



▼ International Trade

Classification Feasibility Studies





INTERNATIONAL TRADE CLASSIFICATION FEASIBILITY STUDIES

BACKGROUND

The Harmonized System (HS) is a classification and coding system developed and managed by the World Customs Organisation. Australia and most of the major trading nations of the world use the HS for recording exports and imports of goods.

While the HS comprises about five thousand 6 digit commodity codes, some countries, including Australia, require a more detailed classification to identify goods for tariff or statistical purposes.

For imports and import clearances, the Australian Customs Service (ACS) may add 2 further digits to the HS 6 digit code to allow for different rates of imports duty to be applied to particular commodities.

To the 8 digit import code, the Australian Bureau of Statistics (ABS) may add a further 2 digits (known as the statistical code) for statistical purposes, resulting in the 10 digit *Harmonised Tariff Item Statistical Code (HTISC)*.

For exports, the ABS may add 2 further digits to the 6 digit HS classification to result in the 8 digit *Australian Harmonised Export Commodity Code (AHECC)*.

The HTISC and AHECC commodity classifications provide the most detailed breakdown of international trade commodity statistics available.

CHANGES TO ABS STATISTICAL CODES

The ABS has responsibility for the maintenance of all aspects of the statistical code component of the HTISC and the AHECC. This maintenance role includes updating the classifications by evaluating requests from users of international trade statistics for additions or changes to commodity information. It should be noted, however, that the ABS cannot make any changes to the 6 digit HS codes for exports or to the 8 digit Customs Tariff codes.

In attempting to satisfy the statistical needs of a wide range of users, the ABS strives to keep these classifications **comprehensive, detailed and current**. At the same time, however, it is necessary to **limit the size and complexity** of the classifications in order to minimise reporting problems for importers/ exporters or their agents when completing Customs documentation and to ensure continued accurate reporting. Additionally, account must be taken of the ongoing costs to the ABS associated with editing and processing the data and in maintaining the classifications.

As a result of the need to balance these requirements, the following criteria have been developed against which requests for changes to the commodity classification can be assessed.

REQUESTS FOR GREATER STATISTICAL DETAIL

As the ABS receives many requests for the creation of new statistical codes, such requests will only be considered where they are deemed to be in the interests of the industry concerned, as well as in the public interest. Requests of a purely market research nature will not be considered. Each request must, therefore, have the written support of a relevant government department, Authority or industry association. Statements of support from government agencies or industry associations should include the reasons for that support and, in the latter case, a listing of the current members of the particular association.



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REQUESTS FOR GREATER STATISTICAL DETAIL-*continued*

In addition, higher priority is afforded to requests for changes:

- which will enable government policy to be formulated, administered or monitored; and,
- from an industry experiencing or threatened with disruption from imports, where the statistics required would be significant in submissions to, for instance, the Industry Commission.

REQUESTS TO CORRECT CLASSIFICATION ERRORS

Requests to correct the classifications will not require industry or Government support where the request is aimed at:

- clarifying a classification structure where it is possible to classify a commodity to more than one statistical code;
- correcting a classification structure where a commodity can not be allocated to any statistical code;
- correcting a classification structure to remove incorrectly allocated statistical codes; and,
- updating a classification structure to reflect current terminology.

THE COST OF A CLASSIFICATION FEASIBILITY STUDY

From July 2000 the ABS has introduced a 2 phase approach to charging for classification reviews based on recovering the costs associated with undertaking an initial review and, if applicable, a more detailed review (CFS). A flat charge of \$594 applies for the initial feasibility study. This initial study will allow the ABS to identify any potential problems (e.g. confidentiality restrictions) early in the process, and thus may save the client the cost of a detailed feasibility study. The price charged for a detailed CFS will depend on the number of commodity items to be investigated and the overall complexity of the changes requested. The written quote provided to each client will be based on the estimated hours and associated computing costs required to complete their particular review and to implement, where applicable, its findings.

These charges are payable prior to the commencement of each phase of the CFS.

