

TRANSPOSITION OF TARIFF COMMITMENTS UNDER PACER PLUS

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16 – 18 September 2025

HARMONISED SYSTEM CHANGES 2017

Scope

- provide a basic understanding of the periodic review of HS by the WCO
- explain how WCO's transposition of HS affects tariff commitments under free trade agreements, more specifically under the 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 HS202
- 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.

Harmonised System Changes - 2017

- The system is used by more than 200 countries and economies as a basis for their Customs tariffs, for the collection of international trade statistics, etc.
- Over 98 % of the 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 on 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.

Types of Amendments

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 realised 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. from the previous to the current period

Transposition of tariff commitments will mainly focus on the ‘structural changes’

Structural changes

The structural changes can be categorised 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.

One-to-one relationship

- The extract of the correlation table 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

2017 version	2012 version	Remarks in WCO's correlation table
2939.71 ←	2939.91	Expansion of the scope of heading 29.39 to include other alkaloids obtained, for example, from animal origin.
2939.79 ←	2939.99	
2939.80	Applicable subheadings, such as subheadings of headings 29.33 and 29.34	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.

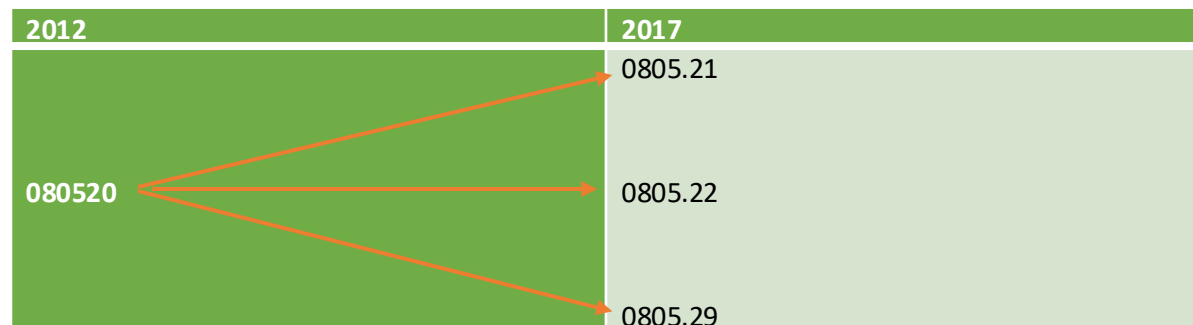
HS 2017 subheading 2939.71 originates from **only one** HS 2012 subheading, which is **not prefixed**, and therefore is entirely transferred to only one HS 2017 subheading. This is a one-to-one relationship where the product coverage of HS 2017 subheading 2939.71 is the same as HS 2012 subheading 2939.91. Similarly, HS2017 subheading 2939.79 originates from only one HS 2012 subheading 2939.99. These are simple renumbering of the subheading.

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* :).

Example

2017 version	2012 version	Remarks in WCO's correlation table
0805.21	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.
0805.22	ex0805.20	
0805.29	ex0805.20	



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.

Example of 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.

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 the they have **not** been prefixed with 'ex'.

