



**Proposal for a Resolution of the National Parliament
...../2023**

_____ of _____ 2023

**Ratification of the International Convention on the Harmonized Commodity Description
and Coding System**

Considering that Timor-Leste has been a Member of the World Customs Organization (WCO) since July 2003 and the need to accede to the WCO International Convention on the Harmonised Commodity Description and Coding System for full use of the Timor-Leste Customs Tariff in the 2017 version of the Harmonised System;

Considering that Timor-Leste actively participates in the meetings of the WCO Customs Cooperation Council and is interested in participating in technical committees, including the Harmonised System Committee and related sub-committees;

Considering that the Customs Code of Timor-Leste, Decree-Law No. 14/2017, Article 88, states that the Customs Tariff shall be based on the Harmonised Commodity Description and Coding System, which comprises the Commodity Nomenclature, in accordance with the text in force of the International Convention;

Bearing in mind that the main objective of the HS Convention is to facilitate international trade, and this is also the objective of the Timorese Government;

Bearing in mind that more than 98% of world trade uses the Harmonised System;

Bearing in mind that, in addition to facilitating international trade, the Harmonised System can also ensure the proper collection of customs revenue and considerably improve the reliability of trade statistics;

Given that the Harmonised System is increasingly used for many other purposes, such as determining the origin of goods, economic analysis, formulating trade policy, internal taxation and controlling cross-border movements of internationally regulated substances such as waste and residues, drug precursors and ozone-depleting substances;

Thus,

a) The National Parliament resolves, pursuant to Article 95(3)(f) of the Constitution of the Democratic Republic of Timor-Leste, to ratify for accession the International Convention on the Harmonised Commodity Description and Coding System of the World Customs Organisation (WCO), done at Brussels on 14 June 1983, the text of which in Portuguese is published below.

Approved by the National Parliament at of 2023.

The President of the National Parliament

DRAFT

INTERNATIONAL CONVENTION ON THE HARMONISED COMMODITY DESCRIPTION AND CODING SYSTEM

(Done in Brussels, 14 June 1983)

(As amended by the Protocol of Amendment to the International Convention on the Harmonised Commodity Description and Coding System of 24 June 1986)

THE CONTRACTING PARTIES TO THIS CONVENTION, drawn up under the auspices of the Customs Co-operation Council;

DESIRING to facilitate international trade;

DESIRING to facilitate the collection, collation, and analysis of statistics, especially those on international trade;

DESIRING to reduce the burden resulting from the need to give goods a new description, a new classification, and a new code whenever, by reason of international trade, they change from one classification system to another, and to facilitate the standardisation of commercial documents and the transmission of data;

WHEREAS developments in the techniques and structures of international trade make it necessary to make important amendments to the Convention on the Nomenclature for the Classification of Goods in the Tariffs of Customs, concluded in Brussels on 15 December 1950;

CONSIDERING also that the degree of detail for tariff and statistical purposes by governments and commercial circles far exceeds that provided by the nomenclature annexed to the said Convention;

CONSIDERING also that the degree of detail for tariff and statistical purposes by Governments and commercial circles far exceeds that provided by the nomenclature annexed to the said Convention;

WHEREAS it is necessary to have accurate and comparable data for international trade negotiations;

WHEREAS the Harmonised System is intended to be used for the preparation of freight rates and statistics relating to the various modes of transport of goods;

WHEREAS the Harmonised System is intended to be incorporated, as far as possible, into commercial systems for the description and coding of goods;

WHEREAS the Harmonised System is intended to encourage the establishment of as close a correlation as possible between import and export trade statistics on the one hand and production statistics on the other;

WHEREAS a close correlation should be maintained between the Harmonised System and the United Nations Standard International Trade Classification (SITC);

WHEREAS these needs should be met by means of a combined tariff and statistical nomenclature which can be used by the various parties involved in international trade;

WHEREAS it is important to ensure that the Harmonised System is kept up to date in the light of developments in the techniques and structures of international trade;

CONSIDERING the work already carried out in this field by the Harmonised System Committee set up by the Customs Cooperation Council;

WHEREAS, although the said Convention on the Nomenclature has proved to be an effective instrument for the realisation of a number of these objectives, the most appropriate means of achieving the desired results is to establish a new International Convention,

HAVE AGREED AS FOLLOWS:

Article 1

Definitions

For the purposes of this Convention:

