GUIDELINES FOR TRANSPOSING TARIFF COMMITMENTS UNDER THE PACIFIC AGREEMENT ON CLOSER ECONOMIC RELATIONS (PACER PLUS)

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1. INTRODUCTION

The PACER Plus entered into force on 13 December 2020 for 10 signatories (Australia, Cook Islands, Kiribati, New Zealand, Niue, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu) to the Agreement. Harmonised Commodity Description and Coding System (HS) by managed the World Customs Organisation (WCO) is the basis for implementation of tariff commitments / phasing under the Agreement. WCO reviews and updates the HS approximately once in five years. An update to the HS means some tariff codes change. It affects the tariff commitments agreed under the Agreement. Tariff commitment schedules of PACER Plus parties therefore need to be modified to reflect HS changes.

1.1 Objective

The objective of these guidelines is to enhance the knowledge of PACER Plus tariff officials to be able to transpose tariff commitments under the PACER Plus and expedite completion of the work.

1.2 Scope

The guidelines:

- provide a basic understanding of the periodic review of the HS by the WCO,
- explain how the WCO's transposition of HS affects tariff commitments under free trade agreements, specifically under PACER Plus,
- elaborate on the HS 2017 changes,
- include examples on transposition of PACER Plus tariff commitments from HS2012 to HS2017,
- provide a brief description of the 2022 changes,
- include examples on transposition of PACER Plus tariff commitments from HS2017 to HS2022, and
- outline methodologies for transposing tariff commitments using WTO's guidelines where it is unavoidable to combine tariff lines or parts of tariff lines with different duty rates.

2. HARMONISED SYSTEM CHANGES– 2017

The system is used by more than 200 countries and economies as a basis for their Customs tariffs and for the collection of international trade statistics. Over 98% of merchandise in international trade is classified in terms of the HS. The HS 2017 is the sixth major amendment of the HS since its entry into force in 1988.

The 2017 revision contains 233 sets of amendments to the previous 2012 version of the HS. The Contracting Parties to the HS Convention made these amendments to better reflect changes in trade patterns, technological progress, social and environmental concerns, and other textual amendments and structural simplifications.

These amendments can be classified broadly as:

(a) clarifying changes:

> Clarifying changes do not alter the scope of the HS subheadings concerned. A clarifying change does not relate to any change of scope of the concerned HS subheadings. Such changes normally take the form of a revision of Section/Chapter notes or product descriptions, or just a correction of typographical errors. Therefore, the applications of clarifying changes are straightforward and can be realized by simply substituting the old texts with the new texts as specified in the HS amendment.

(b) structural changes:

> Structural changes relate to changes that alter the product coverage of one or more HS subheadings. A structural change always relates to changes of product coverage of one or more HS subheadings. It normally takes the form of creating or deleting HS subheadings, or changing the codes or descriptions of HS subheadings. In some cases, it could also be a revision of Section or Chapter notes as long as the revision leads to a change of product coverage of the concerned HS subheadings.

Therefore, the transposition of tariff commitments work will mainly focus on the structural changes. WCO's correlation tables and other documents relating to a particular review are used to transpose HS codes at subheading levels.

The structural changes can be categorized as:

a) one-to-one relationships, where one HS 2012 subheading corresponds exactly to one HS 2017 subheading,
b) splitting of one HS 2012 subheading into two or more HS 2017 subheadings,
c) merging two or more HS 2012 subheadings into one HS 2017 subheading, or
d) more complex cases, involving both splitting and merging of whole or part of different HS 2012 subheadings.

2.1 One-to-one relationships

The extract of the correlation table (**Table 1)** provided by the WCO below illustrates a one-to-one relationship. The first column on the left lists HS 2017 subheadings whose product scope were changed or have been introduced as new entries. The second column presents the corresponding HS 2012 codes. (Note – in many cases it may contain an "ex" prefix to indicate that the corresponding HS 2017 entry contains only part of the referenced subheading). Remarks by the WCO are shown in the third column and briefly specify the explanation of the change.

TABLE 1 – Example of 'one-to-one relationship'

2017 version	2012 version	Remarks in WCO's correlation table
2939.71 ← 2939.79 ← 2939.80	2939.91 2939.99 Applicable subheadings, such as subheadings of headings 29.33 and 29.34	Expansion of the scope of heading 29.39 to include other alkaloids obtained, for example, from animal origin. At the same time, subheadings 2939.91 and 2939.99 have been renumbered for the creation of a new subheading 2939.80 for "Other". The new subheading 2939.80 covers all the alkaloids of non-vegetal origin. Expansion of the scope of heading 29.39 entails the transfer of certain products currently covered by other headings of the Nomenclature (for example, heading 29.33, heading 29.34) to the new subheading 2939.80.

