

December 2003



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para la  
Agricultura  
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<b>COMMITTEE ON FISHERIES</b>
<b>SUB-COMMITTEE ON FISH TRADE</b>
<b>Ninth Session</b>
<b>Bremen, Germany, 10-14 February 2004</b>
<b>Agenda Item 9</b>
<b>REPORT ON COLLABORATION WITH THE WORLD CUSTOM ORGANIZATION (WCO)</b>

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## INTRODUCTION

1. In 1983, taking into consideration the work accomplished by the CCC<sup>1</sup> Harmonized System Committee a combined tariffs/statistical nomenclature was agreed, integrating Customs tariff and statistical nomenclatures, legally required by Contracting Parties for the declaration of goods at importation. The “*Harmonized Commodity Description and Coding System*” commonly referred to as the *Harmonized System (HS)* became an Annex of the Convention. It is structured in Sections, Chapters and Sub-chapters and includes fisheries commodities.

2. Since its introduction and general adaptation in 1988, the HS classification has undergone review from time to time and has been amended in year cycles of different length to keep the system up-to-date, in light of changes in technology and patterns of international trade. The most recent review cycle was completed in December 1997, resulting in the adoption by the World Custom Organization (WCO) of a series of recommendations for changes, which Contracting Parties were required to implement into their Customs Tariff effective 1 January 2002. Another revision cycle is in progress which will culminate in 2006.

3. Fishery products entering international trade are grouped in HS Chapter 03 (live, fresh and frozen fish, crustacean, molluscs and other aquatic invertebrates) and in Chapter 16: (including prepared fish and shellfish). FAO/FI maintains a foreign fishery trade database. In line with international developments in the use of standard trade classifications and the gradual replacement of the UN/SITC with the HS in national reporting, most of the tabulations of foreign fishery trade statistics included in the FAO Yearbook of Fishery Statistics on Commodities are now presented according to the HS Nomenclature, although records in the database are maintained at the most detailed level at which national data are reported.

4. This classification needs improvement to enable the monitoring of economic trends and include products other than those familiar to the North Atlantic consumers. COFI in its 25<sup>th</sup> Session gave clear instructions to FAO to work on the improvement of the classifications: “Members underlined the need for collaboration between FAO and the World Customs Organization (WCO) in order to improve the customs classification codes for fish and fishery products. This will include *inter alia* improved specifications for species from the Southern hemisphere. The development of some form of unified bar code system, which would help traceability, was mentioned as an interesting option for improving registration system”<sup>2</sup>.

## COLLABORATION WITH THE WCO

5. FAO has approached WCO for a better understanding of the criteria for automatic revisions, and procedures for proposed revisions.

6. In view of the practical use of the HS at customs, there is a tendency to simplify the classification. WCO applies an approach that eliminates from the list items of low trade value (the threshold was 20 million US\$ worth and below of world imports in 1998). However, there is not a similar mechanism to expand residual categories into new subdivisions that reach the benchmark, although this practice would ensure better monitoring of trade and more meaningful economic analysis.

7. The current round of revisions offers the prospects for suggesting improvements to the identification of species and product types in Chapter 03 and relevant parts of Chapter 16. Any

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<sup>1</sup> Customs Cooperation Council, now known as the World Customs Organization (WCO)

<sup>2</sup> Para 42, report COFI XXV,

new proposal concerning fishery products should therefore be submitted as early as possible and accepted according to the procedure. If accepted, it will not be reflected in official reporting before 2010.

8. For its submission to WCO the proposal should:
- (i) include the rationale for the proposed amendments,
  - (ii) provide international support to the proposed changes,
  - (iii) include the description of the new proposed categories and their coding and classification, and
  - (iv) provide an estimate of the world trade for the new categories.

When the Sub-Committee has advised on how to proceed, FAO will submit its proposals to the WCO Secretariat, which will prepare the submission to the HS Review Sub-Committee with the adequate terminology.

### OPTIONS FOR REVISION OF WCO CODING SYSTEM

9. Two options for revision of WCO HS system are put forward to the COFI Sub-Committee.

1. Traditional revision:

a) For all species there should be a division between “capture” and “culture”. This division is necessary in view of the increasing importance of cultured products for fish trade. It is estimated that half of the shrimp traded today are coming from aquaculture; the same is true for salmon, tilapia and several species of bivalves. Traceability and consumer information are additional reasons for the clear division in custom codes between cultured and capture products, as are stock protection and CITES considerations.

b) The new system should be based on the EU classification<sup>3</sup>, and in addition to those already identified the following species should be singled out<sup>4</sup>:

Freshwater and Diadromous Fish: Nile perch, tilapia, catfish, Atlantic salmon, Pacific salmon

Flatfish: turbot

Pelagics: capelin, Mahi mahi, ribbonfish

Groundfish: snapper, grouper, hoki, Orange roughy, ocean perch, croaker, pomfret, kingclip

Crustaceans: Freshwater prawn (*Macrobrachium rosenbergii*), Argentine shrimp (*Pleoticus mülleri*), Black tiger shrimp (*Penaeus monodon*), Vannamei shrimp (*Penaeus vannamei*), Kuruma shrimp (*Penaeus kuruma*)

Molluscs and bivalves: clams, conch

c) For all species the following product forms should be identified:

- i) Live: for for food, for ornamental use, for ongrowing
- ii) Fresh and chilled: whole, fillets, loins
- iii) Frozen: whole, fillets, loins, meat, surimi
- iv) Smoked: whole, fillets, loins

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<sup>3</sup> For easy reference the HS custom specification, the up-to-date EU classification and other national trade classifications are available at the document desk (in English only).

<sup>4</sup> Trade in such species is presently classified in generic categories of the HS classification.

- v) Dried, salted and brine (not smoked): whole, fillets, meat
- vi) Roes
- vii) Canned: in air-tight cans, in pouches, in glass jars
- viii) VAPs: crackers, sauces, hamburgers, balls, pastes, fermented products, etc.

## 2. Radical revision:

The full information of product is given in a bar code<sup>5</sup>, including the scientific name (1 500 main commercial species names have recently been identified in a Codex Alimentarius work<sup>6</sup>), and a link to the official trade name in the country the product is traded, the type of production (capture versus culture), the product form (live, fresh, frozen, smoked, other cured, roes, canned, VAPs), the country of origin, the country of processing (in the case more than one country of processing the last one), the Code for the fishing areas using FAO codes. This bar code would be prepared by the officer responsible for certifying the product for the export market, and it would be controlled by the competent authority. Similar to the practise in supermarkets, the custom officer would scan the bar code to up-date custom registration systems.

## **SUGGESTED ACTION BY THE SUB-COMMITTEE**

10. The Sub-committee is invited to provide its comments to the proposed changes, identifying the most appropriate form of revision and recommend future actions by FAO in this matter.

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<sup>5</sup> bar code or any modern technology reference code – for an example of a bar code for WCO use see Annex 1.

<sup>6</sup> CX/FFP 03/13-Add.1, 26<sup>th</sup> Session of the Codex Committee on Fish and Fishery Products, Alesund, Norway, 13-17 October 2003.

