Trade Facilitation &

Time Release Study

May 31, 2017

KOREA CUSTOMS SERVICE

Contents

Customs and WCO Role for Trade Facilitation

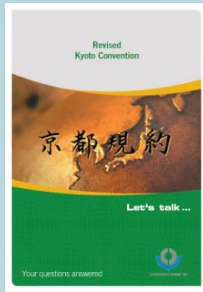**Improving Economic Situation depends highly on an Effective Trading System**

- **Internationally agreed Protocols**

- **Guidelines**

- **Customs Practices**

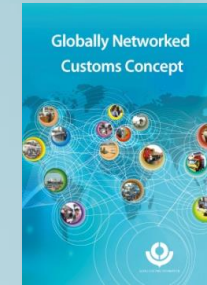# Customs and WCO Role for Trade Facilitation

<u>Examples of WCO tools</u>

RKC

SAFE

GNC

Globally Networked Customs Concept

Revised Kyoto Convention

京都現約

Let's talk ...

Your questions answered

VOLUME 1

1. Risk management in the Customs context
2. Developing an organizational framework for managing risk
3. Embedding risk management as an organizational culture
4. Conclusion
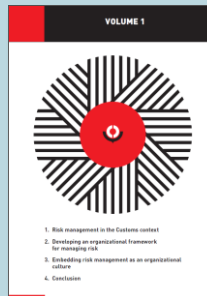
RM Compendium

Guidelines
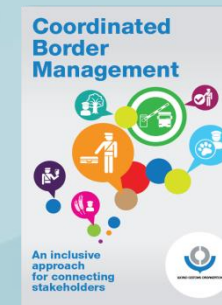
Partnership

Handbook

TIME RELEASE STUDY

Time Release Study Guide

Coordinated Border Management

An inclusive approach for connecting stakeholders

CBM

Time Release Study

Shipping company and agent, Port Authority

Importer, Customs broker Container Yard operator OGAs

Customs, Bank, Customs broker

Port Authority Container Yard Warehouse, Forwarder

T I M E

Arrival

Unloading & warehousing

Preparation & Declaration

Permission

Delivery

TRS is **_a unique tool and method for measuring the actual performance of Customs activities as they directly relate to trade facilitation at the border._**

TRS measures the effectiveness of procedures by Customs and OGA's in imports, exports and in transit movements.

TIME RELEASE STUDY

Objectives of TRS

a) **Identifying bottlenecks in Int'l Supply Chain**

b) **Assessng efficiency of new techniques**

c) **Establishing TF performance Measurement**

d) **Identifying opportunities for TF improvements**

e) **Estimating the country's comparative position**

BALI INDONESIA NOV. 2013

Article 7. Release and Clearance of goods

6. Establishment and Publication of Average Release times

6.1 Members are encouraged to measure and publish their **average release time** of goods periodically and in a consistent manner, using tools such as, *inter alia,* *the WCO Time Release Study*