HOW TO REQUEST CHANGES TO ABS STATISTICAL CODES

Requests for the creation of new statistical codes, or modifications to existing codes, may be made by completing the attached request form. The completed form together with any supporting documentation and an initial payment of \$594 should be sent to:

The Classification Manager
International Trade Section
Australian Bureau of Statistics
PO Box 10
BELCONNEN ACT 2616

Facsimile:
(02) 6252 7438

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HOW TO REQUEST CHANGES TO ABS STATISTICAL CODES-continued

The request should give details of:

- the commodity code(s) to be changed or modified;
- the reasons for the requested change; including, as applicable, supporting industry or Government statements;
- the suggested splits or changes to the current codes;
- the suggested item descriptions; the proposed wording should be able to be readily interpreted by the people responsible for completing import and export documentation for submission to ACS to avoid misclassification and misleading statistics; and
- the proportion of current trade expected to be reported against the proposed new codes.

HOW THE ABS HANDLES REQUESTS FOR CLASSIFICATION CHANGES

On receipt of a written request, and payment of the flat fee of \$594, the ABS will conduct **an initial feasibility study**, based on the following criteria, to determine the likelihood of the proposed changes being implemented :

- the reasons for the required changes;
- the availability of industry or government support for the proposed change(s);
- the ready availability of the data from importers/exporters or their agents;
- the possibility of some or all of the requested data being confidential;
- the estimated levels of trade by item, in dollar terms;
- the complexity of the proposed statistical structure; and
- the estimated cost to the ABS of ensuring correct reporting (editing and provider follow up on possible misclassification or other reporting error).

On completion of the initial feasibility study, and based on its findings, the person or organisation making the request will be advised, in writing, as to whether the ABS is willing to undertake a more detailed classification feasibility study (CFS). Where applicable a quote, based on the estimated cost to the ABS to finalise the review, will be provided.

The conduct of the detailed CFS involves consultation with a representative selection of customs brokers, importers or exporters trading in all of the commodities proposed for separate identification. Once sufficient responses have been received, the proposal will be further evaluated in terms of the above criteria and a recommendation, based entirely on the results of the feasibility study, will be made. It should be emphasised that the fact that the ABS has agreed to undertake a CFS does not necessarily mean that the proposed classification changes will be implemented.

IMPLEMENTATION DATES FOR CHANGES TO THE COMMODITY CLASSIFICATION

Statistical code changes are made twice each year, in January and July. In order for a proposal to be considered for January implementation it must be received by the ABS by early September; and for July implementation, the ABS must have proposals by early March. This allows time to survey importers or exporters, and to incorporate any new codes into the Customs Tariff or the AHECC for printing and distribution, before the implementation date.



INTERNATIONAL TRADE CLASSIFICATION FEASIBILITY STUDIES

FURTHER INFORMATION

If you have any further queries please contact:

The Classifications Manager
International Trade Section
Australian Bureau of Statistics
PO Box 10
BELCONNEN ACT 2616

Telephone:

(02) 6252 5409

Facsimile:

(02) 6252 7438

E-mail:

international.trade@abs.gov.au



Request for Change to Statistical Code

Name of Organisation: _____ Contact Name: _____

Address: _____

Phone: _____ Fax: _____

Email Address: _____

1. Please specify whether classification change is for

Imports

Exports

2. Current Classification

Code	Description	Unit of Quantity
eg 1207.60.00	Safflower seeds	KG

3. Proposed Classification Changes (if insufficient space please attach additional details)

Code	Description	Unit of Quantity	Estimated annual value of trade
eg 1207.60.00.xx and 1207.60.00.yy			

4. Name(s) of companies/organisations trading/expected to trade in this product

5. Reason(s) for requested changes (Provide brief description of reasons for change)

**6. Names of government departments (Commonwealth and/or State) and Industry/ Marketing Associations which support the proposed change.
(Please attach separate letters of support from each organisation).**

7. Other comments in support of this proposal

8. Signed : _____ Date: _____

9. Please mail your response to The Classifications Manager, International Trade Section, Australian Bureau of Statistics, Locked Bag 10, Belconnen ACT 2616 or Fax to (02) 6252 7438 together with your payment of \$594. Cheques should be made out to the Collector of Public Monies. For payment made using credit cards, please supply the following information:

Name of credit card holder: _____

Account no. of credit card: _____

Expiry date of credit card: _____