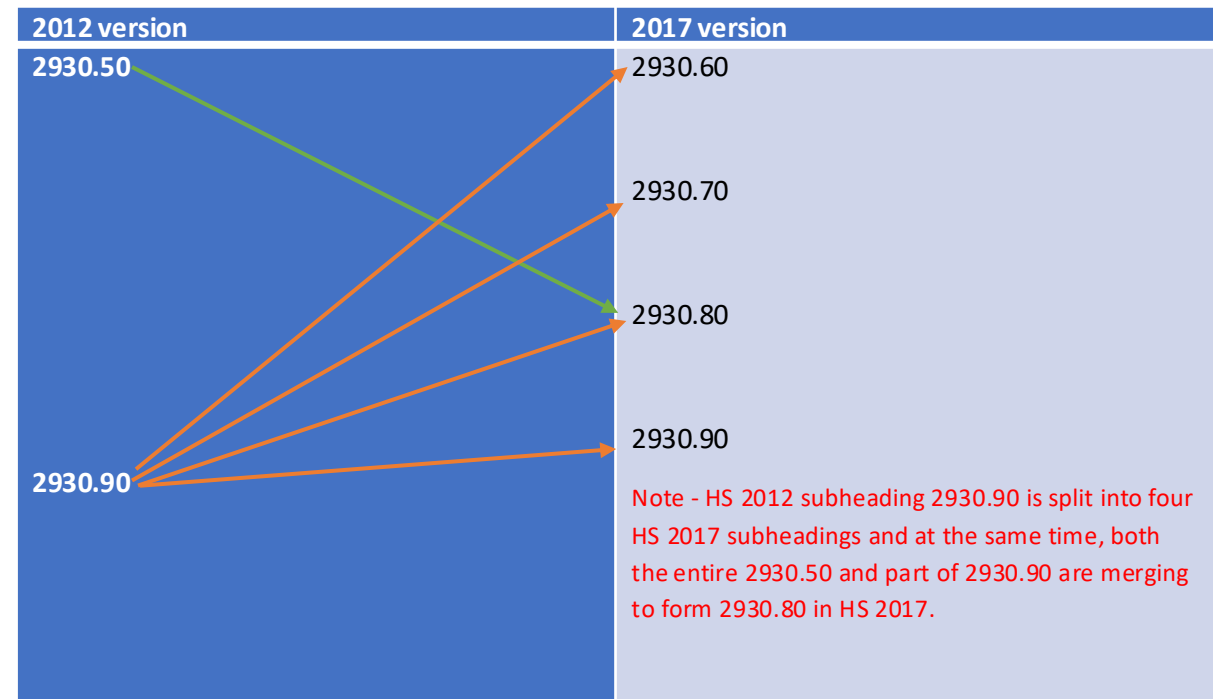
Complex case

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.

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.
2930.70	ex2930.90	
2930.80	2930.50 ex2930.90	
2930.90	ex2930.90	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.

Merging and splitting



Transposition of Tariff Commitments under PACER Plus – 2017

- Article 17 of Chapter 3 (Trade in Goods) of the PACER Plus requires Parties to prepare technical revision to Annex 2-A (Schedules of Commitments on Tariffs).
- Many countries use WCO's guidelines to transpose tariff codes at subheading levels.
- For transposition of tariff commitments under WTO concessions and free trade agreements, WTO's guidelines and methodologies are widely used to transpose tariff commitments at national tariff levels. Hence, it is appropriate that we use WTO methodologies along with WCO guidelines for PACER Plus transposition of tariff commitments.
- 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.

One-to-one

	HS 2012	Base duty	HS 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 → 10% 29399900 → 5%	10% 5%	29397100 → 10% 29397900 → 5%	10% 5%

Transposition of commitments in PACER Plus schedule													
2012	2017	Duty rate	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y25
29399100	29397100	10%	8%	8%	8%	8%	6%	6%	6%	4%	4%	0%	
29399900	29397900	5%	4%	4%	4%	4%	3%	3%	3%	2%	2%	0%	

Split

	HS 2012	Base duty	HS 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%

Transposition of commitments in PACER Plus schedule													
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%	

Merger

	HS 2012	Base duty	HS 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 → 10% 37059000 → 10%	10% 10%	37050000	10%

Note: The negotiated schedule shows 10% base rate for both 37051000 & 37059000. No specific rates for these lines. But the recent schedule shows specific rates for both. Needs to be corrected!

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? This is being discussed in the section of the Guidelines

Complex case

	HS 2012	Base duty	HS 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	
PACER Plus		Next slide		

Complex case - cont

	HS 2012	Base duty	HS 2017	Transposed duty
PACER Plus (Solomon Is)	38085000	5%	38085200 (new)	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 (new)	
			38086100 (new)	
			38086200 (new)	
			38086900 (new)	
	38089100	5%	38089110	
			38089190	
	38089200	10%	38089200	
	38089300	10%	38089300	
			38089410	
	38089400	5%	38089490	
	38089910	10%	38089910	
	38089990	10%	38089990	

In this case:

- TL 38085000 (2012) splits into two TLs - 38085200 & 38085900.
- One of the new TLs - 38085900 receives goods from five 2012 TLs. Their duty rates are not same – 5% and 10%.
- Goods are moving from TL 38089100 (2012) to **seven** 2017 TLs. One of the receiving TL also receives goods from 38089200 whose duty rate is 10%
- When there is a possibility that more than one rate could be applied, use the methodology to determine the duty rate.

Merger (from Kiribati's Schedule)

2022	2017	Remarks in WCO Correlation Table
1601.00	ex 0410.00 1601.00 ex2106.90	Amendment adopted as a result of the FAO proposal to provide separately in the HS for edible insects for food and nutritional security monitoring. Edible insects were classified differently in the Contracting Parties. This Table includes all likely correlations of edible insects and their preparations that were identified in the discussions.

