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Department of Home Affairs DHA
Federal Food Safety and Veterinary Office FSVO



HS Codes and EPIX

(**E**lectronic **P**ermit **I**nformation **E**xchange)

eCITES Workshop in the African Region 2024

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HS Codes

The **Harmonized Commodity Description and Coding System**, also known as the **Harmonized System (HS)** of tariff nomenclature is an internationally standardized system of names and numbers to classify traded products.

It came into effect in 1988 and has since been developed and maintained by the World Customs Organization (WCO).

It is used by over 200 WCO member countries and economies as a basis for their Customs tariffs and for the collection of international trade statistics as well as many other purposes.



HS Codes

The HS is organized logically by economic activity or component material.

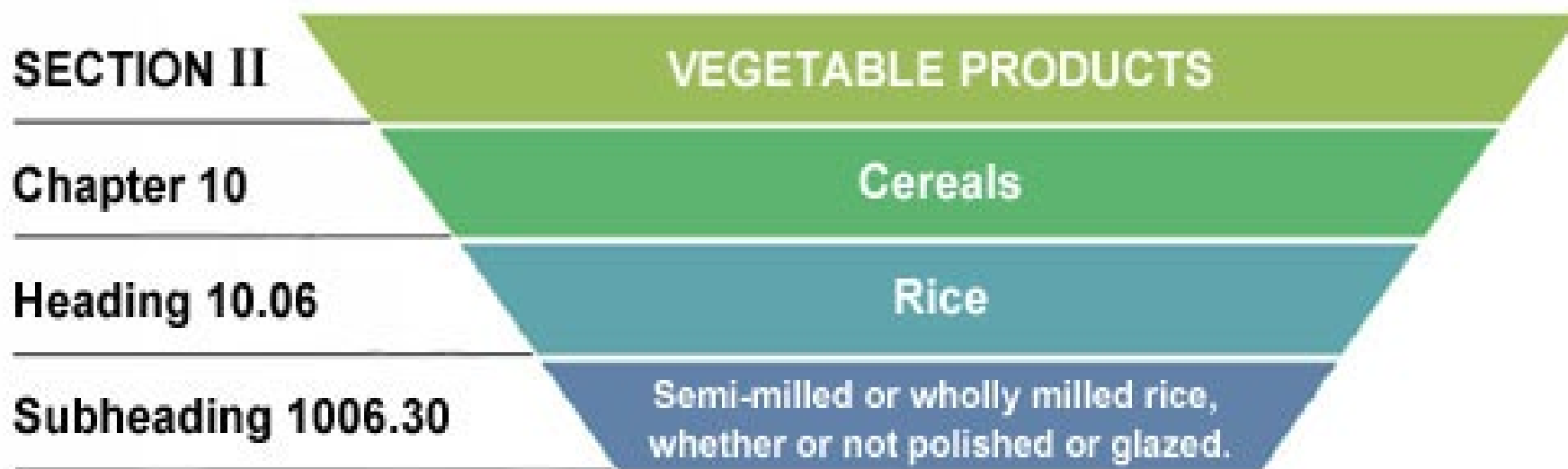
For example, animals and animal products are found in one section of the HS, while machinery and mechanical appliances are found in another.

The HS is organized into 21 Sections, which are subdivided into 96 Chapters

The 96 HS Chapters are further subdivided into 1,228 headings and 5,612 subheadings in the current 2022 edition of the HS.



HS Codes





HS Codes

The HS code consists of 6-digits. The first two digits designate the Chapter wherein headings and subheadings appear. The second two digits designate the position of the heading in the Chapter. The last two digits designate the position of the subheading in the heading.

HS code 1006.30, for example, indicates Chapter 10 (*Cereals*), heading 10.06 (*Rice*), and subheading 1006.30 (*Semi-milled or wholly milled rice, whether or not polished or glazed*).

In addition to the HS codes and commodity descriptions, each Section and Chapter of the HS is prefaced by Legal Notes, which are designed to clarify the proper classification of goods.

Parties are permitted to subdivide the HS Nomenclature beyond 6-digits and add their own Legal Notes according to their own tariff and statistical requirements.



