1. Background

Background	● IT and New Trading environment - Global Production, E-commerce, Just-in-time System, and Intra-firm Trade, Express industry
New Challenge	● The Customs focused on Customs processing - Reduced the average clearance time to 1.5 hour ● Need to focus on overall time of Clearance to facilitate trade - From arrival of cargo at port to final release

Improvements of overall Cargo Processing Time were required

2. Improvement Plan

Strategic plans to reduce TRS (February 2004)

Goal: To halve TRS from 9.6 to 5 days (arrival →acceptance)

Analysis	Identifying Tasks	Strategies
◆ Measure time release on each stage ◆ Analyze cause of delay	◆ Identifying improvements – Regulations and Procedural bottleneck – Automation System	◆ Improve each stage of cargo processing ◆ Customs-Business Joint Task Force ◆ Disclose survey results regularly

3. Challenges faced

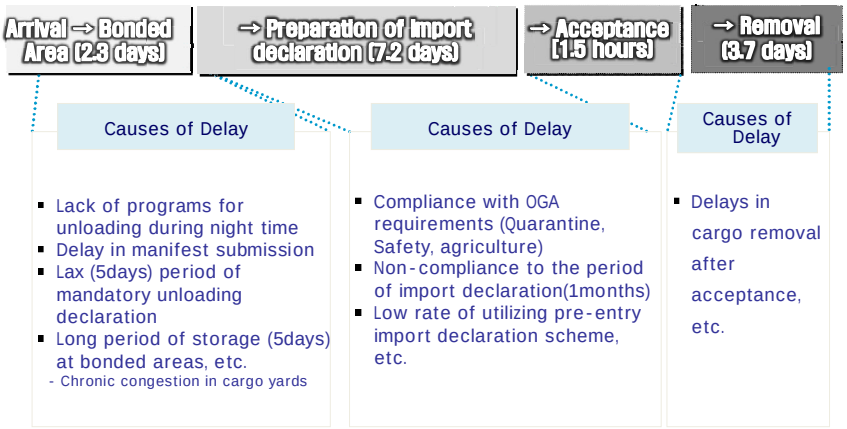
Everyone likes progress, but nobody likes change

Customs	Warehouse	Shipping Agents
It is not a good idea to give up key functions of Customs voluntarily Customs might lose its role as primary border protection agency	Reduced storage time means lost revenue for the warehouse	Simplified Customs procedures mean more competition and advantage for the big companies Small companies need to survive

Consultations, Task Force with the business, in building logistics hub

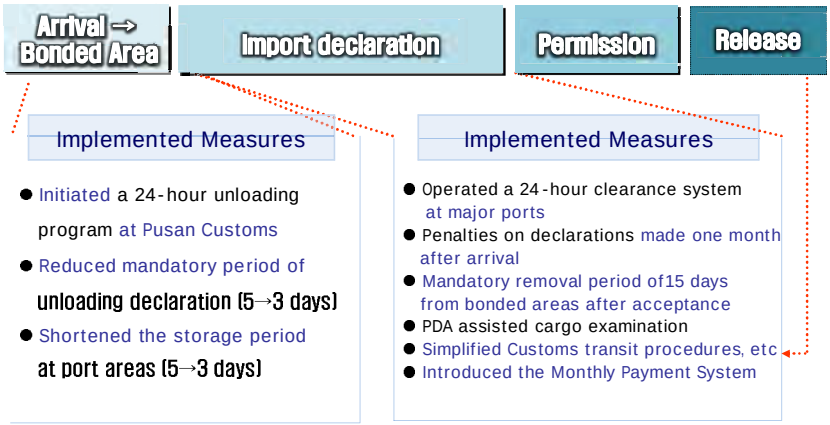
4. Problem Analysis

Survey Results Analysis (TRS: January 2003)



5. Major Achievements of the TRS

Measures Implemented



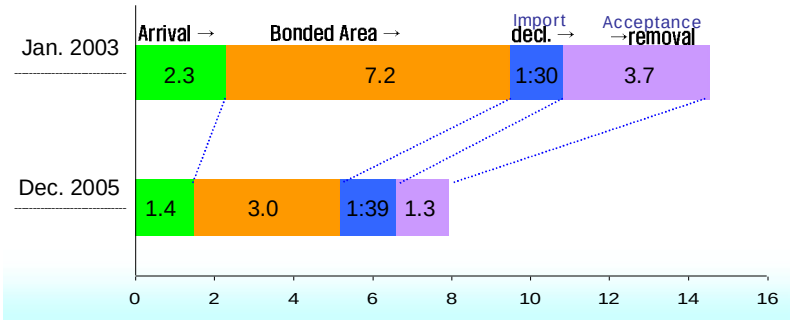
6. Other Measures

Structural reforms with huge impact on TRS

- ▶ Internet Clearance Portal (Aug, 2006, 35%)
  - • Currently 80%
- ▶ Single Window (Aug, 2006, with 8 OGAs)
  - • Currently 75% declared using SW
- ▶ Enhanced R/M
- ▶ Technology :
  - – Container Scanning Equipments
  - – Advanced IT

7. Outcomes of the TRS

TRS Reduction : 9.6 →4.5 days (-53%)



※ Time release could not subject to simple comparison between countries as cargo processing procedures and measurement methods could be different by country.