HS 2017 subheading 2939.71 originates from **only one** HS 2012 subheading, which is **not prefixed**, and therefore is entirely transferred to only one HS 2017 subheading. This is a **one-to-one relationship** where the product coverage of HS 2017 subheading 2939.71 is the same as HS 2012 subheading 2939.91. Similarly, HS 2017 subheading 2939.79 originates from only one HS 2012 subheading 2939.99. These are simple renumbering of the subheadings.

2.2 Split

A split takes place when the products covered by one subheading are divided into at least two new or reused subheadings. This can be seen as **a one-to-many relationship**. In the example in **Table 2** below, HS 2017 subheadings 0805.21, 0805.22 and 0805.29 are derived from HS 2012 subheading 0805.20 which was split to differentiate between mandarins and clementines. The HS 2012 code is deleted as a subheading and in this case, becomes an explanatory entry (header) in HS 2017 *(-Mandarins (including tangerines and satsumas); clementines, wilkings and similar citrus hybrids* :).

TABLE 2 – Example of a 'split'

2017 version	2012 version	Remarks in WCO's correlation table
0805.21 0805.22 0805.29	ex0805.20 ex0805.20 ex0805.20	Creation of new subheadings 0805.21 and 0805.22 to provide separately for mandarins (including tangerines and satsumas) and clementines, respectively. Amendment adopted as a result of the FAO proposal to enhance the monitoring of the global food security.

TABLE 2.1 – Splitting into three subheadings

2012	2017
080520	0805.21 0805.22 0805.29

Note that part of (ex) HS 2012 subheading 0805.20 is assigned to HS 2017 subheading 0805.21 (mandarins) and the remaining part (ex) is retained in codes 0805.22 and 0805.29 in the 2017 version of the HS. To make it clear that only "part of" a subheading is assigned to another subheading, the HS 2012 subheading is prefixed by "ex" in the WCO correlation table. Although HS 2017 subheading 0805.21 originates from only one HS 2012 subheading, **this is not a one-to-one relationship** since the corresponding HS 2012 subheading is split into three (more than one) HS 2017 subheadings.

2.3 Merger

Merger means combining two or more subheadings. This occurs due to the low volume of trade in one or more of the related subheadings. Mergers usually result from simplifications where the distinction of products is no longer maintained in the new nomenclature. Since several subheadings are merged into one, the relationship is **many-to-one**.

TABLE 3 – Example of a 'merger'

2017 version	2012 version	Remarks in WCO's correlation table
3705.00	3705.10 3705.90	Subheadings 3705.10 and 3705.90 have been deleted because of the low volume of trade.

TABLE 3.1 – Merger of two subheadings

2012	2017
3705.10 3705.90	3705.00

Note that two 2012 subheadings 3705.10 and 3705.90 have merged to form one subheading 3705.00 in 2017. It should also be noted that the entire goods from 2012 subheadings 3705.10 and 3705.90 are moving to the 2017 subheading 3705.00 as they have not been prefixed with 'ex'.

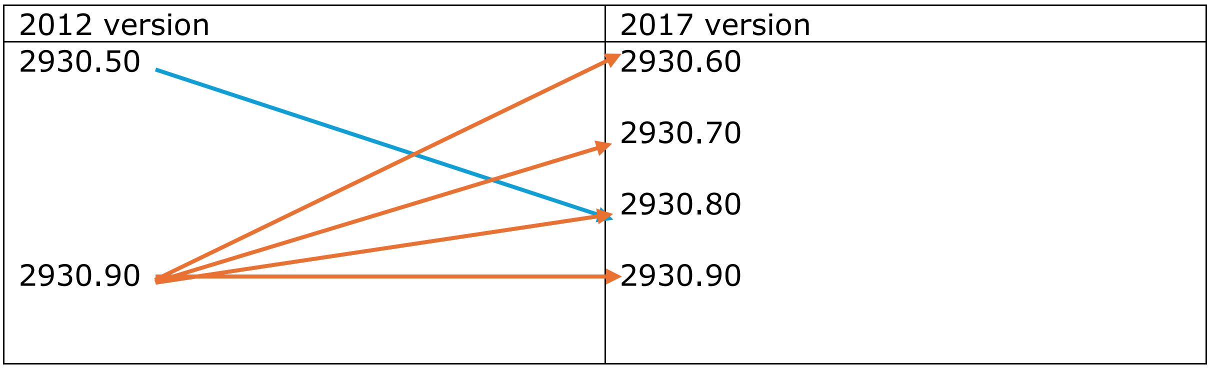
2.4 Complex cases

A complex case is a **many-to-many relationship** where both splitting and merging of whole or part of different HS 2012 subheadings into several HS 2017 subheadings occur at the same time.

