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Single-Stop Customs Inspection *Malaysia and Thailand*



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Outline

- Malaysia-Thailand Border
- Standards of Single-Stop Customs Inspection (SSCI)
- SSCI Procedures in Padang Besar and Sadao Customs Houses
- Customs Cooperation and SSCI
- Directions for Cooperation

- There are two formal borders between Malaysia and Thailand – one for rail cargo and passengers and another one for road cargo and passengers.
- On the Malaysia side is the Bukit Kayu Hitam Customs House while on the Thailand side is the Sadao Customs House – responsible for road cargo and passengers.
- On **both** Malaysia and Thailand side is the Padang Besar Customs House responsible for rail cargo and passengers.

Standards of SSCI

- SSCI is of course only a small part of customs control which may include agreements dealing with other procedural steps towards a single action for both countries
- There may be ideal operational standards for joint action but do not really indicate how customs officers undertake specific functions in joint controls

- The Revised Kyoto Convention (RKC) sets 3 references for joint customs control:
- In particular (General Annex Ch 3):

3.3 Standard

“Where Customs offices are located at a common border crossing, the Customs administrations concerned shall correlate the business hours and the competence of those offices”

3.4 Transitional Standard

“At common border crossings, the Customs administrations concerned shall, whenever possible, operate joint controls”

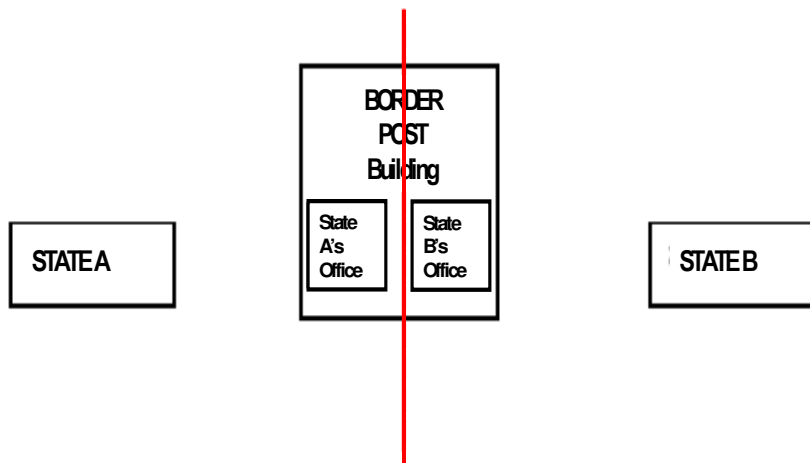
3.5 Transitional Standard

“Where the Customs intend to establish a new office or to convert an existing office to a common border crossing, they shall, wherever possible, co-operate with the neighboring Customs to establish a juxtaposed Customs office to facilitate joint control”

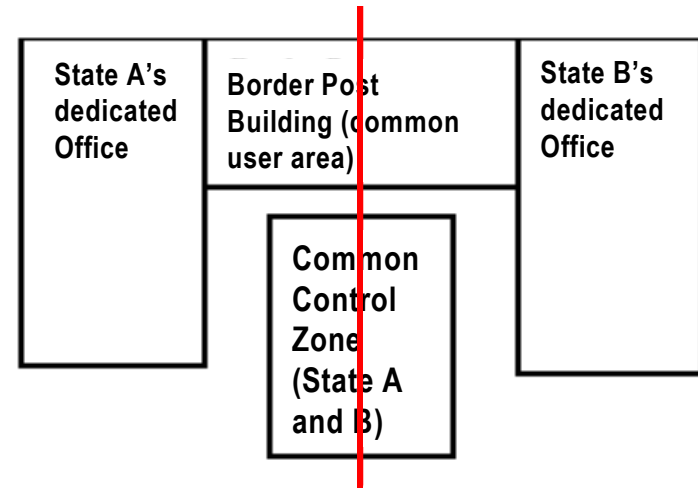
- In the Guidelines on the interpretation of the General Annex:
 - (i) *“The Customs controls of the exporting administration are conducted at the same time as the customs formalities of the importing administration (or near simultaneously) by officers from both customs administrations; and*