For your information: TRS in Korea

Scope and Design : Every step of cargo processing
(Arrival→ Storage→ Declaration→ Acceptance→ Release)

- **Measuring all Import cargoes (Monthly average of 300,000 cases)**
  (Except Express consignments, Bonded Factory, etc)
- **Measuring the monthly average time leading to release**
- **Involving all the Customs Houses (31)**
  (Airport vs. seaport Customs, Port Customs vs. Inland Customs, etc.)

Time and methodology: Every month with automated system

Achieving Trade Facilitation through TRS

For your information

➢Second Phase

TRS by mode of transportation (June 2006)

Mode	Arrival Stage (Warehousing, Day)	OGA Stage (OGA approval, Day)	Customs Stage (C. Declaration, Hour)	Total
Air Cargo	0.6	1.91	1:02	2.53
Sea Cargo	2.17	4.4	2:00	6.69
Average	1.34	3.09	1:29	4.5

TRS excluding.. holiday, long storage goods, own warehouse….(Aug. 2006)/Average Dev.

Mode	Arrival Stage (Warehousing, Day)	OGA Stage (OGA approval, Day)	Customs Stage (C. Declaration, Hour)	Total
Air Cargo	0.13/0.46	0.96/2.72	0:57/2:44	1.11/2.8
Sea Cargo	0.52/2.03	3.29//6.89	1:55/5:58	3.94/7.26
Average	0.26/1.23	3.09/4.65	1:16/4:07	2.4/4.91

III. Third Phase (2006-)

~~Client Oriented~~ Logistics Information System (CLIS)

1. Background

Customers have different opinions

Customs' view(Example)

	'03	'05
Trader A	- 18days	8days
Trader B	- 8days	4days
Trader c	- 2.8days	1.5days
average	9.6days	4.5days

Satisfied with sharp reduction

Customer's view

Complaints about huge deviation

Requirement of Just-In-Time

❖ Business needs reliable & homogenous release for Just-In-Time production/delivery

Paradigm shift in clearance / logistics service : Speed ➡ quality

2. Vision

vision — To provide predictable and homogeneous logistics service

Goal : Reducing average deviation by 10% (11.8 days in '06 from13.2 days in '05)

distinction	'03	'04	'05	Average
A. deviation	19.7	14.1	13.2	14.3
reduction(%)	-	28 %	7%	10%

Pilot Project

❖ Starting with the semiconductor industry to expand it to other sectors:
Deviation in semiconductor industry : ('05) 6.49days => ('06) 4.54days

< semiconductor >
6.49days -> 4.54days

➡

< other sectors >
Telecommunication, electronic & etc

➡

< final goal >
13.2days -> 11.8days

3. Situation Analysis

1. Listening to voice of customers

Adopting GOLF

❖ GOLF (Go and see + Listen to field + Feel)

Surveying semiconductor industry

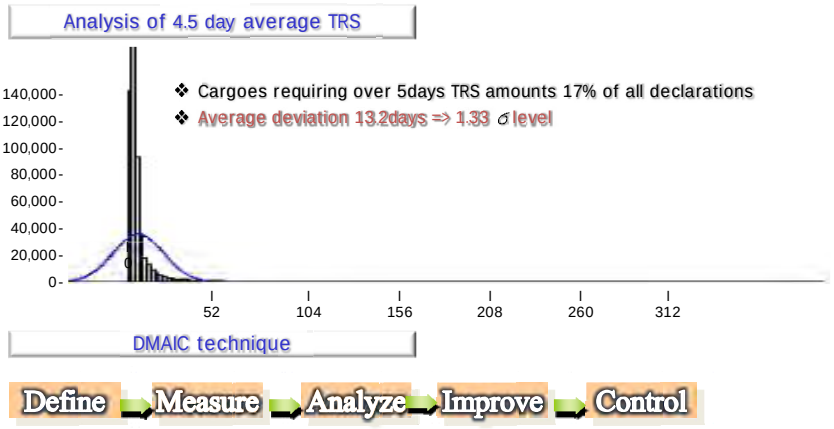
❖ To identify bottlenecks and listen to the voice of customers in the field