2017 Version	2022 Version
0410.00(00)[0%] 1601.00(10)[0%, U] 1601.00(20)[0%, U] 1601.00(90)(0%, U] 2106.90(00)[0%]	1601.00.00 Commitment: 0% OR 0%/U?

In the above case, three SHs (0410.00, 1601.00 & 2106.90) are merging with the existing 1601.00. At 8-digit level, two TLs (0410.00.00 & 2106.00.00) have base rates of 0%. All three 1601.00 have base rates of 0% & **U** commitment. Two possible commitments. Which one to choose? This requires application of methodology to determine commitment.

Merger (from Kiribati's Schedule)

2022	2017	Remarks in WCO Correlation Table
1602.90	ex 0410.00 1602.90 ex1704.90 ex1806.90 ex1901.90 ex1904.90 ex2106.90	Amendment adopted as a result of the FAO proposal to provide separately in the HS for edible insects for food and nutritional security monitoring. Edible insects were classified differently in the Contracting Parties. This Table includes all likely correlations of edible insects and their preparations that were identified in the discussions.

2017 Version	2022 Version
0410.00(00)[0%] 1602.90(10)[0%, U] 1602.90(90)[0%, U] 1704.90(00)[0%] 1806.90(00)[0%] 1901.90(10)[0%] 1901.90(90)[0%] 1904.90(00)[0%] 2106.90(00)[0%]	1602.90(10) 1602.90(90) Commitment: 0% OR 0%/U?

In the above case, six SHs (1602.10, 1602.90, 1704.90, 1806.90, 1901.90 & 2106.90) are merging with the existing 1602.90. At-digit level, seven TLs (0410.00.00, 1704.90.00, 1806.90.00, 1901.90.10, 1901.90.90, 1904.90.00 & 2106.90.00) have base rates of 0%. 1602.90.10 & 1602.90.90 have a base rate of 0% & U commitment. Two possible commitments. Which one to choose? This requires application of methodology to determine commitment.

A Complex case: 0302.11 to 0302.90 (2012) - Tuvalu

2012	2017 (Rates noted against SH/TL in the beginning are for 2012)
0302.11	0302.11 (00) – 9% (2012). Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused)
0302.13	0302.13 (00) – 9%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused)
0302.14	0302.14 (00) – 9%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused)
0302.19	0302.19 (00) – 9%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused)
0302.21	0302.21 (00) – 9%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused)
0302.22	0302.22 (00) – 9%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused))
0302.23	0302.23 (00) – 9%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused)
0302.24	0302.24 (00) – 9%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused)
0302.29	0302.29 (00) – 9%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused)
0302.31	0302.31 (00) – 33%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing (Reused)
0302.32	0302.32 (00) – 33%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused)
0302.33	0302.33 (00) – 33%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused)
0302.34	0302.34 (00) – 10%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused)
0302.35	0302.35 (00) – 33%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused)
0302.36	0302.36 (00) – 33%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused)
0302.39	0302.39 (00) – 33%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused)
0302.41	0302.41 (00) – 33%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused)
0302.42	0302.42 (00) – 33%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused)
0302.43	0302.43 (00) – 33%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused)
0302.44	0302.44 (00) – 33%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused)
0302.45	0302.45 (00) – 33%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused)
0302.46	0302.46 (00) – 33%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused)
0302.47	0302.47 (00) – 33%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused)
	0302.49 (00) - Part of 0302.89 moves to this new line . No goods come from other SHs. 0302.89.00 tariff rate is 9%. Tariff rate 030249000 should be 9% . (new)
0302.51	0302.51 (00) – 9%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused))
0302.52	0302.52 (00) – 9%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused))
0302.53	0302.53 (00) – 9%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused))
0302.54	0302.54 (00) – 9%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused))
0302.55	0302.55 (00) – 9%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused))
0302.56	0302.56 (00) – 9%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused))
0302.59	0302.59 (00) – 9%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused))
0302.71	0302.71 (00) – 9%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused))
0302.72	0302.72 (00) – 9%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused))
0302.73	0302.73 (00) – 9%. Part moving to 0302.99. Part of 0302.89 moves (merger) here (9%). Two merging lines have 9% duty. Rate should be 9%.
0302.74	0302.74 (00) – 9%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused))
0302.79	0302.79 (00) – 9%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused))
0302.81	0302.81 (00) – 9%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused))
0302.82	0302.82 (00) – 9%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused))
0302.83	0302.83 (00) – 9%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused))
0302.84	0302.84 (00) – 9%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused))
0302.85	0302.85 (00) – 9%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused))
0302.89	0302.89 (00) – 9%. Parts moving to: 0302.99, 0302.73 & 0302.49. Nothing merging. Tariff rate remains at 9% (reused)
0302.90	0302.91 (00) – New SH. Entire 0302.90 (9%) is moving to 0302.91. Nothing merging. Rate should be 9%
	0302.92 (00) – New SH. Part of 0302.81 is moving to the new SH 0302.92. Nothing merging. Tariff rate remains at 9% (new)
	0302.99 (00) – As illustrated several SHs are merging to form 0302.99 (new). Two different rates: 9% and 33%. Application of methodology required determine tariff rate

