



AUSTRALIAN CUSTOMS AND BORDER PROTECTION NOTICE NO. 2011/12

2012 Harmonized System Changes

The Minister for Home Affairs, the Hon Brendan O'Connor MP, introduced the Customs Tariff Amendment (2012 Harmonized System Changes) Bill 2011 into Parliament on 23 March 2011. The Bill contains approximately 800 amendments to the *Customs Tariff Act 1995* that will implement the changes resulting from the World Customs Organization fourth review of the International Convention on the Harmonized Commodity Description and Coding System, commonly referred to as the Harmonized System.

The Bill will preserve existing levels of industry protection and margins of tariff preference that apply to imported goods, including goods imported under Australia's free trade agreements.

The Harmonized System is a hierarchical system that uniquely identifies all traded goods and commodities. Since 1988 the Harmonized System has formed the basis of Australia's commodity classifications for traded goods, both imports and exports. Most countries in the world use the Harmonized System and Australia has implemented the Harmonized System domestically through the Customs Tariff Act for imports and the Australian Harmonized Export Commodity Classification (AHECC) for exports.

The administering body, the World Customs Organization, reviews the Harmonized System every five years to reflect changes in industry practice, technological developments and changes in international trade patterns. As a signatory to the Harmonized System, Australia is required to implement the changes resulting from the fourth review on **1 January 2012**.

The fourth review amendments concentrate primarily on environmental and social issues that are of global concern. This includes the use of the Harmonized System to identify goods that are of importance to the food security programme of the Food and Agriculture Organization of the United Nations. It also includes the creation of new subheadings for specific chemicals, which will facilitate the monitoring and control of international trade in these products under the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade and the Montreal Protocol on Substances that Deplete the Ozone Layer.

Explanatory documents

A concordance of tariff items affected by the proposed changes to the Customs Tariff is available from the 2012 Harmonized System changes information page on the Customs and Border Protection website at:

<http://www.customs.gov.au/tariff/hs2012.asp>

You should read this concordance in conjunction with the Bill and the Explanatory Memorandum tabled in the Parliament on 23 March 2011. You can also find information about progress of the Bill on the Australian Parliament House website at:

<http://www.aph.gov.au/bills/index.htm>.

Statistical codes

AHECC

On 24 March 2011, the Australian Bureau of Statistics (ABS) released an information paper regarding the proposed changes to statistical codes in the AHECC.

This information paper presents a draft of proposed changes to Merchandise trade export statistics that will apply from 1 January 2012. These changes result from the fourth review of the Harmonized System, and an ABS initiated review of statistical codes.

This information paper provides a brief background to the 2012 Harmonized System changes to the AHECC. It also provides a comparative view of the existing and proposed 2012 hierarchical structure of the AHECC by chapter, and a correspondence between the 2007 and 2012 versions of the AHECC at the 8 digit level.

This paper also describes how clients can provide feedback on the proposed statistical code changes or draft correspondences.

The 2012 Harmonized System revisions affect 43 of the 98 chapters in the classification, through either note changes or classification changes or both. There are extensive revisions to Chapters 1 - 3, Chapter 16, Chapter 27, Chapter 29, Chapters 61 - 62, and Chapter 96. This review has closed statistical codes across most chapters of the AHECC.

You can access this information paper from the ABS website at:

<http://www.abs.gov.au/AUSTATS/abs@.nsf/Lookup/5368.0.55.015Main+Features1212?OpenDocument>

Information on how to make submissions with regard to the AHECC changes and deadlines for these submissions can be found on the ABS website <http://www.abs.gov.au> then select - Topics @ a Glance, Foreign Trade, Foreign Trade Releases.

Customs Tariff statistical codes

The ABS plan a similar consultative approach for the 2012 Harmonized System changes to Merchandise trade import statistics, with the preliminary statistical structure scheduled for release on 13 May 2011.

Customs and Border Protection instruments and advices

Subject to the passage of the Bill through the Parliament, the legislation will affect a number of Customs and Border Protection instruments and advices, including Tariff Concession Orders, Tariff Precedents and Tariff Advices.

Tariff Concession Orders

We have commenced a review of Tariff Concession Orders potentially affected by the 2012 Harmonized System changes. We will revoke and reissue those Tariff Concession Orders affected by the changes, with one or more new Tariff Concession Orders, under the appropriate 2012 Harmonized System tariff classifications, with effect from 1 January 2012.

Tariff Advices, Tariff Precedents and Origin Advices

The Tariff Advice System allows importers to seek an advance ruling on the classification of specific goods before importation. This is to assist industry in making business decisions about future imports of specific goods prior to committing to importation.

We will shortly commence a review of both Tariff Precedents and Tariff Advices potentially affected by the 2012 Harmonized System changes. Where necessary, we will void any Tariff Advices and Tariff Precedents affected by the changes, from 1 January 2012. We will write to you if your advice is affected. Businesses will need to apply for new Tariff Advices where relevant. We will process these applications within 30 days provided the applicant supplies the necessary information.

We will provide further information on instruments and advices affected by the 2012 Harmonized System changes in due course. We also propose to hold industry information seminars regarding the changes later in the year.

Free trade agreements

Implementation of the 2012 Harmonized System changes also requires amendments to the rules of origin in Australia's Free Trade Agreements (FTAs). Customs Regulations implement those rules of origin domestically. Australia will shortly commence negotiations with its FTA partners to progress the required treaty changes. Customs and Border Protection will arrange for consequential amendments to the Regulations. This does not affect the progress of the Bill.

Australia's free trade agreement partners are also signatories to the Harmonized System and they will be making equivalent changes to their domestic tariffs.

Enquiries

For further information concerning the proposed changes to the Customs Tariff, please contact:

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or send an email to: TARLEG@customs.gov.au

For enquiries concerning changes to the AHECC or Customs Tariff statistical codes, please contact:

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(Signed)
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