- survey : '06.3.6 ~ 3.10(5days) with 50semiconductor manufacturers

TRS			Average deviation		
Industry average	Customer demand	Review result	Industry average	Customer demand	Review result; New goals
3.08	3.09	3.08 (as at present)	6.49	4.80 (26%reduction)	4.54 (30%reduction)

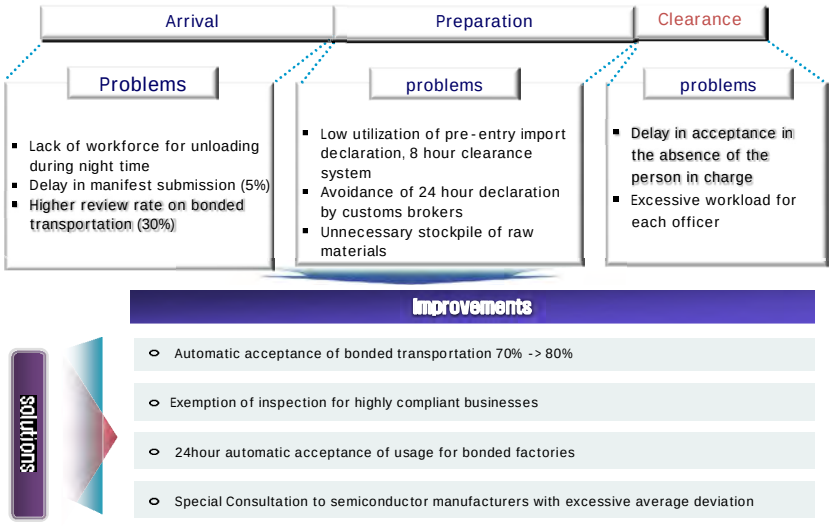
4. Tools

Introduction of 6 sigma and DMAIC



5. Problems & Solutions

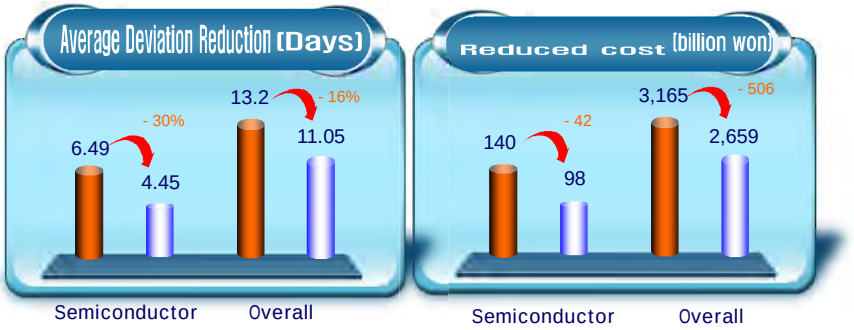
Identifying bottlenecks and finding solutions for S.C.L

