

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

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Committee on Government Procurement

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UNIFORM CLASSIFICATION SYSTEM

Communication from the United States

A. Uniform Classification System

The following communication was circulated by the United States delegation at the Committee's meeting on 6 October 1989.

It has been suggested that we consider adopting the Harmonized System for purposes of reporting our Annual Statistics. In examining this question, we have found significant differences exist in the way products are classified for customs purposes which would make adoption of the HS system difficult for procurement purposes.

(i) Determinations of category for customs purposes usually

- deal with discrete products, or even discrete sub-components (parts);
- focus heavily on what material the product is made of; in fact, the classification categories for imports usually are delineated in terms of material (plastic widgets vs. metal widgets);
- do not usually have to take into account the services which accompany a product's actual use;
- reflect the buying needs of private sector customers and are thus more detailed in certain areas where governments are not purchasers and less detail in areas where governments are major purchasers.

(ii) Determinations of category for procurement purposes must

- deal primarily with groupings of products (office supplies, systems for traffic control, computer systems) because they more often fill a need which requires several products left to the determination of the prime contractor, rather than an individual product requirement. Therefore, breaking down these categories after the fact is usually a problem, since there are more categories for customs purposes than for procurement purposes in certain areas, and splitting up one contract into several products would not reflect the need which is actually driving the procurement;

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- focus heavily on the function of the product rather than the material of which it is made. Defining products by the materials they are made of would mean that reporting systems for procurement would need to be broken down in sub-categories which serve no purpose in the procurement system;
- often take into account the services which accompany a product, because the actual use of the product is the focus of the requirement's specifications (e.g., installation of hardware). (NOTE: The reverse is also true when procuring services. Goods are often purchased in the course of performing a service, e.g., parts being purchased in performing repair and maintenance). Thus categories designed for procurement purposes have a special need which does not occur in the customs system.
- reflect the needs of government in products areas in which private sector purchasers are less active. Thus, modification of the Harmonized System would be necessary to adapt it for procurement purposes.

Thus, while it is possible to revise the Harmonized System for procurement purposes if enough resources can be dedicated to this project, we suggest that it may be more useful to either more fully develop the existing system or choose a system for procurement purposes which is currently in use and adapt it to the Committee's needs.