- a) The term "Harmonised Commodity Description and Coding System", hereinafter referred to as the "Harmonised System", shall mean the Nomenclature, comprising the headings and subheadings and the numerical codes therefor, the Section, Chapter and Subheading Notes and the General Rules for the Interpretation of the Harmonised System, which are included in the Annex to this Convention;
- b) "Tariff Nomenclature" means a nomenclature established under the law of the Contracting Party for the collection of customs duties on importation;
- c) "Statistical nomenclatures" means the nomenclatures of goods drawn up by the Contracting Party to collect data for the compilation of import and export trade statistics;
- d) "Combined Tariff and Statistical Nomenclature" means a combined nomenclature incorporating the Tariff and Statistical Nomenclatures, legally prescribed by the Contracting Party for the purpose of declaring goods on importation;
- e) "Council Establishing Convention" means the Convention establishing the Customs Cooperation Council, done at Brussels on 15 December 1950;

- f) "Council" shall mean the Customs Co-operation Council referred to in subparagraph (e) above;
- g) "Secretary-General" shall mean the Secretary-General of the Council;
- h) "Ratification" shall mean ratification as such, acceptance, or approval.

Article 2

Annex

The Annex to this Convention shall form an integral part thereof and any reference to the Convention shall also apply to the Annex thereto.

Article 3

Obligations of the Contracting Parties

1. Subject to the exceptions set out in Article 4:
 - a) Each Contracting Party undertakes, subject to the provisions of subparagraph (c) of this paragraph, from the date on which this Convention becomes applicable to it, to align its tariff and statistical nomenclatures on the Harmonised System. It therefore undertakes, for the establishment of its tariff and statistical nomenclatures, to:
 1. Use all the headings and subheadings of the Harmonised System, without additions or modifications, and the corresponding numerical codes.
 2. Apply the General Rules of Interpretation of the Harmonised System, without additions or modifications, and all Section, Chapter and Subheading Notes, and do not modify the structure of the Sections, Chapters, headings, or subheadings.
 3. Respect the numerical order of the Harmonised System;
 - b) Each Contracting Party shall publish its import and export trade statistics according to the six-digit code of the Harmonised System or, on its own initiative, in greater detail, provided that such publication is not precluded for special reasons such as commercial confidentiality or national security;
 - c) Nothing in this Article shall oblige a Contracting Party to use the subheadings of the Harmonised System in its tariff nomenclature, provided that its combined tariff and statistical nomenclature complies with the provisions of paragraphs 1, 2 and 3 of subparagraph (a).

2. Each Contracting Party may make any adjustments to the text which are essential for the implementation of the Harmonised System in the light of its national legislation, subject to the provisions of paragraph 1(a) of this Article.
3. Nothing in this Article shall prohibit the Contracting Parties from creating, within their tariff and statistical nomenclatures, subdivisions for the classification of goods at a more detailed level than the Harmonised System, provided that such subdivisions are added to and codified in addition to the six-digit numerical code appearing in the Annex to this Convention.

Article 4

Partial implementation by developing countries

1. Any developing country which is a Contracting Party may defer application of some or all of the subheadings of the Harmonised System for as long as it considers necessary, taking into account the structure of its international trade or its administrative capacity.
2. Any developing country which is a Contracting Party and which opts for partial application of the Harmonised System under this Article undertakes to use its best endeavours to apply the full six-digit Harmonised System within five years of the date on which this Convention becomes applicable to it, or such longer period as it deems necessary, taking into account the provisions of paragraph 1 of this Article.
3. Any developing country which is a Contracting Party and opts for partial application of the Harmonised System under this Article shall apply either all or none of the double-indent subheadings contained in a single-indent subheading, or all or none of the single-indent subheadings contained in a heading. In such cases of partial application, the sixth digit or fifth and sixth digits corresponding to the unused part of the Harmonised System code shall be replaced by "0" or "00" respectively.
4. Any developing country which opts for partial application of the Harmonised System under the provisions of this Article shall, on becoming a Contracting Party, notify the Secretary-General of the subheadings which it will not apply on the date on which this Convention becomes applicable to it and of the subheadings which will be applied subsequently.
5. Any developing country which opts for partial application of the Harmonised System under the provisions of this Article may notify the Secretary-General, on becoming a Contracting Party, that it formally undertakes to apply the full six-digit Harmonised System within three years of the date on which this Convention becomes applicable to it.
6. Any developing country which is a Contracting Party and partially applies the Harmonised System in accordance with the provisions of this Article shall be deemed to be released from its obligations under Article 3 in respect of those subheadings which it does not apply.

Article 5
Technical assistance to developing countries

Developed countries which are Contracting Parties shall provide technical assistance to developing countries which so request, on mutually agreed terms, in particular regarding the training of personnel, the transposition of their existing nomenclatures into the Harmonised System, guidance on the measures necessary to keep their transposed systems up to date with amendments to the Harmonised System, and the implementation of the provisions of this Convention.

