

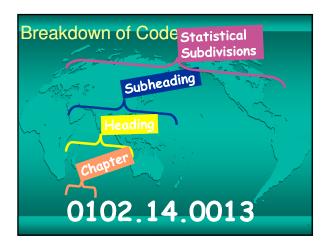
### Why codes are needed

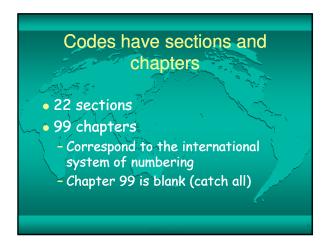
- Universal classification of products
- Prevention of misinterpretation of local identification
  - Tariffs
  - Taxes
  - 4 Quotas
  - Duties
- Tracking flow of goods
- Cross-referencing foreign and transport documentation

### Other code systems

- SIC- Standard Industrial Classification
- NAICS-North American Industry Classification
- SITC- Standard International Trade Classification







### Headings

- Headings include the chapter number
- Generally indicate priorities of the chapter (or levels of processing)
  - Start at broadest category (primary products)
  - Becomes more defined due to condition or subset (or more complex products)
- Necessary to explore all headings
  - Example of book live animals vs. circus animals

### Subheadings

- Once heading defined, subheading determined
- Covers first 6 digits of ten-digit code
- Descriptions are pretty complete

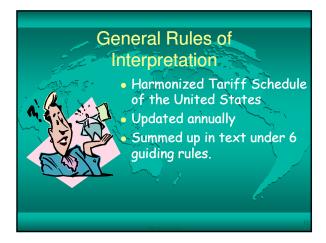
In all countries that have adopted the international code, the first six digits of the 10 digit system are the same.

### Commodity Codes = Statistical Subdivisions

- May vary in each country
- Some countries may utilize 4 zeros.
- May be just one commodity code or many
- Necessary to explore for each country
- Only the subheading is consistent

### **Commodity Code** Use in the United States Importing • Exporting - Harmonized Tariff Schedule (HTS) - Schedule B Managed by U.S. Census Managed by the Office of Tariff Affairs and Trade Agreements under the U.S. Schedule B is the actual book codes are published **International Trade** If importing and rting the same prod Commission - Determine import duties - Track import statistics might be used.

### Locating the Correct Code Obtain copies of: - Schedule B if exporting - wath consumptivious trade/schedules/b - HTS if importing - http://www.usticgov/tot/fars.htm Check the Index Both schedules can be cross referenced Difficult classification may require assistance



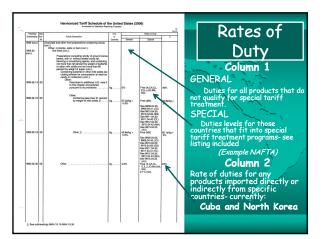
### Six Guiding Rules

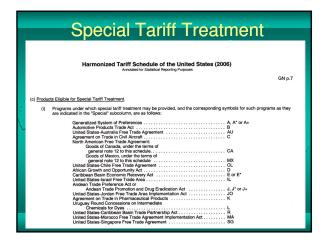
- 1) Titles of sections and chapters are only a guide
- 2) Incomplete or unfinished articles are classified as if complete (assembly kits)
- If good can be classified under multiple headings:

  - a) Use most specific heading
     b) If equal description- use heading of major material
  - c) If a or b not applicable, use last classification of merit
- If rules 1 to 3 inadequate, use most similar Schedule B classification
- 5) Packing and Containers- typically classified with goods
- 6) Rules 1-4 for the Heading, repeat process for subheading, etc.

### Seeking Assistance

- U.S. Census Bureau
- U.S. Customs
- U.S. International Trade Commission
- Local International Trade Resources
- Binding rulings
  - Free service of U.S. Customs





# SIC Standard Industrial Classification Now replaced by NAICS Four digit number describing activity of organization "what it does" May not produce a physical product for export or import www.osha.gov/oshstats/sicser.html

## NAICS North American Industry Classification Tied to NAFTA agreement Canada, Mexico, and United States Expanded SIC code to 6 digits More flexibility Better comparisons between three countries' activities than SIC www.census.gov.naics www.ntis.gov/business/sic.htm

### SITC

- Standard International Trade Classification
- United Nations- 100 countries report
- Developed in 1950.
- Can be outdated information
- May provide general insight into trade flows

### **ECCN**

Export Control Classification Number

### **CT-PAT**

- Patriot Act (after 9-11)
- Implications on what can be transported across borders