

# Guide to Time Release Studies for Central Asian Countries

## 1. Background

This guide is based on the World Customs Organization publication “Guide to measure the time required for the release of goods” - Version 2, 2011, as such the reader should refer to this for further information. The guide is based on the experience of completing Time Release Studies at Border Control Points in Central Asian Countries, members of CAREC.

The Central Asia Regional Economic Cooperation (CAREC) Program is a committed partnership of 11 countries (Afghanistan, Azerbaijan, the People’s Republic of China, Georgia, Kazakhstan, the Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan) supported by 6 multilateral institutions (with the Asian Development Bank as the secretariat), working together to promote development through regional cooperation in four priority sectors: transport, energy, trade facilitation, and trade policy. The agenda for each of these priority sectors is carried forward by a committee comprised of country and multilateral institution representatives. The 4 sector coordinating committees report to the senior officials of CAREC on a semi-annual basis, sharing progress and emerging issues.

- 1.1 The participating countries have chosen the CAREC Program as their means of confronting and overcoming their common problems. Working through the four priority sector committees and other convening mechanisms, the program serves to build confidence among the participating countries, sustaining dialogue even when other issues and factors threaten to create an impasse.
- 1.2 The 2011–2020 Strategic Framework for the Central Asia Regional Economic Cooperation (CAREC) Program (CAREC 2020) has two strategic objectives: expanding trade and improving competitiveness. Thus, within CAREC 2020, trade facilitation is one of four priority sectors. Work in the trade facilitation area is guided by the Transport and Trade Facilitation Strategy 2020 (TTFS 2020), The Refined TTFS 2020 strengthens an integrated approach, focusing on the development of 6 CAREC corridors through infrastructure investments and trade facilitation initiatives to improve the movement of goods and people through and across these corridors.
- 1.3 The Strategic Framework 2020 specifically details the transport and trade facilitation strategy in Appendix 1- Results based framework, to the report as follows:

Efficient movement of goods and people facilitated through CAREC corridors and across Borders. The following indicators are relevant:

  - Time taken to clear BCP decreases by 35% by 2020
  - Costs incurred at BCP decreases by 20% by 2020

In order to achieve the goals set in the objectives, the World Customs Organization recommends Time Release Studies are conducted on a regular basis. This study provides data collected at various stages of the clearance process through the BCP. Included in the study are all of the stakeholders at the Border – Customs, Other Border Agencies, the private sector such as Customs Brokers, Shipping and Airline companies, Port and Airport Authorities and other parties involved in the clearance process. Once the data is collected trade facilitation is improved using the best practice standards of the World Customs Organization, Revised Kyoto Convention and the World Trade Organization, Trade facilitation agreement. This guide will detail the process adopted to continuously improve trade facilitation at the BCP whilst achieving a reduction in time taken to clear cargo through

the Border and a reduction in the overall costs to the trade. Therefore, substantial benefits will arise when the TRS is conducted. In addition, the WCO, encourage countries to conduct regular TRS studies ever year or so to build on and test the improvements implemented following previous TRS studies.

## **2. Introduction of Time Release Study to Central Asian Countries**

Whilst Customs Authorities in many in Central Asian countries are aware of trade facilitation and Time Release studies they are not fully aware of the linkage between the two. In addition, other key stakeholders such as Border Agencies and private sector organizations working at the BCP may not have an understanding of either concept. This guide details the strategy adopted to educate these various stakeholders and provides a detail on how to conduct a TRS in country at the BCP's.