HS Codes

HS codes are used by Customs authorities, statistical agencies, and other government regulatory bodies, to monitor and control the import and export of commodities through:

- Customs tariffs
- Collection of trade data (trade statistics)
- Collection of internal taxes
- Transport tariffs and statistics
- Monitoring of controlled goods (e.g., wastes, narcotics, chemical weapons, ozone layerdepleting substances, **endangered species, wildlife trade**)
- Other areas of Customs controls and procedures, including risk assessment, information technology and compliance.



HS Codes – limitations for CITES

HS codes are not designed for CITES controls

Granularity is often too coarse for use in CITES controls as they are not at the species level

Process for adapting the HS codes can be long and complicated, in addition priorities in this are normally not CITES related



HS Codes – e.g. use in Switzerland

Legislation: **Liste der anzumeldenden Exemplare**

1 Tiere sowie Teile und Erzeugnisse von Tieren

Zolltarifnummer	Warenbezeichnung
1.1 Tiere	
ex 0101.3091	alle Wildesel
0106.1100	alle Primaten
0106.1200	Manatis und Dugongs (Säugetiere der Ordnung der Seekühe); Robben, Seehunde, Seelöwen und Walrösser (Säugetiere der Unterordnung der <i>Pinnipedia</i>)
ex 0106.1300	Guanako (<i>Lama guanicoe</i>) und Vikunja (<i>Vicugna vicugna</i>)
ex 0106.1900	alle anderen nicht domestizierten Säugetiere, ausgenommen die Frettchen und alle nicht dem CITES ¹² unterstellten Nagetiere (mit Ausnahme von Biber und Eichhörnchen)
0106.2000	alle Reptilien
0106.3100	alle Greifvögel
ex 0106.3200	alle Papageienvögel, ausgenommen die Wellensittiche, Nymphensittiche, Rosenköpfchen und der Alexandersittich
0106.3300	Strausse und Emus (<i>Dromaius novaehollandiae</i>)



HS Codes – e.g. use in Switzerland

Risk-based control procedures:

Customs perform risk-based controls on imports on various topics, amongst which endangered species

Annually risk profiles are defined with the risk-section of customs to focus their controls over the year

Regularly during the year these risk-profiles are updated and adapted according to new information



Vision for e-permitting in CITES

Improve the implementation of the Convention through:

- simplified and automated processes in the MAs
 - electronic information exchange - national and cross-border
 - collaboration between Gov' agencies for improved controls eCITES
- > stepwise implementation approach

- *ePermit*: Automated, simplified and transparent processes in Management Authorities and SA
- *eControl*: Electronic information exchange with Customs for electronic CITES Risk Management and to combat illegal trade
- *eReporting*: timely and accurate data for sustainability assessment
- *eExchange*: Electronic exchange of permits between government agencies along the supply chain