Article 7. Release and Clearance of goods

6. Establishment and Publication of Average Release times

6.2 Members are encouraged to share with the Committee their experiences in measuring average release times, including <u>methodologies used</u>, <u>bottlenecks identified</u>, and <u>any resulting effects on efficiency</u>.
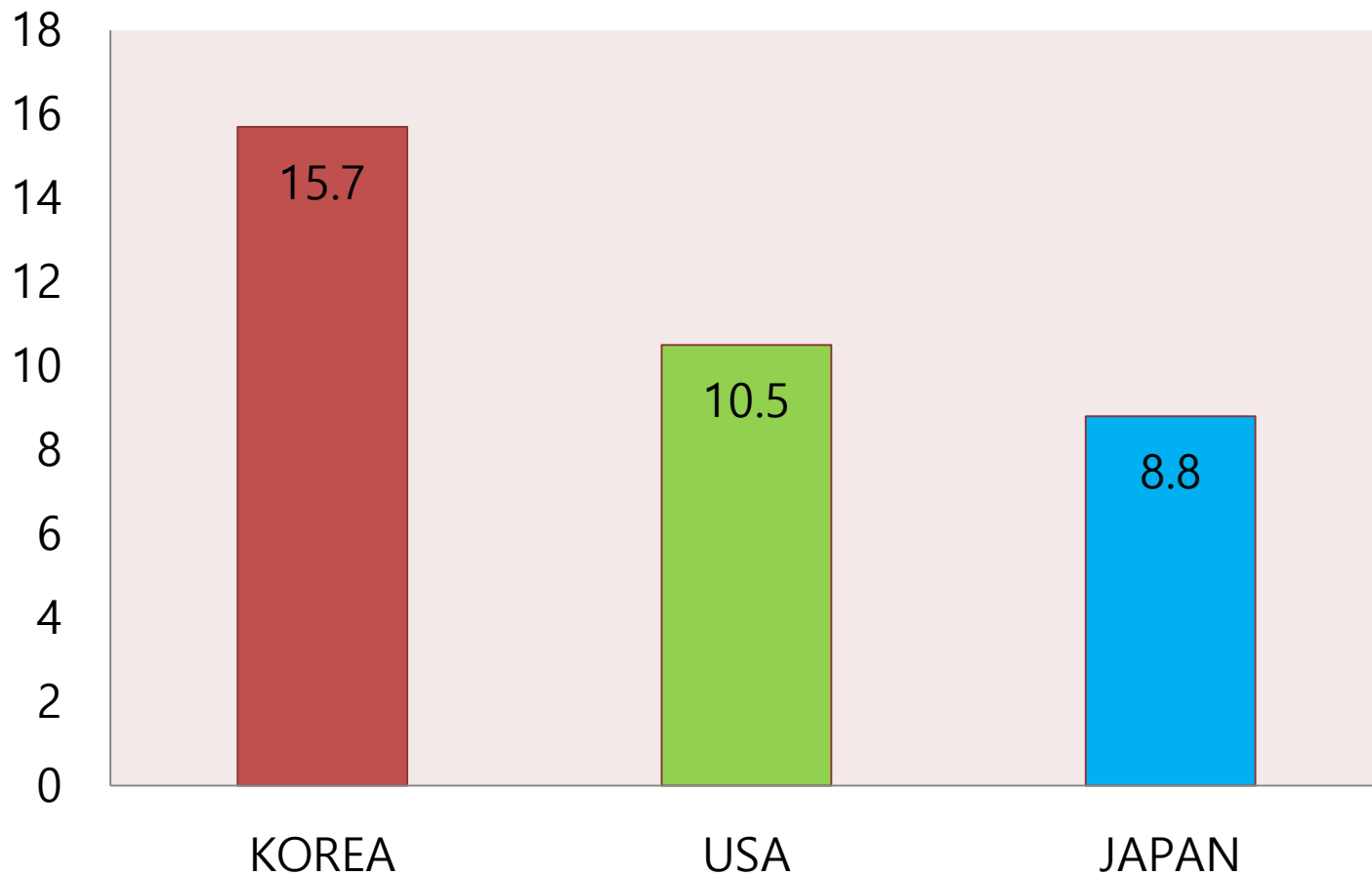
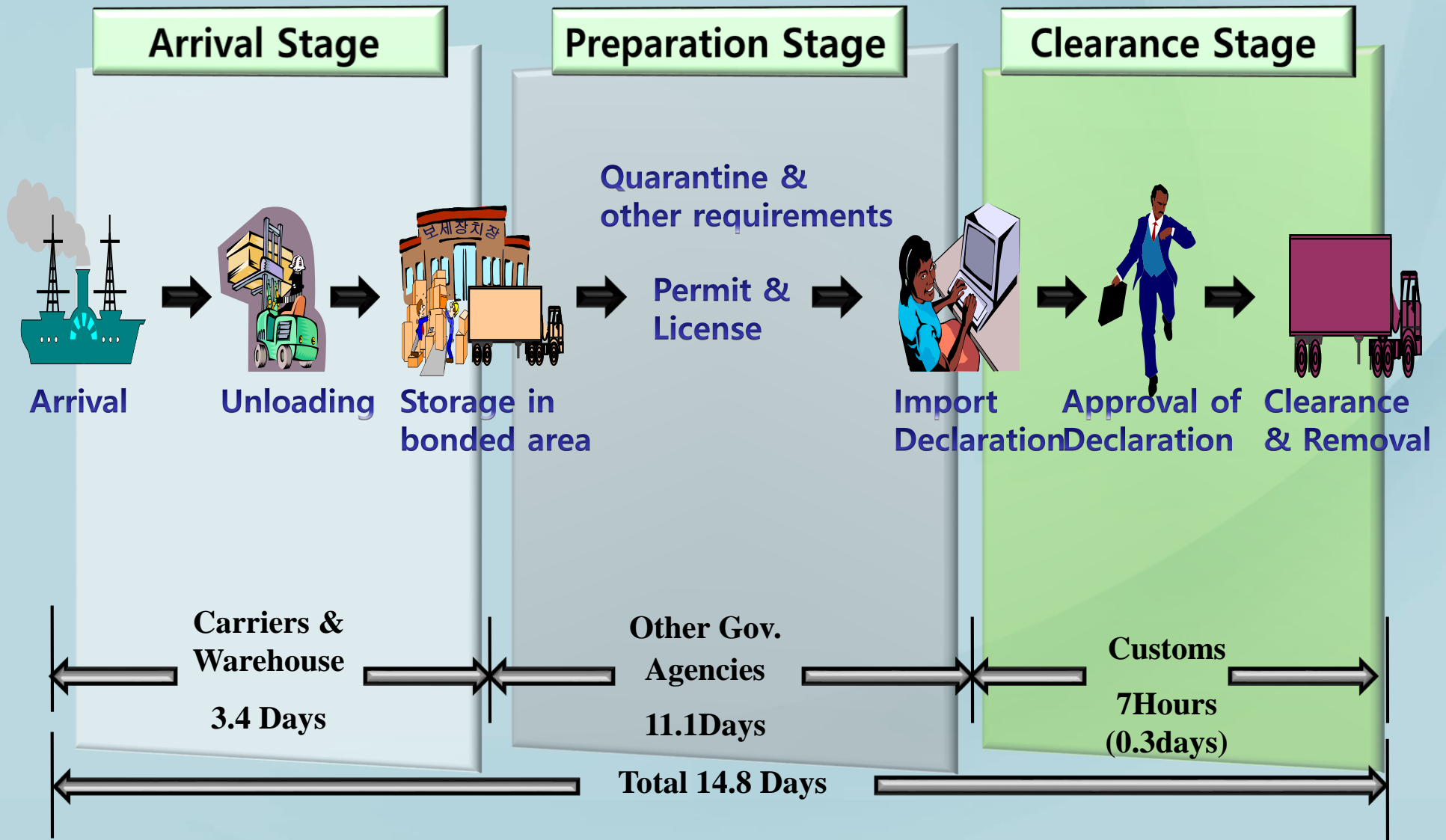# Ⅱ TRS Best Practice of Korea