TABLE 4 – Example of a 'complex case'

2017 version	2012 version	Remarks in WCO's correlation table
2930.60	ex2930.90	Creation of new subheadings 2930.60 and 2930.70 to provide separately for 2-(N,N-Diethylamino) ethanethiol and Bis(2-hydroxyethyl) sulfide (thiodiglycol (INN)), to facilitate the collection and comparison of data on the international movement of substances controlled under the Chemical Weapons Convention. At the same time, creation of new subheading 2930.80 to cover Aldicarb (ISO), Captafol (ISO) and Methamidophos (ISO), to facilitate the monitoring and control of these products under the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade. This results in the deletion of subheading 2930.50 and transfer of these products to new subheading 2930.80.
2930.70	ex2930.90	
2930.80	2930.50 ex2930.90	
2930.90	ex2930.90	

TABLE 4.1 – Merging and splitting



In the above case, HS 2012 subheading 2930.90 is split into four HS 2017 subheadings and at the same time, both the entire 2930.50 and part of 2930.90 are merged into HS 2017 subheading 2930.80.

3. INTRODUCING HS 2017 CHANGES IN PACER PLUS TARIFF COMMITMENT SCHEDULES

Article 17 of Chapter 2 (Trade in Goods) of the PACER Plus (reproduced below) requires Parties to prepare technical revision to Annex 2-A (Schedules of Commitments on Tariffs).

> ***"Article 17: Amendments to the Harmonized System***
>
> *1. When a periodic amendment to the Harmonized System is published, the Parties shall prepare technical revisions to Annex 2-A to implement that version of the Harmonized System, and shall do so in accordance with this Article and the relevant procedures for technical revisions to Annex 2-A as adopted by the Joint Committee under Chapter 12 (Institutional Provisions).*
> *2. The Parties shall mutually decide whether any other technical revisions to Annex 2-A are necessary.*
> *3. The Parties shall ensure that technical revisions to Annex 2-A are carried out on a neutral basis and that market access conditions are not impaired by the process or the outcomes of technical revision to the Annex.*
> *4. The Parties, through the Joint Committee or a relevant subsidiary body established by it, shall endorse and promptly publish the technical revisions that are prepared pursuant to paragraphs 1 and 2"*

As discussed in section 2, many countries use WCO's guidelines to transpose tariff codes at subheading levels. For the transposition of tariff commitments under WTO and free trade agreements, WTO's guidelines and methodology are widely used to transpose tariff commitments at national tariff levels. Hence, it is appropriate that we use WTO methodology along with WCO's guidelines for PACER Plus transposition of tariff commitments.

The types of changes discussed in the section on 'HARMONISED SYSTEM CHANGES – 2017' constitute a framework that facilitates the tracking of modifications from HS 2012 into HS 2017 and facilitate the understanding of the explanations by the WCO. One way of starting the transposition exercise is to look first at the HS 2012 subheading and then focus on the relevant HS 2017 subheading(s) where the specific product should be allocated. An alternative approach is to start with the HS 2017 subheading and then search for the relevant HS 2012 subheading(s) that they originate from.

In the approach proposed by the WTO Secretariat, the transposition of WTO members' commitments starts with the standard HS 2017 nomenclature, which is then linked to the corresponding national tariff lines in HS 2012 via the WCO's 6-digit correlation table. The specific concessions are identified and, where relevant, breakouts are created whenever the concessions within a particular subheading are different. When breakouts are created, a tariff line will be designated as Tariff line 1 and Tariff line 2, etc. to assign different duty rates. To simplify the transposition of commitments under PACER Plus, it is proposed to avoid breakouts, where possible. A correlation table describing how the HS 2017 tariff lines are linked to the national HS 2012 lines is also produced for transparency.

3.1 One-to-one relationship

The first row in the table below (**Table 5**) provides WCO's transposition from HS 2012 to HS 2017 for HS 2012 subheadings 2939.91 and 2939.99. The second row illustrates the one-to-one relationship of the transposition and how tariff commitments under PACER Plus for Solomon Islands have been transposed.

