

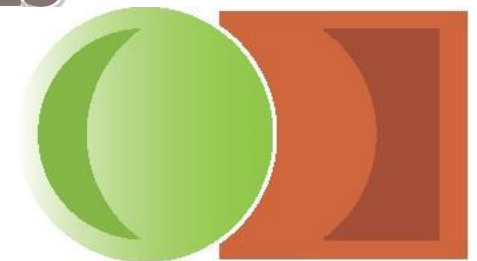
2019 World Ceramic Tiles Forum

6 November - 9 November

Westin Grand Hotel

Berlin, Germany

IMPLEMENTATION OF THE HS CODES



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I. Context – The Harmonised system



The Harmonised System:

- Is the universal basis for Customs tariffs and the international trade statistical system
- Composed of custom codes consisting of six digits, legal and explanatory notes

Changes proposed by WCTF in 2012:

- Keep system adapted to market realities
- Improve statistics
- Need to be well designed
- Can be made by the WCO every four to six years

I. Context – The revision of HS codes 6907 and 6908

WCTF 2012: approval of a common approach towards the revision of HS 6907 and HS 6908

Proposed changes by the WCTF:

- Abolition of distinction between glazed and unglazed tiles
 - Structure based on water absorption capacity of tiles
 - Creation of five sub-codes corresponding to ISO categories of water absorption
 - Creation of additional code for finishing/technical products
- ▶ These proposals have been partially implemented.

I. Context – The revision of HS codes 6907 and 6908

Old customs HS codes – before 2017

6907 - Unglazed ceramic flags and paving, earth or wall tiles; unglazed ceramic mosaic cubes and the like, whether or not on a backing

6907.10 -- Tiles, cubes and similar articles, whether or not rectangular, the largest surface area of which is capable of being enclosed in a square the side of which is less than 7 cm

6907.90 -- Other

6908 - Glazed ceramic flags and paving, hearth or wall tiles; glazed ceramic mosaic cubes and the like, whether or not on a backing

6908.10 -- Tiles, cubes and similar articles, whether or not rectangular, the largest surface area of which is capable of being enclosed in a square the side of which is less than 7 cm

6908.90 -- Other

II. The current situation

HS codes, valid from 2017

6907 – Ceramic flags and paving, hearth or wall tiles; ceramic mosaic cubes and the like whether or not on a backing; finishing ceramics.

Flags and paving, hearth and wall tiles, other than those of subheadings 6907.30 and 6907.40

6907.21 -- of a water absorption coefficient by weight not exceeding 0.5%

6907.22 -- of a water absorption coefficient by weight exceeding 0.5% but not exceeding 10%

6907.23 -- of a water absorption coefficient by weight exceeding 10%

6907.30 – Mosaic cubes and the like, other than those of subheading 6907.40

6907.40 – Finishing ceramics

6808 – Delete



Explanatory notes:

- Specify the meaning of HS codes
 - Are not legally binding
 - Provide guidance in the use of the HS
- ▶ influence on classification of goods

III. HS codes Explanatory notes & WCTF guidance

WCTF guidelines circulated
in Dec. 2016

Update 22 October 2018



WCTF GUIDELINES ON NEW HS CUSTOMS CODES FOR WALL & FLOOR CERAMIC TILES

APPLICABLE FROM 1 JANUARY 2017

[22 October 2018]

I- The new HS codes

Amendments to the HS codes reflect changes in international trade patterns. The purpose of this revision, which was initiated with the support of the World Ceramic Tiles Forum (WCTF) in 2012, was to agree on a common approach in order to modernise and simplify the code system but also to ensure that trade statistics become more accurate and reliable. Following this approach, headings 69.07 (unglazed ceramic products) and 69.08 (glazed ceramic products) were merged in order to reflect the evolution of product categories on the market and the lower relevance of the glazed/unglazed criterion for the purpose of classification. Instead the classification at customs will now be based on the water absorption capacity of each product (also in line with the classification under ISO standard 13006 for ceramic tiles). However, different tests for measuring water absorption could result into diverging outcomes meaning different labelling therefore different tariffs. Consequently, since the new classification is mainly based on the water absorption criterion, there is a strong need for a harmonised method to assess and test such water absorption percentage.