LOGISTICS COST

Challenges of Korea

LOGISTICS COST(%)

KOREA: 15.7
USA: 10.5
JAPAN: 8.8

First Time Release Survey (1997)

Reform Measures_Paperless Customs Clearance

- Investigation info. ('99)
- Passenger info. ('00)
- Post-management ('01)
- CKM ('01), CDW ('02)

2010's

Ubiquitous

2000's

Web based

1990's

EDI

1970 ~80's

Paper based

- Internet declaration system('04)
- Internet Clearance portal ('05)
- Risk Management System ('05)
- Single Window ('06)

- Export clearance ('94)
- Import clearance ('96)
- Export cargo ('97)
- Import cargo ('97)
- Duty drawback ('97)

- Customs only concerned about right taxation

- Examination & control before clearance

BEFORE

Post Audit

- CUSTOMS CLEARANCE FIRST, POST AUDIT LATER
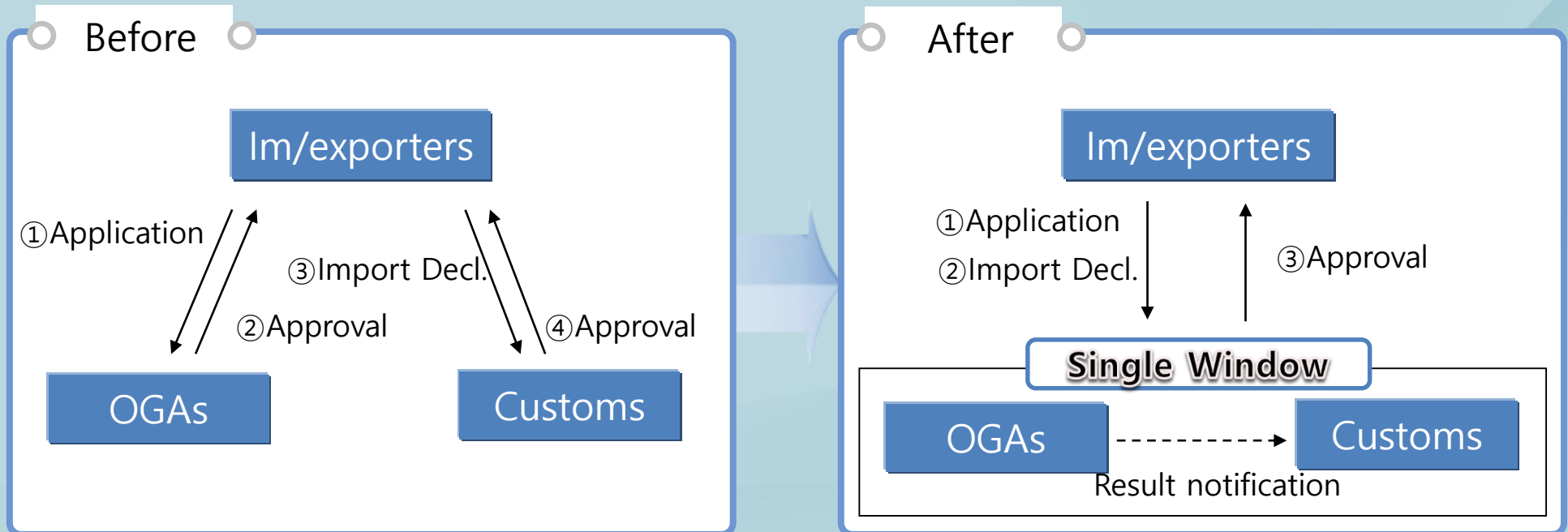
AFTER

Reform Measures_Single Window

KCS introduced **Single Window in 2006** and participated over 50 authorities or agencies related with border procedures such as quarantine, KFDAs and so on.

KCS' SW | One Stop service system processing Customs declaration and OGAs' regulatory requirements