TABLE 5 – Example of One-to-one relationship

	2012	Base duty	2017	Transposed duty
WCO	**29.39** Vegetable alkaloids, natural or reproduced by synthesis, and their salts, ethers, esters and other derivatives. - Other **2939.91** -- Cocaine, ecgonine, levometamfetamine, metamfetamine (INN), metamfetamine racemate; salts, esters and other derivatives thereof **2939.99** -- Other		- Other, of vegetable origin **2939.71** -- Cocaine, ecgonine, levometamfetamine, metamfetamine (INN), metamfetamine racemate; salts, esters and other derivatives thereof **2939.79** – - Other **2939.80** - Other	
PACER Plus Solomon Is	29399100 29399900	10% 5%	29397100 29397900	10% 5%

Table 5.1 below shows how the tariff commitment of Solomon Islands' tariff lines 29399100 and 29399900 have been transposed.

TABLE 5.1 – Transposition of Commitments in a Schedule

2012	2017	Duty rate	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y25
29399100 **29399900**	**29397100** **29397900**	**10%** **5%**	**8%** **4%**	**8%** **4%**	**8%** **4%**	**8%** **4%**	**6%** **3%**	**6%** **3%**	**6%** **3%**	**4%** **2%**	**4%** **2%**	**0%** **0%**	

3.2 Split

Let us look at transposition of Commitments when the products covered by one subheading are divided into at least two new or reused subheadings. This relationship can be described as **one-to-many**. In the example in **Table 6** below, products covered by HS 2012 subheading 0805.20 (Mandarins (including tangerines and satsumas); clementines, wilkings and similar citrus hybrids) are split into three HS 2017 (viz. 080521, 080522 and 080529). The last row in the diagram shows PACER Plus changes to commitment from HS 2012 to HS 2017 for Solomon Islands.

TABLE – 6 Example of 'split'

	2012	Base duty	2017	Transposed duty
WCO	**0805.20 --** Mandarins (including tangerines and satsumas); clementines, wilkings and similar citrus hybrids		**0805.21 – Mandarins** (including tangerines and satsumas) **0805.22 -- Clementines** **0805.29 -- Other**	
PACER Plus Solomon Is	08052000	10%	08052110 08052120 08052200 08052900	10% 10% 10% 10%

Table 6.1 below shows how the tariff commitments for these affected tariff lines in Solomon Islands schedule have been worked out.

TABLE 6.1: Transposition of Commitments

2012	2017	Duty rate	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y25
08052000	08052110	10%	8%	8%	8%	8%	6%	6%	6%	4%	4%	0%	
	08052120	10%	8%	8%	8%	8%	6%	6%	6%	4%	4%	0%	
	08052200	10%	8%	8%	8%	8%	6%	6%	6%	4%	4%	0%	
	08052900	10%	8%	8%	8%	8%	6%	6%	6%	4%	4%	0%	

3.3 Merger

Table 7 below shows the merger of the two 2012 subheadings 3705.10 and 3705.90. The merger has resulted in Solomon Islands' two 8-digit level tariff lines of 2012 PACER Plus schedule (37051000 and 37059000) becoming one new tariff line 37050000 in the 2017 schedule. The new tariff line (37050000) has taken products from two 2012 tariff lines which had the same duty rates.

TABLE 7: Example of 'Merger'

	2012	Base duty	2017	Transposed duty
WCO	**3705** Photographic plates and film, exposed and developed, other than cinematographic film. **3705.10** – For offset reproduction **3705.90** - Other		**3705.00** Photographic plates and film exposed and developed, other than cinematographic film.	
PACER Plus Solomon Is	**37051000** **37059000**	10% 10%	**37050000**	10%

Since the two 2012 lines had the same duty rates, the new merged line will have the same duty rate (10%)

Assume that the two 2012 lines had two **different duty rates**, for example, 10% for 37051000 and 5% for 37059000. How would the duty rate for the new merged line be determined?

Section 6 on **Methodologies for Transposition** describes different methodologies and provides appropriate example.

3.4 Complex case

Table 8 below contains an example of a complex case. The amendments to 2012 subheadings of 3808.50, 3808.91, 3808.92, 3808.93, 3808.94 and 3808.99 are complex in nature because:

- Subheadings 3808.50 and 3808.91 are splitting,
- Parts of Subheading 3808.91 that is being split move to create new subheadings 3808.61, 3808.62 and 3808.69
- Parts of 2012 subheadings 3808.91, 3808.92, 3808.93, 3808.94 and 3808.99 are moving to merge with the 2017 3808.59
- Parts of 2012 subheadings 3808.91, 3808.92, 3808.93, 3808.94 and 3808.99 are reused in 2017.