Legal notes

As of 1 January 2017, the new international customs codes for ceramic tiles will be as follows:

- 6907 – Ceramic flags and paving, hearth or wall tiles; ceramic mosaic cubes and the like whether or not on a backing; finishing ceramics.
- Flags and paving, hearth and wall tiles, other than those of subheadings 6907.30 and 6907.40
- 6907.21 -- of a water absorption coefficient by weight not exceeding 0.5%
- 6907.22 -- of a water absorption coefficient by weight exceeding 0.5% but not exceeding 10%
- 6907.23 -- of a water absorption coefficient by weight exceeding 10%
- 6907.30 – Mosaic cubes and the like, other than those of subheading 6907.40
- 6907.40 – Finishing ceramics
- 6808 – This heading will be deleted.

International customs "HS" codes are composed of 6 digits. National or regional customs areas may introduce further sub-categories by introducing 2 additional digits (composing regional codes of 8 digits). However, the World Ceramic Tiles Forum has advised its members to keep the customs codes as simple as possible and prevent as much as possible the introduction of additional regional sub-categories.



For discussion: classification of large tiles (slabs) in category 6914

EU import tariff: 5%

Other ceramic articles

69 14 000000

- Of porcelain or china

69 14 100000

- - Other

69 14 900000

- Of common pottery hand-made

69 14 900010

- - Other

69 14 900020 - 900090

- Ceramic articles made of continuous filaments of ceramic oxides, containing by weight:

- 2 % or more of diboron trioxide,

- 28 % or less of silicon dioxide and

- 60 % or more of dialuminium trioxide

69 14 900020

- Ceramic microspheres, transparent, obtained from silicon dioxide and zirconium dioxide, of a diameter of more than 125 µm

69 14 900030

- Other

69 14 900090

IV. Next steps – Status of the transposition of new HS codes at global level

2017	2018	2019
79	98	106
42	23	16
applying new codes		
+ 19 Countries from 11/2017 to 10/2018		+ 8 Countries from 11/2018 to 10/2019

In 2018, additional 19 Countries implemented new HS 6907 codes:

Angola, Argentina, Azerbaijan, Bahamas, Belize, Cuba, Egypt, Ghana, Haiti, Ivory Coast, Jamaica, Mali, Papua New Guinea, Singapore, Sri Lanka, Syria, Togo, Vietnam, Zimbabwe.

In 2019, additional 8 Countries:

Cameroon, Republic of Congo, Ethiopia, Guyana, Moldova, Nigeria, Uzbekistan, Yemen.

IV. Next steps – Status of the transposition of new HS codes to regional level

Before 2017: existing sub-categories at regional level:

Division into sub-categories based on...						
...size	...size and water absorption:	...size and material:	...size and other technical criteria:	...material:	...use:	...other technical criteria:
Mexico, Pakistan, Saudi Arabia, United Arab Emirates, USA	Jordan, Iran	EU, Ukraine, Morocco	China, Israel	Russia	Indonesia	India
No further division into sub-categories:						
Algeria, Argentina, Australia, Brazil, Japan, Nigeria, Switzerland						

V. Next steps – transposing codes to regional level – available options allowed by the WTO

Legal basis: WTO guidance documents published in every revision cycle

1. *In cases where implementing the new HS codes does not imply any **combination of different tariff lines or parts of tariff lines**:*

1.1) Merge old sub-categories bearing the same tariffs

⇒ *Australia(*), China (*), India, Indonesia(*), Iran, Israel, Jordan, Mexico, Morocco, Pakistan, Saudi Arabia (*), Switzerland, United Arab Emirates*

(indicates that fees only differ for the category “others”)*

2. *In cases where implementing the new HS codes does imply **combination of different tariff lines or parts of tariff lines and customs decide apply strictly the principle of fiscal neutrality**:*

1.2) Create old sub-categories at eight digit level for each former sub-category with a different tariff

Option 1.2 means re-creating the old distinctions under the new HS codes and would result in more complex codes rather than more simplified and harmonised.

