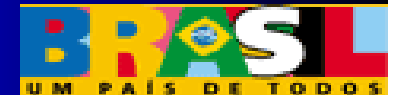


Implementing Export Control Lists using Mercosul Customs Codes

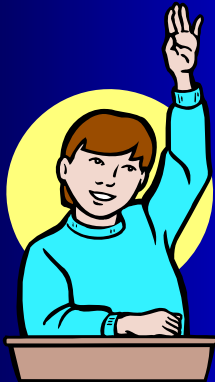
Oswaldo Monteiro de Carvalho Junior
Nuclear Technology & Export Control
Coordination-General for Sensitive Items
Ministry of Science and Technology - Brazil

9th International Export Control Conference
Cavtat – Croatia – Oct 2008



The Question

- Is it possible to classify properly strategic commodities using the Harmonized System ?



Customs Codes

- Harmonized Tarrif Codes – HS (1985)
 - ✓ Worldwide code used in trade
- Mercosul Common Nomenclature – NCM (1995)
 - ✓ Regional Customs Code based on the HS
 - ✓ Used in all foreign trade operations in Mercosul States
 - ✓ Updated by the Mercosul Commission for Commerce through analysis of a Technical Committee

Common Mercosul Nomenclature - NCM

- Numerical code formed by 8 digits
 - ✓ 38.01.10.00 – Artificial Graphite
- First 6 digits come from the HS
- The 7^o and 8^o digits aims to give a more detailed specification to meet the interests of Mercosul States
 - ✓ (HS) 2812.10 Chlorides and Chloride Oxides
 - ✓ 28.12.10.15 – Arsenic Trichloride

Common Mercosul Nomenclature - NCM

- In Brazil's system, it is possible to add 2 extra digits for export/import control purposes.
 - ✓ 38.01.10.00 – Artificial Graphite
 - ✓ 38.01.10.00.01 – Nuclear Grade Graphite
- More examples.....
 - ✓ (HS) 2829.90 Perchlorates, bromates, perbromates, iodates, periodates
 - ✓ 28.29.90.50 – Perchlorates
 - ✓ 28.29.90.50.01 – Ammonium Perchlorate

Brazilian Export Control System

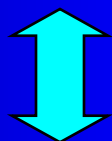
- Brazilian export controls of strategic commodities were established by Law 9.112/95.
- The Ministry of Science and Technology (MCT) is Brazil's National Authority for CWC, BTWC, and non-proliferation related export controls regimes (NSG and MTCR).
- MCT chairs the Inter-ministerial Commission for Control of Sensitive Items (CIBES), which establishes policy guidelines for export controls and publishes and updates the Control Lists.
- The Coordination-General for Sensitive Items (CGBE) is the Executive Secretariat of CIBES.

Export Control Brazilian National Authority

National Authority - NA

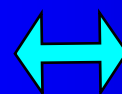
Inter-ministerial Commission for Export Control of Sensitive Items (CIBES)

- Ministry of Science and Technology – MCT
- Ministry of Justice - MJ
- Ministry of Defense - MD
- Ministry of Development, Industry and Foreign Trade - MDIC
- Ministry of Finance - MF
- Ministry of External Relations - MRE



EXECUTIVE SECRETARY
(CGBE /MCT)

Advisory

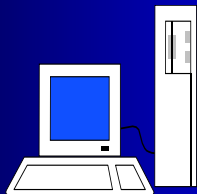
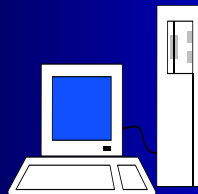
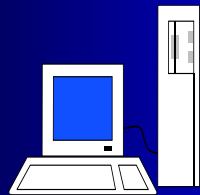


Brazilian Foreign Trade System

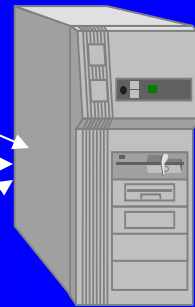
- SISCOMEX (Integrated System for Foreign Trade) – web-based system using NCM codes. All exports/imports must be done through this system;
- MDIC publishes a list of NCM codes that require authorization prior to export/import → need of implementing control lists in the system;

Brazilian Foreign Trade System

Authorizing
Agencies



SISCOMEX



Exporters/Importers



Brazilian Approach

- NCM structure enables creation of new entries. However, it needs approval by Mercosul Commission for Commerce ;
- New “detaches” (extra 9th and 10th digits) can be implemented in Siscomex for export control purposes – No need of approval by Mercosul;
- CIBES established a Working Group to study this issue.

Example: Machine Tools

Machine tools for turning (metals, ceramics or composites) that have:

- 1) electronic devices for simultaneous "contouring control" in two or more axes;
- 2) "positioning accuracies" better (less) than $6\ \mu\text{m}$ along any linear axis for machines capable of machining diam. $> 35\ \text{mm}$.



NCM	EU Correl	EU List	NSG
8458.11.10	8458112000	2B001a	DUL 1.B.2.a
8458.11.91	8458114100		
8458.11.99	8458114900		
8458.91.00	8458118000		
8464.90.11	8458912000		
8464.90.19	8458918000		
8464.90.90	8464902000		
	8464908000		
	8465991000		

Example: Aluminium tubes

Aluminium alloys having both of the following characteristics:

- a. 'Capable of' an ultimate tensile strength of 460 MPa or more at 293 K (20 °C); and
- b. In the form of tubes or cylindrical solid forms (including forgings) with an outside diam.> 75 mm.



NCM	EU Correl	EU List	NSG
7604.29.11	7604291000	1C202a	DUL 2.C.1
7604.29.19	7604299000		
7608.20.10	7608208100		
7608.20.90	7608208900		

Creating new NCM codes

- 7608.10 - Tubes and pipes of aluminum, not alloyed
- 7608.20 - Tubes and pipes of aluminum alloys

HS

- 76.08 Aluminium tubes
-
- 7608.20 Of Aluminium alloys
- 7608.10.10

NCM

- **7608.20.20** Aluminium alloys having both of the following characteristics: a. 'Capable of' an ultimate tensile strength of 460 MPa or more at 293 K (20 °C); and b. In the form of tubes or cylindrical solid forms (including forgings) with an outside diameter of more than 75 mm.
- 7608.20.90 Others

Conclusions

- Creation of new NCM codes and “detaches” enables implementation of Control Lists in the Brazilian Integrated Foreign Trade System (Siscomex);
- Creation of new NCM codes needs approval of Mercosul Commission for Commerce - Not simple procedure and can take time....
- Not all Mercosul countries are in the same non-proliferation regimes.

Conclusions

- Although HS structure is not adequate for classifying strategic commodities (focus on physical characteristics and not End-Use of items), implementing Control Lists through Customs Codes helps enhancing a country's export control system;
- CIBES WG lessons learned: Interagency cooperation is essential

VERSÃO ACESSÍVEL

ORDEM E BEM-ESTAR

BUSCA

NSG CPAQ CPAB MTCR

Coordenação Geral de Bens Sensíveis

Seções

- Coordenação Geral de Bens Sensíveis
- Área Nuclear
- Área Química
- Área Missilística
- Área Biológica

Destques

- Grupo de Trabalho - Legislação Nuclear
- PRONABENS
- Listas de controle

<http://www.mct.gov.br/index.php/content/view/43073.html>

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