

CAREC Time Release Study Seminar
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Japan Customs' experience in conducting Time Release Studies

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Japan Customs' experience in conducting Time Release Studies (TRS)

- 1st : Feb. 1991
- 2nd : Feb. 1992
- 3rd : Mar. 1993
- 4th : Mar. 1996
- 5th : Mar. 1998
- 6th : Mar. 2001
- 7th : Mar. 2004
- 8th : Mar. 2006
- 9th : Mar. 2009

(NB) “WCO Guide to Measure the Time Required for the Release of Goods” was adopted by the WCO in 2002

Objectives of the TRS from the Japan's perspective

- ✓ The 1st TRS was conducted in Feb. 1991 in the wake of the discussion under the framework of the Japan-US Structural Impediment Initiative (SII) talks with a view to examining the existence of, and degree of bottlenecks to smooth flow of goods, and stimulate efforts to improve efficiency and effectiveness of Customs clearance procedures
- ✓ Japan and the US coordinated methodology of the TRS and jointly conducted the 1st (1991) and the 2nd (1992) TRS

Time Release Study (coverage)



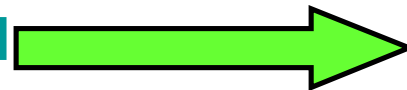
(Involving parties)

Shipping company,
Shipping agent,
Port Authority, etc.

Importer,
Customs broker,
Container Yard,
OGAs, etc.

Customs,
Bank,
Customs
broker

Port Authority,
Container Yard,
Warehouse,
Forwarder, etc.



Arrival

Warehousing

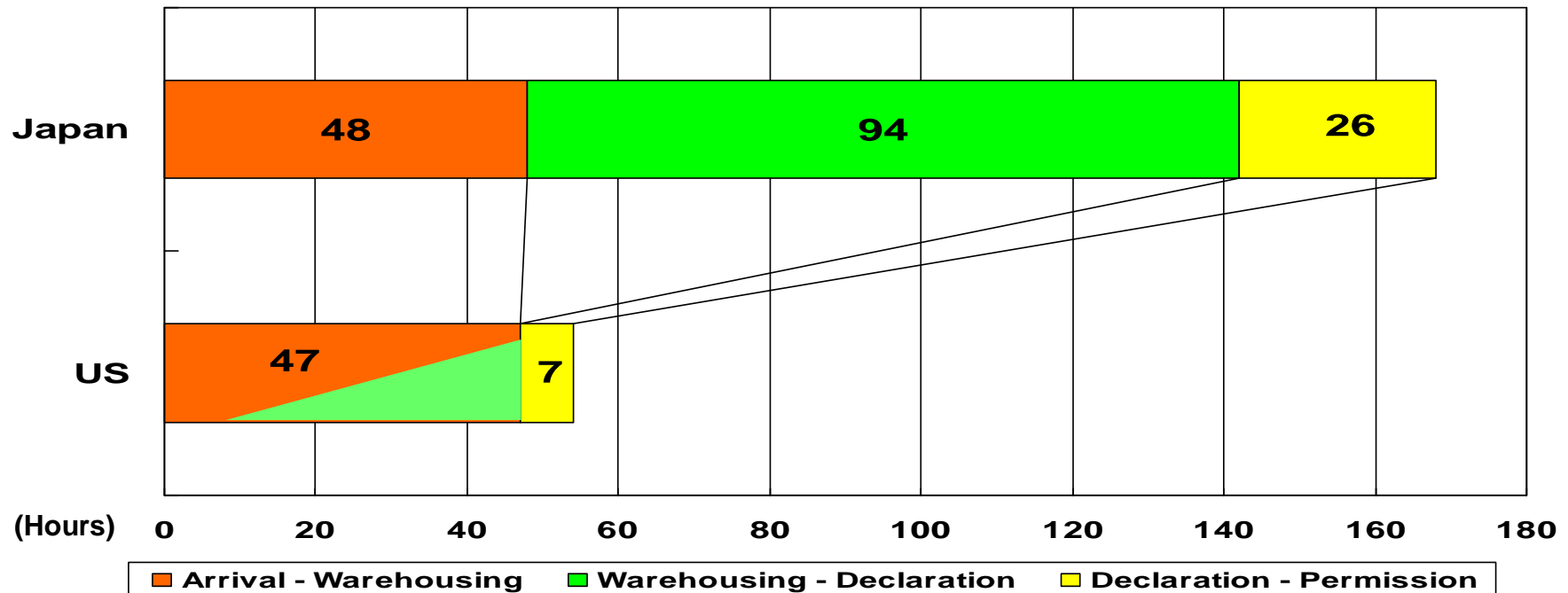
Declaration

Permission

Delivery

Comparison of the mean time for clearance (Japan and the US in 1991)

(1) Sea cargoes

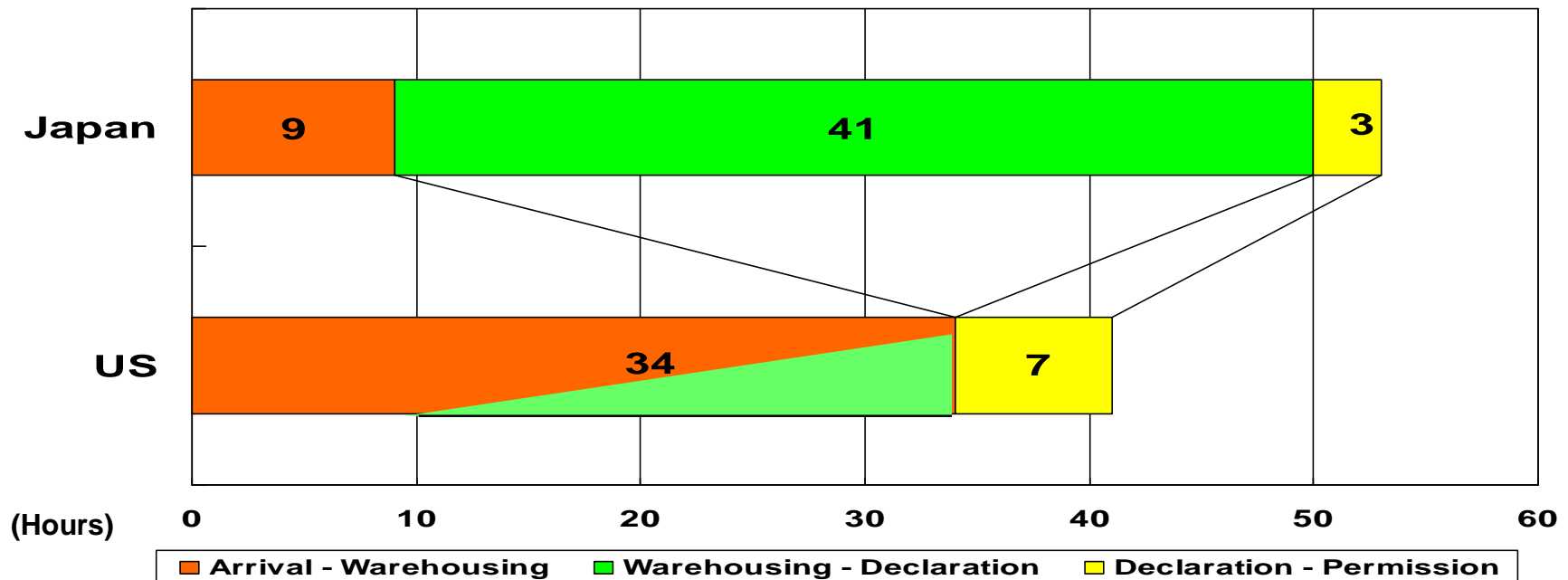


(NB) US accepted import declarations and grant permission prior to the arrival of the goods to the ports

⇒ US counted as 0 minutes for the time required from warehousing till declaration

Comparison of the mean time for clearance (Japan and the US in 1991)

(2) Air cargoes



Additional survey on reasons of taking longer-than-average time (Sea cargo in Japan)