V. Next steps – transposing codes to regional level – available options allowed by the WTO

3. *In cases where implementing the new HS codes does imply combining different tariff lines or parts of tariff lines but customs decide apply alternative options to strict fiscal neutrality as foreseen in WTO guidelines:*

2.1) Apply the lowest rate of any previous tariff line to the whole of the new tariff line

2.2) Apply the rate previously applied to the **tariff line with the majority of trade**

2.3) Apply the trade **weighted average rate of duty** for the new line

2.4) Apply the **arithmetic average of the previous rates of duty** where no basis exists for establishing reasonably accurate trade allocations

VI. Next steps – Status of the transposition of new HS codes to regional level

COUNTRY	No further subdivisions (rev. HS 6907 only)	Division into sub-categories (beyond HS 6907) based on:					No. of subcategories	Old HS 6907	Old HS 6908
		size	water absorption	material	use	other technical criteria			
ALG		x	x	x		x	46		
ARG	x						0		
AUS		x				x	10		
BRA	x						0		
CHN		x				x	10		
IND		x				x	2		
IDN		x			x	x	34		
IRAN						x	3		
ISR		x				x	30		
JPN	x						0		
JOR		x			x	x	16		
MEX							(4) 6907; (4) 6908	x	x
MOR		x		x		x	22		
NGA	x						0		
PAK						x	9		
RUS		x		x		x	29		
SAU	x						0		
SWI						x	10		
TUR	x						0		
UKR							(3) 6907; (8) 6908	x	x
UAE	x						0		
USA		x				x	40		
TOTAL	7	10	1	3	2	13		2	2

VI. Next steps – Status of the transposition of new HS codes to regional level

Summary:

- **8** countries (ARG, BRA, EU, JPN, **NGA**, SAU, TUR, UAE) applying revised HS 6907 codes *without* additional sub-categories.
- **13** countries (ALG, AUS, CHN, **IND**, IDN, IRA, ISR, JOR, MOR, PAK, RUS, SWI, USA) applying revised HS 6907 codes *with* additional sub-categories.
- **2** countries (MEX, UKR) *not applying* revised HS 6907 codes.
- Most common sub-category is "other technical criteria" (**13**) followed by "size" (**10**)
- Highest number of sub-categories:
 - ALG: **46**
 - USA: **40**
 - IDN: 34
 - ISR: **30**
 - RUS: **29**

VI. Next steps – Status of the transposition of new HS codes to regional level

For discussion:

- ⇒ Implementation issues? Problems reported?
- ⇒ WCTF actions in countries not represented in WCTF
- ⇒ Possible actions by WCTF at national level to promote harmonised approach

VII. Classification of large tiles / slabs under HS 6914

- **Heading 6914**
- **Other ceramic articles**
- 6914 1000 00
- Of porcelain or china
- 6914 90
- **Other**
 - 6914 9000 10
 - Of common pottery hand-made
 - 6914 9000 20
 - **Other**
 - 6914 9000 20
 - Ceramic articles made of continuous filaments of ceramic oxides, containing by weight: - 2 % or more of diboron trioxide, - 28 % or less of silicon dioxide and - 60 % or more of dialuminium trioxide
 - 6914 9000 30
 - Ceramic microspheres, transparent, obtained from silicon dioxide and zirconium dioxide, of a diameter of more than 125 µm
 - 6914 9000 90
 - Other

VII. Classification of large tiles / slabs under HS 6914

- No basis under HS 6907 or explanatory notes to exclude ceramic slabs from the scope of 6907
- Explanatory notes could be completed to clarify that large tiles are encompassed by HS 6907
- But customs authorities are requesting more information and evidence of the wrong classification

VII. EU import statistics for 6914 – top 10 exporting countries to the EU – situation in other WCTF members?

