Customs Data-sharing for Declaration and Transit Movement: Experiences in Europe

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Disposition

- Trade procedures and facilitation
- The European transit system
- A new, small-scale transit project
- Some conclusions
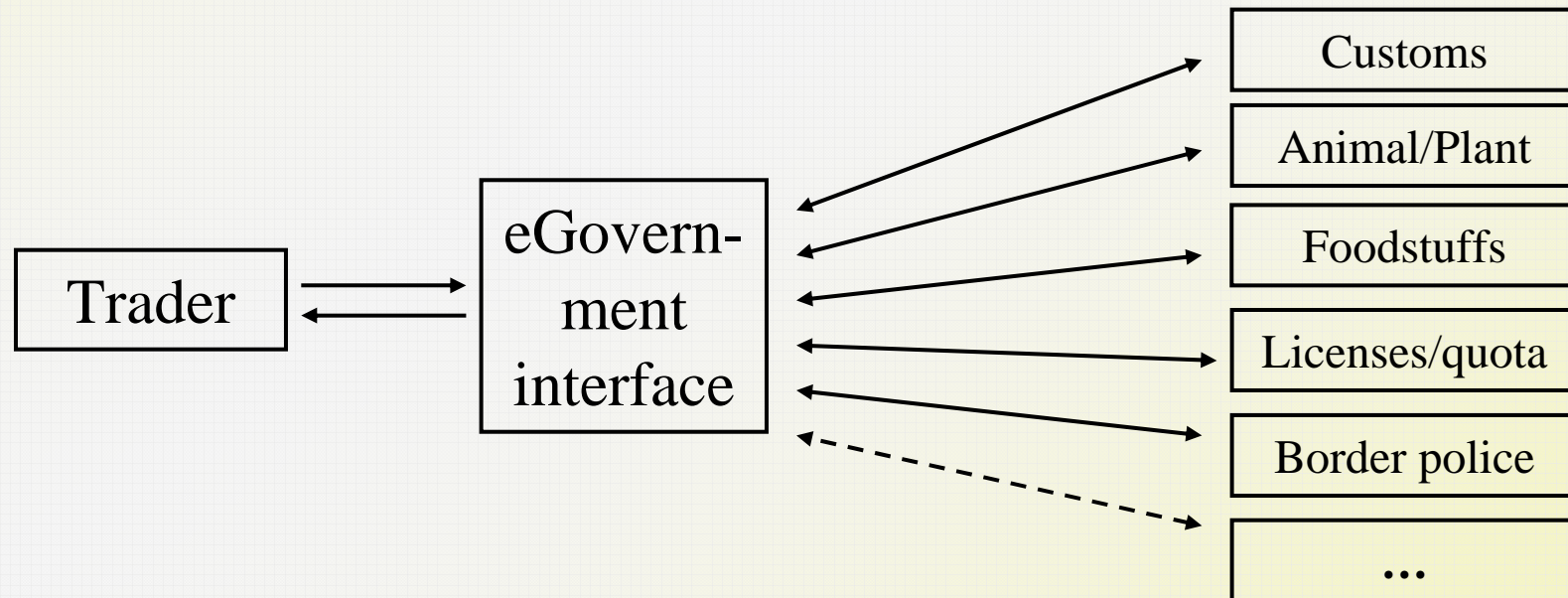
Trade facilitation

Trade procedures

- Trade procedures
  - ✓ Govern how trade data are collected, processed and communicated
  - ✓ Originate from the need of both commercial and regulatory bodies
  - ✓ Exist within a framework of law, conventions, "good practice" and operational requirements
- They are necessary to give predictability to trade but they may also impose costs, e.g.
  - ✓ Delays, congestion, duplicate work, capital erosion, quality problems, loss of opportunities, …
    …if inappropriately designed or poorly implemented

