



WORLD CUSTOMS ORGANIZATION
ORGANISATION MONDIALE DES DOUANES



WCO Knowledge Academy for
Customs and Trade

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Harmonized System – GIRs and High-Tech and related products

Izaak Wind

Programme Overview & Positioning

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Day 2 – Tuesday, 8 July 2014

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The Harmonized System

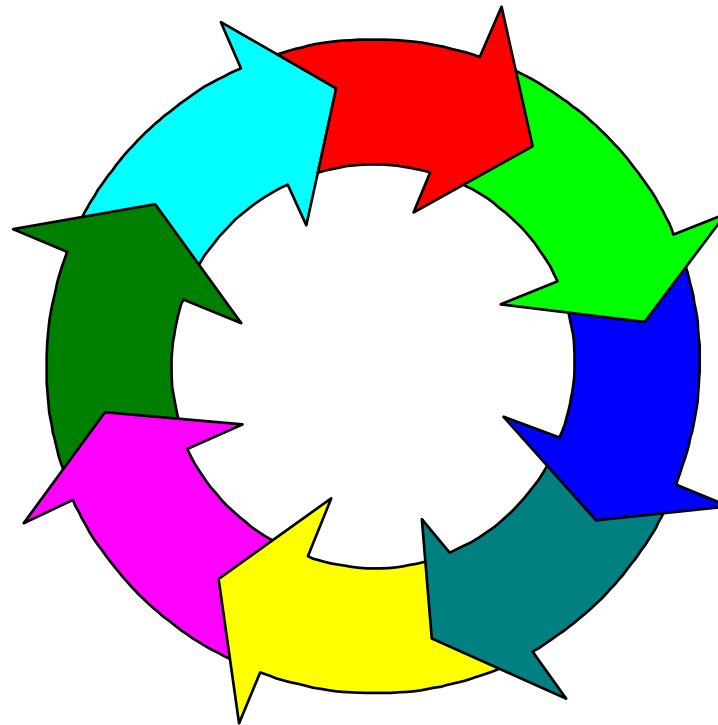
Classification of parts



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Session VI: classification of parts



Part <-----> Article

Session VI: classification of parts

Introduction

73.15 - Chain and **parts thereof**, of iron or steel

44.19 - Tableware and kitchenware, of wood

What is the difference?

Session VI: classification of parts

Introduction

- What is a part ?
- Goods intended:
 - to be assembled into an article, together with other goods (parts); or
 - to be incorporated into other articles
- Component of an article

EU Judgment C-297/13 – consideration 35:

“The notion of ‘parts’ implies a whole for the operation of which the part is essential”

Session VI: classification of parts

Introduction

- No general classification rule
- Parts are articles
- Specific provisions at Section, Chapter, heading or subheading level

Session VI: classification of parts

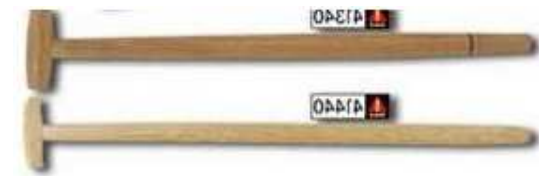
No specific provision

- Part being an article referred to in a heading
- Other parts

Session VI: classification of parts

No specific general rule - Parts being articles referred to in a heading

- 44.17 - Tools, [...], tool handles, of wood
- 87.06 - Chassis fitted with engines
- 87.07 - Bodies (including cabs), for motor vehicles
- 85.01 - Electric motors



Session VI: classification of parts

No specific general rule - Parts not being articles referred to in a heading

Classification according to constituent material

✓ wooden lid of wooden tableware:

- heading 44.21 (other articles of wood)
- heading 44.19 (tableware of wood)



✓ lid of metal for a sugar-bowl of glass:

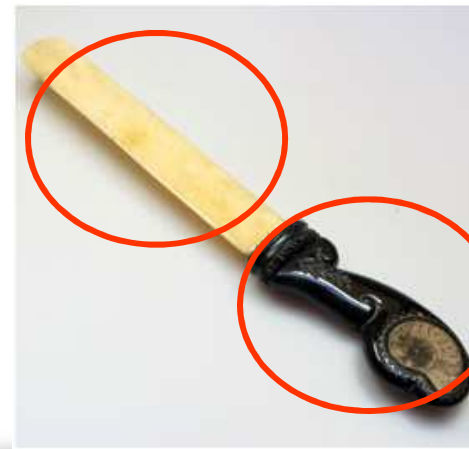
- heading 73.23 (table, kitchen or other household articles or parts thereof, of iron or steel)
- heading 70.13 (glassware of a kind used for table use)



Session VI: classification of parts

No specific general rule - Parts not being articles referred to in a heading

- Paper knife of plastics: heading 39.26
- Parts:
 - of plastics: 39.26
 - of wood: 44.17 or 44.21



Session VI: classification of parts

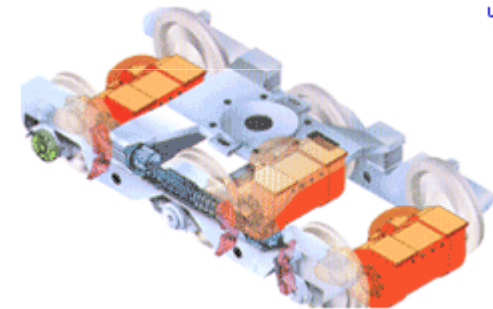
Specific provisions

- Chapters with a specific heading for “parts”
- Headings referring to certain articles and “parts thereof”
- Section or Chapter Notes governing the classification of parts

Session VI: classification of parts

Specific provisions - Chapters with a specific heading for “parts”

- 61.17 – (...) parts of garments or (...)
- 86.07 – Parts of (...) or rolling stock
- 88.03 – Parts of (...) headings 88.01 or 88.02
- 92.09 – Parts (...) of musical instruments
- 93.05 – Parts (...) of headings 93.01 to 93.04



Session VI: classification of parts

Specific provisions - Headings referring to certain articles
and “parts thereof”

- 73.15 - Chain and parts thereof, of iron or steel
- 87.15 - Baby carriages and parts thereof
- 91.11 - Watch cases and parts thereof



Session VI: classification of parts

Specific provisions

Section or Chapter Notes governing the classification of parts (1)

- Chapter 82 - Note 2
- Chapter 83 - Note 1
- Section XVI - Note 2
- Chapter 90 - Note 2
- Chapter 95 - Note 3

Session VI: classification of parts

Specific provisions

Section or Chapter Notes governing the classification of parts (2)

May include certain conditions:

- ✓ Nature of the material (Note 2 to Chapter 82)
- ✓ Suitability for use solely or principally with the parent article (Note 3 to Section XVII)

Session VI: classification of parts

Conclusions

- No specific general rules
- “Parts” are “articles”
- Classification according to specific provisions, if there are any

Session VI: classification of parts

“Parts of general use”

Note 1 (g) to Section XVI:

- This Section does not cover:
- (a) (...) (f)
- (g) **Parts of general use**, as defined in Note 2 to Section XV, of base metal (Section XV), or similar goods of plastics (Chapter 39);

Session VI: classification of parts

“Parts of general use”

Other Notes:

- Note 2 to Chapter 82 (“[...] are in all cases excluded”)
- Note 1 to Chapter 83
- Note 2 (b) to Section XVII
- Note 1 (f) to Chapter 90
- Note 1 (c) to Chapter 91
- Note 1 (a) to Chapter 92
- Note 1 (b) to Chapter 93
- Note 1 (d) to Chapter 94
- Note 1 (k) to Chapter 95
- Note 1 (d) to Chapter 96

Session VI: classification of parts

What are “Parts of general use”?

Session VI: classification of parts

What are “parts of general use”?