---

Before

Im/exporters

①Application
③Import Decl.
②Approval
④Approval

OGAs   Customs

After

Im/exporters

①Application
②Import Decl.
③Approval

Single Window
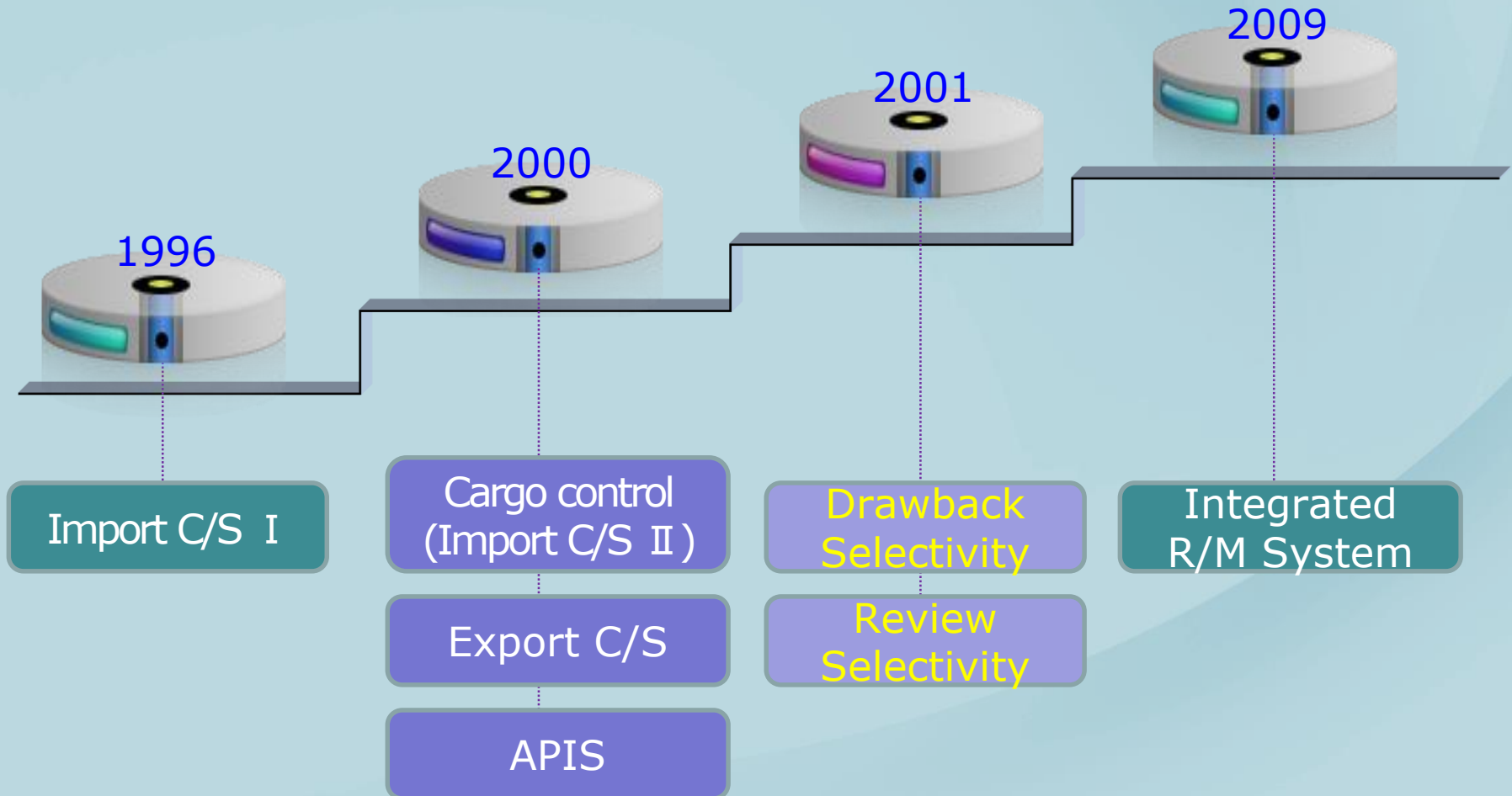
OGAs ----------→ Customs

Result notification

Reform Measures_AEO

KCS introduced **AEO in 2009** and signed **MRAs(Mutual Recognition Agreement) with 14 countries** including USA, Japan and China.