Trade facilitation

- Trade facilitation aims at identifying these situations and finding remedies, through
  - ✓ Analysis, common sense and persistent work
  - ✓ Examples of facilitation activities are
    - Harmonisation of laws, regulations, …
    - Implementation of international conventions, recommendations & standards
    - Harmonisation, simplification of procedures
    - Standardisation of data definitions, forms and formats
  - ✓ Two Customs-related issues will be addressed here
    - Efficient organisation of authorities/public bodies
    - The traders' involvement in the process

eGovernment & trade

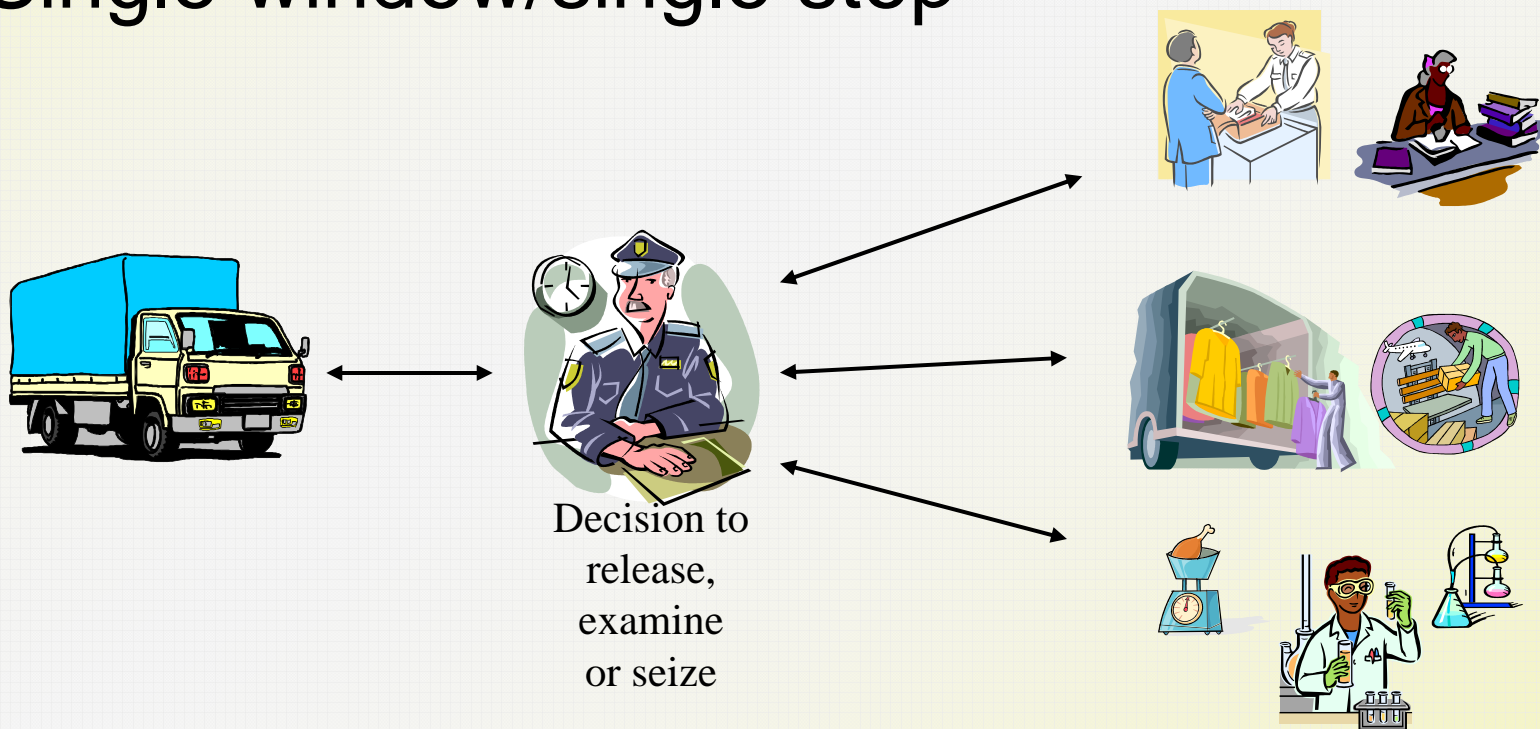- Single window – one contact point for
  - ✓ Information access: law, rules, forms, etc
  - ✓ Applications, declarations, permits, etc