A Complex case: 0303.11 to 0303.90 (2012) - Tuvalu

2012	2017 (Rates noted against SH/TL in the beginning are for 2012)
0303.11	0303.11 (00) – 9% (2012). Part moving to 0303.99. Nothing merging. Tariff rate / phasing remain (Reused)
0303.12	0303.12 (00) – 9%. Part moving to 0303.99. Nothing merging. Tariff rate / phasing remain (Reused)
0303.13	0303.13 (00) – 9%. Part moving to 0303.99. Nothing merging. Tariff rate / phasing remain (Reused)
0303.14	0303.14 (00) – 9%. Part moving to 0303.99. Nothing merging. Tariff rate / phasing remain (Reused)
0303.19	0303.19 (00) – 9%. Part moving to 0303.99. Nothing merging. Tariff rate / phasing remain (Reused)
0303.23	0303.23 (00) – 9%. Part moving to 0303.99. Nothing merging. Tariff rate / phasing remain (Reused))
0303.24	0303.24 (00) – 9%. Part moving to 0303.99. Nothing merging. Tariff rate / phasing remain (Reused)
0303.25	0303.25 (00) – 9%. Part moving to 0303.99. Nothing merging. Tariff rate / phasing remain (Reused)
0303.26	0303.26 (00) – 9%. Part moving to 0303.99. Nothing merging. Tariff rate / phasing remain (Reused)
0303.29	0303.29 (00) – 9%. Part moving to 0303.99. Nothing merging. Tariff rate / phasing (Reused)
0303.31	0303.31 (00) – 9%. Part moving to 0303.99. Nothing merging. Tariff rate / phasing remain (Reused)
0303.32	0303.32 (00) – 9%. Part moving to 0303.99. Nothing merging. Tariff rate / phasing remain (Reused)
0303.33	0303.33 (00) – 9%. Part moving to 0303.99. Nothing merging. Tariff rate / phasing remain (Reused)
0303.34	0303.34 (00) – 9%. Part moving to 0303.99. Nothing merging. Tariff rate / phasing remain (Reused)
0303.39	0303.39 (00) – 9%. Part moving to 0303.99. Nothing merging. Tariff rate / phasing remain (Reused)
0303.41	0303.41 (00) – 9%. Part moving to 0303.99. Nothing merging. Tariff rate / phasing remain (Reused)
0303.42	0303.42 (00) – 9%. Part moving to 0303.99. Nothing merging. Tariff rate / phasing remain (Reused)
0303.43	0303.43(00) – 9%. Part moving to 0303.99. Nothing merging. Tariff rate / phasing remain (Reused)
0303.44	0303.44 (00) – 9%. Part moving to 0303.99. Nothing merging. Tariff rate / phasing remain (Reused)
0303.45	0303.45 (00) – 9%. Part moving to 0303.99. Nothing merging. Tariff rate / phasing remain (Reused)
0303.46	0303.46 (00) – 9%. Part moving to 0303.99. Nothing merging. Tariff rate / phasing remain (Reused)
0303.49	0303.49 (00) – 9%. Part moving to 0303.99. Nothing merging. Tariff rate / phasing remain (Reused)
0303.51	0303.51 (00) – 9%. Part moving to 0303.99. Nothing merging. Tariff rate / phasing remain (Reused))
0303.53	0303.53 (00) – 9%. Part moving to 0303.99. Nothing merging. Tariff rate / phasing remain (Reused))
0303.54	0303.54 (00) – 9%. Part moving to 0303.99. Nothing merging. Tariff rate / phasing remain (Reused))
0303.55	0303.55 (00) – 9%. Part moving to 0303.99. Nothing merging. Tariff rate / phasing remain (Reused))
0303.56	0303.56 (00) – 9%. Part moving to 0303.99. Nothing merging. Tariff rate / phasing remain (Reused))
0303.57	0303.57(00) – 9%. Part moving to 0303.99. Nothing merging. Tariff rate / phasing remain (Reused))
	0303.59 (00) - New SH. Part of 0303.89 moves here. Nothing merging. Tariff rate 9%
0303.63	0303.63 (00) – 9%. Part moving to 0303.99. Nothing merging. Tariff rate / phasing remain (Reused))
0303.64	0303.64 (00) – 9%. Part moving to 0303.99. Nothing merging. Tariff rate / phasing remain (Reused))
0303.65	0303.65 (00) – 9%. Part moving to 0303.99. Part of 0302.89 moves (merger) here (9%). Two merging lines have 9% duty. Rate should be 9%.
0303.66	0303.66 (00) – 9%. Part moving to 0303.99. Nothing merging. Tariff rate / phasing remain (Reused))
0303.67	0303.67 (00) – 9%. Part moving to 0303.99. Nothing merging. Tariff rate / phasing remain (Reused))
0303.68	0303.68 (00) – 9%. Part moving to 0303.99. Nothing merging. Tariff rate / phasing remain (Reused))
0303.69	0303.69 (00) – 9%. Part moving to 0303.99. Nothing merging. Tariff rate / phasing remain (Reused))
0303.81	0303.81 (00) – 9%. Part moving to 0302.99. Nothing merging. Tariff rate / phasing remain (Reused))
0303.82	0303.82 (00) – 9%. Part moving to 0303.99. Nothing merging. Tariff rate / phasing remain (Reused))
0303.83	0303.83 (00) – 9%. Part moving to 0303.99. Nothing merging. Tariff rate / phasing remain (Reused))
0303.84	0303.84 (00) – 9%. Parts moving to: 0303.99, 0302.73 & 0302.49. Nothing merging. Tariff rate remains at 9% (reused)
0303.89	0303.89(00) – New SH. Entire 0302.90 (9%) is moving to 0302.91. Nothing merging. Rate should be 9%
0303.90	0303.91 (00) – New SH. Part of 0303.81 is moving to the new SH 0302.92. Nothing merging. Tariff rate remains at 9% (new)
	0302.92 (00) – New SH. Part of 0303.81 is moving here. Nothing merging. Tariff rate remains at 9%
	0303.99 (00) – New SH. As illustrated several SHs are merging to form 0302.99 (new). However, all TLs have the same duty rates (9%).

