



### Industry and Product Classification

Countries use industry classification systems to apply tariffs to products, track cross-border commerce, and for other purposes.



## Industry Classification Systems

There are three standard classification systems for merchandise trade: the [Harmonized System \(HS\)](#), the North American Industry Classification System (NAICS), and the Standard International Trade Classification (SITC). In addition, other classifications in use for trade statistics include End Use Commodity Category and Advanced Technology Products (ATP).

# Harmonized System (HS Code)

The [Harmonized System](#) is an international classification system standardized between countries at a basic 6-digit level, with country-specific definitions for the 8- and 10-digit levels. It is used to classify physical goods. Commodity classifications in the U.S. are given in two publications, one for exports and one for imports:

- [Schedule B](#) - Export statistics are initially collected and compiled in terms of approximately 8,000 commodity classifications in Schedule B, Statistical Classification of Domestic and Foreign Commodities Exported from the United States, a publication of the U.S. Census Bureau and based on the Harmonized System. The Schedule B is administered by the U.S. Census Bureau.
- **Harmonized Tariff Schedule (HTS)** of the United States Annotated for Statistical Reporting Purposes - Import statistics are initially collected and compiled in terms of about 14,000 commodity classifications in the Harmonized Tariff Schedule of the United States Annotated for Statistical Reporting Purposes (HTSUSA), a publication of the U.S. International Trade Commission and based on the Harmonized System. The HTS is administered by the U.S. International Trade Commission (USITC).

## Why do you need an HS code?

The HS codes are used to calculate product tariffs (duty). They are required to fill out shipping documents (e.g., commercial Invoices, packing lists, etc.) and facilitate the customs clearance process, preventing potential delays and compliance issues by providing a standardized way to identify your product internationally. here are several different types of tariffs. See more information on tariff resources. For useful resources to estimate duties and taxes visit [Tariff Fees Overview and Resources page](#).

## North American Industry Classification System (NAICS)

The North American Industry Classification System (NAICS) is a consistent system for economic analysis across the three North American Free Trade Agreement partners: Canada, Mexico, and the United States. NAICS is built on a production-oriented or supply-based conceptual framework in that establishments are grouped into industries according to similar processes used to produce goods or services. NAICS is a 6-digit hierarchical coding system. The first two digits of the code designate the sector that represents general categories of economic activities, the third designates the sub-sector, the fourth digit designates the industry group, the fifth digit designates the NAICS industry, and the sixth digit designates the national industry.

## Standard International Trade Classification (SITC)

A statistical classification of the commodities entering external trade designed to provide the commodity aggregates needed for purposes of economic analysis and to facilitate the international comparison of trade-by-commodity data.

## End-Use Commodity Category

The US Harmonized Tariff System and Schedule B classification systems are summarized into six principal “end-use” categories and further subdivided into about 140 broad commodity groupings. These categories are used in developing seasonally adjusted and constant dollar totals. The concept of end-use demand was developed for balance of payments purposes by the Bureau of Economic Analysis.

## **Advanced Technology Products (ATP)**

About 500 of some 22,000 commodity classification codes used in reporting U.S. merchandise trade are identified as “advanced technology” codes and they meet the following criteria:

- The code contains products whose technology is from a recognized high technology field (e.g. biotechnology).
- These products represent leading-edge technology in that field.
- Such products constitute a significant part of all items covered in the selected classification code.

This product and commodity-based measure of advanced technology differs from broader NAICS industry-based measures which include all goods produced by a particular industry group, regardless of the level of technology embodied in the goods.

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