- Particular group of articles
- General purpose type goods
- Whether or not designed for a particular machine or purpose
- Of base metal (Section XV) or of plastics (Chapter 39)

Session VI: classification of parts

Note 2 to Section XV

“Parts of general use” means:

- Articles of 73.07, 73.12, 73.15, 73.17, 73.18
- Springs or leaves for springs (other than clock or watch springs)
- Articles of 83.01, 83.02, 83.08, 83.10 and frames and mirrors, of 83.06

Session VI: classification of parts

In other words, the following articles:

- Tube and pipe fittings (73.07)
- Stranded wire, ropes, cables, plaited bands, slings and the like (73.12)
- Chain (73.15)
- Nails, tacks, drawing pins, corrugated nails, staples (73.17)
- Screws, bolts, nuts, coach screws, screw hooks, rivets, cotters, cotter-pins, washers (73.18)
- Springs or leaves for springs (other than clock or watch springs) (73.20)

Session VI: classification of parts

And:

- 83.01: Padlocks and locks; clasps and frames with clasps, incorporating locks; keys
- 83.02: Mounting, fittings suitable for furniture, doors, staircases, windows, blinds, coachwork, saddlery, trunks, chests, caskets; hat-racks, hat-pegs, brackets and similar fixtures; castors with mountings; automatic door closers
- 83.08: Clasps, frames with clasps, buckles, buckle-clasps, hooks, eyes, eyelets; tubular or bifurcated rivets; beads and spangles
- 83.10: Sign-plates, name-plates, address-plates, numbers, letters and other symbols (excluding those of 94.05)
- frames and mirrors, of 83.06

All the foregoing of base metal *or of plastics*

Session VI: classification of parts

Parts of general use

Not relevant:

- Specificity
- Intended use

Relevant:

Presented separately



Session VII: Section XVI

Section XVI and Parts

Scope, Structure and Stories



Classification of parts in Section XVI: Note 2 to Section XVI

[P]arts of machines (not being parts of the articles of heading 84.84, 85.44, 85.45, 85.46 or 85.47) are to be classified **according to the following rules** :

(a) Parts which are goods included in any of the headings of Chapter 84 or 85 (other than headings 84.09, 84.31, 84.48, 84.66, 84.73, 84.87, 85.03, 85.22, 85.29, 85.38 and 85.48) are **in all cases to be classified in their respective headings**;

(b) Other parts, **if suitable for use solely or principally** with a particular kind of machine, or with a number of machines of the same heading (including a machine of heading 84.79 or 85.43) are to be classified with the machines of that kind or in heading 84.09, 84.31, 84.48, 84.66, 84.73, 85.03, 85.22, 85.29 or 85.38 as appropriate. However, parts which are equally suitable for use principally with the goods of headings 85.17 and 85.25 to 85.28 are to be classified in heading 85.17.

(c) **All other parts** are to be classified in heading 84.09, 84.31, 84.48, 84.66, 84.73, 85.03, 85.22, 85.29 or 85.38 as appropriate or, failing that, in heading 84.87 or 85.48.

Session VII: Section XVI

Note 1 to Section XVI – List of main articles excluded

- Any article of the following **materials** :
 - ✓ Vulcanised rubber, other than hard rubber
 - ✓ Leather or composition leather
 - ✓ Furskin
 - ✓ Textile material
 - ✓ Precious or semi-precious stones except unmounted worked sapphires and diamonds for styli (heading 85.22)

Session VII: Section XVI

Note 1 to Section XVI (Contd.) :

- Transmission or conveyor belts or belting, of plastics, or endless belts of metal wire or strip
- Bobbins, spools, cops, cones, cores, reels or similar supports, of any material
- Parts of general use of base metal, or similar goods of plastics
- Drill pipe
- Articles of Chapters 82, 83, 90, 91 or 95 or of Section XVII

Session VII: Section XVI

Exclusions - Note 1 to Chapter 84

- Millstones, grindstones or other articles of Chapter 68
- Machinery or appliances (for example, pumps) of **ceramic material** and ceramic parts of machinery or appliances of any material
- Laboratory glassware and other articles for technical uses or parts thereof, of **glass**
- Articles of heading 73.21 or 73.22 or similar articles of other base metals

Session VII: Section XVI

Note 1 to Chapter 84

- Vacuum cleaners of heading 85.08
- Electro-mechanical domestic appliances of heading 85.09
- Digital cameras of heading 85.25
- Hand-operated mechanical floor sweepers, not motorised (heading 96.03)

Session VII: Section XVI

Exclusions - Note 1 to Chapter 85

- Electrically warmed blankets, bed pads, foot-muffs or the like
- Electrically warmed clothing, footwear or ear pads
- Other electrically warmed articles worn on or about the person
- Articles of glass of heading 70.11
- Machines and apparatus of heading 84.86
- Vacuum apparatus of a kind used in medical, surgical, dental or veterinary purposes (Chapter 90)
- Electrically heated furniture of Chapter 94

What is covered?