Table 8 describes the movement of goods from 2012 to 2017 subheadings. **Table 8.1** illustrates how transposition of PACER Plus commitments of a complex case could be done.

TABLE 8 – Example of a 'Complex case'

	2012	Base duty	2017	Transposed duty
WCO	**3808** Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth regulators, disinfectants and similar products, put up in forms or packings for retail sale or as preparations or articles (for example, sulphur-treated bands, wicks and candles, and flypapers). **3808.50** - Goods specified in Subheading Note 1 to this Chapter - Other **3808.91** -- Insecticides 3808.92 – Fungicides **3808.93** -- Herbicides, anti-sprouting products and plant-growth regulators **3808.94** – Disinfectants **3808.99** -- Other		**3808** Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth regulators, disinfectants and similar products, put up in forms or packings for retail sale or as preparations or articles (for example, sulphur-treated bands, wicks and candles, and fly-papers).. **-** Goods specified in Subheading Note 1 to this Chapter: **3808.52** – **3808.52** -- DDT (ISO) (clofenotane (INN)), in packings of a net weight content not exceeding 300 g **3808.59** – Other - Goods specified in Subheading Note 2 to this Chapter : **3808.61** -- In packings of a net weight content not exceeding 300 g **3808.62 --** In packings of a net weight content exceeding 300 g but not exceeding 7.5 kg **3808.69** – Other - Other : **3808.91** -- Insecticides **3808.92** -- Fungicides **3808.93** -- Herbicides, anti-sprouting products and plant-growth regulators **3808.94** -- Disinfectants **3808.99** -- Other	

TABE 8.1 – Transposition of PACER Plus commitments

PACER Plus, Solomon Islands	38085000	5%	38085200	Since the 2012 lines had two different duty rates, there is a need for the application of the methodology as explained in section 6 (methodology for Transposition).
			38085900	
			38086100	
			38086200	
			38086900	
	38089100	5%	38089110	
			38089190	
	38089200	10%	38089200	
	38089300	10%	38089300	
			38089410	
	38089400	5%	38089490	
	38089910	10%	38089910	
	38089990	10%	38089990	

4. HARMONISED SYSTEM CHANGES - 2022

HS 2022 is the seventh edition of the HS nomenclature. The new HS 2022 edition introduces significant changes, with a total of 351 sets of amendments covering a wide range of goods moving across borders. Here are some highlights:

- The key features of the HS 2022 amendments include the adaptation to current trade dynamics, the recognition of new product streams, and addressing global environmental and social concerns. For instance, electrical and electronic waste (e-waste) is a product class that presents significant policy concerns and a high trade value. Therefore, HS 2022 includes specific provisions for its classification to assist countries in their work under the Basel Convention.
- Furthermore, new provisions for novel tobacco and nicotine-based products have been introduced due to challenges in classifying these products, a lack of visibility in trade statistics, and the very high monetary value of this trade.
- Section 2 (Harmonised System Changes – 2017) focused on the structural changes made to HS in 2017. Similarly, this section will highlight the structural changes in HS 2022. Some examples of these changes are illustrated below:

4.1 One-to-one relationship

TABLE 9 – Example of 'one-to-one relationship'

2022 version	2017 version	Remarks in WCO's correlation table
0309.10 →	0305.10	Creation of new subheading 0309.10 to provide separately for flours, meals and pellets of fish, fit for human consumption.

HS 2022 subheading 0309.10 originates from a single HS 2017 subheading (0305.10) and is not prefixed with 'ex.' Therefore, it is entirely transferred to the new HS 2022 subheading. This represents **a one-to-one relationship**, where the product coverage of HS 2022 subheading 0309.10 is identical to that of HS 2017 subheading 0305.10.

4.2 Split

TABLE 10 – Example of a 'split'

2022 version	2017 version	Remarks in WCO's correlation table
1510.10 1510.90	ex 1510.00 ex 1510.00	Restructuring of subheading 1510.00 to separately identify in the HS certain categories of products representing a considerable volume of trade, and to align their descriptions with the definitions specified in the IOC trade standard applicable to olive oils and olive pomace oils.

TABLE 10.1 – One subheading splitting into two

2017	2022
1510.00	1510.10 1510.90

4.3 Merger

TABLE 11 – Example of a 'Merger'

2022 version	2017 version	Remarks in WCO's correlation table
9114.90	9114.10 9114.90	Deletion of subheading 9114.10 (Springs, including hair-springs) due to low volume of trade and transfer of goods to subheading 9114.90 (Other clock or watch parts).