Arrival ~ Warehousing

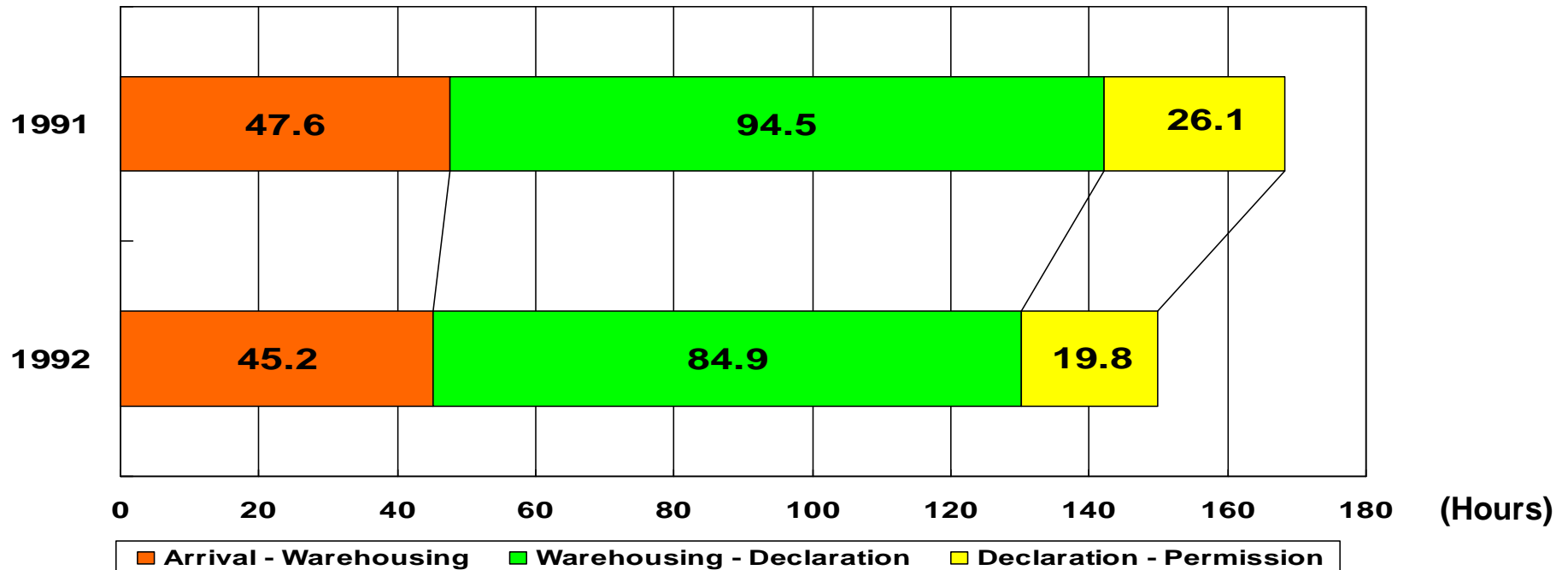
- ✓ No discharging on weekend
- ✓ Looking for the places for storage
- ✓ Lengthy arrangement required to transfer cargo from Container Yard to Warehouse

Warehousing ~ Declaration

- ✓ Documents yet ready
- ✓ Offices closed on weekend
- ✓ Instruction from the importer / owner of the cargoes
- ✓ Requirements of trade-related laws and/or regulations

➔ These findings may suggest needs for some structural reforms

Changes in the mean time required for clearance (Japan: Sea Cargo)



(NB) Introduction of the NACCS at ports of Tokyo and Yokohama (Oct. 1991) enabled importers/brokers to pay duties/taxes through automated deduction from their bank accounts regardless of time and day

Application of IT

NACCS : *Nippon Automated Cargo Clearance System*

1978 NACCS for import clearance of air cargo

1985 NACCS for export clearance of air cargo

1991 NACCS for import/export clearance of sea cargo

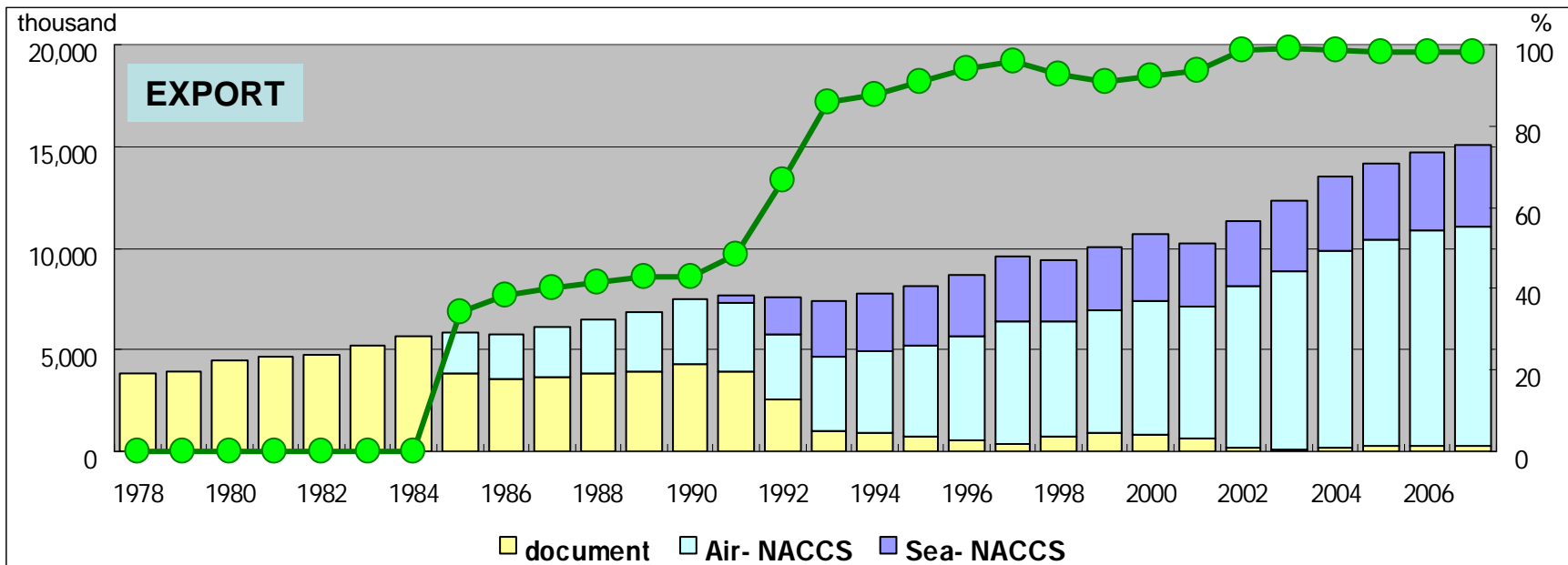
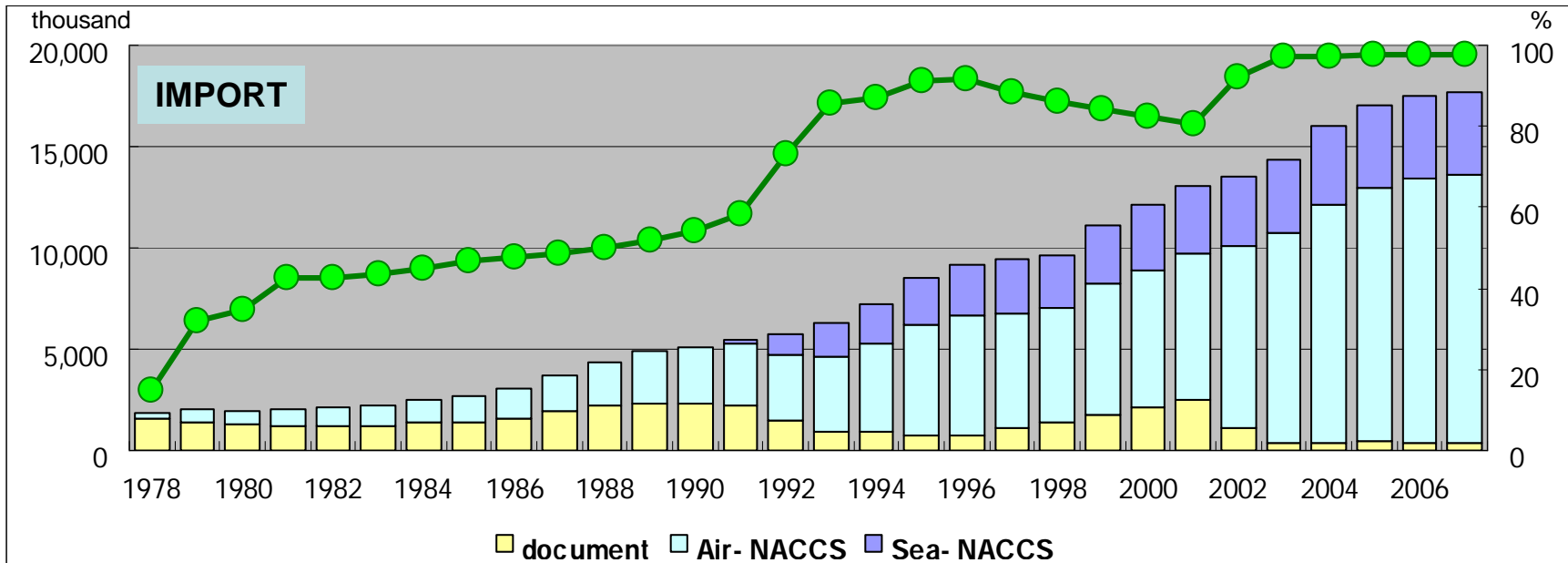
In October 2008, NACCS was re-named to:

Nippon Automated Cargo and port Consolidated System

The System handles procedures for Customs and other government agencies, as well as those related to private business operations (e.g. warehousing)



Numbers of declarations filed and ratios processed electronically



Measures taken for import clearance of sea cargo

- **Computerization of Clearance (1991)**
- **Customs Database for RM (1991)**
- **Pre-arrival Doc. Examination (1991)**
- **Fax network with OGAs (1992)**
- **Parallel Docs examinations with OGAs (1994)**
- **One Stop service by Computer system (interface with OGAs) (1997)**
- **Simplified Declaration for Authorized persons (2001)**
- **Introduction of Single Window (2003)**
- **24 Hours operation (2003)**
- **AEO importer (April 2007)**



Measures taken for import clearance of air cargo

- **Pre-arrival Examination system was introduced (Apr. 1991).**
- **Modification of Air-NACCS (Feb. 1993), including expansion of office coverage.**
- **Immediate permission upon Arrival System (Apr. 1996).**
- **Simplified Declaration for Authorized persons (Mar. 2001).**
- **Modification of Air-NACCS (Oct. 2001).**
- **Single Window System (Jul. 2003)**
- **AEO importer (April 2007)**



Objectives of the TRS from the Japan's perspective

- ✓ To measure time consumed at each step of import clearance procedures and identify pertinent bottlenecks
- ✓ To take structural reform measures Customs, other government agencies, and related private sector
- ✓ To examine effectiveness of simplified measures introduced by agencies
- ✓ To enhance predictability

Conduct of the 9th TRS (9-15 March 2009)



(1) Preparation



Jan. – Feb. 2009 : Pre-survey internal coordination

- ✓ **To set dates of the survey**
- ✓ **To determine number of samples to be taken**
- ✓ **To review elements of survey (addition of the effects of AEO program)**
- ✓ **To prepare survey forms (Air/Sea), including lists of factors taking longer-than-average time**
- ✓ **To coordinate with brokers and relevant government agencies**

23 Feb. 2009 : Issuance of the administrative notice

Details of the 9th TRS

- (1) **Duration:** 7 consecutive days (9-15 March 2009)
- (2) **Choice of Traffic modes:** Sea and Air
- (3) **Types of goods:** All cargoes
- (4) **Geographical Scope:** All regional Customs (At least one sea port)
- (5) **Choice of Customs Offices:** 23 major sea ports and 6 major air ports
(NB) Japan Customs has 188 points of entry
- (6) **Numbers of samples:** 3,000 for sea cargoes
2,000 for air cargoes

(2) Collection of data

(9-15 Mar. 2009)

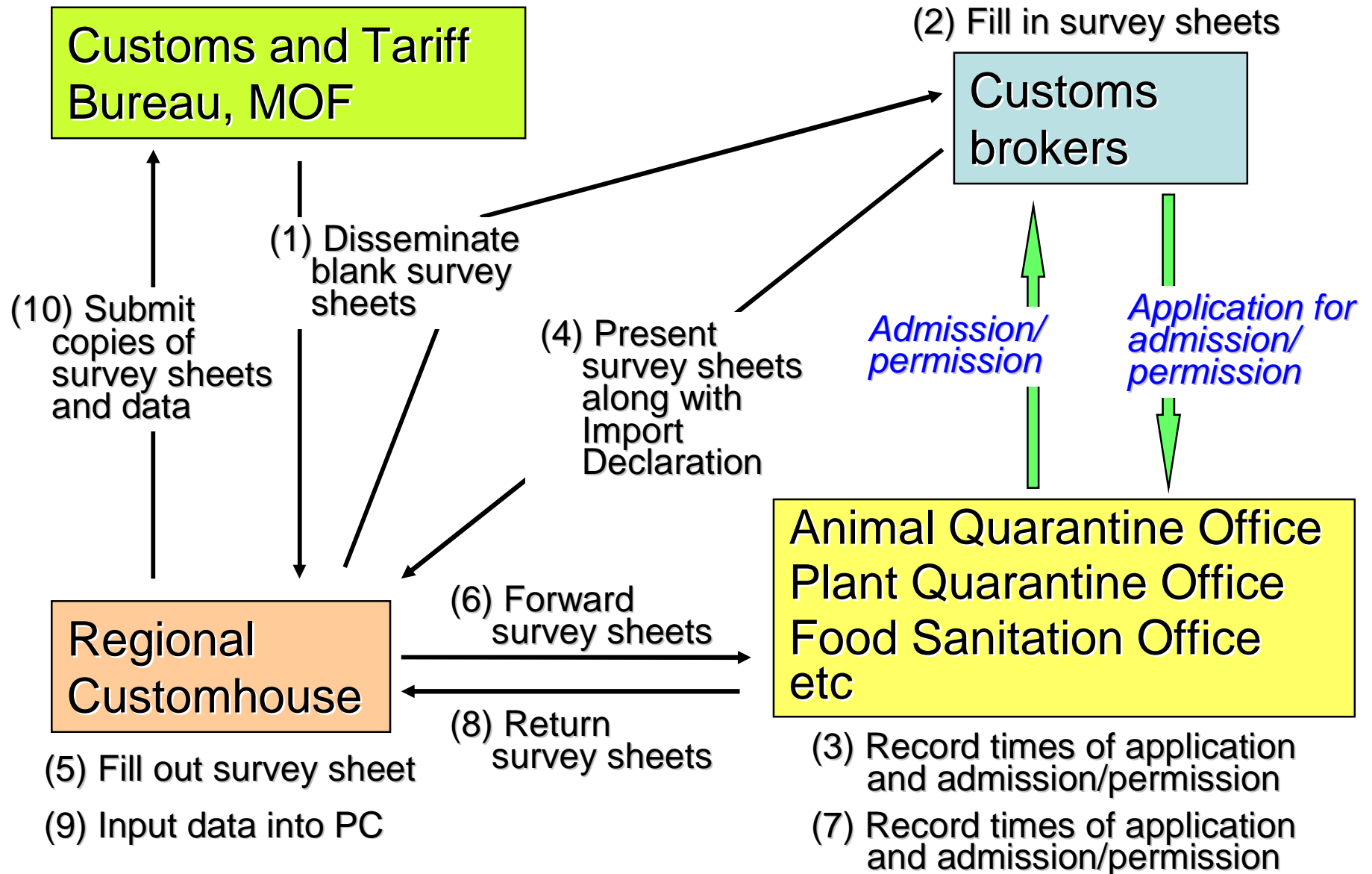


- **Use NACCS (Nippon Automated Cargo and Port Consolidated System)**

Samples are chosen randomly based on the registration numbers (last digit) given by the NACCS

- **Survey sheets are filled out manually by the Brokers, Customs and other government agencies concerned (e.g. quarantine offices) referring to the data on the NACCS**
- **Customs officials input data into PC**

Work flow for collecting data



(3) Data compilation and analysis



Mid Mar. 2009 : Data inputs, review and compilation at the respective regional Customhouses

Apr. 2009 : Data compilation and supplementary research

30 Jun. 2009 : Internal briefing on the results to the Bureau's executive members

16 Jul. 2009 : Release of the results on the website and brief to journalists

Results of the 9th TRS

- Simplifications and Consequences -



(1) Effects of Customs procedures



1991 : Pre-Arrival Documentary Examination

- ✓ In principle, import declaration may be filed to Customs only after the arrival of goods to the bonded warehouse in the Customs territory
- ✓ Since 1991, Customs accepts import declaration and relevant documents for preliminary examination
 - *Advance risk assessment*
 - *Shorten the time required for data matching*
 - *Predictability on the release of goods*



Revised Kyoto Convention (1999)