Chapter 84 :

- *Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof*

Chapter 85 :

- *Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles*

Chapter 84 vs 85 – is there a possible overlap?

Chapter 84 :

- *Machines and appliances may be electrically driven*

Chapter 85 :

- *Machinery and equipment may contain mechanical parts*

Session VII: Section XVI

Chapter 84 vs. Chapter 85

No exclusion Notes, except for :

- Vacuum cleaners of heading 85.08
- Electro-mechanical domestic appliances of heading 85.09
- Digital cameras of heading 85.25
- Apparatus of heading 84.86

Session VII: Section XVI

Household type vs. industrial type

Note 3 (scope of heading 85.09) :

- Specific machines of any weight
- Other machines of a weight not exceeding 20 kg, but not listed in the exclusion paragraph
- For all machines : of the kind commonly used for domestic purposes

When **not** “of the kind commonly used for domestic purposes” :

Chapter 84

Structure of Chapter 84

Priority classification by virtue of :

- Note 2 (within Chapter 84):
 - ✓ Headings 84.01 to 84.24 priority
 - ✓ Some exceptions (84.19, 84.22 and 84.24)
- Note 9 (subject to Note 1 to S. XVI and Note 1 to Ch. 84 - for the whole Nomenclature):
 - ✓ Machines and apparatus of heading 84.86 priority (also over 84.01 to 84.24)
 - ✓ Does not apply to “parts and accessories” of heading 84.86

Structure of Chapter 84

Headings 84.02 to 84.24 :

- Final product:
 - ✓ Pump
 - ✓ Air conditioning (e.g., for buildings)
- To be used in other applications (therefore a “part”):
 - ✓ Pump (to be incorporated into engines)
 - ✓ Air conditioning (e.g., for cars)

Structure of Chapter 85

Two main categories:

- Components (in many cases to be used in or with other goods)
- (Consumer) goods :
 - ✓ 85.08 – 85.10
 - ✓ 85.13 – 85.31
 - ✓ 85.39

Session VII: Section XVI

Structure of Chapter 85

Any potential conflicts?

Note 2 - priority classification

- 85.01 to 85.04 do not apply to goods described in 85.11, 85.12, 85.40, 85.41 or 85.42
- No need to refer to GIR 3!

Session VII: Section XVI

Structure of Chapter 85

Any potential conflicts?

Descriptions (definitions/restrictions) :

- Note 4: memory or storage cards, and smart cards
- Note 5: printed circuits
- Note 6: connectors for optical fibres
- Note 8: semiconductor devices and electronic integrated circuits
- Note 9: spent primary cells, batteries and accumulators

Session VII: Section XVI

- Many products to be used in the further production process
- “Parts” mentioned in separate headings or with the parent article
- Potential conflict
- Any provision?

Session VII: Section XVI

Note 2 to Section XVI:

[P]arts of machines (not being parts of the articles of heading 84.84, 85.44, 85.45, 85.46 or 85.47) are to be classified **according to the following rules** :

(a)

(b)

(c)

Session VII: Section XVI

Note 2 to Section XVI:

[P]arts of machines (not being parts of the articles of heading 84.84, 85.44, 85.45, 85.46 or 85.47) are to be classified **according to the following rules** :

(a) Parts which are goods included in any of the headings of Chapter 84 or 85 (other than headings 84.09, 84.31, 84.48, 84.66, 84.73, 84.87, 85.03, 85.22, 85.29, 85.38 and 85.48) are **in all cases to be classified in their respective headings**;

(b)

(c)

Session VII: Section XVI

Note 2 to Section XVI:

- Parts which are goods included in any of the headings of Chapter 84 or 85:
 - ✓ Liquid pump for car engine (heading 84.13)
 - ✓ Compressor for freezing equipment (heading 84.14)
 - ✓ Fan for air conditioner (heading 84.14)
 - ✓ Electric motor for dvd-player (heading 85.01)
 - ✓ Battery pack for cellular telephone (heading 85.07)

Session VII: Section XVI

Note 2 to Section XVI:

[P]arts of machines (not being parts of the articles of heading 84.84, 85.44, 85.45, 85.46 or 85.47) are to be classified **according to the following rules** :

(a)

(b) Other parts, if **suitable for use solely or principally** with a particular kind of machine, or with a number of machines of the same heading (including a machine of heading 84.79 or 85.43) are **to be classified with the machines** of that kind or in heading 84.09, 84.31, 84.48, 84.66, 84.73, 85.03, 85.22, 85.29 or 85.38 as appropriate. However, parts which are equally suitable for use principally with the goods of headings 85.17 and 85.25 to 85.28 are to be classified in heading 85.17;

(c)

Note 2 to Section XVI:

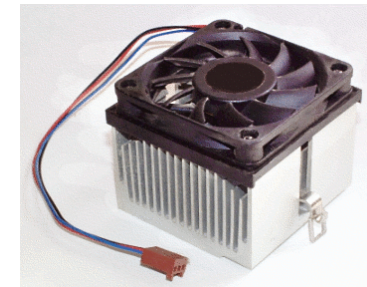
(b) Other parts, if **suitable for use solely or principally (...)** are **to be classified with the machines** of that kind (...)

What kind of articles (pictures for reference only):

✓ Wind turbine blades (part of wind engine)



✓ Heatsink with fan (part of ADP machine)



✓ Flexible keyboard (part of cellular telephone)

Session VII: Section XVI

Note 2 to Section XVI:

[P]arts of machines (not being parts of the articles of heading 84.84, 85.44, 85.45, 85.46 or 85.47) are to be classified **according to the following rules** :

(a)

(b)

(c) **All other parts** are to be classified in heading 84.09, 84.31, 84.48, 84.66, 84.73, 85.03, 85.22, 85.29 or 85.38 as appropriate or, failing that, in heading 84.87 or 85.48.

Session VII: Section XVI

EU Case C-297/13
(Ruling of 15 May 2014)

Question referred to the Court:

‘Is note 2 (a) to Section XVI to be interpreted as meaning that goods that **fulfil the conditions both** for classification **as a part within the meaning of heading 8473** of the Combined Nomenclature (CN) and for classification **as individual goods under another heading of Chapter 84** of the CN or **a heading of Chapter 85** of the CN **are to be classified under the other heading** because **heading 8473 of the CN does not take precedence** over the other headings of Chapter 84 and the headings of Chapter 85 of the CN?’

Session VII: Section XVI

EU Case C-297/13

Products, being parts of ADP machines, classifiable in one of the following headings:

- 84.22
- 84.56
- 85.01
- 85.04
- 85.43
- 85.44

Session VII: Section XVI

EU Case C-297/13

Court:

- no definition of the term “part”
- “part” implies a whole for the operation of which the part is essential
- mechanical or electrical functioning of the machine depends on that article (i.e., the “part”)

Session VII: Section XVI

EU Case C-297/13

Court:

- Note 2 (a) to Section: classification of the goods according to their characteristics
- however, reference to heading 84.73 (and other headings) in parenthesis
- what is the meaning of these parenthesis?
 - ✓ reflects content of GIR 3 (a): more specific heading
 - ✓ heading 84.73 is generic heading
 - ✓ classification in that heading not possible, as the other headings of Ch. 84 and 85 are more specific

EU Case C-297/13

Court's conclusions on heading 84.73:

- residual heading and
- subsidiary vis-à-vis headings covering parts of machines as individual goods
- goods at issue to be classified as individual goods in their respective headings



Session VII: Section XVI



Thank you

Any questions?





Session VIII: High-Tech

Mr. Tom Beris, Technical Officer





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THAT'S ALL !
(for today)