Article 6
Harmonised System Committee

1. A committee to be known as the Harmonised System Committee, composed of representatives of each Contracting Party, shall be established under this Convention.
2. The Harmonised System Committee shall, as a general rule, meet at least twice a year.
3. Its meetings shall be convened by the Secretary-General and, unless the Contracting Parties decide otherwise, shall be held at the seat of the Council.
4. In the Harmonised System Committee, each Contracting Party shall have one vote; however, for the purposes of this Convention, and without prejudice to any other Convention which may subsequently be concluded, where a customs or economic union and one or more of its Member States are Contracting Parties, they shall together have only one vote. Similarly, where all the Member States of a customs or economic union capable of becoming Contracting Parties in accordance with Article 11 (b) become Contracting Parties, they shall together be entitled to only one vote.
5. The Harmonised System Committee shall elect its chairman and one or more vice-chairmen.
6. The Committee shall establish its rules of procedure by a resolution adopted by a two-thirds majority of the votes cast for its members. The rules of procedure shall be submitted to the Council for approval.
7. The Committee may invite, if it deems it appropriate, intergovernmental, and other international organisations to participate in its work as observers.
8. The Committee may set up, where necessary, sub-committees or working parties with a view, in particular, to the provisions of Article 7(1)(a), determining their composition, the exercise of voting rights and laying down the rules of procedure of such bodies.

Article 7
Functions of the Committee

1. The Harmonised System Committee shall, in accordance with the provisions of Article 8, perform the following functions:
 - a) To submit such draft amendments to this Convention as may be necessary, having regard primarily to the needs of users and to developments in the techniques or structures of international trade;
 - b) to draw up explanatory notes, classification opinions and other opinions for the interpretation of the Harmonised System;
 - c) formulate recommendations to ensure the uniform interpretation and application of the Harmonised System;
 - d) compile and disseminate all information concerning the application of the Harmonised System;
 - e) to provide, ex officio or upon request, to the Contracting Parties, to the Member States of the Council and, where it considers it appropriate, to intergovernmental organisations and other international bodies, information and guidance on any question concerning the classification of goods in the Harmonised System;
 - f) to report at each session of the Council on its activities, including proposals for amendments, explanatory notes, classification opinions and other opinions;
 - g) exercise, in respect of the Harmonised System, all other powers or functions which the Council or the Contracting Parties may assign to it.
2. Administrative decisions of the Harmonised System Committee which have budgetary implications shall be submitted to the Council for approval.

Article 8

Duties of the Council

1. The Council shall examine proposals for amendments to this Convention made by the Harmonised System Committee and shall recommend them to the Contracting Parties in accordance with Article 16, unless a Member State of the Council which is a Contracting Party to this Convention requests that all or part of such proposals be referred to the Committee for reconsideration.
2. Explanatory Notes, classification opinions and other opinions concerning the interpretation of the Harmonised System, as well as recommendations to ensure its uniform interpretation and application, drawn up during a session of its Committee in accordance with the provisions of Article 7 (1), shall be deemed to have been approved by the Council if, not later than the end of the second month following the end of such session, no Contracting Party to this Convention notifies the Secretary-General that it wishes the matter to be referred to the Council.

3. If a matter is referred to the Council in accordance with paragraph 2 of this Article, the Council shall approve the explanatory notes, classification opinions, other opinions or recommendations relating to that matter, unless a Member State of the Council which is a Contracting Party to this Convention requests that they be referred to the Committee for reconsideration in whole or in part.

Article 9

Customs duties

The Contracting Parties do not enter into any commitment with regard to customs duties under this Convention.

Article 10

Settlement of differences

1. Any divergence between Contracting Parties concerning the interpretation or application of this Convention shall be settled as far as possible by negotiation between them.
2. Any disagreement not so settled shall be submitted by the Parties to the Harmonised System Committee, which shall examine it and make recommendations for its settlement.
3. If the Harmonised System Committee is unable to resolve the disagreement, it shall refer it to the Council, which shall make recommendations in accordance with Article III (e) of the Convention Establishing the Council.
4. The Parties to the disagreement may agree in advance to accept the recommendations of the Committee or the Council.

Article 11

Requirements to be a Contracting Party

The following may be Contracting Parties to this Convention:

- a) Member States of the Council;
- b) Customs or economic unions which have been conferred competence to conclude treaties relating to some or all of the matters covered by this Convention;
- c) Any other State, at the invitation of the Secretary-General, in accordance with the instructions of the Council.

Article 12

Procedure for becoming a Contracting Party

1. Any State or customs or economic union which fulfils the necessary requirements may become a Contracting Party to this Convention by:
 - a) by signing it without reservation of ratification;
 - b) by depositing an instrument of ratification after its signature subject to ratification; or
 - c) by acceding after the Convention ceases to be open for signature.

2. This Convention shall be open for signature by the States and customs, or economic unions referred to in Article 11 until 31 December 1986 at the seat of the Council in Brussels. After that date it shall be open for accession.
3. Instruments of ratification or accession shall be deposited with the Secretary-General.