TABLE 11.1 – Merger of two subheadings

2017	2022
9114.10 9114.90	9114.90

Note that two 2017 subheadings 9114.10 and 9114.90 have merged to form one subheading 9114.90 in 2022. It should also be noted that the entire goods from 2017 subheading 9114.10 (which was deleted for low volume of trade) and 9114.90 are moving to the 2022 subheading 9114.90 as they have not been prefixed with 'ex'.

4.4 Complex cases

A complex case is a **many-to-many relationship** where both splitting and merging of whole or part of different HS 2017 subheadings into several HS 2022 subheadings occur at the same time.

TABLE 12 – Example of a 'complex case'

2022 version	2017 version	Remarks in WCO's correlation table
3808.59 3808.91 3808.92 3808.93 3808.94 3808.99	3808.59 ex3808.91 ex3808.92 ex3808.93 ex3808.94 ex3808.99 ex3808.91 ex3808.92 ex3808.93 ex3808.94 ex3808.99	Amendment of Subheading Note 1 to Chapter 38 by added carbofuran (ISO) and trichlorfon (ISO) expands the scope of subheading 3808.59 to facilitate the monitoring and control of substances controlled under the Rotterdam Convention.

TABLE 12.1 A complex case where splitting and merging occurs

2017 version	2022 version
3808.59	3808.59
3808.91	3808.91
3808.92	3808.92
3808.93	3808.93
3808.94	3808.94
3808.99	3808.99

In the above case, HS 2017 subheading 3808.59 retains the entire goods in 2022 and at the same time it takes parts of goods from 3808.91, 3808.92, 3808.93, 3808.94 and 3808.99; thus, the scope of subheading 3808.59 has been expanded in 2022.

5. INTRODUCING HS 2022 CHANGES IN PACER PLUS TARIFF COMMITMENT SCHEDULES

As discussed in the section titled "Introducing HS 2017 Changes in PACER Plus Tariff Commitment Schedules," the same principles and procedures will apply to making changes to the PACER Plus HS 2022 schedules. Therefore, the details are not repeated here.

We will use the examples discussed in this appendix to transpose tariff commitments under PACER Plus for 2022.

5.1 One-to-one relationship

The first row in the table below (**Table 13)** shows the WCO's transposition from HS 2017 to HS 2022 for HS 2017 subheading 0305.10. The second row illustrates the **one-to-one relationship** of the transposition and illustrates how tariff commitments under PACER for the Solomon Islands have been transposed.

TABLE 13 – Example of a one-to-one relationship

	2017	**Base duty**	**2022**	**Transposed duty**
WCO	**03.05** Fish, dried, salted or in brine; smoked fish, whether or not cooked before or during the smoking process; flours, meals and pellets of fish, fit for human consumption **0305.10** - Flours, meals and pellets of fish, fit for human consumption		**03.09** Flours, meals and pellets of fish, crustaceans, molluscs and other aquatic invertebrates, fit for human consumption. **0309.10** – Of fish	
PACER Plus Samoa	03051000	20%	03091000	20%

TABLE 13.1: Transposition of Commitments
The table below shows how the commitments have been transposed.

2017	2022	Duty rate	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y25
03051000	03091000	20%	19%	19%	19%	15%	15%	15%	11%	11%	11%	0%	

2017	2022	Duty rate	Y10	Y11	Y12	Y13	Y14	Y15	Y25
03051000	03091000	20%	7%	7%	7%	3%	3%	0%	0%

5.2 Split

This is about transposition of commitments when the products covered by one subheading are divided into at least two new or reused subheading. This relationship can be described as one-to-many. In the example below, the products covered by HS 2017 subheading 1510.00 (Other oils and their fractions, obtained solely from olives, whether or not refined, but not chemically modified, including blends of these oils or fractions with oils or fractions of heading 15.09) are split into two subheadings—1510.10 (crude oil) and 1510.90 (other) in 2022.

Note that for the transposition of PACER Plus commitments in 2022, Samoa's schedule has been used. Samoa already has two national lines at the 8-digit level (refer to the table below). The base duty rates for these two lines are the same (20%). Therefore, the two transposed lines will also have the same duty rates (20%).

TABLE – 14 – Example of Split

	2017	**Bae Duty**	**2022**	**Transposed duty**
WCO	**1510.00** Other oils and their fractions, obtained solely from olives, whether or not refined, but not chemically modified, including blends of these oils or fractions with oils or fractions of heading 15.09.		**15.10** Other oils and their fractions, obtained solely from olives, whether or not refined, but not chemically modified, including blends of these oils or fractions with oils or fractions of heading 15.09. **1510.10** - Crude olive pomace oil **1510.90** - Other	
PACER Plus (Samoa's schedule)	151000[10] 151000[90]	20% 20%	15101000 15109000	20% 20%

Table 14.1 below shows how the transposition of tariff commitments resulting from a split of a subheading has been done.