Transposition Methodologies

Transposition Methodologies

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:

- *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. 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)".

Methodology 1

In the example of a complex case of Solomon Islands Tariff Commitment Schedule (Table 8 of the Guidelines or Slide 17), Solomon Islands can opt to go for the lowest of the two 2012 duty rates. The lowest was 5%.

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

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

	HS 2017	Base duty	HS 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). ASSUME YOU HAVE CHOSEN TO APPLY METHODOLOGY 2. SEE WORKING IN THE NEXT SLIDE

Methodology 2 (Applying the rate previously applied to the tariff line with the majority of trade) cont..

	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	(Majority of trade generated by TL38089410) 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			

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

Using the information from the previous slide, for the calculation of weighted average rate, the values of trade for the 2012 tariff lines (38085900, 38089110, 38089190, 38089200, 38089300, 38089410, 38089490, 38089910 and 38089990) **separately** for the last three years are required.

Weighted tariff average is calculated as shown in the example below

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

- Weighted average is the value of total import duty divided by the value of total 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 (38085900) will be **7.4%**

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.

Tariff line	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	66

Arithmetic average is: $66/9 = 7.3\%$

If Arithmetic Average method is chosen, the duty rate for the new merged line 38085900 will be **7.3%**

Harmonised System Changes 2022

Harmonised System Changes 2022

- The HS 2022 is the seventh major amendment of the HS since its entry into force in 1988.
- The 2022 revision contains 351 (233 in 2017) sets of amendments on the previous 2017 version of the HS.
- 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. Electrical and electronic waste, commonly referred to as e-waste, is one example of a product class which presents significant policy concerns as well as a high value of trade.
- New provisions for novel tobacco and nicotine based products resulted from the difficulties of the classification of these products, lack of visibility in trade statistics and the very high monetary value of this trade.