Trader	→	eGovern-ment interface	→	Customs

Customs

Animal/Plant

Foodstuffs

Licenses/quota

Border police

…

At border station

- Single window/single stop

Decision to release, examine or seize

Single stop
- border post configurations

Border

Border
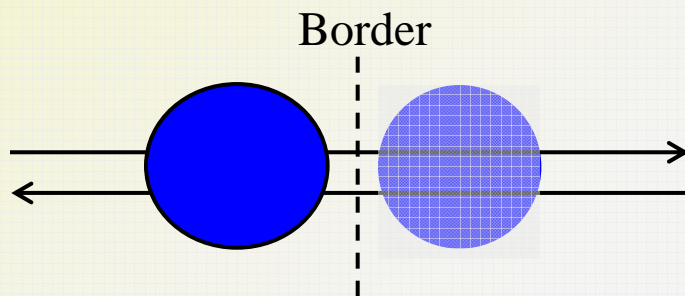
The traditional way

Border

Border
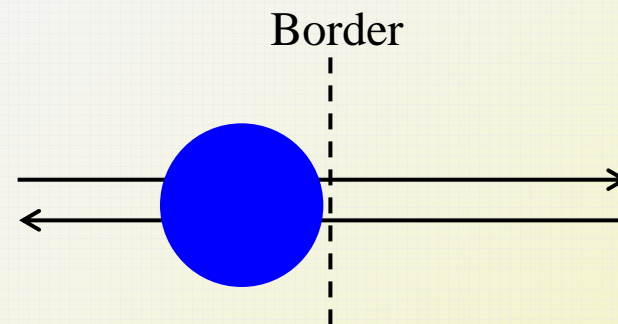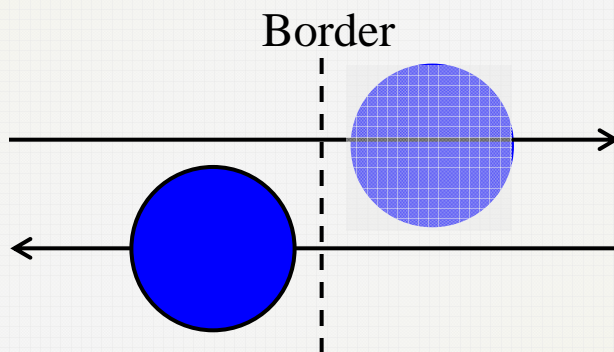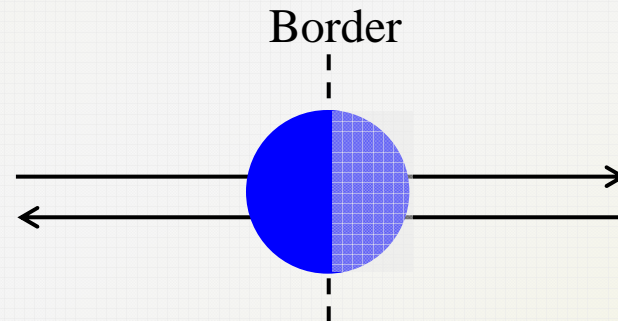
Trader involvement

- **Traders involvement**
  - ✓ Advance information
  - ✓ Post-entry audit
  - ✓ Authorised consignee/consignor
  - ✓ Customs routines performed by company staff using quality-assured systems
- **Changes in Customs control approach**
  - ✓ From transaction based to system/process based
  - ✓ Procedures in response to specialised trader needs

The European transit system

NCTS

New Computerised Transit System

The European transit system

- **Background**
  - ✓ In early 1990s – Increasing trade flows, problems with the paper-based transit system
  - ✓ Mid 1990: European Parliament's temporary Committee of Inquiry
    Plans for a New Computerised Transit System, **NCTS**
  - ✓ Dec 1999: Implementation of NCTS set to 30 June 2003
- **Jan 2001: Reform of transit legislation**
- **Main stages of implementation**
  - ✓ May 2000: launch the NCTS on 10 May 2000 (Spain, Italy, Germany and Switzerland)
  - ✓ During 2003: All EU, Efta & V4 countries operational, some candidate counties in preparation
  - ✓ 31 March 2004: Authorised traders must connect electronically

Some key concepts

- Use of a unique Movement Reference Number, MRN
- A Transit Accompanying Document follows the truck (just in case)
- OTS (T1/T2 paper forms) used as fall-back (?)
- Target: 1 week for completion of the information loop for transit
- Following from the legislation
  - ✓ Authorised traders (consignor/consignee) have special status
  - ✓ Comprehensive guarantees or guarantees per transit movement
- Functions in NCTS for guarantee management and inquiry procedure are in plan from Fall of 2004
- Normal or simplified transit procedure available

