



ONIX for Books

Product Information Message

Application Note: Commodity codes, country of origin, and international trade

Books and audiobooks – digital and physical – are traded internationally. Our industry has a globalized supply chain, with paper made in one country, books printed and bound in another country, distributed from a third and sold to libraries and readers in many other territories. At each stage in their international journey, goods may be subject to customs tariffs and – at least potentially – duties. ¹

The Harmonized System

Documentation for import and export must describe or classify the goods so that the correct tariffs can be applied by customs authorities. The global framework for this classification is the Harmonized System (HS) of the World Customs Organization. Virtually all countries use this as the basis of their national commodity codes, and these national codes are used by Customs authorities, statistical agencies, and other government regulatory bodies to monitor and control the import and export of goods through collection of statistics, tariffs, rules around country of origin, transportation safety *etc.* Internal taxation rates can also be linked to the commodity codes.

An HS code for any particular type of good is a six digit code, selected from a collection of around 5000 distinct codes arranged hierarchically by economic sector and component material. For example, bars of soap are classified within ‘chapter 34’ (of 99) of the HS, as 3401.11. Most books are classified within chapter 49 as 4901.99.

In ONIX, the HS code for a product is specified within the <ProductClassification> composite:

```
<ProductClassification>
  <ProductClassificationType>01</ProductClassificationType>      <!-- WCO HS -->
  <ProductClassificationCode>490199</ProductClassificationCode>  <!-- ordinary book -->
</ProductClassification>
```

Although WCO HS codes are often displayed with periods, only the digits are included in the ONIX metadata.

National commodity code schemes

Individual countries generally elaborate the HS with more detailed classification, extending the codes to eight or even ten digits, and many countries use slightly different schemes for import and export. For example, the UK uses its own HMRC commodity codes, in an 8-digit flavour for export and a 10-digit flavour for import. Dictionaries are classified as 4901.91.00 for export purposes, and 4901.91.00.00 for import purposes. So for UK Customs purposes, a US publisher shipping a dictionary to the UK requires 4901.91.00.00 and a UK publisher shipping a dictionary to the US requires 4901.91.00.

Of course the publishers also require the relevant codes for US Customs. The US publisher or its shipper should take the export code from the American ‘Schedule B’. The UK publisher should take

¹ In this document, EDItEUR provides advice on how to include commodity codes within ONIX metadata, but EDItEUR cannot give advice on the exact codes required for your products or legal advice on any other aspect of international shipping. ONIX data suppliers should consult their shippers to ensure the correct codes are used

the import code from the Harmonized Tariff Schedule of the United States (variously known as HTS, HTSA or HTSUS).

UK publisher or distributor	→	HMRC scheme 4901.91.00 UK Customs	→	HTSA scheme 4901.91.00.20 US Customs	→	US distributor or retailer
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<ProductClassification>
  <ProductClassificationType>01</ProductClassificationType>           <!-- WCO HS -->
  <ProductClassificationCode>490191</ProductClassificationCode>       <!-- dictionary -->
</ProductClassification>
<ProductClassification>
  <ProductClassificationType>03</ProductClassificationType>           <!-- HMRC -->
  <ProductClassificationCode>49019100</ProductClassificationCode>     <!-- dictionary -->
</ProductClassification>
<ProductClassification>
  <ProductClassificationType>13</ProductClassificationType>           <!-- HTSA -->
  <ProductClassificationCode>4901910020</ProductClassificationCode>   <!-- dictionary -->
</ProductClassification>

```

While it's possible to include the relevant export code for a product in ONIX (since it will generally only be distributed from a single country or from a small number of market-specific global distributors), it is impractical to include the import codes for all possible destination countries. It is good practice to provide the relevant export codes for the country from which the product is distributed, and perhaps the import codes for the *most likely* destinations. Inclusion of the basic HS code is always recommended. As an example, a French publisher might include in its ONIX the TARIC codes relevant for export from the EU, and the import codes for Canada, as Quebec is likely to be a significant market. A Spanish publisher might include TARIC export codes and Mercosur import codes (Mercosur commodity codes are used widely across Latin America).

Multi-component products

Some products contain components that have differing commodity codes. In this case, the proportion of the overall value of the product represented by each component should be included, as the tariffs may be different on each type of part. For example, a children's picture book² accompanied by a stuffed toy:

```

<ProductClassification>
  <ProductClassificationType>01</ProductClassificationType>           <!-- WCO HS -->
  <ProductClassificationCode>490300</ProductClassificationCode>       <!-- picture book -->
  <Percent>75</Percent>                                               <!-- ¾ of value -->
</ProductClassification>
<ProductClassification>
  <ProductClassificationType>01</ProductClassificationType>           <!-- WCO HS -->
  <ProductClassificationCode>950341</ProductClassificationCode>       <!-- stuffed toy -->
  <Percent>25</Percent>                                               <!-- ¼ of value -->
</ProductClassification>

```

² In this context, children's picture books are books where any text is clearly subsidiary to the illustrations (this is defined within the Harmonized System)

Country of origin

For international trade in physical products, the country of origin – in ONIX, <CountryOfManufacture> – of the goods is also important. This allows origin-specific tariffs or extra regulations to be applied on entry into a country.

The country of origin is the country of final manufacture of the product, or the last country where the product was 'substantially transformed'. Substantial transformation can cover processes that result in a change of commodity code (eg printing and binding transforms paper into a printed book), and can even include packaging components from different countries together (for example where such packaging adds substantial value to the product).³

In ONIX, the country of origin is simply:

```
<CountryOfManufacture>IT</CountryOfManufacture>           <!-- manufactured in Italy -->
```

This could mean 'printed and bound in Italy, even if the paper were manufactured elsewhere.

For most products, this optional data element is included at 'product level' (ie in Group P.3), but for multi-component products where components may be manufactured in different countries (and where packaging the components together is trivial or adds relatively little value), the <CountryOfManufacture> can be listed individually for each <ProductPart> in Group P.4.

Careful and timely updating of the ONIX metadata is needed where the country of manufacture of a product changes through its lifecycle – for example where the first impression of a book is printed domestically for speed but subsequent impressions (reprints) are manufactured overseas to minimize costs. An update of the metadata should ideally be timed to coincide at least approximately with exhaustion of stocks of the first impression.

However, there are cases where the country of manufacture should *not* be included in the ONIX. A product manufactured on demand might be manufactured in one of several different locations, in different countries – perhaps depending on the location of the purchaser – and any single country would be misleading.

Do not confuse <CountryOfManufacture> with <CountryOfPublication>. The latter is the country in which the publisher is based and where legal deposit procedures are followed, and ideally, both data elements should be supplied. And the location from which your goods may be distributed may be different again, and should be included within <ProductSupply>.

Linking product form, commodity codes, internal taxation rates

In a publisher's product management systems, it might appear attractive to link <ProductForm> to specific Commodity codes, but this would be an oversimplification: the product form or binding is not the sole criterion for choosing a commodity code. In the examples above, dictionaries, children's picture books and other books all carry different HS codes even while their product form does not vary.

³ Rules of Origin regulations should be checked with the relevant customs authorities in the markets you are exporting to / importing from, especially for products made up of multiple components, as these may vary. See WTO rules of origin explained https://www.wto.org/english/tratop_e/roi_e/roi_info_e.htm, and a quick guide to EU/EEA origin rules: <https://trade.ec.europa.eu/access-to-markets/en/content/quick-guide-working-rules-origin>

In contrast, in some countries, the rate of internal taxation (for example, VAT or Sales tax) *can* be linked directly to the HS or country-specific commodity codes. However, this is not *always* true – the commodity code is not the *only* factor in choosing the tax rate. In particular, the type of content of a book, or the type of binding, may affect the tax.

More complex mappings that also include a dependency on subject codes may be possible.

What goes wrong if commodity codes and country of origin are not supplied?

Although the <ProductClassification> composite and <CountryOfManufacture> are purely *optional* parts of an ONIX product record – their inclusion is a matter of best practice.

However, metadata aggregators may require data suppliers to include *at least* basic HS commodity codes and the country of origin in their ONIX to ensure this data can be supplied to the aggregators' data customers. The more specific export code from the country from which the product is distributed may also be required. These codes help overseas customers calculate the total cost of the goods in advance (prior to ordering).

HS codes and the country-specific codes can help ensure your exports or imports make it through customs without delay and get delivered to their final destinations. If the commodity codes are omitted – or worse, if the wrong code is specified – then there could be significant delays in export or import clearance, there may be disputes or investigations, and the purchaser may face additional costs.

The commodity codes and country of manufacture may also benefit international shipping of individual copies from retailer to consumer.

Publishers should consult their distributors or the shippers responsible for international distribution for detailed advice on the commodity codes to use for different types of products. However, detailed local regulations vary from country to country, so in the example of the book and stuffed toy (above), one country might require the toy to be considered separately (as illustrated above) and another might consider a small toy to be 'part of the book'. *It is always the responsibility of the local business to ensure the correct HS or country-specific codes are applied* – so importers should never rely entirely on codes provided by the exporter.

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