Article 13

Commencement of validity

1. This Convention shall enter into force on 1 January immediately following the date which is at least three months after the date on which at least seventeen States or customs or economic unions referred to in Article 11 have signed it without reservation of ratification or have deposited their instruments of ratification or accession, but not earlier than 1 January 1988.
2. This Convention shall enter into force, in respect of any State or customs or economic union which signs it without reservation of ratification, ratifies it or accedes to it after the minimum number specified in paragraph 1 of this Article has been reached, on 1 January following, not less than twelve nor more than twenty-four months after the date on which such State or customs or economic union signed it without reservation of ratification or deposited its instrument of ratification or accession, unless an earlier date is indicated. However, the date of entry into force resulting from the provisions of this paragraph may not be earlier than that provided for in paragraph 1 of this Article.

Article 14

Implementation in dependent territories

1. Any State may, on becoming a Contracting Party to this Convention or subsequently, notify the Secretary-General that this Convention shall apply to all or part of the territories for whose international relations it is responsible, and which shall be specified in the notification. Such notification shall take effect on 1 January next following the date on which it is received by the Secretary-General unless an earlier date is fixed. However, this Convention shall not become applicable to these territories until it has entered into force with respect to the State concerned.
2. This Convention shall cease to apply to the designated territory on the date on which the international relations of such territory cease to be under the responsibility of the Contracting Party or on any earlier date notified to the Secretary-General under the conditions laid down in Article 15.

Article 15

Denunciation

This Convention shall be valid for an unlimited period. However, any Contracting Party may denounce it and such denunciation shall take effect one year after the receipt of its instrument by the Secretary-General, unless a later date is fixed.

Article 16

Amendment procedure

1. The Council may recommend amendments to this Convention to the Contracting Parties.
2. Any Contracting Party may notify the Secretary-General of an objection to a recommended amendment and may subsequently withdraw such objection within the time limit set out in paragraph 3 of this Article.
3. Any recommended amendment shall be deemed to have been accepted six months after the date of its notification by the Secretary-General, provided that no objection has been made within this period.
4. Approved amendments shall enter into force for the Contracting Parties on one of the following dates:
 - a) in the event that the recommended amendment is notified on a date prior to 1 April, on 1 January of the second year following the date of notification; or
 - b) if the recommended amendment is notified on or after 1 April, on 1 January of the third year following the date of notification.
5. By the date provided for in paragraph 4 of this Article, the statistical nomenclatures of the Contracting Parties and their tariff nomenclature or, in the case provided for in Article 3(1)(c), their combined tariff and statistical nomenclature, shall conform to the amendments made to the Harmonised System.
6. Any State or customs or economic union which signs this Convention without reservation of ratification, ratifies it or accedes to it shall be deemed to accept the amendments which, at the time it becomes a Contracting Party, are in force or have been accepted in accordance with the provisions of paragraph 3 of this Article.

Article 17

Rights of Contracting Parties in relation to the Harmonised System

With respect to matters relating to the Harmonised System, Articles 6(4), 8 and 16(2) confer rights on Contracting Parties:

- a) in respect of all parts of the Harmonised System which they apply under the provisions of this Convention; or

- b) until the date on which this Convention becomes applicable to them under the provisions of Article 13, in respect of those parts of the Harmonised System which are compulsorily applied on that date under the provisions of this Convention; or
- c) for all parts of the Harmonised System on condition that they have formally undertaken to apply it in full or in six digits within the three-year period referred to in Article 4(5) and until its expiry.

Article 18 Reservations

No reservation to this Convention shall be accepted.

Article 19 Notifications by the Secretary-General

The Secretary-General shall notify the Contracting Parties, the other signatory States, the Member States of the Council which are not Contracting Parties to this Convention and the Secretary-General of the United Nations of:

- a) Notifications received under Article 4 of this Convention; and
- b) The signatures, ratifications and accessions referred to in Article 12;
- c) The date on which this Convention enters into force in accordance with Article 13;
- d) Notifications received in accordance with Article 14;
- e) Any denunciations received under Article 15;
- f) Amendments to this Convention recommended in accordance with Article 16;
- g) Objections to amendments recommended under Article 16 and any withdrawal thereof;
- h) Amendments accepted pursuant to Article 16 and the date of their entry into force.

Article 20 Registration with the United Nations

In accordance with Article 102 of the Charter of the United Nations, this Convention shall be registered with the Secretariat of the United Nations at the request of the Secretary-General of the Council.

In witness whereof, the undersigned, being duly authorised thereto, have signed this Convention.

Done at Brussels, this 14th day of June 1983, in the French and English languages, both texts being equally authentic, in a single original which shall be deposited with the Secretary-

General of the Council, who shall transmit certified copies to all States and customs, or economic unions referred to in Article 11.

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