The simplified procedure

Authorised consignor

Acceptance Notice +MRN
or Reject Notice

Electronic declaration

Transit discharge/ write-off

Office of departure

Anticipated Arrival Record

Arrival Advice Message

Control results

Arrival Notification

Unloading Remarks

Office of destination

Authorised consignee

Unloading permission

(Sample flow of messages)
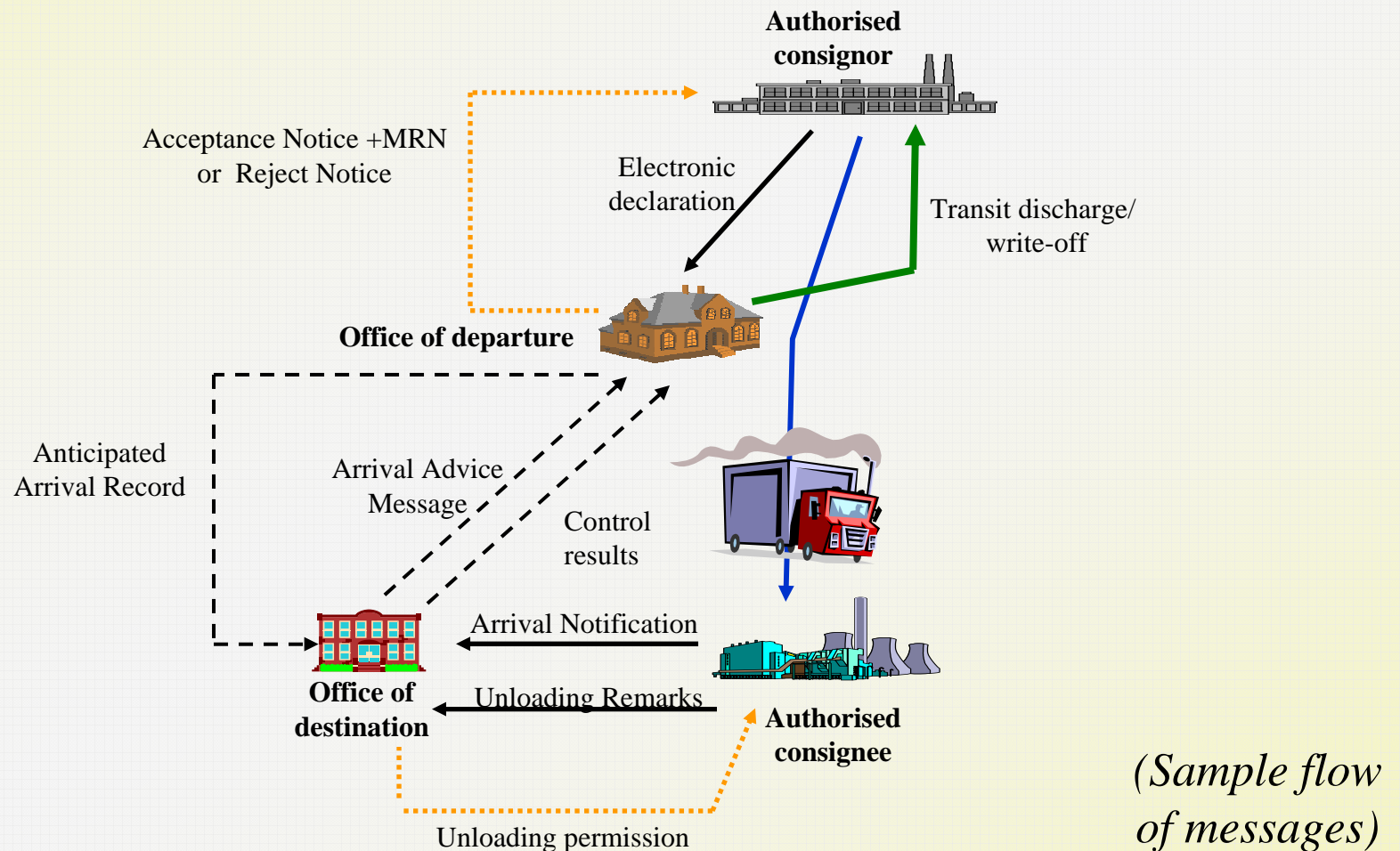
Some observations (1)