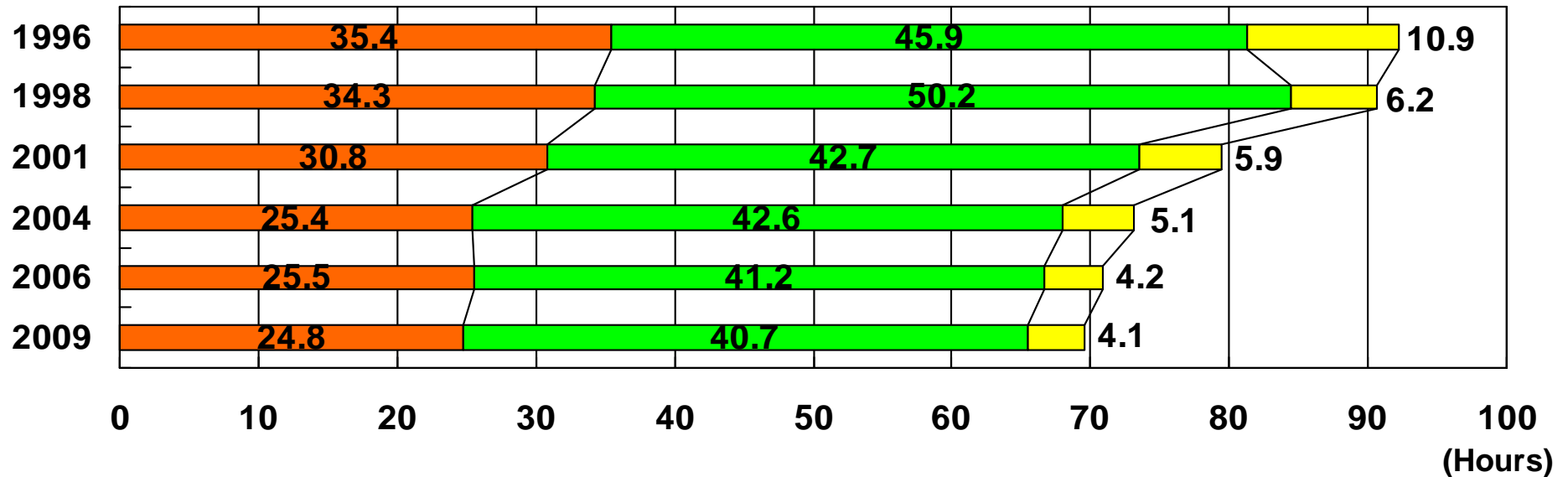
General Annex Chapter 3 (Clearance and other formalities)

Standard 25

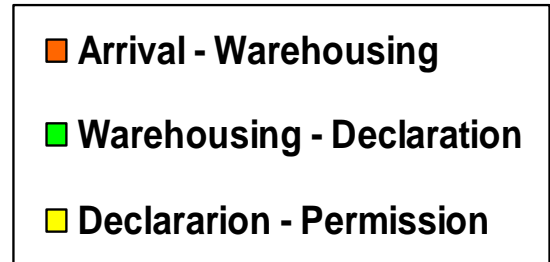
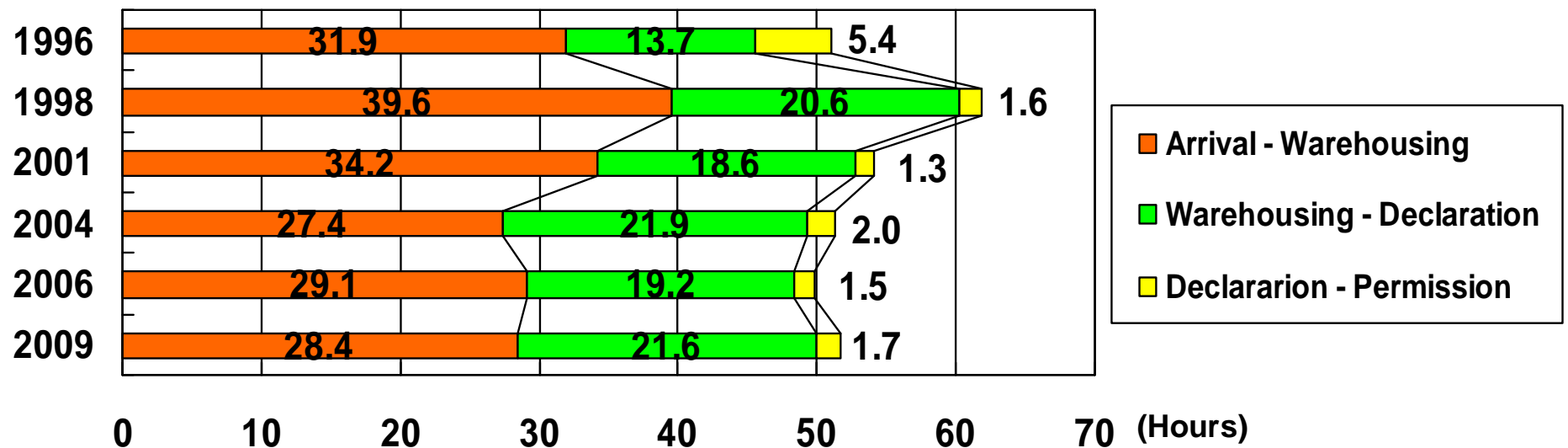
National legislation shall make provision for the lodging and registering or checking of the Goods declaration and supporting documents prior to the arrival of the goods.

Time required for import clearance of sea cargo

(1) Non-use of Pre-Arrival Documentary Examination



(2) Use of Pre-Arrival Documentary Examination



(1) Effects of Customs procedures



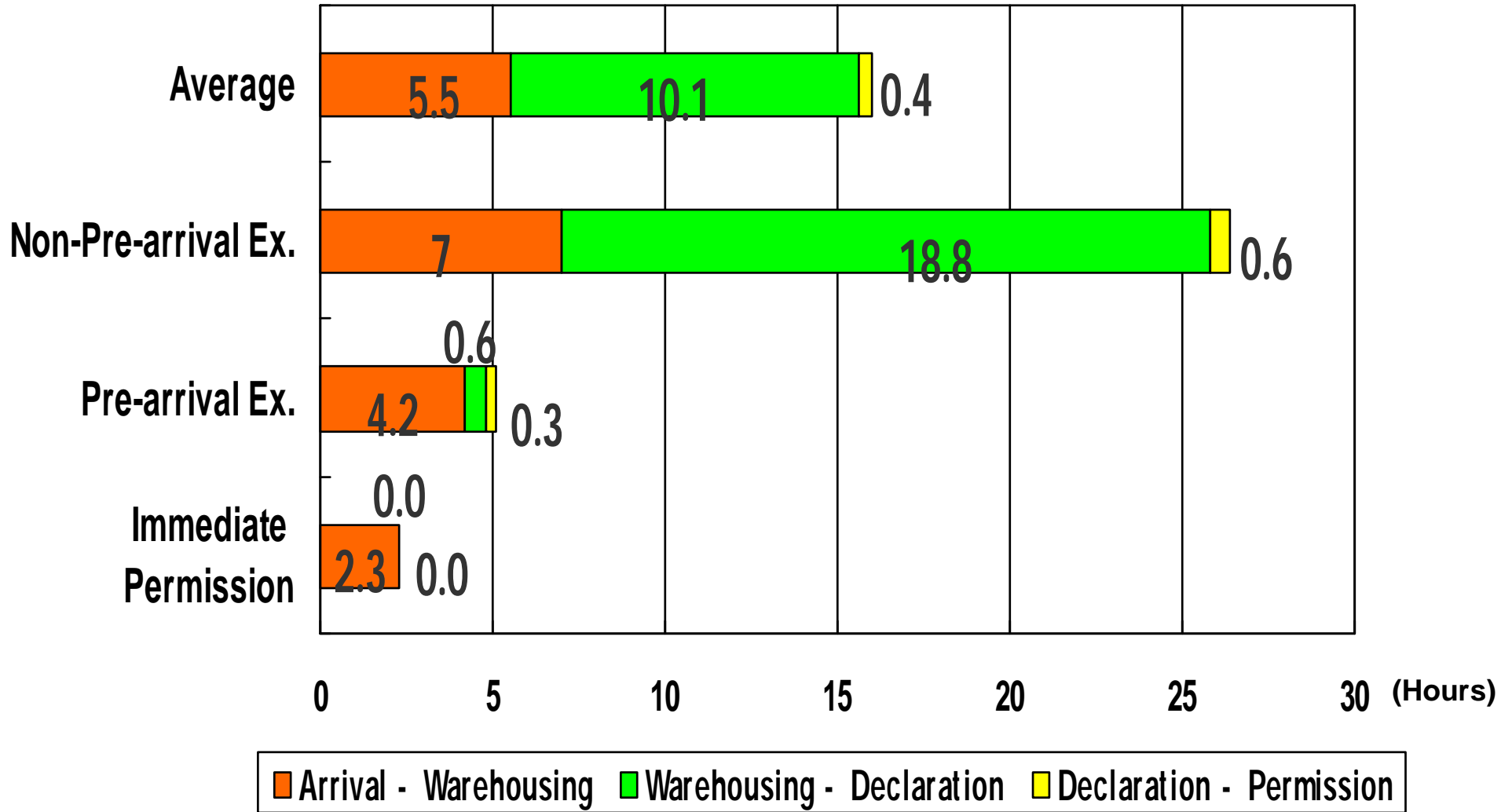
1996 : Immediate permission for air cargo upon Arrival

Supplemented by:

- ✓ Use of automated clearance system (NACCS) for data matching
- ✓ Apply for Pre-Arrival Documentary Examination
- ✓ Goods not require OGA procedures



Comparison of the time for clearance applying simplified procedures (Air Cargo in 2009)



(1) Effects of Customs procedures



2001 : Simplified Import Declaration for authorized persons

- ✓ Separating release of goods and duty payment
 - *Expedited release of goods*
 - *Shifting toward audit-based control on revenue*
- ✓ Periodic payment of duties/taxes (deposit of duty payment guarantee required)

Revised Kyoto Convention (1999)

General Annex Chapter 3 (Clearance and other formalities)

Transitional Standard 32

For authorized persons who meet criteria specified by the Customs, the Customs shall provide for:

- Release of goods on the provision of the minimum information necessary to identify the goods...
- Allowing a single Goods declaration for all imports or exports in a given period where goods are imported or exported frequently by the same person

(1) Effects of Customs procedures



Introduction of AEO Programs

2006 : Exporters

- *Choice of Customs office to file export declarations*
- *Direct loading of goods onto means of transport from own facility*

2007 : Importers and warehouse operators

- *Reduced physical inspection rate*
- *Advanced import permission*
- *Periodic duty/tax payment*

2008 : Customs brokers and transporters

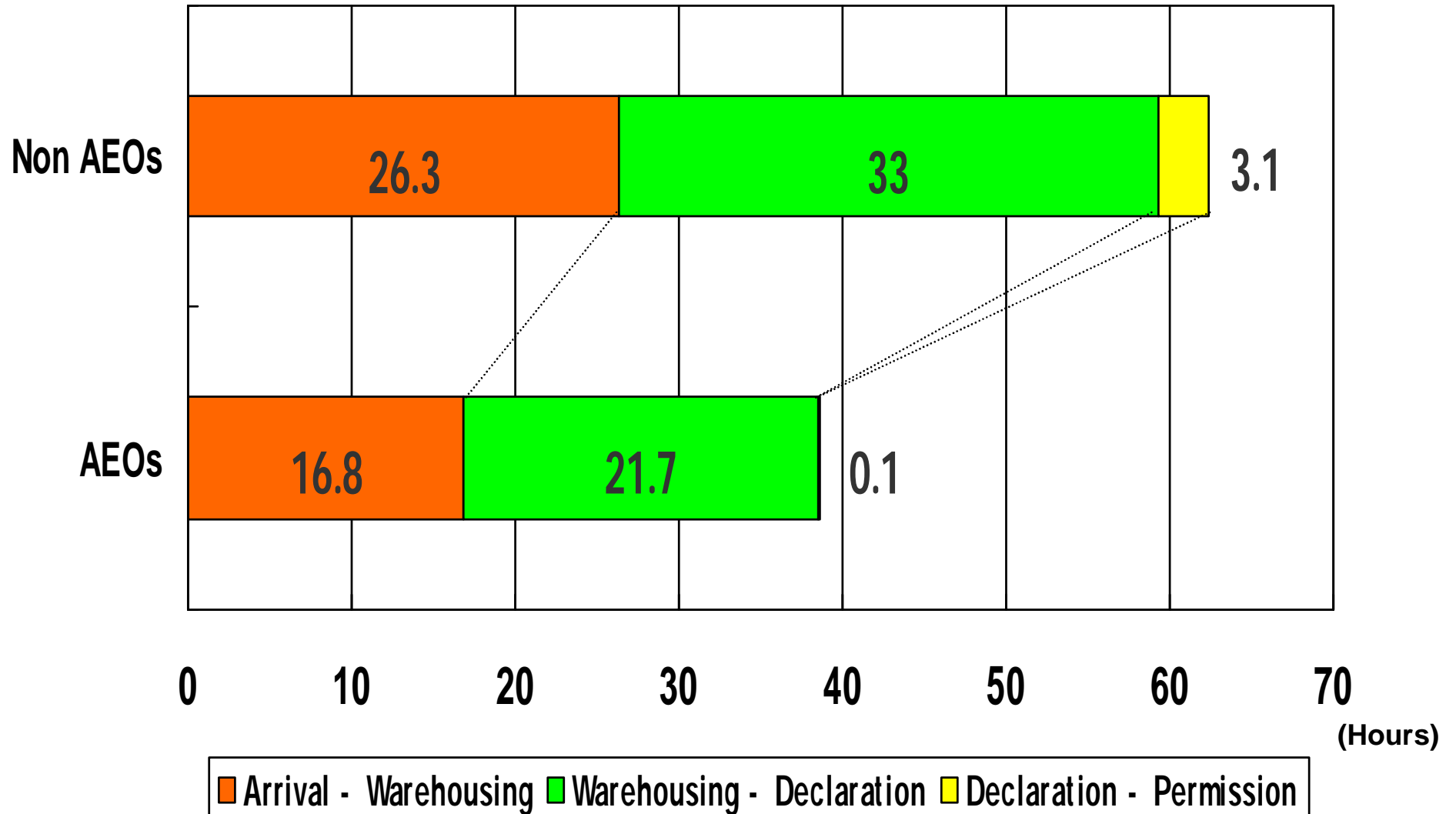
2009 : Manufactures



Requirements for AEO operators

- ✓ No record of infraction against laws and regulations during a certain period
- ✓ Establishment of compliance program
- ✓ Cargo management using automated clearance system (NACCS)
- ✓ Other requirements consistent with the WCO AEO Guide

Comparison of time required for Clearance between AEOs and Non-AEOs (Sea Cargo in 2009)



(2) Effects of coordination with OGAs



Types and number of OGA procedures administered by Customs upon importation (in 2008)

Laws and Regulations	Number of checks	Composition (%)
Food sanitation control	868,000	45.0
Chemical substances control	287,000	14.9
Plant quarantine	257,000	13.3
Pharmaceutical control	225,000	11.7
Animal quarantine	170,000	8.8
Others	122,000	6.3
TOTAL	1,929,000	100.0

Actions taken

1994 : Parallel documentary check with OGAs during Pre-Arrival Documentary Examination