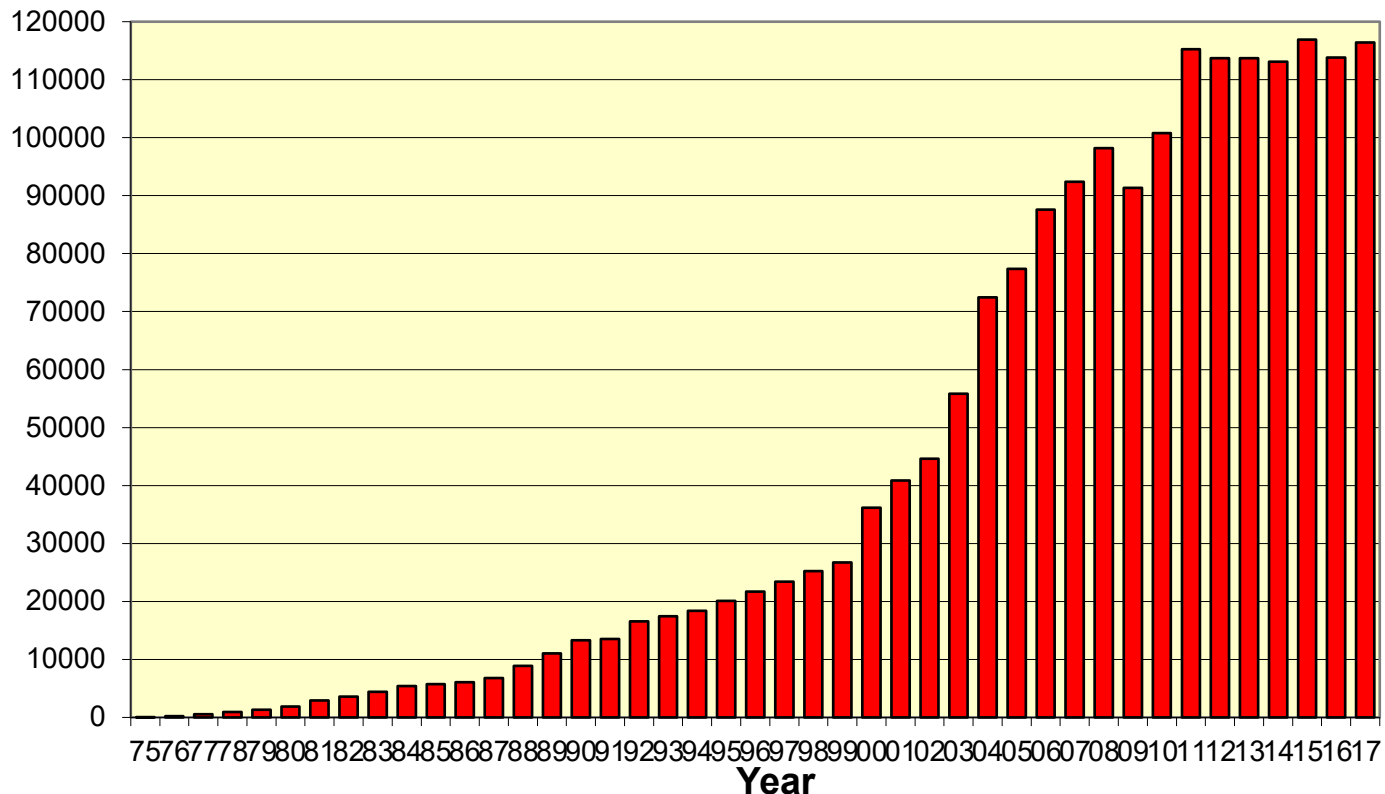
Vision: End-to-end transparency and control in the CITES supply chain



CITES in Switzerland

A Challenge for the Management Authority and the Trade

CITES: Export permits since 1975





e-permitting impacts in Switzerland

➤ Time to deliver standard permits

- Before e-CITES: processing time 10-20 days
- After e-CITES: processing time 5 hours – 5 days

➤ Acceptance of the system

- after 6 months, 60% of permits processed through e-CITES
- Today >98% of permits processed through e-CITES
- Over 270 companies and more than 700 users

➤ Financial impacts

- Savings FSVO in actual/additional personnel costs 975'000 €
- ROI:19.94%; pay back in years 2.39
- Savings in the industry hard to quantify, but considerable

➤ Non quantifiable impacts

- Image gain, customer happiness, elimination of administrative hurdles
- Enhancing effectiveness of MA's resource allocation



EPIX: Current international trade controls

Global Trade:

Goods: 16 trillion USD

Containers: 120 mio TEU p.a. (ocean)

Documents: 8 billion

Trade controls today

- Declarant submits electronic Customs declaration
- An electronic risk management system combines this data with everything else it knows ..
- .. ,assesses the risk according to predefined risk criteria and ..
- .. clears the cargo or commands an inspection