The first step is to do an assessment of the current situation in the particular country. This is arranged by Customs, as they are normally the lead agency when conducting a TRS. Meetings need to be arranged with senior level Customs management, normally the Director General or his representative. The following areas are discussed with the senior manager at the initial meeting:

- The WCO, TRS concept and how it works in operation
  - o Training of Border staff and middle managers
  - o Proposed visit to the nominated BCP
  - o Joint assessment of the flow of cargo
  - o Discussion on the current bottlenecks or delays experienced
  - o Infrastructure and Border set up
  - o Customs IT system and the availability of data
  - o A nominated contact person at the BCP to facilitate the visits and to answer questions
  - o Establishment of a TRS working group and their roles
  - o Data collection and recording
  - o The next steps once the TRS is completed
- The benefits that can be realized by both Customs, other government agencies and the private sector together with traders from the country
- Agreement on the DG's support for the study and nomination of selected BCP's

Once the TRS study is approved, training is provided to the TRS working group. Representatives of the working group visit the Border with the ADB consultant (where appropriate) and assist in conducting training of BCP staff, including Customs and Other Border Agencies in the practical implementation of the study. Documents relating to the study are given to all BCP staff. Whilst at the Border a flow chart is completed of the cargo flow, noting any areas that may indicate bottlenecks for consideration of targeted data collection.

Data collection forms to measure the flow of cargo should be designed and tested with the TRS working group as being valid for the particular BCP.

The working group should meet and design how the TRS is conducted. Members of the TRS working group should participate in the study. They should also identify the resources needed. Normally the following numbers are needed, but can be modified in line with each BCP requirements:

### **Customs**

- Team Leader (middle manager at the BCP)
- Three operational staff to collect the data
- One officer to compile and record data on an Excel spreadsheet or similar

#### Other Border Agencies

- Team Leader
- One operational staff

Private sector (Customs Broker, Shipping / airline companies, Port / airport representative etc.

- Manager or supervisor to liaise with Customs as appropriate
- Operational / technical expert in clearance area

### **3. Conducting the TRS study**

The WCO recommends at least seven (7) working days be allocated to collecting the data. Depending on the size of the BCP either 100% of declaration should be studied or a defined percentage of cargo to ensure an accurate result is achieved. Once a declaration has been selected it should be followed through the entire process until release. This may mean extending the number of days so identified declaration can be assessed.

The stage of analysis (data collection) is as follows

- Advance Manifest (or Manifest) to Arrival of the goods
- Arrival to receipt of documents to the Broker / Assessment
- Arrival to Lodgment of declaration
- Lodgment of declaration to assessment
- Assessment of Declaration to clearance
- Declaration to payment of the goods
- Clearance to removal of the goods

#### Stages of testing

- How long before arrival of the goods is the manifest lodged?
- How long from arrival of the goods are the documents provided to the Customs Broker (CB)?
- How long from receipt of the documents to the declaration being lodged by the CB?
- How long do the goods take to be released?
  - o Goods Routing
  - o Examination time – any impediments to using technology – scanners etc.
  - o Border agencies time taken – separate analysis
- Once the declaration is available for payment – how long before the funds are received and the goods released?
- Selectivity – percentage of red, yellow or Green – blue?

Note – data is collected every day and compiled at the end of each day on a spreadsheet

### **4. Completion of TRS**

Following the completion of the TRS study, Customs should analyze the forms and assemble the data against the relevant stages listed above. The working party should analyze the data and make preliminary findings of any bottlenecks or delays experienced. They should liaise with the operational staff at the BCP to discuss the preliminary findings. They should also verify the flow chart of the current processes and identify bottlenecks.

Once discussed and agreed, the working party facilitated by ADB consultant (where appropriate), provide an interim report of their findings with data collection summaries attached. The working party should arrange a workshop of the participants of the TRS, to gain comments and validation of the findings. Once the findings are agreed, detailed recommendations should be made. These recommendations should include references to the WCO and WTO International standards. Once agreed they should be shared with a senior manager for comment. In addition, the working party should complete an action plan, recommending what action is needed to reduce or eliminate the bottlenecks identified. This action plan should also be shared with a senior manager

Once the findings, recommendations and action plans are approved a workshop should be conducted. Countries may prefer to have separate ones for the Border Agencies and one for the private sector. This may be necessary in cases where sensitive recommendations, relating to Intelligence, Risk Management and profiles need to be dealt with away from the public.

