

MARKET ADVISORY COUNCIL

HARMONIZED SYSTEM AND HOW IT AFFECTS INTERNATIONAL TRADE

15 November 2017

1. General Information

The Harmonized Commodity Description, commonly known as Harmonized System (HS), is an international product nomenclature developed by the World Customs Organization (WCO). This system consists of a series of 6 digits arranged in a legal and logical structure to achieve uniform classification of traded products.

The system is used by more than 200 countries and economies as a basis for their Customs tariffs, internal taxes, trade policies, monitoring of controlled goods, rules of origin, freight tariffs, transport statistics, price monitoring, quota controls, compilation of national accounts, and economic research and analysis. Over 98 % of the merchandise in international trade is classified in terms of the HS.

The Combined Nomenclature (CN), a further development with special EU-specific subdivisions of the HS nomenclature, is used to classify most goods when they are declared to customs in the EU. The CN adds 1 to 4 digits more to the code established under HS.

2. The Alaska Pollock case

The commonly known Alaska Pollock, whose previous scientific name was *Theragra chalcogramma*, was scientifically classified in the HS and CN under its own genus, *Theragra*. This meant that under the HS and CN, Alaska Pollock had its own identification code.

According to the Fisheries Society, the scientific name of the commonly known Alaska Pollock is no longer *Theragra chalcogramma* but *Gadus chalcogrammus*. The change in the scientific name places Alaska Pollock, in the same genus as cod (*Gadus*) and applies for i. e. in internal USA trade.

This decision could affect the HS, as Alaska Pollock will be classified under the assigned code for *gadus*, creating confusion, problems in the traceability and at borders control, further complications in terms of scientific names that can be used under EU legislation, among others. A change in the HS would imply a modification of the European CN, which derives from the mentioned system.

Some other species are affected by these changes in their scientific classification, such as redfish, which went from being called *Sebastes marinus* to *Sebastes norvegicus*.

3. Background of the decision

The issue was brought to the attention of the Market Advisory Council by two of its members (Bundesverband der deutschen Fischindustrie und des Fischgrosshandels e.V. and SEAFISH) on the 18 October 2017, during the meeting of Working Group 2: EU Market.

It was decided that the MAC will draft a position on the issue.

4. MAC Opinion

In order to achieve coherence with scientific classification and the HS in the WCO, the MAC wishes to have a clear use of the scientific names in the framework of custom clearance when scientific names have been changed.

The MAC understands that a change in the HS-nomenclatures should bring an alignment of the scientific classification with trade information systems in order to achieve a coherent traceability of internationally traded fish species in the entire supply chain, avoiding misleading consumers with respect to Alaska Pollock which in no way should be equated as traditional cod in EU markets.

The MAC wishes therefore that the WCO changes the existing HS in a way that only the old names of the species (in the Alaska Pollock case, *Theragra chalcogramma*) are replaced by the new scientific names (in this case, *Gadus chalcogrammus*) without changing the existing HS codes and description of the HS digits. The same should be applied for redfish.

In this sense, the MAC would like to highlight and stress its support to the European Union's position of discontent towards the intention from the United States of changing the names with the correlative alterations in the HS.