-> Regulatory control of international trade is today based on electronic information, automated risk assessment and targeted inspections



e-Exchange - EPIX

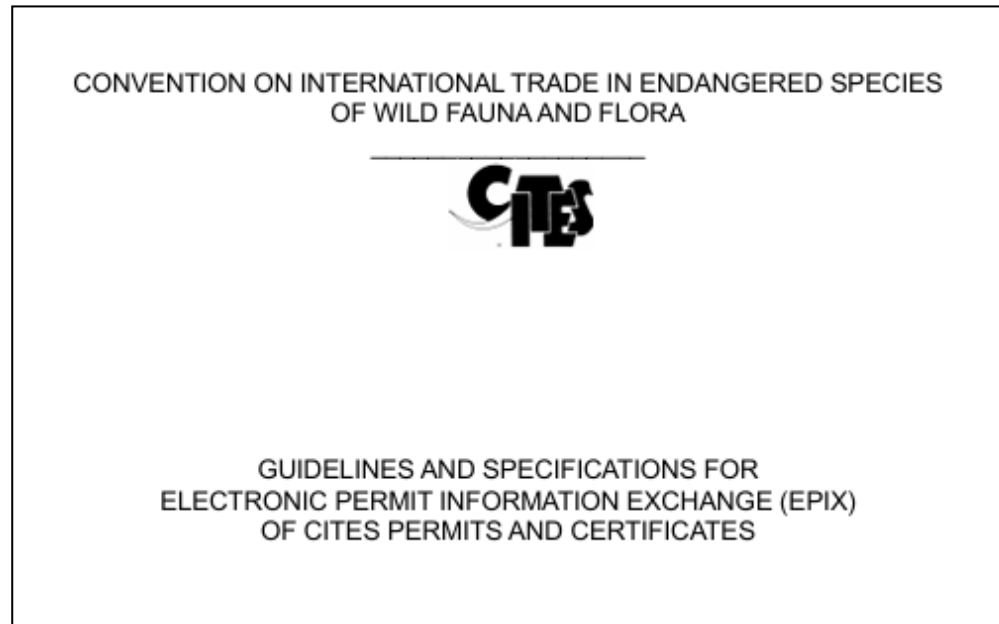
What: Exchange of electronic permits between authorities in different countries

Required: fully automated national CITES systems in both countries, common technical standards; framework of trust (agreements), ..

Benefits: integrated cross border processes; reduction of fraud; pre-arrival information and scheduling of inspections; better statistics



Guidelines for EPIX



This document was drafted jointly by CITES and UNECE and will be maintained jointly by the CITES Working Group on electronic Systems and Information Technologies and the UN/CEFACT expert group on agriculture trade



EPIX - Basics

Definition:

“The exchange of electronic CITES permits and certificates between Management Authorities of different countries”

- eliminates possibilities to temper with (paper) documents
- provides end-to-end control of trade in CITES listed species



EPIX – Data Standards

UN/CEFACT has developed the **eCERT standard** for exchange of electronic licenses, permits and certificates in international agriculture and bio-trade.

CITES adapted this standard for electronic CITES permits and published the standard layout of an electronic CITES permit in the **ePermitting Toolkit**.

The CITES Conference of Parties (**CoP**) recommends all Parties to use this standard when exchanging electronic permits and certificates.



EPIX - Choreography

When two government agencies exchange electronic permits, they actually enter into an electronic dialogue

The partners need a common understanding of:

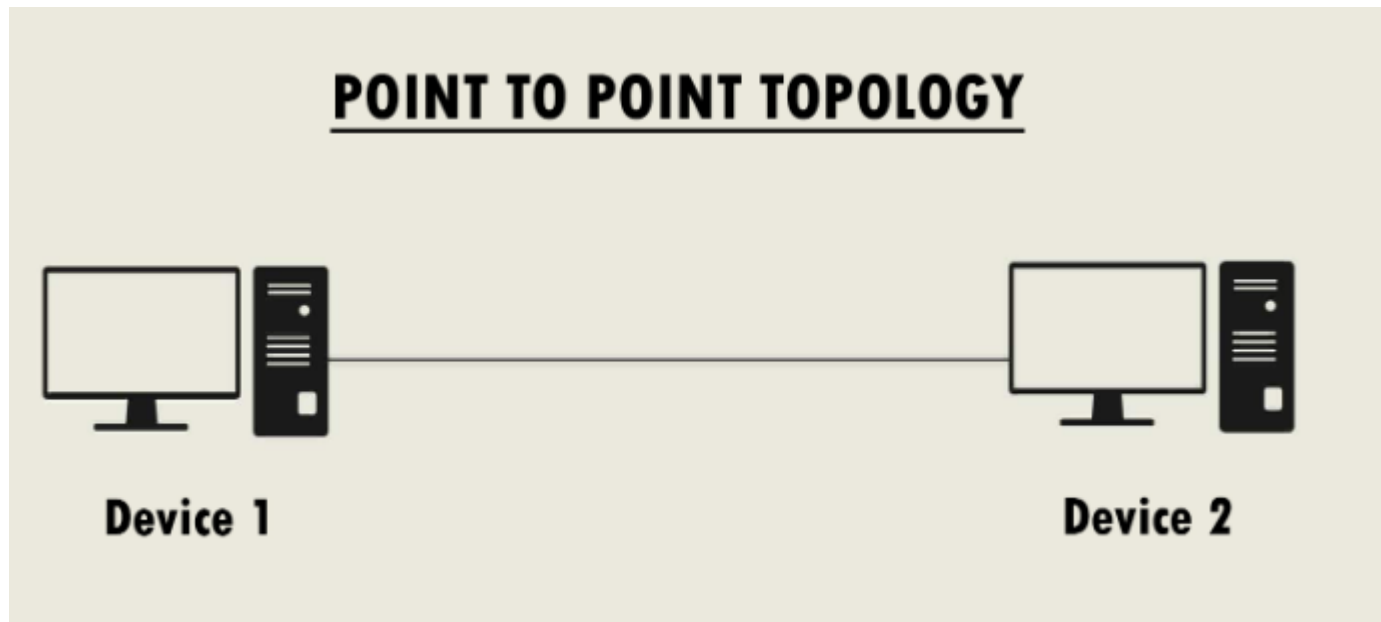
- what the purpose of the information exchange is
- how the dialogue is structured
- who is speaking when
- how the other party will act on the information received and
- whether the other party is expected to respond