## **5. Follow Up**

The working party should follow up the work done on bottlenecks to implement the recommendations made and report regularly to management, particularly where significant changes to policy or legislation are being made.

In order to measure the success of the recommendations made, the WCO recommend subsequent TRS studies be conducted. Normally they may be about two years apart.

## **6. Joint TRS BCP studies**

Many countries in CAREC recommend conducting joint TRS studies. This may be applicable where one of the countries is further advanced in BCP modernization and they note cargo is delayed on the BCP of the other country.

The procedures detailed above are relevant with the addition requirements as follows:

- Both Countries should agree and approve of the joint study
- Joint training can be recommended at the Border, for staff from both BCP's
- The TRS should be conducted over the same period
- Separate studies should be conducted by each country and findings; recommendations and actions plans designed against the individual studies
- Once completed, a joint meeting / workshop should be held between government agencies so see where synergies can be realized. Joint Customs Control can be considered such as – Joint cargo declarations covering the cargo clearance for both BCP's, Information sharing such as intelligence, risk management and profiles. Joint inspections of cargo and sharing resources such as technology, i.e. scanners. In addition, both BCP's should work towards linking Customs IT systems to share data and intelligence where appropriate. These recommendations would be subject to agreements supported by MOU's between both countries. Legislation may need to be amended.
- Where Countries are at different stages of their modernization of BCP, assistance may be needed from International donors.

## **7. Common Bottlenecks noted during TRS studies**

A non-exhaustive list of reasons for delays are as follows:

1. Manifest not lodged in advance of arrival of cargo – prevents pre-clearance of goods
2. Clearance documents not provided to Customs Broker prior to the arrival of cargo which delays clearance
3. Customs Broker receives documents from trader but delays lodging manifest – may be due to CB awaiting payment or lack of knowledge in WTO principles relating to Valuation methods, HS classification or origin of goods
4. Customs Broker may make errors in most declarations – Note reasons and consider strategy to eliminate
5. Trader makes payment at the bank but bank takes two days to transfer, delaying clearance
6. Customs IT system does not allow EFT payment with real time recognition of payment and immediate clearance
7. Specific Country has a high rate of red line routed cargo subject to physical examination by an officer or scanning which may substantially delay cargo. Note WCO guidelines on Risk Management
8. Other Government agencies may intervene in cargo before Customs, requiring a permit or examination and not allow processing by Customs. Note WCO Co-Ordinated Border management guidelines
9. Other Government agencies may delay cargo for lengthy period awaiting the issue of permits
10. Even though Customs may have an IT system in place they may still process declaration manually or require a signature at various stages of the process, thus delaying cargo. Consider reengineering process to eliminate or reduce manual intervention

## **8. Data collection forms**

These will be designed to take into account the unique nature of each countries BCP, and will be attached to this guide.

## **9. WCO Time Release Study - Introduction and Context<sup>1</sup>**

Globalization has brought about a dramatic increase in cross border trading. As a result, there has been an equally important focus placed on trade and regulatory processes conducted at the border to ensure they are optimized and the time required for trade-related procedures reduced where appropriate. Just-in-time delivery of goods has become important for businesses and brings significant benefits to all parties involved in the supply chain.

In discharging their often-complex tasks of revenue collection, security, environmental and health protection and application of trade policy, Customs administrations or Governments need to have direct access to and temporary custody of (if necessary) export and import consignments.

The time period for which Customs and/or other border agencies require these controls, thereby halting the overall movement of the goods, has gained great importance for all international traders and their customers. It is now a crucial operational or commercial concern for Governments, just-in-time business operators, intermodal carriers and the cargo industry, as well as providing for a focused opportunity to gain an invaluable insight into standards of Customs efficiency.

