DEVELOPMENT AND EXPERIENCE WITH THE USE OF VOLUNTARY CUSTOM CODES

COP-3 Decision MC-3/3 invited the UNEP Global Mercury Partnership—Mercury in Products Area, as well as relevant experts, to cooperate in drafting a guidance document on the use of customs codes for monitoring the import and export of mercury-added products. A draft version of the report developed under Decision MC-3/3 was made available on the Convention website in June 2021 and invited parties and others to provide comments.

The final report prepared for COP consideration is available here (COP.4/27). The report describes the use of customs codes for monitoring and controlling the import and export of mercury-added products pursuant to Article 4 of the Minamata Convention. The document builds on the previous report (submitted to COP-3), and, pursuant to the discussion of the Parties at COP-3, proposes a mechanism, once finalized, for countries wishing to use common customs codes for the implementation of Article 4 of the Convention. Considering relevant product descriptions, the 2021 report proposes ten-digit customs nomenclature codes for Annex A products in cases where none had been indicated by Parties. The overarching goal of this initiative, if implemented, is to help facilitate the phase-out of the mercury-added products listed in Part 1 of Annex A of the Convention.

LIST OF SPEAKERS

- Eisaku Toda, Secretariat of the Minamata Convention on Mercury
- Thomas Groeneveld, Products Partnership
- Peter Maxson, Concorde East/West Sprl

THURSDAY, 10 MARCH 2022
14H00-15H00 CET
COP-4.2 Agenda Item 4(a)(iii): Customs codes

❖ 4/27: Customs codes
❖ INF/5: Customs codes

4/27: Customs codes

COP-2 considered a proposal from a number of Parties to develop draft customs codes for the mercury-added products covered in annex A, in order to facilitate the implementation of Article 4, improve national reporting and foster better communication among trading partners.

COP-3 further considered this matter, and Decision MC-3/3 requested the Secretariat, in collaboration with the Global Mercury Partnership and involving relevant experts, to:

➢ Draft a guidance document on the use of customs codes:
  ✓ For the Annex A products, a list of possible customs codes of more than 6 digits
  ✓ For non-Annex A products, examples of customs codes of more than 6 digits used by Parties
  ✓ Good practice to supplement the customs codes

➢ Provide an assessment of whether the subsequent development of six-digit harmonized codes would be a useful complement to the guidance document

Comments and questions are encouraged to be submitted through Online Technical Document Forum by 11 March 2022.
• **Objective**
  - Phase-out and eventually eliminate mercury in products and to eliminate releases during manufacturing and other industrial processes via environmentally sound production, transportation, storage, and disposal processes

• **Membership of 89 partners**
  - Governments
  - Non-governmental organizations
  - Industry
  - Academic institutions

• **Recent webinars**
  - Medical devices
  - Cosmetics
  - Lighting
Background

• Customs codes identify internationally traded goods for the purpose of regulation (e.g., hazardous chemicals), tariffs, economic statistics, etc.

• Customs codes can be used to identify and distinguish non-mercury-added and mercury-added products listed in Annex A to the Convention

• If many Parties use the same customs codes, it will:
  • Facilitate the implementation of Article 4 of the Convention, which concerns restrictions on mercury-added products
  • Improve national reporting under Article 21
  • Foster better communication among trading partners
What is the Harmonized System (HS)?
Some examples of customs codes

<table>
<thead>
<tr>
<th>Customs code</th>
<th>Purpose</th>
<th>Product definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>90</td>
<td>Chapter</td>
<td>Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof</td>
</tr>
<tr>
<td>9025</td>
<td>Heading</td>
<td>Hydrometers and similar floating instruments, thermometers, pyrometers, barometers, hygrometers and psychrometers, recording or not, and any combination of these instruments</td>
</tr>
<tr>
<td>9025.1</td>
<td>HS-Subheading-(5-digit)</td>
<td>Thermometers and pyrometers, not combined with other instruments</td>
</tr>
<tr>
<td>9025.11</td>
<td>HS-Subheading-(6-digit)</td>
<td>Liquid filled, for direct reading</td>
</tr>
<tr>
<td>9025.11.10</td>
<td>National-subdivision-(typically-determines-duty)</td>
<td>Clinical thermometers</td>
</tr>
<tr>
<td>9025.11.10.10</td>
<td>National-subdivision-(statistical-suffix)</td>
<td>Containing mercury</td>
</tr>
</tbody>
</table>