Types of Amendments

Same types as discussed in 2017 changes: **(a) *clarifying changes* and (b) *structural changes*.**

Clarifying changes do not alter the scope of the HS subheadings concerned. Therefore, let's focus on Structural changes.

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. from the previous to the current period

Transposition of tariff commitments for 2022 will mainly focus on the 'structural changes'

One-to-one relationship

The extract of the correlation table provided by the WCO below illustrates a one-to-one relationship. The first column on the left lists HS 2022 subheadings whose product scope were changed or have been introduced as new entries. The second column presents the corresponding HS 2017 codes. (Note – in many cases it may contain an "ex" prefix to indicate that the corresponding HS 2022 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

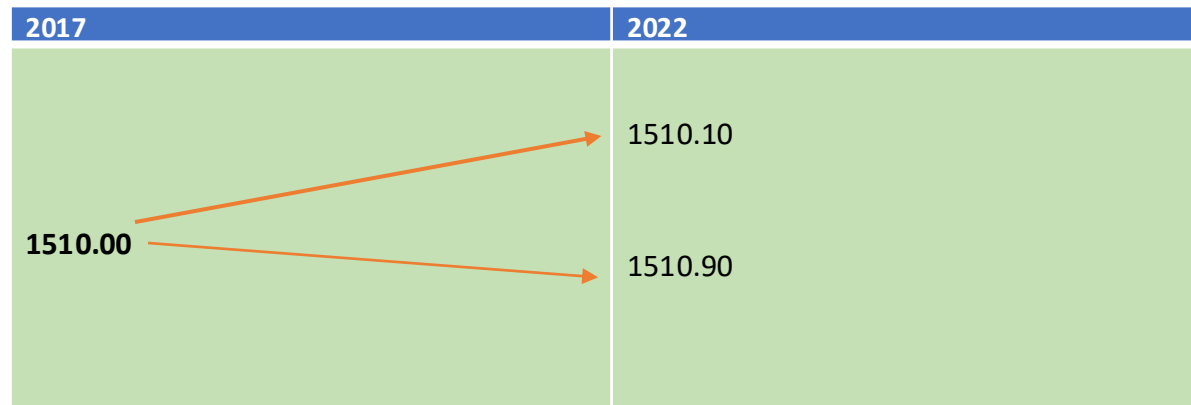
2022 version	2017 version	Remarks in WCO's correlation table
0309.10 	0305.10	Creation of new subheading 0309.10 to provide separately for flours, meals and pellets of fish, fit for human consumption.

HS 2022 subheading 0309.10 originates from **only one** HS 2017 subheading (0305.10), which is **not prefixed**, and therefore is entirely transferred to only one HS 2022 subheading. This is a one-to-one relationship where the product coverage of HS 2022 subheading 0309.10 is the same as HS 2017 subheading 0305.10.

Split

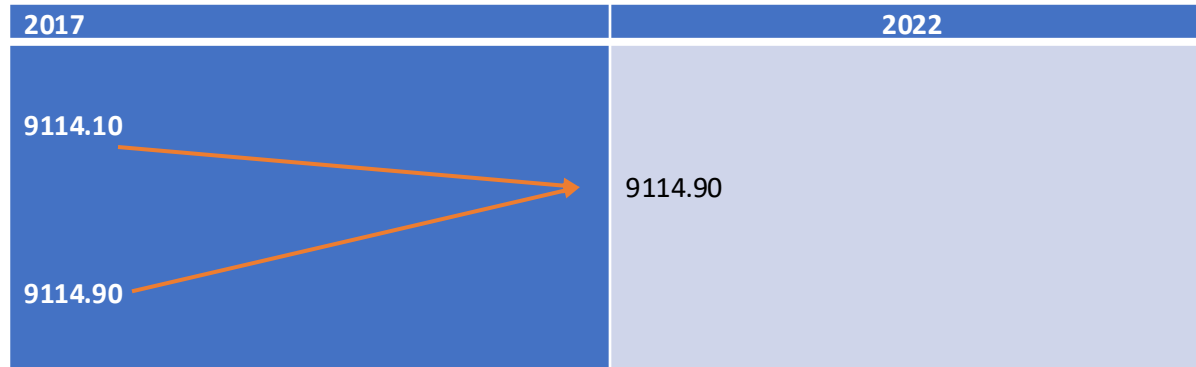
A split takes place when the products covered by one subheading are divided into at least two new or reused subheadings. This can be seen as **a one-to-many relationship**. In the example below, HS 2022 subheadings 1510.10 and 1510.90 are derived from HS 2017 subheading 1510.00 which was split to separately 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

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.