1997 : Interface with OGAs' on-line application Systems

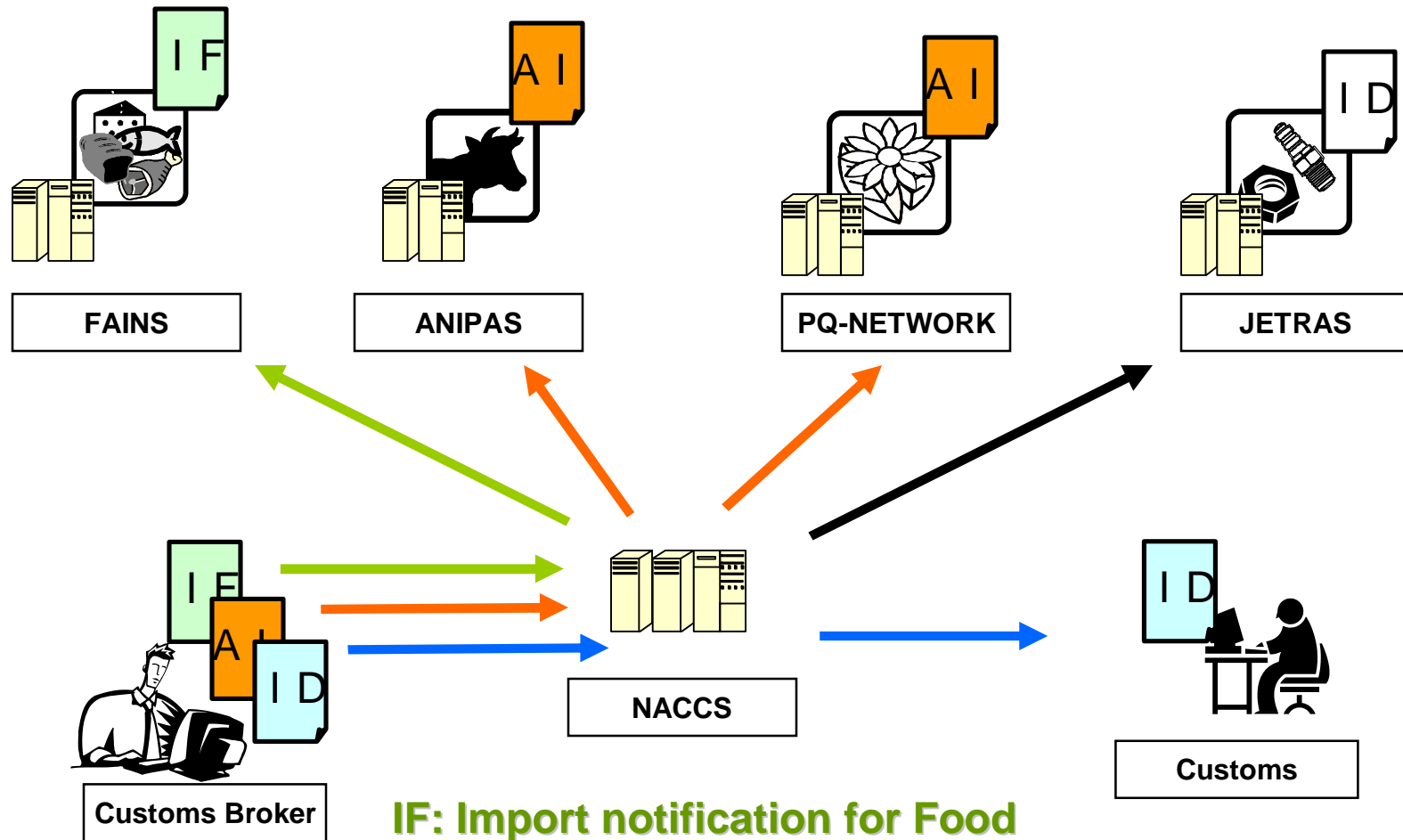
2003 : Single Window

Relevant OGAs and their Systems

Name of the system	abbreviation	OGAs concerned
Nippon Automated Cargo and port Consolidated System	NACCS	Ministry of Finance (Import/Export Declaration, Air/Sea Port related procedures)
Crew Landing Permit Support System	-	Ministry of Justice (Immigration)
Food Automated Import notification and inspection Network System	FAINS	Ministry of Health, Labor and Welfare (Food Sanitation)
Animal quarantine Inspection Procedure Automated System	ANIPAS	Ministry of Agriculture, Forestry and Fisheries (Animal Quarantine)
Plant Quarantine NETWORK	PQ-NETWORK	Ministry of Agriculture, Forestry and Fisheries (Plant Protection)
Japan Electronic open network TRAdE control System	JETRAS	Ministry of Economy, Trade and Industry (Trade control)
Port EDI	-	Ministry of Land, Infrastructure, Transport and Tourism Japan Coast Guard (Sea port related procedures) Ministry of Health, Labor and Welfare (Quarantine)

Interface with OGA systems from 1997

<Export/Import procedures>



IF: Import notification for Food

AI: Application for Inspection

ID: Import Declaration

From 1st to 2nd generation Single Window

July 2003 - Start of Single Window (1st generation) -

Set common format for general declaration at seaports and single import declaration.

November 2005

Integration of documents based on **FAL Convention**
(*Convention on Facilitation of International Maritime Traffic, 1965*)

December 2005

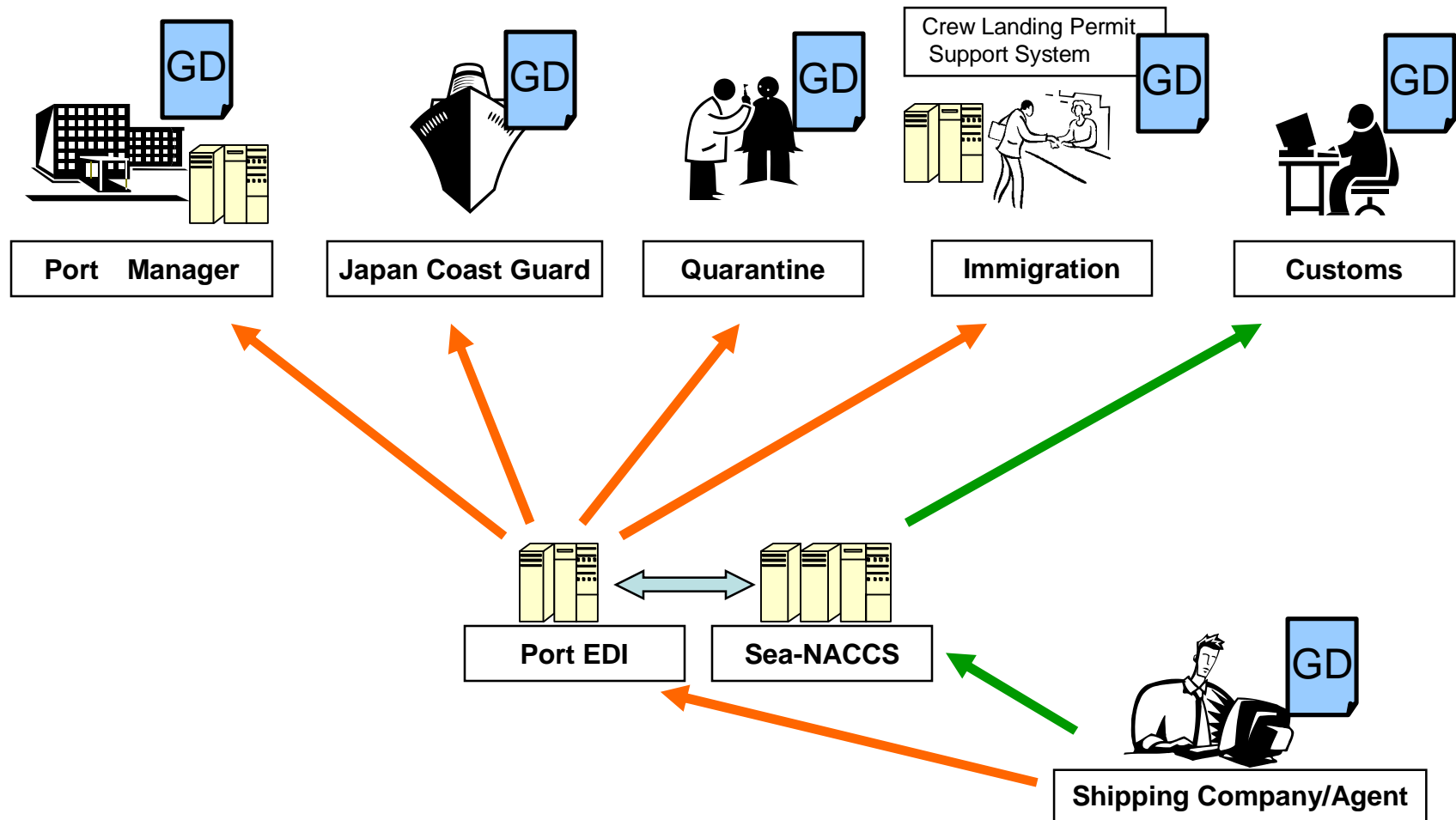
Establish Optimization Plan for Services/Systems in
Import/Export and seaport/airport procedures