- Harmonisation due to Single Administrative Document
- A transit application, Minimal Common Core (MCC), is provided centrally. Half of the countries use it, the others make own implementation. It can simplify some aspects of implementation
- Implementation/roll out
  - ✓ Customs administrations met the timetable (after some central actions in 2002)
  - ✓ Trader connections harder to control (national issue)
- By end Sept 2003: 10-20% of movements were made through NCTS, 70% were closed within a week
  16 April 2004: 2.219.394 movements initiated
- Difficult to reap the benefits of NTCS during the transition to electronic messaging: sending & matching of papers may be needed
- Initial problems: lack of training, technical problems, low up-take and extended discharge periods, fall-back procedure

Some observations (2)

From the Commission report COM(2003) 672 Final, dated 11.11.2003:

- NCTS budget 1998-2002: 43 million EUR
  - ✓ Includes IT development and deployment of the community component
- Traders and the Member States consider that the NCTS
  - ✓ contributes to improving inter-administration cooperation and uniform application of EU legislation and equal treatment.
  - ✓ Represents major progress fraud prevention as it facilitate customs controls
- Has improved dialogue with traders and cooperation between Customs authorities
- Too early for evaluation of quantitative data
- Scope has extended. Initially transit only - now backbone to projects for export control, container security, excise goods movement, electronic customs, etc
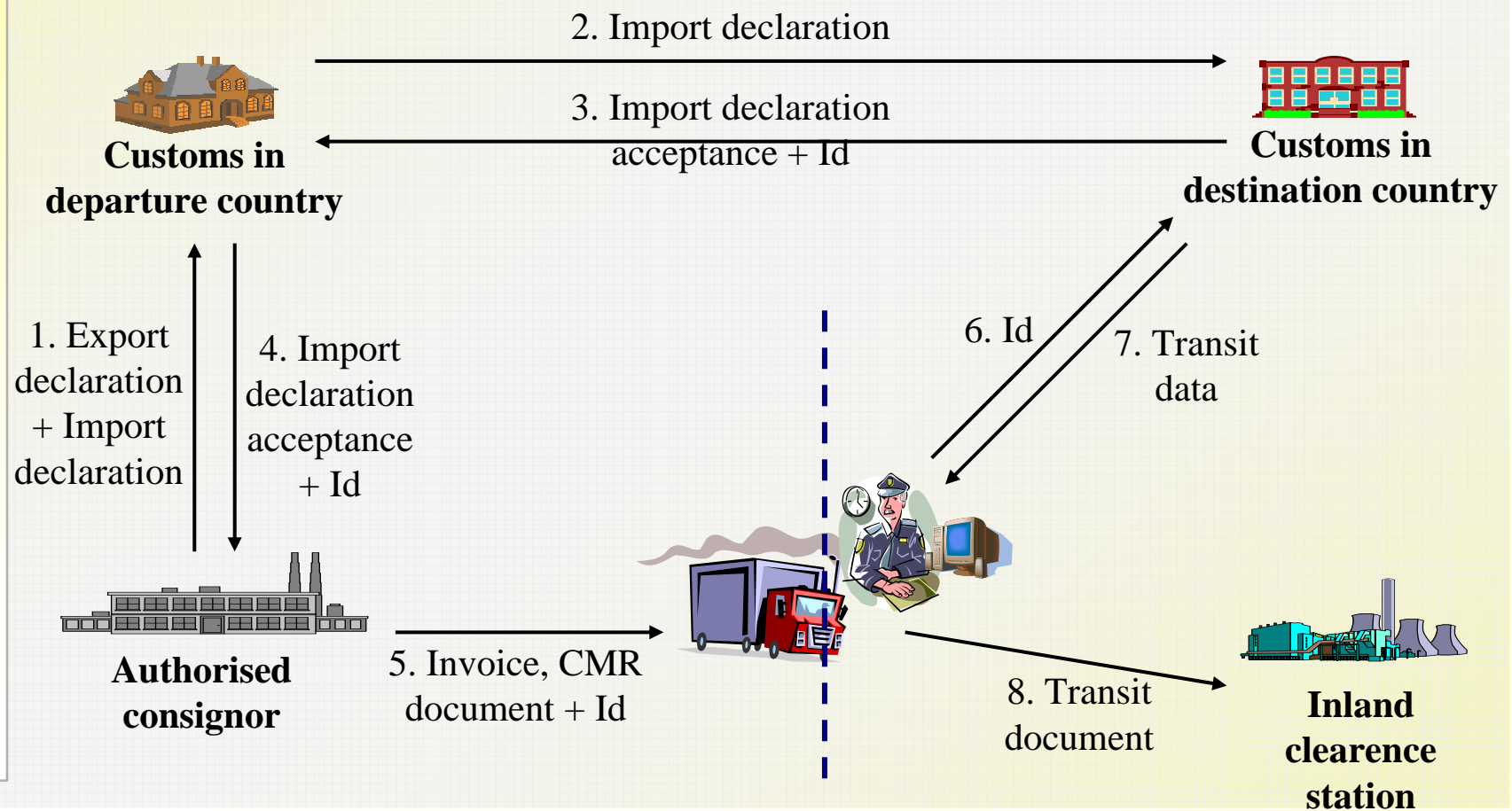
The national component

