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Specialized Section on Standardization of Meat

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Item 3 of the provisional agenda

**Alignment of the Economic Commission for Europe cut codes with
the Harmonized Commodity Description and Coding System (HS codes)**

Alignment of the Economic Commission for Europe standards and the Harmonized Commodity Description and Coding System

Submitted by the rapporteur's group

Summary

A scoping project to explore the potential alignment of the Harmonized Commodity Description and Coding System (HS) codes and United Nations Economic Commission for Europe (ECE) meat cut codes was first proposed at the workshop of the Specialized Section in Potsdam, Germany, in 2019, and endorsed by the November 2019 session of the Working Party.

Following an initial proposal by the delegation of Australia discussed at its 2020 session, the 2021 session of the Specialized Section continued the discussion on mapping ECE cut codes to the six-digit HS codes. The Specialized Section decided to establish a rapporteur's group (Australia, Poland, the United States of America), and to capitalize on the opportunity of closer collaboration with the World Customs Organization (WCO) on the topic. The secretariat organized a meeting between WCO and the rapporteur's group in October 2021, following which the attached note was developed and discussed at the rapporteur's group meeting in November 2021, outlining a potential way forward.

The Specialized Section is invited to consider the proposal of how to proceed with a potential alignment of the ECE cut descriptions and the HS codes and recommend the way forward.



I. Context

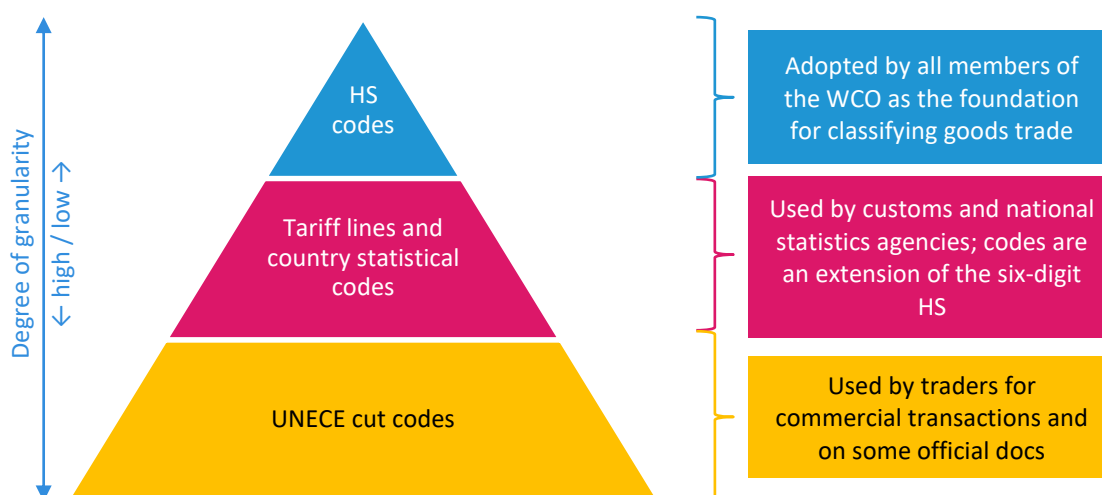
1. Two standardized nomenclatures are used in the description and codification of traded meat products: the United Nations Economic Commission for Europe (ECE) standards for meat and related codification system, and the Harmonized Commodity Description and Coding System, or Harmonized System (HS), governed by the World Customs Organization (WCO).

- The ECE Standards for Meat are used as a trade language to describe products in commercial transactions. The standards have been adopted by some countries as a national standard, including major exporters such as Argentina, Australia, Poland and Uruguay, while others use it voluntarily. Written in a consistent, detailed manner using anatomical names, the ECE standards enable specifying meat cuts down to the exact muscle. The standards also define a product / cut code allowing all relevant information to be combined in a 20-digit string. This standardization of the trading language allows the meat industry to streamline the flow of information throughout the supply chain.
- The WCO Harmonized System (HS) is an international nomenclature for the classification of traded products, used in determining customs duties and in compiling national statistics. It consists of six-digit codes and descriptions and is used by around 200 economies around the world, covering over 98 per cent of all goods traded. For meat, HS typically specifies whether the product is fresh/chilled or frozen and whether it is boneless, bone-in or a quarter/half carcass. Many members of WCO extend the HS code by two or more digits to add more detail, thus creating a national tariff line to determine tariffs and to collect statistics of national importance.