-> “**choreography**”, i.e. a description of these processes



EPIX – different strategies

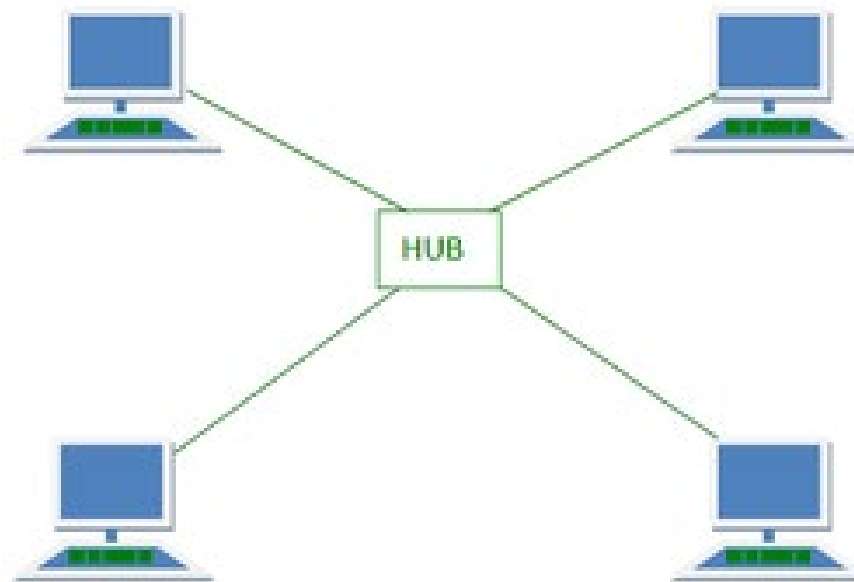
Point to point architecture





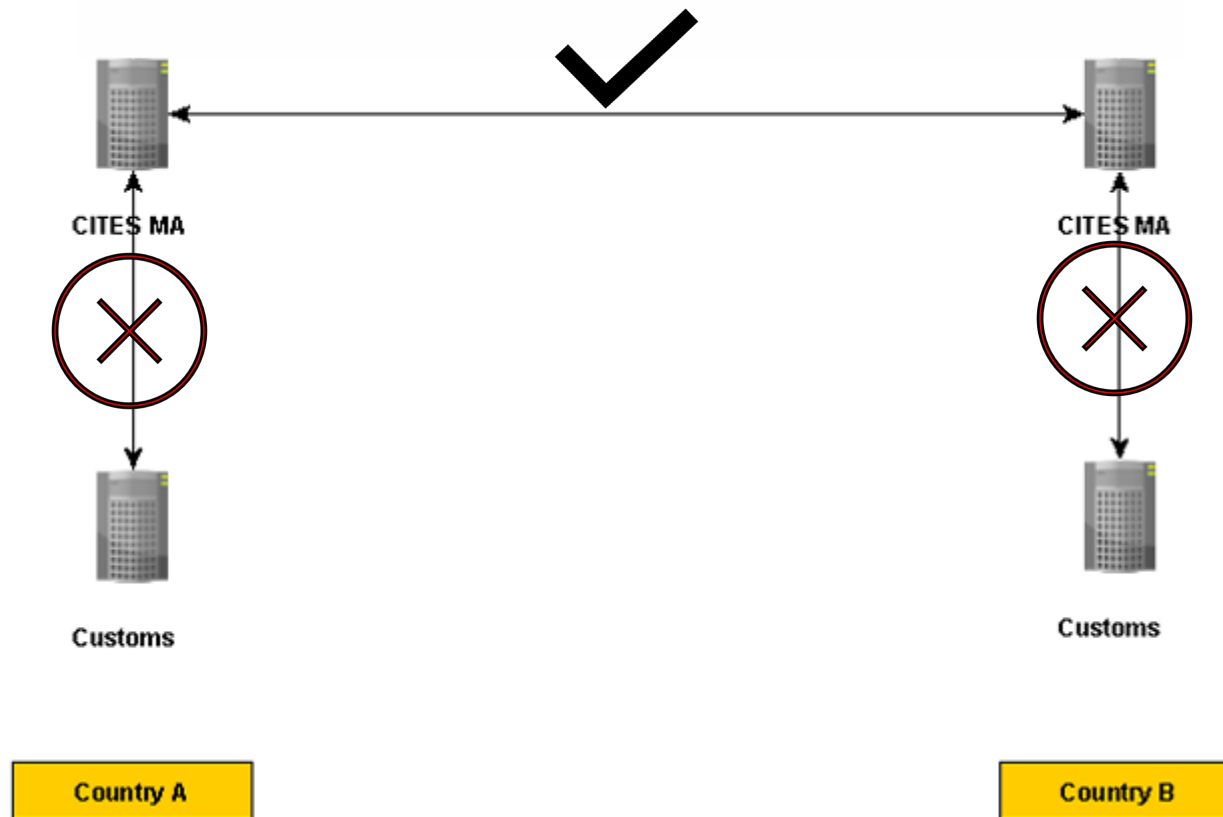
EPIX – different strategies

Hub architecture





EPIX – Guidelines for point to point





EPIX – Message types

The EPIX specifications assume that the messages are exchanged directly between the Management Authorities of the exporting and the importing country.

In reality a Management Authority may authorize another national entity such as the National Single Window and/or other border control agencies to send and receive EPIX messages on their behalf.

Should be transparent for the Management Authority of the other country



EPIX – Message types

Electronic CITES certificates are identified through the certificate number and an additional code (“token”).

e.g.: No: **24CH002345** Token: **3G65**

This token is assigned by the Management Authority that issues the permit. The token is an additional security element that prevents incorrect access to certificates.

Because this token has to be typed in manually, it cannot be too long. A four-digit generated value (random sequence of numbers and letters) should be entirely adequate for this purpose.



EPIX – Message types

Four message types have been specified:

- The messages **GetNonFinalCitesCertificate (iterable)** and **GetFinalCitesCertificate (sent only once)** are used for requesting and delivering CITES certificates.
- The **ConfirmQuantities** message allows the actual quantity of the imported goods to be transmitted at a later stage.
- The **ServiceState** message offers a simple way of determining if the EPIX system of the other Party is available.



