

Appendix B: Harmonised Commodity Coding and Description System

All goods exported or imported are classified according to a numerical code. This numerical coding system is known as the Harmonised Commodity Coding and Descriptions System and is based on the international trading system drawn up by the WCO in Brussels. The HS, as it is known, is thus a numerical and systematic classification of all goods found in international trade and may be used for other trade purposes as well.

From the earliest times there has been a need to classify goods. Usually this interest arose from a desire on the part of governments to impose taxes or tolls on goods being moved across territorial boundaries.

Later with the development of industrialised societies, it became more crucial to know the level of this trade, even where the imposition of taxes or tolls did not arise. Countries or groups of countries usually had their own customs tariffs. This caused difficulties in international trade. It became apparent that the need existed for a standard customs nomenclature to ensure;

- the systematic classification of all goods found in international trade;
- the internationally uniform classification of goods on a sound basis within the tariff structure of all countries adopting this system;
- the adoption of a common internationally accepted customs language so that customs terminology should be readily understood by experts and the public alike, thus simplifying the task of importers, exporters, producers, carriers and customs' administrators;
- simplicity and certainty in the negotiation, application and correct interpretations of bilateral or multilateral customs agreements; and
- an internationally uniform collation of data to facilitate analyses and comparison of world trade statistics.

In early 1970 the WCO set up a study group to examine the possibility of preparing a harmonised commodity description system for use in international trade. The expert exploratory studies and preparatory work carried out under the auspices of the WCO resulted in the completion of the Harmonised Commodity Coding and Description System and the establishment of a new International Convention for its implementation.

South Africa accepted this system which came into operation on 1 January 1988.

The classification system in use today by virtually all international trading nations is the HS. The HS forms the basis on which goods are encoded, trade statistics are developed, and from which the customs departments of countries can compile their statistics.

Under the HS, goods are classified into 22 sections; South Africa has added a 23rd classification to record exports and imports of automotive parts under the Motor Industry Development Programme.

Sections are, in turn, divided into a varying number of chapters, which are broken down into headings and subheadings:

22 sections



Standard international system, common to all countries

98 chapters

Form first two digits of HS number, e.g. 12

1 241 headings

Form second two digits of HS number, e.g. 1244

5 019 subheadings

Form third two digits of HS number, e.g. 1244.20

(Countries may add further subheadings – South Africa has eight digits)