2. The ECE meat standard cut codes can readily fit within a unique six-digit HS code, when information on the type of refrigeration (chilled or frozen) of the product is included. In some instances, this many-to-one logic can also extend to the national tariff lines codes (e.g. this has been demonstrated in the case of Australia). In addition, some countries have additional descriptors (e.g. European Union (EU) High Quality Beef specification) that would need to be provided alongside the ECE meat standard cut code to determine the tariff line and statistical code.

3. Labelling and documentation issues can cause considerable issues for meat crossing borders (e.g. detainment and rejections) and can trigger wider market access issues. Greater standardization of trade language and harmonization across the coding and classifying of traded goods may reduce the incidence of labelling mistakes or inconsistencies, especially when accompanied by the digitization of trade documentation and incorporated into export documentation software. In addition, giving customs officials (who are not experts on meat classification) a resource from which they can verify a HS or tariff line code based on the ECE standard cut code on a product label or health certificate, will create efficiencies for products entering a country and provide transparency and confidence for exporters and importers.

The three levels of meat trade classification



Source: ECE.

II. Proposal

4. A centralized source which aligns the ECE standard cut codes to the HS and national tariff line codes would: provide greater transparency and clarity; increase efficiencies at the border and within internal business systems; and reduce the risk of detainment, rejection and access issues stemming from mislabelling.

5. Three work areas (short-, medium-, and long-term) can be progressed to move towards this goal.

(a) Short-term: as an immediate “quick win” the ECE standards could be updated to include a recommended six-digit HS code. Initial work on this has already been done as part of the twenty-ninth session of the Specialized Section on Standardization of Meat (GE.11) in the case of bovine meat (HS: 0201 and 0202) and ovine meat (HS: 0204) in the submission by Australia in document ECE/CTCS/WP.7/GE.11/2021/INF.1, entitled *Alignment of the Economic Commission for Europe cut codes with the Harmonized Commodity Description and Coding System (HS codes)*. At the rapporteur’s group meeting on 10 November 2021, it was decided to progress with updating the ECE standard for Bovine Meat – Carcasses and Cuts to include a six-digit HS code column in the cuts list (the table included in section 5.1 of the standard). Updating the porcine and ovine meat standards would also be feasible without considerable work.

(b) Medium-term: work with WCO to get endorsement of the alignment between ECE standard cut codes and WCO HS codes.

(i) A similar exercise was recently done by the Food and Agriculture Organization of the United Nations (FAO) and WCO on clarifying HS codes for various fish and fish products.¹ This would involve constructing a table with WCO HS as a base and demonstrating which ECE standard cut codes sit within each HS code. Formal endorsement by WCO would help disseminate the ECE standard to a different type of stakeholder, bringing more visibility and providing accurate guidance on the topic.

(ii) This process can probably be done without needing to revise either HS codes or ECE standard cut codes. However, it may identify areas where

¹ FAO and WCO. 2021. *HS Codes for Fish and Fish Products – Harmonized System*. Nomenclature 2017 Edition. Rome, available at: <https://doi.org/10.4060/cb3813en>.

harmonization could be improved via amending either/both nomenclatures, which ECE and WCO may consider in future revisions.

(c) Long-term: while work areas one and two are useful, the true value of alignment will be unlocked once the ECE standard cut codes can be used to determine national tariff and statistical codes.

(i) Following WCO endorsement at the global level, participating countries would need to align the ECE standard cut codes with their national codes. This exercise would need to fit within the bounds of the predetermined HS alignment and could be supported by a “best practice” guidance document developed by ECE and WCO. This subsequent alignment of the ECE standard cut codes with the national codes would be further strengthened if it was endorsed by the national customs and national statistical offices.

(ii) Once this exercise has been completed across a sufficient number of countries, the relationship tables for each country could be aggregated together and converted into a tool. An example, in the case of Australia and the EU/Poland, of how this could work was shared with the rapporteur’s group. However, for this tool to be user-friendly and “live”, it would be desirable to develop a web-browser version – this could be a platform similar to the recently released UNECE Portal on Standards for the SDGs (<https://standards4sdgs.unece.org/>). Ultimately, such a tool would allow a user to enter an ECE standard cut code and see how it is classified under national tariff and statistical codes for a range of countries.

III. Outcome

6. These three work areas could create a centralized source (i.e. the ECE standard cut codes) for all involved in the process of trading meat to identify the appropriate HS and national tariff and statistical codes as products move across borders. Hence, in instances where meat may leave the exporting country under one national statistical code and enter an importing country under a different tariff/statistical code, which often occurs, the ECE standard cut codes could be the “one source of truth” that ties this variation together.