October 2008

2nd generation Single Window became operational

Single Window of 2003

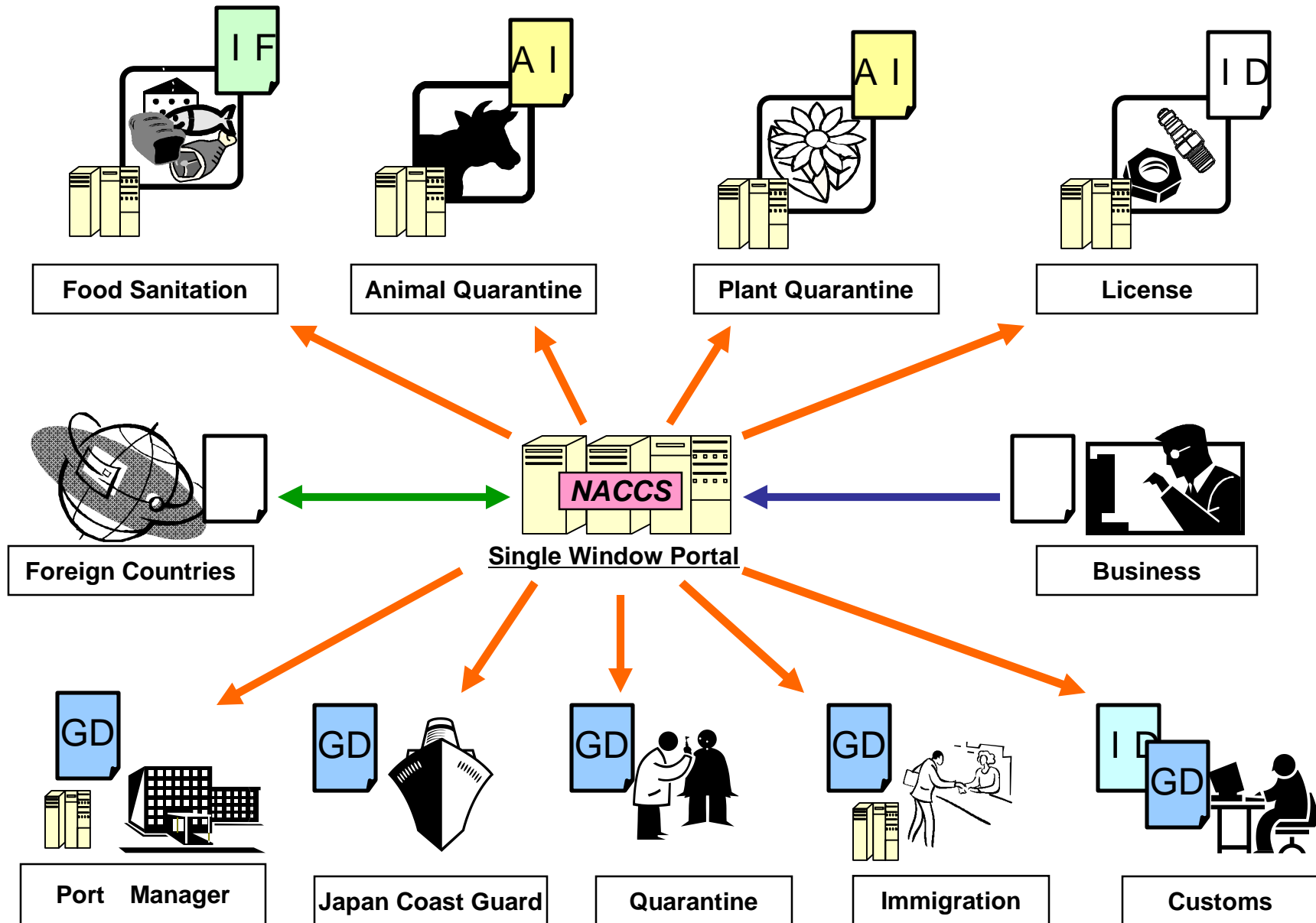
<Sea port-related procedures>



January 2002: Established basic concept
July 2003: Started its operation

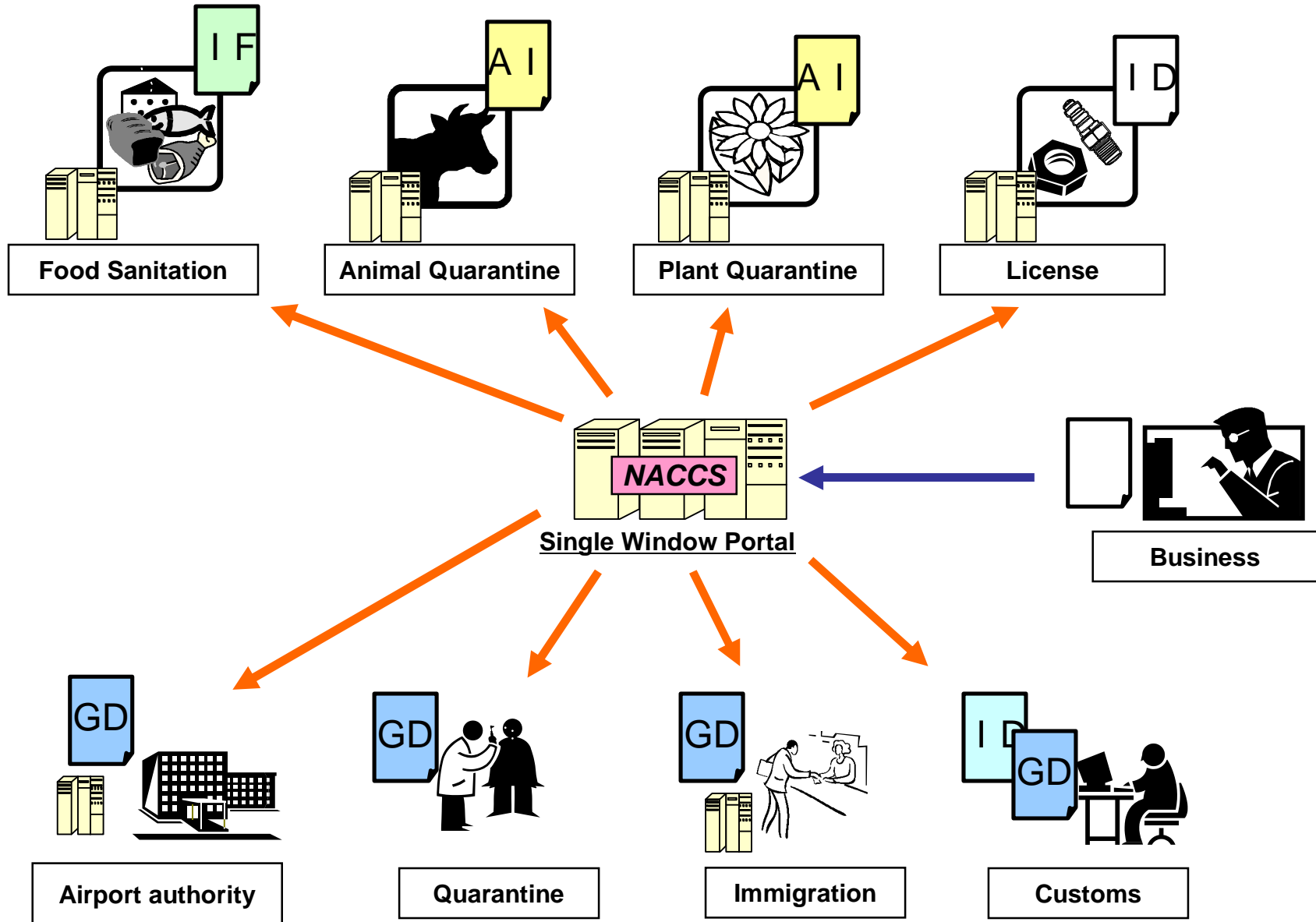
GD: General Declaration

Reengineering of Single Window (2008)

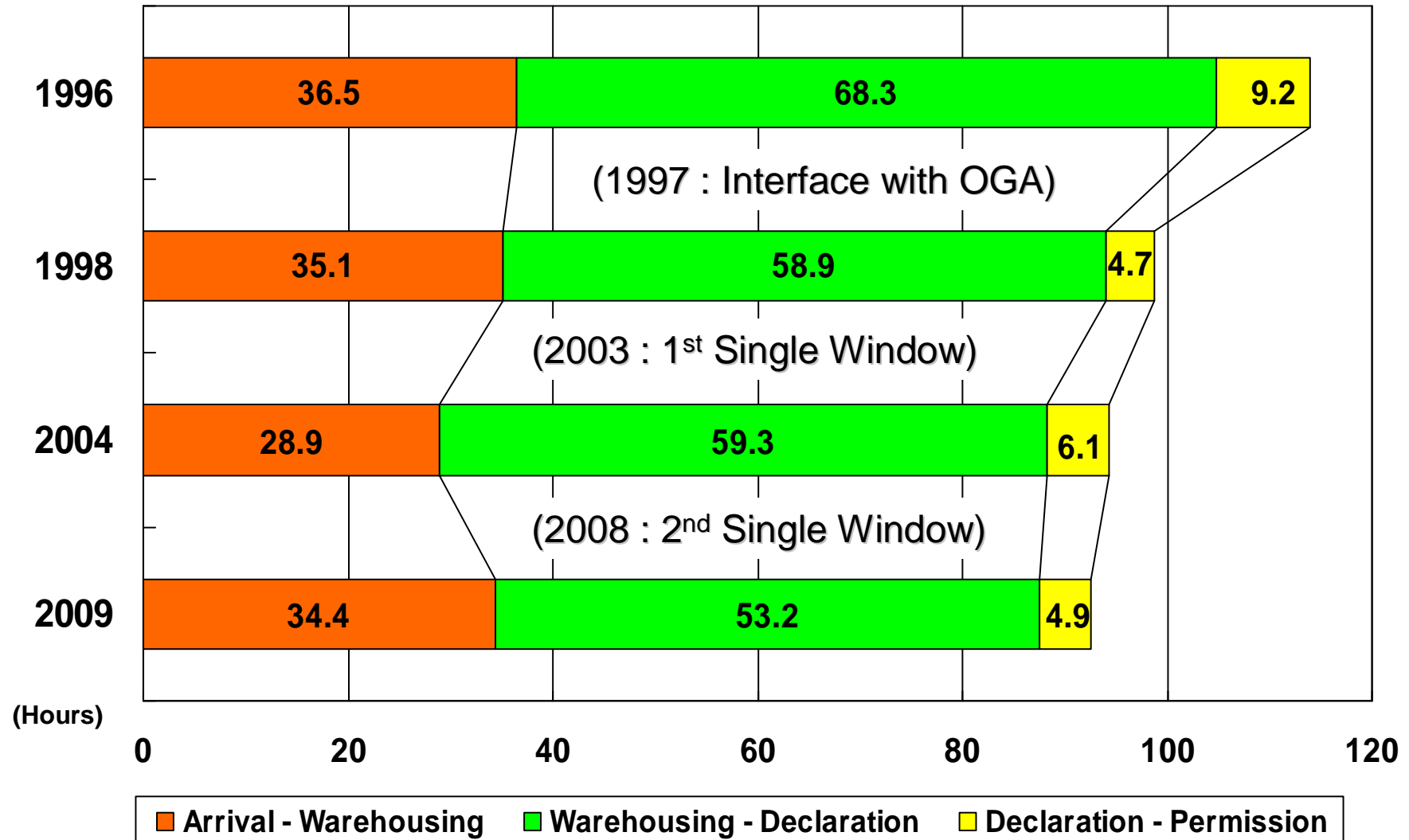


Airport Single Window

(Since February 2010)