EPIX – Status of a permit

At present a permit can have two status:

- **“issued”**: The permit has been issued by a Management Authority and can now be used for a CITES shipment
- **“used”**: The permit has been used for a CITES shipment and cannot be used for another shipment.



Message type GetNonFinalCitesCertificate

Border control systems or MA of the importing country may make several requests to the Management Authorities of the importing country to receive the permit information:

- Reference of a CITES certificate in a Customs declaration.
- Declarant may update a Customs declaration multiple times.
- MA may change contents of permit in MA system
- When the Management Authority of the exporting country receives a GetNonFinalCitesCertificate message it will send a copy of the CITES permit (i.e. the XML instance of this permit). It will not assume that the export process has actually taken place and will not update the permit status. The permit status remains “**issued**”. Therefore, this request may be **repeated any number of times**.



Message type **GetFinalCitesCertificate**

When the **GetFinalCitesCertificate** message is run

- The certificate status is set to “used” and
- the certificate is transmitted electronically.
- From this moment onwards, the certificate can no longer be requested with **GetFinalCitesCertificate** or **GetNonFinalCitesCertificate**.



Message type **ConfirmQuantities**

The **ConfirmQuantities** method is used to transmit the actual quantities of goods imported per CITES position on a CITES certificate previously obtained with **GetFinalCitesCertificate**.

Important:

- A permit can only be used for one shipment. The **ConfirmQuantities** method is used to inform the Management Authority of the exporting country on the actual quantities imported and to update the trade statistics
- Even when using electronic permits, the actual quantities exported should always be reported by the Customs office of the exporting country to the Management Authority of the exporting country.

The **ConfirmQuantities** message provides additional, complementary information on the quantities that were recorded at the time of import.



Message type **ServiceState**

The **ServiceState** message is used to find out if the EPIX service of the corresponding Party is available.

The method returns the version number as the payload.



EPIX – Business processes

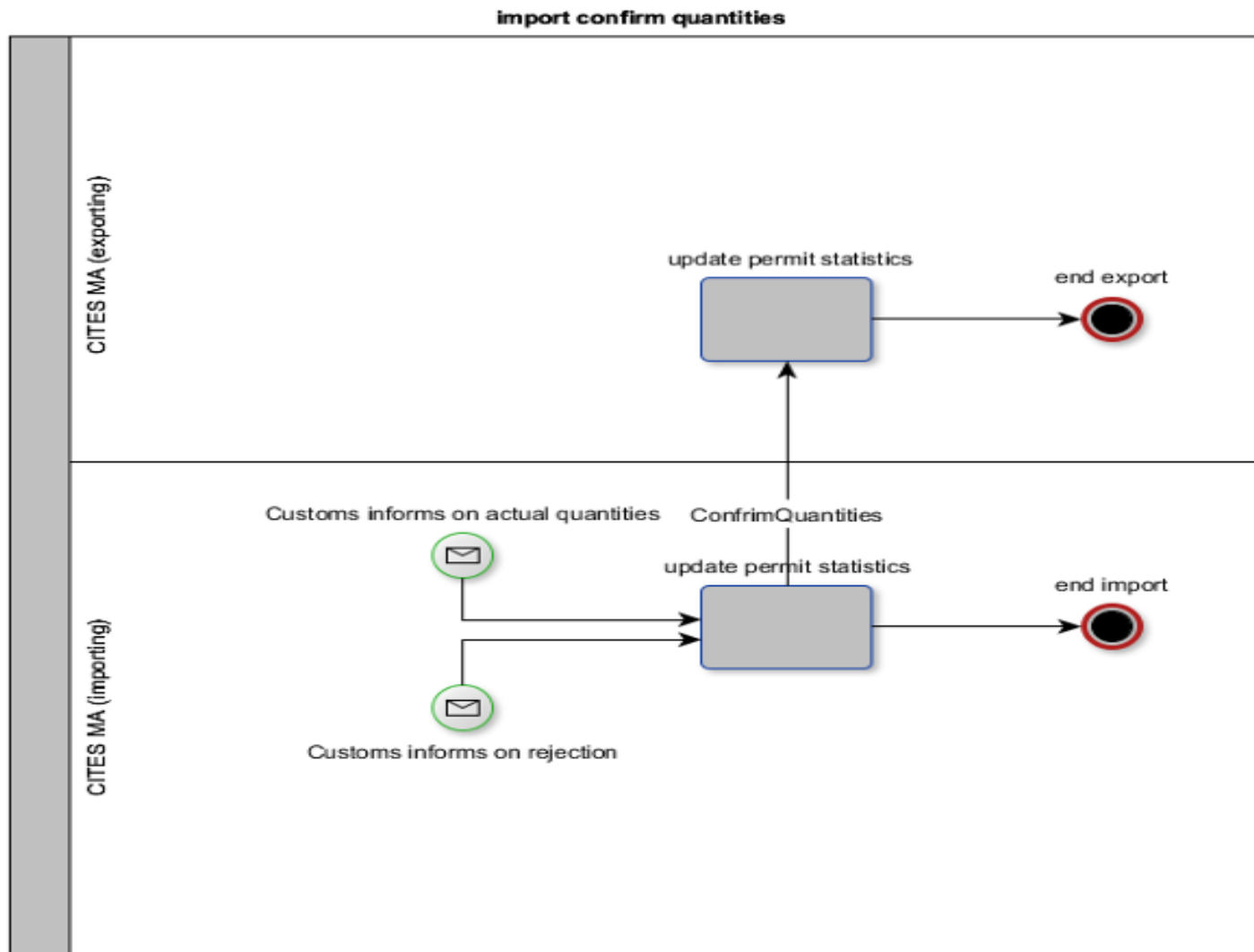
Guidelines provides examples of business processes for all message types