Reform Measures_Risk Management

Adopting flexible declaration system

⮌ **Import declaration prior to arrival**
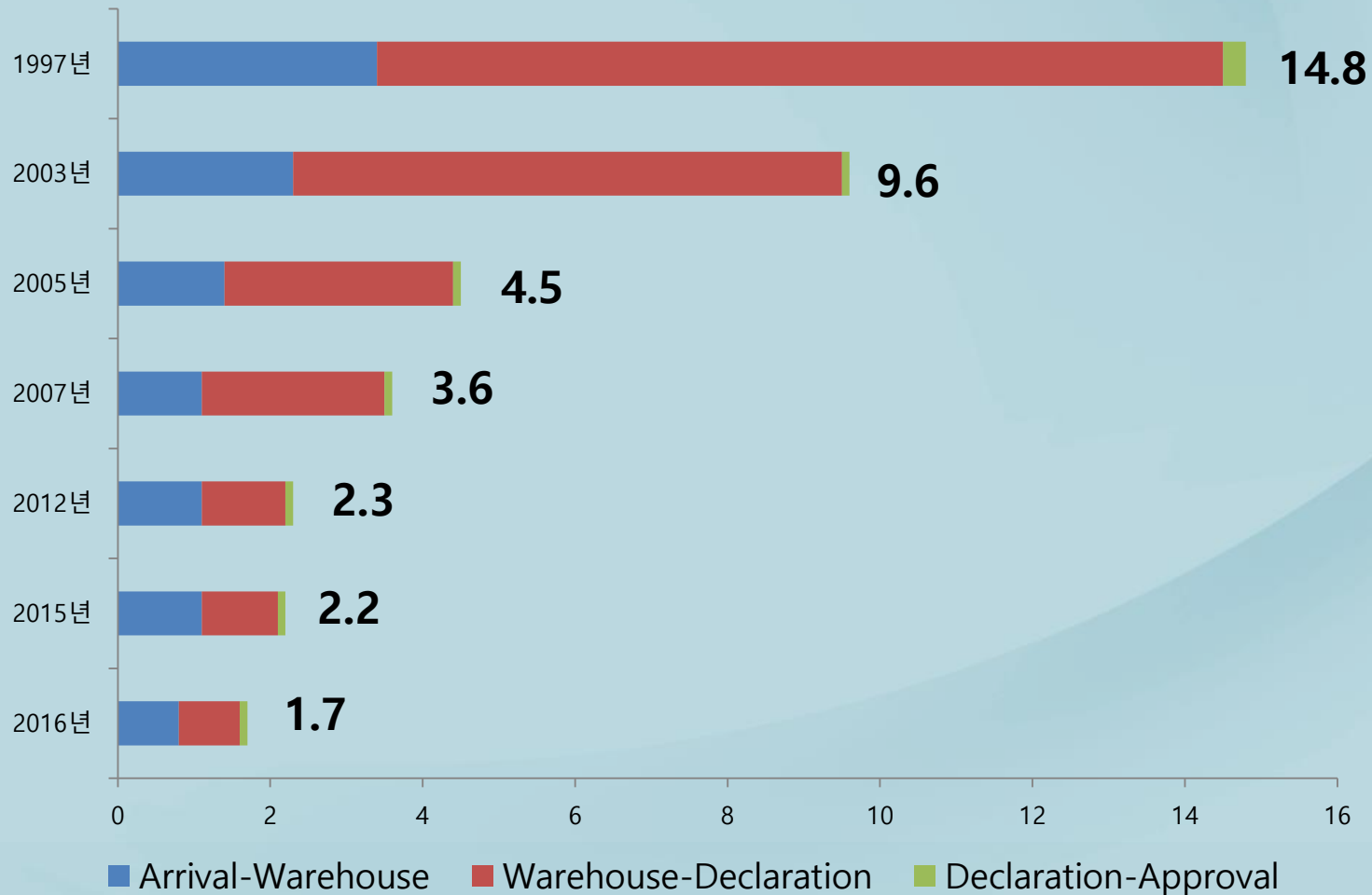
24-hour unloading program at major ports

