

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

1. 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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7. **Smart use of correlation tables**

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

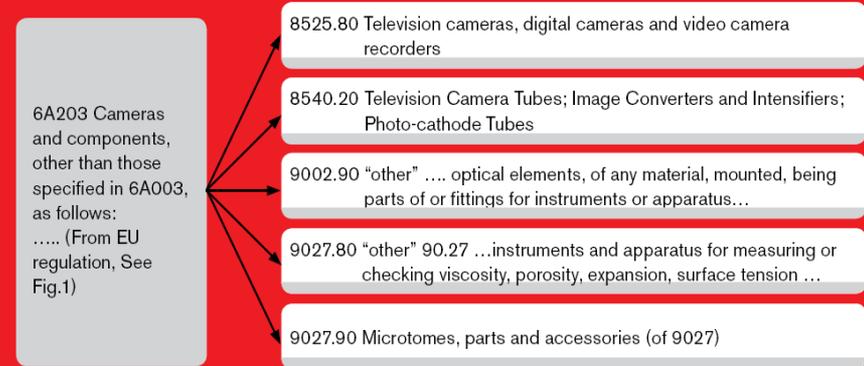
CN code	Description	Conventional rate of duty (%)	Supplementary unit
1	2	3	4
9025 80 80	--- Other	2,1	—
9025 90 00	- Parts and accessories	3,2	—
9026	Instruments and apparatus for measuring or checking the flow, level, pressure or other variables of liquids or gases (for example, flow meters, level gauges, 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:		
	-- Electronic:		
9026 10 21	--- Flow meters	Free	p/st
9026 10 29	--- Other	Free	p/st
	-- Other:		
9026 10 81	--- Flow meters	Free	p/st
9026 10 89	--- Other	Free	p/st
9026 20	- For measuring or checking pressure:		
9026 20 20	-- Electronic	Free	p/st
	-- Other:		
9026 20 40	--- Spiral or metal diaphragm type pressure gauges	Free	p/st
9026 20 80	--- Other	Free	p/st
9026 80	- Other instruments or apparatus:		
9026 80 20	-- Electronic	Free	—
9026 80 80	-- Other	Free	—
9026 90 00	- Parts and accessories	Free	—
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	-- Electronic	2,5	p/st
9027 10 90	-- Other	2,5	p/st
9027 20 00	- Chromatographs and electrophoresis instruments	Free	—
9027 30 00	- Spectrometers, spectrophotometers and spectrographs using optical radiation (UV, visible, IR)	Free	—
9027 50 00	- Other instruments and apparatus using optical radiation (UV, visible, IR)	Free	—
9027 80	- Other instruments and apparatus:		
9027 80 05	-- Exposure meters	2,5	—
	-- Other:		
	--- Electronic:		

The HS correlation problem (cont.)

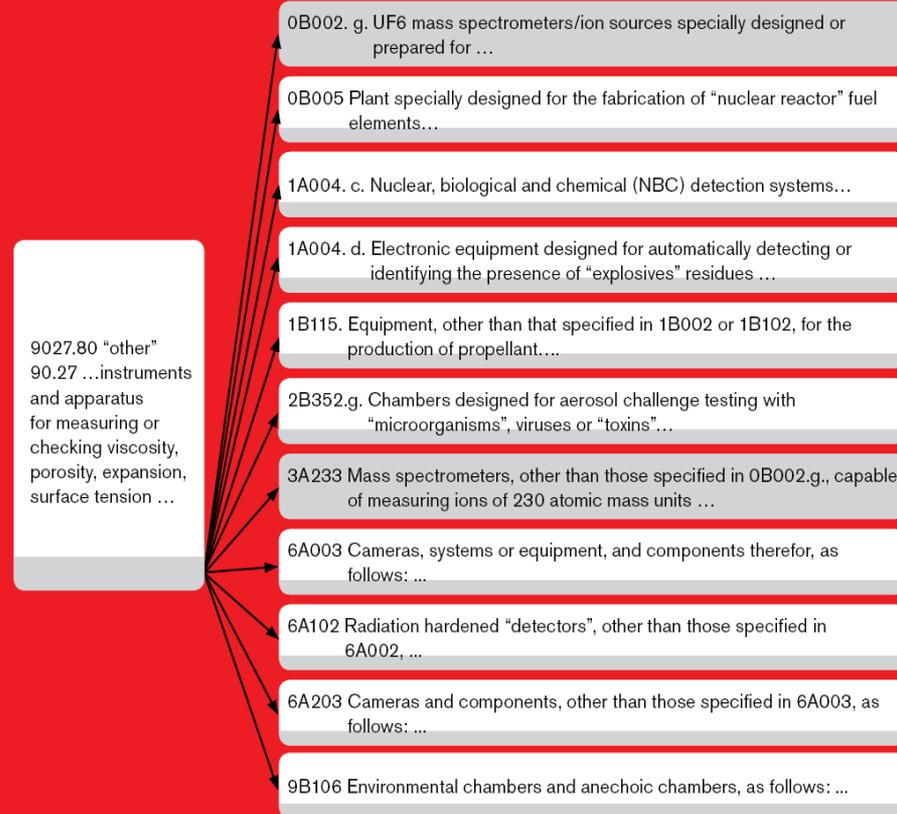
- purpose, principles, update process and timing are different
- Except for certain chemicals and very few other items, the connection between the two systems must be done ex-post
- Correlation tables were set up, but the result is very heterogeneous in quality, accuracy, relevance.
- Reliability of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

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



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



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](http://www.wcoomd.org) 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