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).



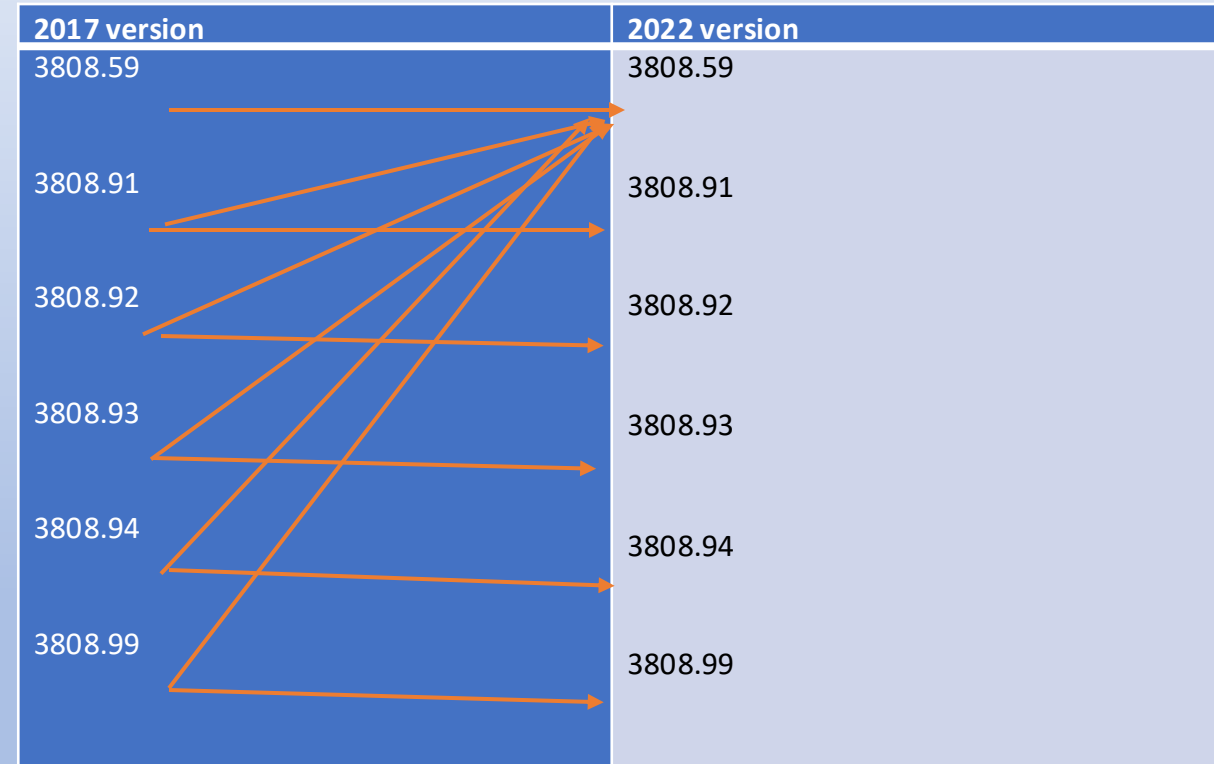
Note:

- two 2017 subheadings 9114.10 and 9114.90 have merged to form one subheading 9114.90 in 2022.
- the entire goods) from 2017 subheadings 9114.10 (which was deleted for low volume of trade) and 3705.90 are moving to the 2022 subheading 9114.90 as the they have **not** been prefixed with

Complex

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.

2022 version	2017 version	Remarks in WCO's correlation table
3808.59	3808.59	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.
3808.91	ex3808.91	
3808.92	ex3808.92	
3808.93	ex3808.93	
3808.94	ex3808.94	
3808.99	ex3808.99	
	ex3808.91	
	ex3808.92	
	ex3808.93	
	ex3808.94	
	ex3808.99	



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, 3808.92, 3808.93, 3808.94 and 3808.99; thus, the scope of subheading 3808.50 has been expanded in 2022.

Transposition of Tariff Commitments under PACER Plus – 2022

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%

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%

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%

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%

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.

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).