Source: Based on codes developed by Uruguay
Report to COP-3

The report (UNEP/MC/COP.3/INF/12, 27 August 2019) developed for COP-3 included:

• Explanation of customs codes
• Customs codes survey results
• Follow-up research and consultation
• Focus on Annex A products
• Possible approaches going forward
In accordance with COP-3 Decision MC-3/3, the Secretariat and the UNEP Global Mercury Partnership managed the drafting of a guidance document (UNEP/MC/COP.4/27) including:

- proposed statistical codes of more than six digits for mercury-added products listed in annex A to the Convention
- an overview of customs codes for mercury-added products not listed in annex A to the Convention
- an overview of other measures in support of the trade provisions of the Convention
- an assessment of the use of six-digit harmonized customs codes for mercury-added products

Formal comments from Canada, the European Union, Japan, Mauritius, Montenegro, New Zealand and the Natural Resources Defense Council
Product categories covered by Minamata Convention, Annex A

(a) Batteries
(b) Switches and relays
(c) Compact fluorescent lamps
(d) Linear fluorescent lamps
(e) High-pressure mercury vapour lamps
(f) Cold cathode fluorescent lamps
(g) External electrode fluorescent lamps
(h) Cosmetics
(i) Pesticides, biocides and topical antiseptics
(j) Measuring devices
(k) Dental amalgam
Mercury-added product customs codes already in use

Examples of 10-digit customs codes already in use by some Parties:*

<table>
<thead>
<tr>
<th>6 digits or less</th>
<th>More than 6 digits</th>
<th>Description</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>8506.1</td>
<td>Batteries</td>
<td>Manganese dioxide primary cells</td>
<td>Argentina</td>
</tr>
<tr>
<td>8506.3</td>
<td>Mercuric oxide primary cells and batteries (excl. spent)</td>
<td>Mexico</td>
<td></td>
</tr>
<tr>
<td>8506.10.10</td>
<td>(Other) manganese dioxide primary cells</td>
<td>Argentina</td>
<td></td>
</tr>
<tr>
<td>8506.10.20</td>
<td>Manganese dioxide batteries</td>
<td>Argentina</td>
<td></td>
</tr>
</tbody>
</table>

* See document UNEP/MC/COP.4/INF/5
Proposed codes of more than six digits

Proposed 10-digit codes for Annex A products. These are based, where possible, on customs codes already in use by some Parties:

<table>
<thead>
<tr>
<th>Batteries</th>
<th>Existing code</th>
<th>Proposed statistical codes</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alkaline manganese dioxide primary cells</td>
<td>8506.10.10</td>
<td></td>
<td>8506.10.10.10 With added mercury</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>8506.10.10.90 Others</td>
</tr>
<tr>
<td>(Other) manganese dioxide primary cells</td>
<td>8506.10.20</td>
<td></td>
<td>8506.10.20.10 With added mercury</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>8506.10.20.90 Others</td>
</tr>
<tr>
<td>Manganese dioxide batteries</td>
<td>8506.10.30</td>
<td></td>
<td>8506.10.30.10 With added mercury</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>8506.10.30.90 Others</td>
</tr>
<tr>
<td>Mercuric oxide batteries</td>
<td>8506.30.00</td>
<td></td>
<td>8506.30.00.00 Mercuric oxide primary cells and batteries (excluding spent)</td>
</tr>
</tbody>
</table>
Product categories not listed in Annex A

Based on the submissions from the parties and others, ...