As an example the business process for the message type «CofirmQuantities is presented here



EPIX – Business processes

Process area “import confirm quantities”





EPIX – Business processes

Name of the process area	import confirm quantities
Process participants	<ul style="list-style-type: none"> • CITES Management Authority (exporting) • CITES Management Authority (importing)
Input criteria to enter/begin the business process	<ul style="list-style-type: none"> • Customs (importing) has informed the Management Authority (importing) whether import has been approved or rejected • If the import had been approved Customs has informed the Management Authority (importing) on the actual quantities imported.
Activities and associated documentary requirements	<p><i>update final permit statistics (importing)</i></p> <ul style="list-style-type: none"> • If the import had been rejected by Customs, the Management Authority (importing) will assess the reasons for the rejection and may take further action. • The Management Authority will record the actual quantities in the permit database • The Management Authority (importing) will send a <i>ConfirmQuantities</i> message to the Management Authority (exporting) containing the actual quantities imported. <p><i>update final permit statistics (exporting)</i></p> <ul style="list-style-type: none"> • The Management Authority (exporting) will record the actual quantities imported provided by the <i>ConfirmQuantities</i> message in the permit database for reporting.
Exit criteria of the business process	<ul style="list-style-type: none"> • Database of Management Authority (exporting) is updated and export process is terminated



Challenges in relation to EPIX and CITES

- Use of correct nomenclature
 - CITES Checklist
 - API Tool
- Goods description
 - Use of CITES agreed definitions
- Adresses in CITES permits
 - Semi automated processes
 - delegation to importers



Bilateral connections or Hub or both?

- Currently bilateral system are preferred and developed by some parties (CH-NO-CZ-ASYCUDA) – PULL systems
- Others favour a Hub system (EU) – PUSH systems
- Questions to be solved in the future
 - Who manages and pays for a hub?
 - What does the hub exactly do (store or just transmit)?
 - How to manage a network of bilaterals?



E-Cites out of the box system

- Many of the parties to CITES called for an affordable out of the box e-permitting system
- UNCTAD, in collaboration with the CITES Secretariat, developed the ASYCUDA e-CITES base solution.
- Provides full automation of all CITES permitting processes including automated risk management, electronic payment, customs data exchange and electronic reporting
- See next presentation



Thank You!

