule of the United States (HTS), which incorporates the international HS in its overall structure, can be found on the Commission's Web site (<http://www.usitc.gov/tata/hts/bychapter/index.htm>). Hard copies and electronic copies on CD can be found at many of the 1,400 Federal Depository Libraries located throughout the United States and its territories; further information about these locations can be found at <http://www.gpoaccess.gov/fdlp.html> or by contacting GPO Access at the Government Printing Office (866-512-1800).

REQUEST FOR PROPOSALS: The Commission is seeking proposals from interested parties, associations, and government agencies for specific modifications to the international Harmonized System. Such proposals will be reviewed in consultation with CBP and Commerce for transmission to USTR. More specifically, proposals are requested relating to section and chapter notes, and the texts of 4-digit headings and 6-digit subheadings that describe new products or technologies, modify or eliminate unclear or obsolete categories, or otherwise advance the goals set out by the HS Convention. Proposals received will be posted on the Commission's electronic docketing system (EDIS) (omitting any confidential business information). Proposals should be submitted in writing and comply with the "Written Submissions" section below.

Proposals should include specific language for HS amendment text, appropriate descriptive comments, and, to the extent available, relevant trade data. Proposals should be confined to only one or more of the following types of change:

- Deletion of HS headings or subheadings with low trade volume;
- Creation of separate 4-digit headings or 6-digit subheadings to identify types of products that are now important in international trade;
- Simplification of the HS, whether by the modification of provisions for greater clarity or the elimination of provisions that are difficult to administer; and/or
- Changes that would improve the classification of products, especially those being exported from the United States, or assist in the administration of the HS and the more uniform classification of goods internationally.

Proposals should not request any of the following types of change: (1) a change to U.S. national-level provisions (including Additional U.S. Notes, 8-digit subheadings, and 10-digit statistical annotations); (2) a change in a tariff rate or change that otherwise affects tariff rates; or (3) a change to the HS Explanatory Notes.¹

CONSIDERATION OF PROPOSALS RECEIVED. Proposals received in connection with this notice will be considered by the interagency U.S. delegation to the RSC. The Commission will initially receive the proposals and will consult informally with the requesters, other interested parties, and U.S. Government agencies, particularly Customs and Commerce (principally the U.S. Census Bureau). Such consultations will involve technical aspects of the proposals, levels of trade that would be affected, the extent of U.S. import and export interests, and the wording of existing HS provisions. In the course of these consultations, the Commission may refine proposed HS language to take into account sound nomenclature principles, WCO

¹ The HS Explanatory Notes, which are maintained by the WCO, are reviewed separately. Requests for changes to current Explanatory Notes (not arising from potential 2022 legal amendments to the HS) may be sent by a WCO member government directly to the WCO's Harmonized System Committee (the parent committee to the RSC) at any time. Government agencies and private sector parties interested in requesting a change should contact the Commission (see contacts above) or the following Customs officials: Myles B. Harmon, Director, Commercial & Trade Facilitation Division, 202-325-0276, or Ieva O'Rourke, Chief, Tariff Classification & Marking Branch, 202-325-0298.

criteria, changes in technology, and levels or patterns of trade. Requesters may also change or withdraw their proposals during this consultation period. Customs and Commerce will also review the proposals and consult informally with the Commission and other Government agencies as part of the process through which the U.S. Government determines which proposals to advance to the WCO. The interagency U.S. delegation will seek to advance for introduction at the WCO the proposals that it considers likely to advance U.S. interests and meet the criteria and considerations described above. Proposals that are received later in the process may need to be submitted for consideration during the next RSC review cycle.

Once the WCO Council makes recommendations as part the Sixth Review Cycle, the Commission will, pursuant to section 1205 of the 1988 Act, institute an investigation and prepare a report containing such recommendations to the President for the changes in the HTS as it considers necessary or appropriate to conform the HTS to the amendments recommended by the WCO Council.

WRITTEN SUBMISSIONS: Interested persons and agencies are invited to submit written proposals, which should be addressed to the Secretary and received no later than February 29, 2016. Submissions should be marked to refer to “Investigation No. 1210-006”.

All written submissions must conform with the provisions of section 201.8 of the *Commission’s Rules of Practice and Procedure* (19 C.F.R. § 201.8). Section 201.8 and the Commission's Handbook on Filing Procedures require that interested parties file documents electronically on or before the filing deadline and submit eight (8) true paper copies by 12:00 p.m. eastern time on the next business day. In the event that confidential treatment of a document is requested, interested parties must file, at the same time as the eight paper copies, at least four (4) additional true paper copies in which the confidential information must be deleted (see the following paragraph for further information regarding confidential business information). Persons with questions regarding electronic filing should contact the Office of the Secretary (202-205-2000).

Any submissions that contain confidential business information (CBI) must also conform with the requirements of section 201.6 of the *Commission’s Rules of Practice and Procedure* (19 C.F.R. § 201.6). Section 201.6 of the rules requires that the cover of the document and the individual pages be clearly marked as to whether they are the “confidential” or “non-confidential” version, and that the confidential business information be clearly identified by means of brackets. All written submissions, except for confidential business information, will be made available for inspection by interested parties.

Confidential business information received in the investigation may be made available to Customs, Census, and the USTR during the examination of these proposals. The Commission will not otherwise publish or release any confidential business information received, including to other government agencies or other persons.

By order of the Commission:

A handwritten signature in black ink, appearing to read 'Lisa Barton', written in a cursive style.

Lisa Barton
Secretary to the Commission

Issued: November 4, 2015