(a) Miscellaneous chemical products
(b) Batteries
(c) Electrical/electronic apparatus and equipment
(d) Lamps
(e) Thermionic, cold cathode or photocathode tubes and parts
(f) Diagnostic apparatus and measuring/control instruments
Codes for products not listed in annex A

Examples of codes already in use by Parties:

**Lamps**

<table>
<thead>
<tr>
<th>HS reference</th>
<th>Further subheading</th>
<th>Description</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>8539.31</td>
<td></td>
<td>Fluorescent, hot cathode discharge lamps, other than ultraviolet lamps</td>
<td>Diverse</td>
</tr>
<tr>
<td>8539.31.00.20</td>
<td></td>
<td>Lamps for general lighting purposes incorporated with other equipment, and including an E 27 socket</td>
<td>Uruguay</td>
</tr>
<tr>
<td>8539.31.00.30</td>
<td></td>
<td>Lamps for general lighting purposes incorporated with other equipment, and including E 14 and E 40 sockets</td>
<td>Uruguay</td>
</tr>
<tr>
<td>8539.31.00.19</td>
<td></td>
<td>Others</td>
<td>Uruguay</td>
</tr>
<tr>
<td>8539.31.01.00</td>
<td></td>
<td>Fluorescent lamps or tubes in the form of an “O” or a “U”</td>
<td>Mexico</td>
</tr>
<tr>
<td>8539.31.99.00</td>
<td></td>
<td>Other hot cathode fluorescent lamps</td>
<td>Mexico</td>
</tr>
</tbody>
</table>
Other measures supporting Annex A restrictions

• Any country is free to create its own codes of more than 6 digits to identify mercury-added products (although some harmonization with other countries would be preferable)

• Customs officials could target goods with 6-digit HS codes that include Annex A products, and then request more detailed information from the importer or exporter on whether the goods are in fact mercury-added products restricted under Annex A

• The Global Minimum Transparency Standard (GMTS) concept could require companies to disclose information on hazardous chemicals in products throughout the product life-cycle
Advantages and disadvantages of 6-digit HS codes

If 6-digit HS codes were created for specific Annex A products:

• Advantages
  o “Automatic” international harmonization of 6-digit codes via the World Customs Organisation (WCO)
  o More comprehensive and consistent data

• Disadvantages
  o Long (5-year cycle) and formal WCO approval process
  o Approval may not be granted by WCO if the overall volume of trade under this specific code is not large enough
  o In the event of future amendments to Annex A, the approval process for new 6-digit codes would be just as long
COP-3 mandate fulfilled!

**Item 4(a)(iii): Customs codes**

<table>
<thead>
<tr>
<th>Mandate from Decision MC-3/2</th>
<th>Draft guidance document</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the mercury-added products listed in Annex A, a list of possible customs codes of more than 6 digits that could be used by Parties</td>
<td>• Proposed statistical codes of more than 6 digits for annex A mercury-added products, based on the Harmonized System, are set out in MC/COP.4/27.</td>
</tr>
<tr>
<td>For mercury-added products not listed in Annex A, a compilation of examples of customs codes of more than 6 digits currently in use by Parties</td>
<td>• Examples of customs codes for mercury-added products that are not listed in Annex A to the Minamata Convention on Mercury have been compiled in INF/5 Annex II.</td>
</tr>
<tr>
<td>Examples of good practice where the use of customs nomenclature codes at the national level had been supplemented by the use of other control tools for the purpose of implementing trade provisions, such as those found in Article 4 of the Convention</td>
<td>• Customs codes may be accompanied by information on legal regime applicable to the product in question, which may assist in defining whether the product is allowed.</td>
</tr>
<tr>
<td></td>
<td>• If customs officials find goods with the 6-digit codes included in the list proposed above, they may request information from the importers or exporters on whether the goods are mercury-added products listed in annex A to the Convention.</td>
</tr>
<tr>
<td>Assessment of whether the subsequent development of 6-digit harmonized codes would be a useful complement to the guidance document</td>
<td>• International harmonization could enhance collection of data and comparisons with other parties, including data cross-checking between imports and exports.</td>
</tr>
<tr>
<td></td>
<td>• WCO has a formal process for creating and amending six-digit HS codes, which operates on a five-year cycle for proposal, review, approval and implementation.</td>
</tr>
</tbody>
</table>
Thank you!

For further information:

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