Changes in the mean time required for clearance with OGA requirements (Sea Cargo)

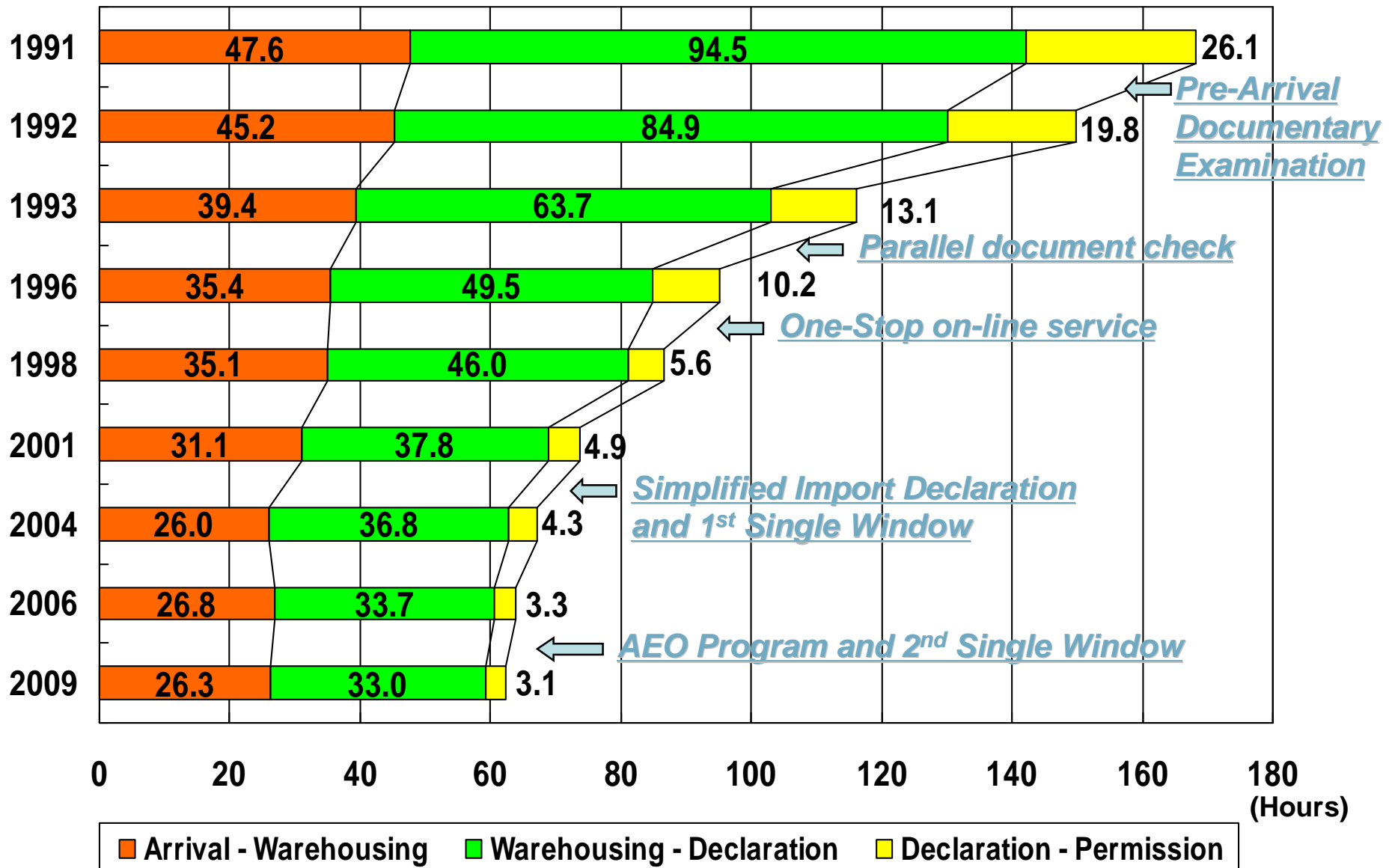


Conclusions

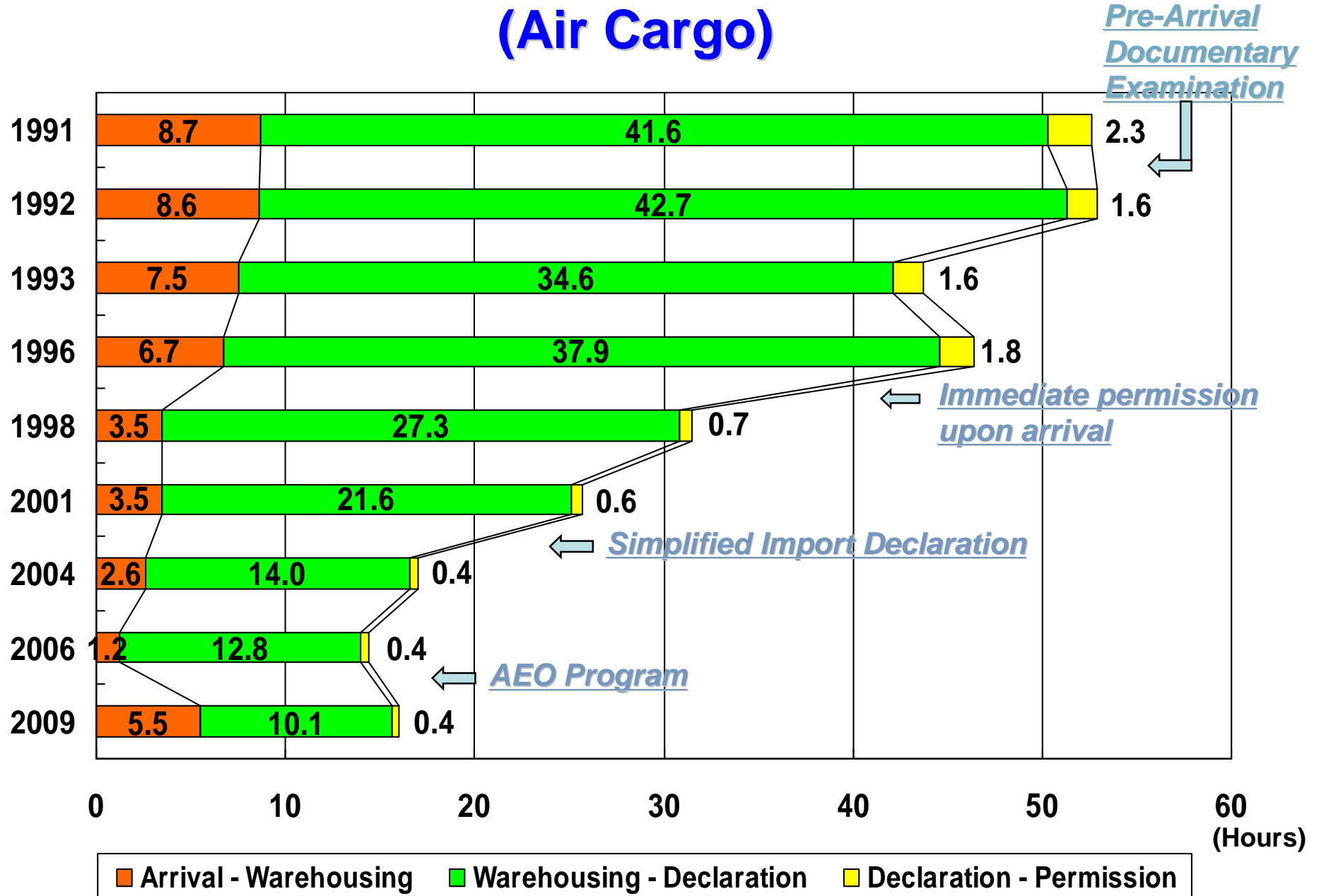
- Lessons learned -



Changes in the mean time required for clearance (Sea Cargo)



Changes in the mean time required for clearance (Air Cargo)



For more information, please visit our website at
<http://www.mof.go.jp>



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