24-hour clearance system at major ports

Resolve the bottlenecks diagnosed by TRS

14.8days('97) → 4.5days('05) → 1.7days('16)

Year	Value
1997년	14.8
2003년	9.6
2005년	4.5
2007년	3.6
2012년	2.3
2015년	2.2
2016년	1.7

■ Arrival-Warehouse ■ Warehouse-Declaration ■ Declaration-Approval

Reducing Logistics Cost

Quality Service to the Trade Community

**Increasing Customs' soft power**

Global Recognition

Best Practice in WCO TRS guideline Version 2

4. Republic of Korea

- The TRS Methodology using Customs Automated System -

(1) Korea Customs Service (KCS) completed the EDI-based import cargo management system and import clearance system in 1997 and, utilizing the processing time recorded in the system, developed a method of calculating, at major logistics stages, the average processing time of all imported cargoes brought into Korea for a specific time.

(2) In 2006, KCS updated the existing system into an independent, web-based TRS system, which enables automatic TRS measurement of all process and scope on a real-time basis of average processing time, standard deviation and performance of individual logistics participants, and information sharing among stakeholders. KCS named the system "Client-oriented Logistics Information System (CLIS), highlighting its client-oriented function and automated, independent information system.

<Basic and conceptual framework of CLIS>
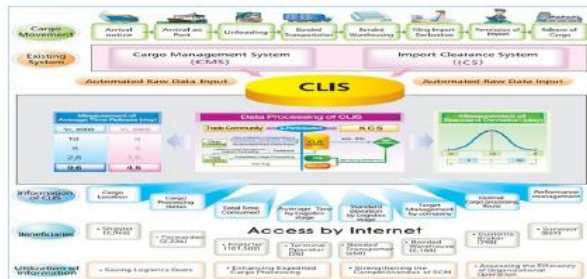
(3) CLIS is differentiated from existing EDI-based TRS measurement system in that first, its statistics are based on complete enumerations rather than sampling (monthly average of 660,000 cases in 2010); second, all measurement scope and processes are done by an automated, independent system; and third, client can get all related logistics information through the internet free of charge. (8 million hits in 2010)

Function Ⅰ: Recording all the movements of imported cargo
- Recording movements of all cargoes in real time from the arrival at a port to the release
- Recording the processing details, processing results and processing time (to the hour, minute and second) throughout the whole process

<Illustration of Function>

Function Ⅱ: Measuring the average time consumed for cargo processing and standard deviation
- Calculating the average time consumed and standard deviation in real time at pre-defined 6 logistics stages between arrival and release
- Assisting logistics quality control and speed management by enabling clients to search and download data related to all their cargoes for a certain period of time

Function Ⅲ: Supporting logistics target management
- Clients can utilize CLIS as an electronic platform to receive their logistics performance data and manage their logistics targets according to their situations without additional equipment

Function Ⅳ: Evaluating the operational efficiency of every customs house
- Measuring the attainable target levels and attained performance levels of average cargo processing times and their standard deviations for a certain period at 47 customs houses (or port of entries) under the Korea Customs Service (HQ)

(4) KCS obtained dramatic reduction in the time involved in imported cargoes' completion of customs procedures by establishing CLIS, which promotes clients' participation and enables the generation of useful statistical data about cargo processing:

(5) With CLIS, the average length of the customs process from port arrival to release shrank by 85% from 14.8 days in 1998 to 2.3 days in 2010. Standard deviations in cargo handling, whose tracking started in 2005, fell by 39.5% from 13.2 days in 2005 to 7.99 days in 2010.

(6) Korea's National Information Society Agency estimates related annual savings in logistics costs at KRW 2,370Bn (USD 2.47Bn).

Transaction Cost

Reduction of trade costs

Increased competitiveness of businesses

Improved export volume and expansion of FDI

More trade can create jobs and income opportunity, and increase government revenue

Economic growth and competitiveness

Poverty reduction Wealth

Tools to contribute!

Thanks very much!