TABLE 14.1

2017	2022	Duty rate	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9
15100010	15101000	20%	19%	19%	19%	15%	15%	15%	11%	11%	11%
15100090	15109000	20%	19%	19%	19%	15%	15%	15%	11%	11%	11%

2017	2022	Duty rate	Y10	Y11	Y12	Y13	Y14	Y15	Y25
15100010	15101000	20%	7%	7%	7%	3%	3%	0%	0%
15100090	15109000	20%	7%	7%	7%	3%	3%	0%	0%

5.3 Merger

TABLE 15 – Example of Merger

	2017	Base duty	2022	**Transposed duty**
WCO	**91.14** Other clock or watch parts. 9114.10 - Springs, including hair-springs 9114.90 - Other		**91.14** Other clock or watch parts. 9114.90 - Other	
PACER Plus (Samoa's schedule)	**91141000** **91149000**	20% 20%	**91149000**	20%

Since the two 2017 lines had the same duty rates, the new merged line will have the same duty rate (20%)

Assume that the two 2017 lines had two **different duty rates**, 20% for 37051000 and 15% for 37059000. How would the duty rate for the new merged line be determined?

Refer to the section on "Methodology for Transposition" to determine duty rates.

5.4 Complex case

TABLE 16 – Example of a Complex case

	2017	Base duty	2022	Transposed duty
WCO	**3808.59 --** Other - Goods specified in Subheading Note 2 to this Chapter : exceeding 300 g but not exceeding 7.5 kg **3808.91** -- Insecticides **3808.92** -- Fungicides **3808.93** -- Herbicides, anti-sprouting products and plant-growth regulators **3808.94** -- Disinfectants **3808.99** – Other		3808.59 – Other - Goods specified in Subheading Note 2 to this Chapter : - Other : **3808.91** -- Insecticides **3808.92** – Fungicides **3808.93** -- Herbicides, anti-sprouting products and plant-growth regulators **3808.94** -- Disinfectants **3808.99** -- Other	
PACER Plus, Samoa's schedule	38085900 38089110 38089190 38089200 38089300 38089410 38089490 38089910 38089990	8% 5% 5% 8% 8% 8% 8% 8% 8%	38085900 38089110 38089190 38089200 38089300 38089410 38089490 38089910 38089990	The difficult tariff line here is 38085900. Goods with 5% duty rates and 8%duty rates are moving to the 2022 SH 38085900. How do we determine the duty rate for the 2022 SH 38085900? Apply the methodology described in section 6 (Methodology for Transposition).

6. METHODOLOGIES FOR TRANSPOSITION

WTO's document WT/L/1123 dated 24 November 2021 (Procedures for the Introduction of Harmonized System 2022 Changes to Schedules of Concessions Using the Consolidated Tariff Schedules (CTDS) Database), suggest four methodologies. These methodologies are outlined in paragraph 5, Annex 2 of the above documents:

> *"5. In case where it is unavoidable to combine tariff lines or parts of tariff lines with different concessions, there are four possible methodologies that could be used to arrive at the new rate in accordance to the 1983 procedures on a method to introduce the Harmonized System (HS) into schedules of concessions. These are: 1) applying the lowest rate of any previous tariff line to the whole of the new tariff line, 2) applying the rate previously applied to the tariff line with the majority of trade, 3) applying the trade weighted average rate of duty for the new line, or 4) applying the arithmetic average of the previous rates of duty where no basis exists for establishing reasonably accurate trade allocations. In the context of the HS2017 transposition, the Secretariat suggested to use the duty rate with the most frequent occurrence (i.e. the mode) for special cases.2 If any of the above methodologies is used, the selected option shall be specified at the tariff line level. The choice of methodology shall also be explained, except for those situations in which the first option is selected (i.e. selecting the lowest duty). If options 2) or 3) are selected, the Member concerned shall also supply the necessary import data (last three years available)".*

6.1 Methodology 1

In the example of a complex case provided in **Table 8** from the Solomon Islands Tariff Commitment Schedule, the Solomon Islands can opt for the lowest of the two 2012 duty rates. The lowest rate was 5%.

If the lowest rate is chosen, no supporting information needs to be provided to the other PACER Plus parties.

