

**Issue: Classification of “Hydroponic container type system HZ-2000”**

**Item at issue: “Hydroponic container type system HZ-2000”**



**Possible classification: Heading 84.36 or Heading 86.09**

**Description of goods:**

The product in question is a container-type hydroponic system, consisting of a 40-foot container with hydroponic equipment installed inside, used to germinate seeds and to grow seedlings in a water based, nutrient rich solution to obtain green fodder for livestock.

The hydroponic equipment installed includes grain sprayers, air conditioning systems, a pump, lamps, a water temperature regulator, containers for soaking, blowing equipment, an intelligent LCD control system, trays and racks. The product does not require additional installation after import, except for the fixture of water drainage and electricity.

The product is equipped with a climate control system to control and monitor the internal climate, including light, ventilation, watering, heating and air-moistening, for the germination and growth of plants. It can produce approximately 2000 kg of hydroponic green fodder per day.

**Headings under consideration:**

- Heading 84.36 - Other agricultural, horticultural, forestry, poultry-keeping or bee-keeping machinery, including germination plant fitted with mechanical or thermal equipment; poultry incubators and brooders.
- Heading 86.09 – Containers (including containers for the transport of fluids) specially designed and equipped for carriage by one or more modes of transport.

**Basis of ruling:**

The container and the hydroponic equipment can be classified separately in their appropriate headings, which are headings 86.09 and 84.36 respectively, as they have been shipped separately and Note 1 to Section XVI excludes the “*Articles of Section XVII*”.

In this context, the characteristics of the container and its function in the entire product should be examined to determine whether the entire product could be classified in one heading or whether the container and the hydroponic equipment should be classified separately.

From the product description and photos, it is clear that the container is equipped with the hydroponic equipment such as racks, piping, grain sprayers and a climate control system for use as a hydroponic system for green fodder. The intended purpose of the container is to serve as a closed space in which the necessary climatic conditions are created to germinate seeds and to grow green fodder for livestock. Without the container, the hydroponic equipment installed inside would not work. The container as presented cannot be used for the transport of goods, which means that it does not have the essential character of the containers of heading 86.09.

The container is an indispensable part of the entire hydroponic system, which cannot be treated as an independent commodity. Therefore, the entire product should be classified in one heading as one commodity.

Note 4 to Section XVI, reads: “*Where a machine (including a combination of machines) consists of individual components (whether separate or interconnected by piping, by transmission devices, by electric cables or by other devices) intended to contribute together to a clearly*

*defined function covered by one of the headings in Chapter 84 or Chapter 85, then the whole falls to be classified in the heading appropriate to that function.”.*

The product in question meets the provisions of Note 4 to Section XVI, as it consists of individual components intended to contribute together to a function of the hydroponic system to germinate and grow plants, which is an agricultural machinery function covered by heading 84.36.

The text of heading 84.36 specifies agricultural machinery as well as germination plant fitted with mechanical or thermal equipment which is similar to the product in question. The Explanatory Note to heading 84.36 states that:

- *“The heading covers machinery, not falling in headings 84.32 to 84.35, which is of the type used on farms (including agricultural schools, co-operatives or testing stations), in forestry, market gardens, or poultry-keeping or bee-keeping farms or the like”; and*
- *“(I) Germination appliances (e.g. "germinators") provided they are fitted with mechanical features (e.g., pumps, motors or fans) or thermal equipment...”*

**Conclusion:**

The products in question are classified in **heading 84.36, subheading 8436.80** by application of GIRs 1 (Note 4 to Section XVI) and 6.

*(Source: WCO members' website - Doc Ref: L 10280)*