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<sup>1</sup> Guide to measure the time required for the release of goods, Version 2 – 2011-World Customs Organisation

Governments and the trading community have a powerful common interest in this regard. Therefore, activities that relate to the calculating and recording of the time needed by Customs to release goods can provide pertinent information to guide any necessary process improvements or identify desirable regulatory changes to ensure the effective facilitation of trade.

With this in mind also it is highly important to consider Customs role in trade facilitation:

### **10. What is trade facilitation?**

Simply put, it is lowering trade transaction costs and creating standard efficiencies as has been highlighted in the Doha Declaration as "expediting the movement, release and clearance of goods, including goods in transit." This includes the causal relationship of customs procedures and other practices that may add to the cost or time requirements of trade.

### **11. Why is trade facilitation important?**

Economic benefits flow to communities from lower logistics costs and the expanded trade make these enable. Improving the economic situation in global economies depends highly on an effective trading system. This in turn provides for goods and services to be delivered in the most economically and logistically efficient way as possible, which can thereby benefit the ultimate consumer.

### **12. What is Customs and the WCO role in trade facilitation?**

For optimal facilitation of legitimate trade there should be internationally agreed protocols, guidelines and Customs practices that are harmonized and streamlined to the greatest extent possible. When Customs administrations can align their working methods to a large degree in the field of trade facilitation, there is a greater and beneficial consistency that can be applied along global supply chains. To support the development of global harmonization the WCO has developed a range of comprehensive tools that include legally binding conventions (i.e. Revised Kyoto Convention, Istanbul Convention), as well as best practices tools and protocols (i.e. Data Model, Integrated Supply Chain Management Guidelines, SAFE Framework, etc.). Details of these can be found in the WCO website (<http://www.wcoomd.org/home.htm>).

In addition, many Customs administrations have introduced Risk Management techniques, advanced electronic information regimes and Single Window arrangements. More recently, a growing dialogue has been established with the trading community, whereby Customs and trade increasingly work in partnership to deliver common solutions on these critically important trade facilitation objectives.

### **13. Where does the Time Release Study fit in?**

The WCO Time Release Study (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. The TRS thereby measures relevant aspects of the effectiveness of operational procedures that are carried out by Customs and other regulatory actors in the standard processing of imports, exports and in transit movements. It seeks to accurately measure these elements of trade flows so that related decisions to improve such performance can be well conceived and thereby carried out.

## **14. Why is performance measurement important?**

The ultimate aim of implementing a performance measurement system is to improve the performance of the function being measured. If you want to reform or improve something, it is essential that you first measure it.

Successful performance measures should be simple to do, simple to understand and simple to respond to. They should be valued by those engaged in the processes being measured, which requires that they be relevant to the local situation.

Achieving relevance depends on accurately identifying the events that are integral to the local clearance process and establishing the interdependencies between them. Taking the trader's perspective will further help ensure that relevant events are identified.

One of the methods used for the review of clearance procedures is to measure the time taken between the arrival of the goods and their release. This facilitates the identification of both the problem areas and potential corrective actions to increase their efficiency. The use of automation and other sophisticated selectivity methods can allow Customs and other border agencies to improve compliance and at the same time improve facilitation for the majority of low risk goods.

It provides a means to measure the time taken for the release of goods and to pinpoint the concerns of trade circles regarding delays in Customs clearance. It helps Customs to respond to trade requirements where the operators need to plan ahead for the movement of goods across borders in order to meet tight production schedules and just-in-time inventory systems that require forward planning.

The time required to release goods has also increasingly become the measure by which the international trading community assesses the effectiveness of border clearance processes.

It is therefore important to emphasize to users of this guide the value of being focused on their own particular needs and the value of being pragmatic in their evaluation of their situation. Users of this guide should be encouraged to exercise flexibility and judgement to choose those parts that are relevant to them to tailor a study for their local circumstances.

The WCO TRS provides guidance on the best way to apply this method of internal review. That is to say that the WCO Time Release Study is simply a tool to measure trade facilitation performance with a view to improving it.