6.2 Methodology 2 (Applying the rate previously applied to the tariff line with the majority of trade:

Referring to Samoa's example in Table 16 above, this method requires Samoa to have the trade value for the 2017 tariff lines (38085900, 38089110, 38089190, 38089200, 38089300, 38089410, 38089490, 38089910, and 38089990) separately and identify which line had the higher value of trade. The duty rate for the line with the highest trade value should then be applied.

If this method is used, Samoa should provide import data for the last three years to the other PACER Plus parties.

Table 17 below contains a theoretical example of import data for the calendar years 2021, 2022, and 2023 for tariff items 38085900, 38089110, 38089190, 38089200, 38089300, 38089410, 38089490, 38089910, and 38089990.

TABLE 17: Example for Applying the rate previously applied to the tariff line with the majority of trade

	38085900; Duty rate 8%			**38089110; Duty rate 5%**	
	Year	**Value of Imports ($)**		**Year**	**Value of Imports ($)**
	2021	10,000,000		2021	12,000,000
	2022	20,000,000		2022	21,000,000
	2023	25,000,000		2023	28,000,000
	Total	**55,000,000**		**Total**	**61,000,000**
	38089190; Duty rate 5%			**38089200; Duty rate 8%**	
	Year	**Value of Imports ($)**		**Year**	**Value of Imports ($)**
	2021	9,000,000		2021	13,000,000
	2022	18,000,000		2022	22,000,000
	2023	22,000,000		2023	25,000,000
	Total	**49,000,000**		**Total**	**60,000,000**
	38089300; Duty rate 8%			**38089410; Duty rate 8%**	
	Year	**Value of Imports ($)**		**Year**	**Value of Imports ($)**
	2021	15,000,000		2021	17,000,000
	2022	23,000,000		2022	22,000,000
	2023	25,000,000		2023	30,000,000
	Total	**63,000,000**		**Total**	**69,000,000**
	38089490; Duty rate 8%			**38089910; Duty rate 8%**	
	Year	**Value of Imports ($)**		**Year**	**Value of Imports ($)**
	2021	15,000,000		2021	13,000,000
	2022	20,000,000		2022	19,000,000
	2023	31,000,000		2023	30,000,000
	Total	**66,000,000**		**Total**	**62,000,000**
	38089990; Duty rate 8%				
	Year	**Value of Imports ($)**			
	2021	14,000,000			
	2022	20,000,000			
	2023	30,000,000			
	Total	**64,000,000**			

In the above example, more trade occurred in goods covered by tariff item 38089410 during the 2021–2023 period than in other tariff items. Therefore, if Methodology 2 is chosen to determine the duty rate for the new merged line, the duty rate will be 8%.

6.3 Methodology 3 (Applying the trade weighted average rate of duty for the new line):

This method requires Samoa to have the trade value for the 2017 tariff lines (38085900, 38089110, 38089190, 38089200, 38089300, 38089410, 38089490, 38089910, and 38089990) separately for the last three years and calculate the weighted average. The weighted average is then applied to the 2017 line.

The weighted tariff average is calculated as shown in the example below:

TABLE 18: Example of calculating weighted average duty

Tariff line	Duty rates	Value of imports ($) (M) 2021 - 2023	Import duty (Duty rate x value of Imports
38085900	8%	55,000,000	4,400,000
38089110	5%	61,000,000	3,050,000
38089190	5%	49,000,000	2,450,000
38089200	8%	60,000,000	4,800,000
38089300	8%	63,000,000	5,040,000
38089410	8%	69,000,000	5,520,000
38089490	8%	66,000,000	5,280,000
38089910	8%	62,000,000	4,960,000
38089990	8%	64,000,000	5,120,000
Total		**549,000,000**	**40,620,000**

The weighted average is the total import duty divided by the total value of imports.

Weighted average: 40,620,000 / 549,000,000 = 7.4%.

Therefore, based on the weighted average method, the duty rate for the new merged line will be 7.4%.

6.4 Methodology 4 (Applying the arithmetic average of the previous rates of duty where no basis exists for establishing reasonably accurate trade allocations):

This is the simple average, or s sum of a series of numbers divided by the count of that series of numbers.

TABLE 19: Example of calculating arithmetic average duty

Tariff line count	Duty rates
1) 38085900	8%
2) 38089110	5%
3) 38089190	5%
4) 38089200	8%
5) 38089300	8%
6) 38089410	8%
7) 38089490	8%
8) 38089910	8%
9) 38089990	8%
Total count 9	**Sum: 66**

Arithmetic average: 66/9 = **7.3%**

If Arithmetic Average method is chosen, the duty rate for the new merged line will be **7.3%**