## Licensing and Detection Interface Few talking points

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#### Many differences to overcome

- 1. Work culture and language
- 2. Timing
- 3. Sensitivity
- 4. Purpose
- 5. Priorities
- 6. National legal basis
- 7. International legal basis
- 8. Items definitions and categories

#### Addressing the gaps

- Mutual understanding (Common exercises, Regular meetings)
- 2. Information exchange and connected data bases
- 3. Cross checking of records
- 4. Specialized custom officers to facilitate interface
- 5. Exchanges on common practices (e.g. end-use assessment, audits, facilitations, knowledge of trade and industry,...)
- 6. Stream lined timings
- 7. Smart use of correlation tables

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# The HS correlation problem

- HS is an international 6 digits coding system, categorizing all commodities.
- Countries add more digits to it (commonly 2) to be more precise
- The classification can be called Customs Tariff (TARIC or Combined Nomenclature – CN8 in Europe)
- The tariff is central to customs activities
  - For the determination of applicable trade policies, prohibitions and duties
  - For the automated risk management systems

Conventional rate of CN code Description Supplementary unit 4 9025 80 80 9025 90 00 9026 Instruments and apparatus for measuring or checking the flow, level, pressure or other variables of liquids or gases (for example, flow meters, level gauges, manometers, heat meters), excluding instruments and apparatus of heading 9014, 9015, 9028 or 9032: 9026 10 - For measuring or checking the flow or level of liquids: 9026 10 21 p/st 9026 10 29 p/st 9026 10 81 p/st 9026 10 89 9026 20 - For measuring or checking pressure: 9026 20 20 p/st 9026 20 40 --- Spiral or metal diaphragm type pressure gauges ..... p/st 9026 20 80 p/st 902680 Other instruments or apparatus: 9026 80 20 9026 80 80 9026 90 00 9027 Instruments and apparatus for physical or chemical analysis (for example, polarimeters, refractometers, spectrometers, gas or smoke analysis apparatus); instruments and apparatus for measuring or checking viscosity, porosity, expansion, surface tension or the like; instruments and apparatus for measuring or checking quantities of heat, sound or light (including exposure meters); microtomes: 9027 10 - Gas or smoke analysis apparatus: 9027 10 10 p/st 9027 10 90 9027 20 00 Chromatographs and electrophoresis instruments ..... 9027 30 00 Spectrometers, spectrophotometers and spectrographs using optical radiation 9027 50 00 Other instruments and apparatus using optical radiation (UV, visible, IR) ..... 9027 80 Other instruments and apparatus: 9027 80 05 2.5 - Other -- Electronic

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#### The HS correlation problem (cont.)

- purpose, principles, update process and timing are different
- Except for certain chemicals and very few other items, the connection between the two systems must be done ex-post
- Correlation tables were set up, but the result is very heterogeneous in quality, accuracy, relevance.
- Reliability of data from customs records can be low
- Sometimes one controlled item can be found in many tariff codes, sometimes one tarif code corresponds to many controlled and uncontrolled items
  - Using HS codes is unavoidable

Possible correlations between controlled items from the EU Dual Use Regulation and HS categories: nuclear related dual use

One controlled item can be categorized in different HS codes...

8525.80 Television cameras, digital cameras and video camera recorders 8540.20 Television Camera Tubes; Image Converters and Intensifiers; 6A203 Cameras Photo-cathode Tubes and components, other than those 9002.90 "other" .... optical elements, of any material, mounted, being specified in 6A003. parts of or fittings for instruments or apparatus... as follows: ..... (From EU 9027.80 "other" 90.27 ...instruments and apparatus for measuring or regulation. See checking viscosity, porosity, expansion, surface tension ... Fig.1) 9027.90 Microtomes, parts and accessories (of 9027)

but one HS category can include many controlled and uncontrolled items.

0B002. g. UF6 mass spectrometers/ion sources specially designed or prepared for ...

0B005 Plant specially designed for the fabrication of "nuclear reactor" fuel elements...

1A004. c. Nuclear, biological and chemical (NBC) detection systems...

1A004. d. Electronic equipment designed for automatically detecting or identifying the presence of "explosives" residues ...

1B115. Equipment, other than that specified in 1B002 or 1B102, for the production of propellant....

2B352.g. Chambers designed for aerosol challenge testing with "microorganisms", viruses or "toxins"...

3A233 Mass spectrometers, other than those specified in 0B002.g., capable of measuring ions of 230 atomic mass units ...

6A003 Cameras, systems or equipment, and components therefor, as follows: .

6A102 Radiation hardened "detectors", other than those specified in 6A002, ..

6A203 Cameras and components, other than those specified in 6A003, as follows:

9B106 Environmental chambers and anechoic chambers, as follows: ...



9027.80 "other"

for measuring or

checking viscosity,

porosity, expansion,

surface tension ...

90.27 ...instruments and apparatus

#### Adapting to the challenge

- 1. WCO improving explanatory notes of the SH system
- 2. Adding additional codes at the national level
- 3. Evaluating the quality (value) of each correlation
- 4. Evaluating the average reliability of declared data for each customs category
- 5. Customs officers working directly with control lists (but how to cope with the volume?)µ
- 6. Combining first level automated selection and second level human check
- 7. HS codes as only one of many risk profile parameters
- 8. . . . . .

Article in WCO News n° 69, October 2012 (www.wcoomd.org)

The challenge is here to stay. How do we cope with it?

### What is your experience?

A bit more details:

http://cits.uga.edu/uploads/documents/chatelus\_customs.pdf