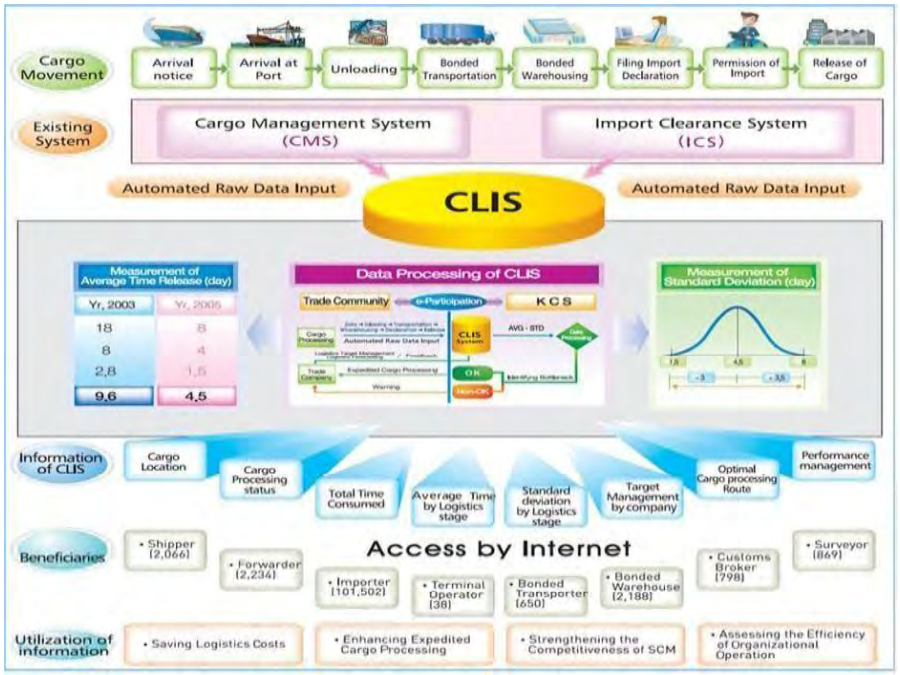


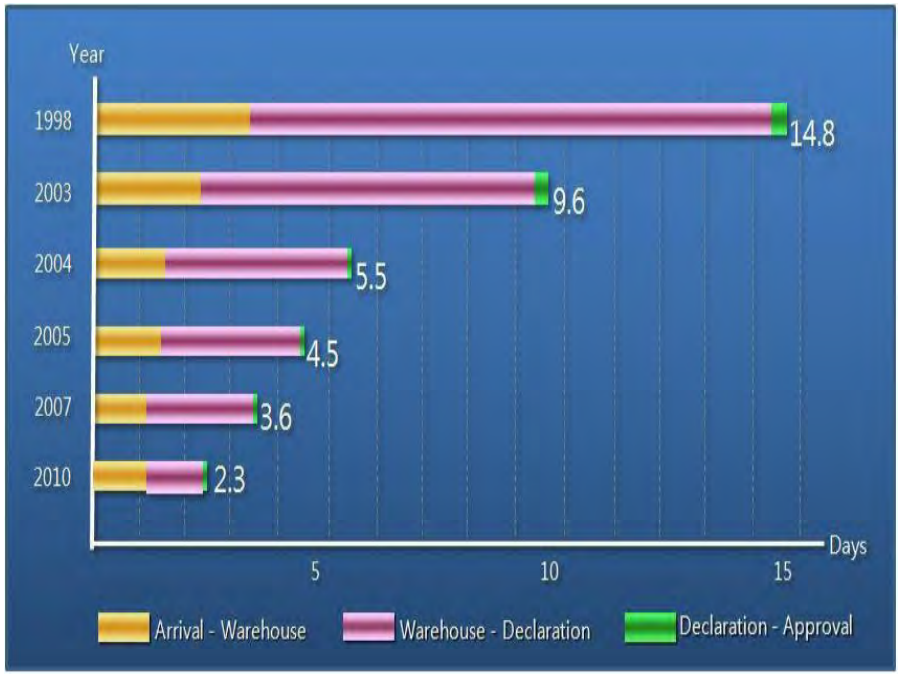
6. Outcome

Reduction of average deviation

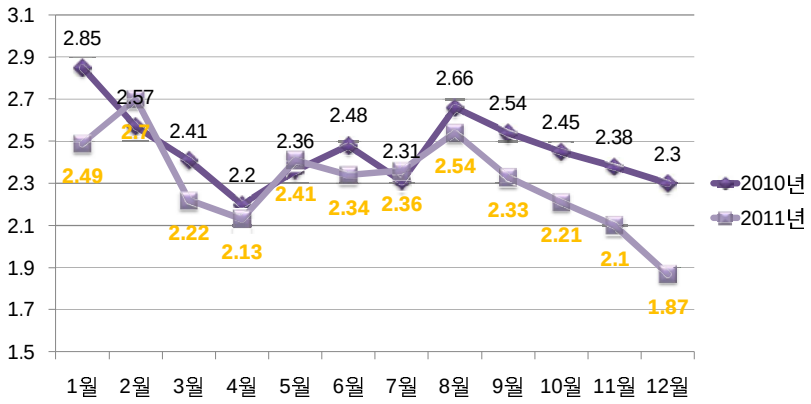
semicon ductor	6.49 days ('05) -> 4.45 ('06.8) : decreased 30% year on year
overall	13.20 days ('05) -> 11.05 ('06.8) : decreased16% year on year







TRS Monthly Trends in Korea



Evaluation :
What TRS had achieved in Korea

Outcome

❖ Reducing Logistics Cost

- TRS to 15 days(' 97), to 2.3 days('10)
- Upgrading logistics competitiveness
- Annual cost saving around US$ 2.7 billion

❖ Quality Service to the Trade Community

- Logistics information via internet
- Quality control by the standard deviation

Outcome

❖ Increasing Custom' s soft power

- Rising Integrity, Transparency, Accountability and Responsiveness of KCS
- Favorable Assessment from Trade Community
- Favorable treatment from legislation (budget) & OGAs ' s cooperation
  - Highly evaluated return on investment in Customs automation

❖ Global Recognition

DBI_ Trading Across Borders

1	Singapore	11	Panama
2	Hong Kong SAR, China	12	Germany
3	Estonia	13	United Kingdom
4	Korea, Rep.	14	Netherlands
5	United Arab Emirates	15	Latvia
6	Finland	16	Japan
7	Denmark	17	Thailand
8	Sweden	18	Saudi Arabia
9	Norway	19	Cyprus
10	Israel	20	United States

Thanks very much for your time!