- Implementation of transit system is a national matter
- Example: implementation in Sweden
  - ✓ The Minimal Common Core was chosen, implemented as black box
    - Significantly reduced cost, simplified maintenance
  - ✓ Interface to domestic traders: EDI (Edifact), web, forms
  - ✓ 1 year from installation to operational system + 6 months start-up
    - Includes specification, tests/certification, training, help-desk
  - ✓ Resources needed
    - Cost for systems development & training 3.5 - 4 million SEK
  - ✓ Transit movements
    - Currently 250.000 - 300.000
    - Numbers decreasing due to the EU enlargement
- Authorised traders
  - ✓ Can obtain software from IT suppliers or develop on their own

Green Corridor

Green Corridor
- a pilot project

- The purpose is to simplify border passage and speed up the import procedure (SE/FI and RU pilot)
  - ✓ Ambition: time reductions
    - At border: from several hours (even days) to 1 hour
    - At destination: from 3 days (even weeks) to a few hours
  - ✓ No inland transport control of freight trucks in transit
  - ✓ Transparency in rules; less manual intervention
  - ✓ Knowledge transfer
- The components
  - ✓ Advance, electronic transit/import information
  - ✓ Pre-allocated ID (bar coded)
  - ✓ Recognition of systems for quality assurance of traders

Procedure outline

2. Import declaration

3. Import declaration acceptance + Id

Customs in departure country

Customs in destination country

1. Export declaration + Import declaration

4. Import declaration acceptance + Id

6. Id

7. Transit data

Authorised consignor

5. Invoice, CMR document + Id

8. Transit document

Inland clearence station

Some observations (1)

- The 3rd "green corridor" attempt/project
  - ✓ Political drive & leadership commitment necessary
- Addresses not only Customs issues
  - ✓ In this case also the road transport inspection cooperates
  - ✓ Central level involvement needed to set priorities
- Builds on recognition by a Customs administration of
  - ✓ … the information system and
  - ✓ … the quality assurance system for traders

  that is operated by the peer Customs to the agreement (under different legislation)

Some observations (2)

- **Procedural reform**
  - ✓ Secure acceptance by those involved
  - ✓ Training of staff; new facilities, …
  - ✓ Assessment of information requirements
    - ▪ Only justified data – here reduced to 47 elements, out of which 26 are mandatory
    - ▪ This require competence in procedure, not only IT skills
- **Traders' perspective**
  - ✓ Current systems are tailored to current practices
    - ⇨ Select traders, procedure, commodities, volume/value
    - ⇨ Time to adapt, stability

Status

- Currently a SE/FI/RU project
  - ✓ 3 border stations between FI and RU
  - ✓ First transit made at Valimaa/Torfyanovka (along the Helsingfors – St Petersburg main road)
- Status
  - ✓ Limited investments
  - ✓ Some 40 transits made so far
  - ✓ No evaluation yet made
  - ✓ Extension plans
    - Sea transport SE – RU
  - ✓ Growing interest from other European countries

Some conclusions

Some conclusions for this Conference

- **Short term efforts**
  - ✓ Apply general principles of Kyoto; WCO recommendations
    - ▪ Harmonising rules, data requirements, etc
  - ✓ Keep a first transit system simple, recognise that amendments will be needed
  - ✓ Draw up a strategy for involvement of
    - ▪ Traders
    - ▪ Other parties/authorities
  - ✓ Training
- **Longer term – requires a wider perspective:**
  - ✓ The WCO data model
    - ▪ Version 2.0 (June 2005) will include general transit data sets
  - ✓ The eTIR initiative is emerging