

ARTICLE

ITC Announces Investigation Into Proposed Changes to the Harmonized Tariff Schedule of the United States

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On August 20, 2014, the U.S. International Trade Commission (Commission) announced an investigation into whether to recommend certain modifications to the Harmonized Tariff Schedule of the United States (HTSUS). The HTSUS governs the classification for import purposes of all goods entering the United States, and thus establishes the duty rates applicable for imported goods. It is also the basis of "Schedule B," the United States' export classification system.

The Commission's investigation will focus on 234 changes proposed by officials of the World Customs Organization (WCO). These changes stand to affect a wide variety of products, from fish to furniture to sports jerseys. The agency also announced its intention to consider certain modifications not proposed by the WCO, covering the classification of taro and corned beef products.

Of the 234 changes proposed by the WCO, the most significant include:

- Multiple revisions to Chapter 3, covering aquaculture products such as fish and crustaceans;
- Numerous changes affecting chemical, pharmaceutical, and plastic products classifiable in Chapters 28-30, 38, and 39 of the HTSUS;
- Alterations to Chapter 44, covering wood and wood products;
- A variety of changes to Chapters 84-85, covering mechanical and electrical equipment and machinery, including new

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chapter notes and a number of revised subheadings, including those for monitors and projectors;

- New subheadings for electric and hybrid vehicles in Chapter 87.

The agency's investigation will begin with an internal review and analysis of the proposed changes, subsequent to which the agency will issue recommendations as to whether to adopt the proposed modifications, either in whole or in part. The agency will then solicit comments from the trade on the impact of its recommendations. After considering these comments and making any appropriate changes to its recommendations, the ITC will submit finalized recommendations to the President.

The agency intends to conclude its internal review and release its draft recommendations in December 2014. The ITC expects to set a due date for comments from the trade in February 2015, with the agency's final recommendations being issued in July 2015.

Although the modification process is in its early stages, importers and exporters may wish to review the list of proposals, in order to determine whether their goods stand to be affected.