(ii) *The customs controls are conducted within a common area where customs offices of both administrations are established, whether in separate buildings or in a single facility”.*

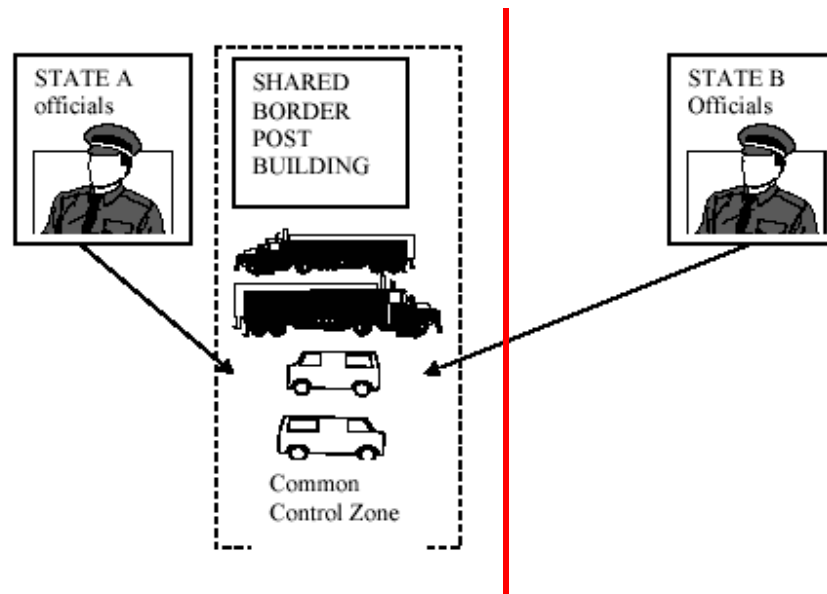
- Various options include customs building straddling common border (*transitional standard 3.5*), common control zone straddling common border (*general annex*), facilities in one state (side) with staff conducting joint controls, split facilities with exchange of staff (*transitional standard 3.4*), and split facilities, exchange of staff and each state dedicated to mode (e.g. freight/passenger) or direction (inbound/outbound)



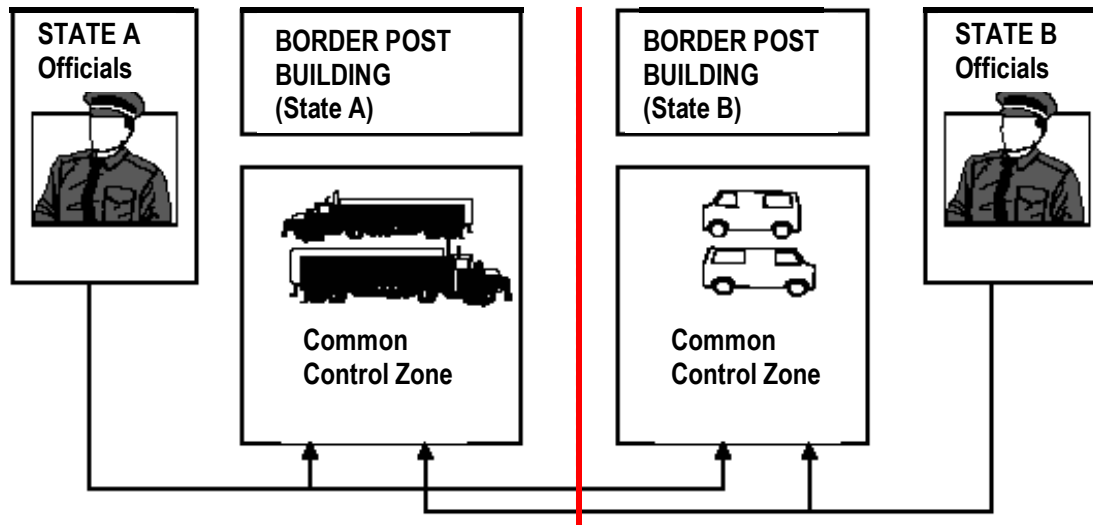
(a) Building Straddling Common Border



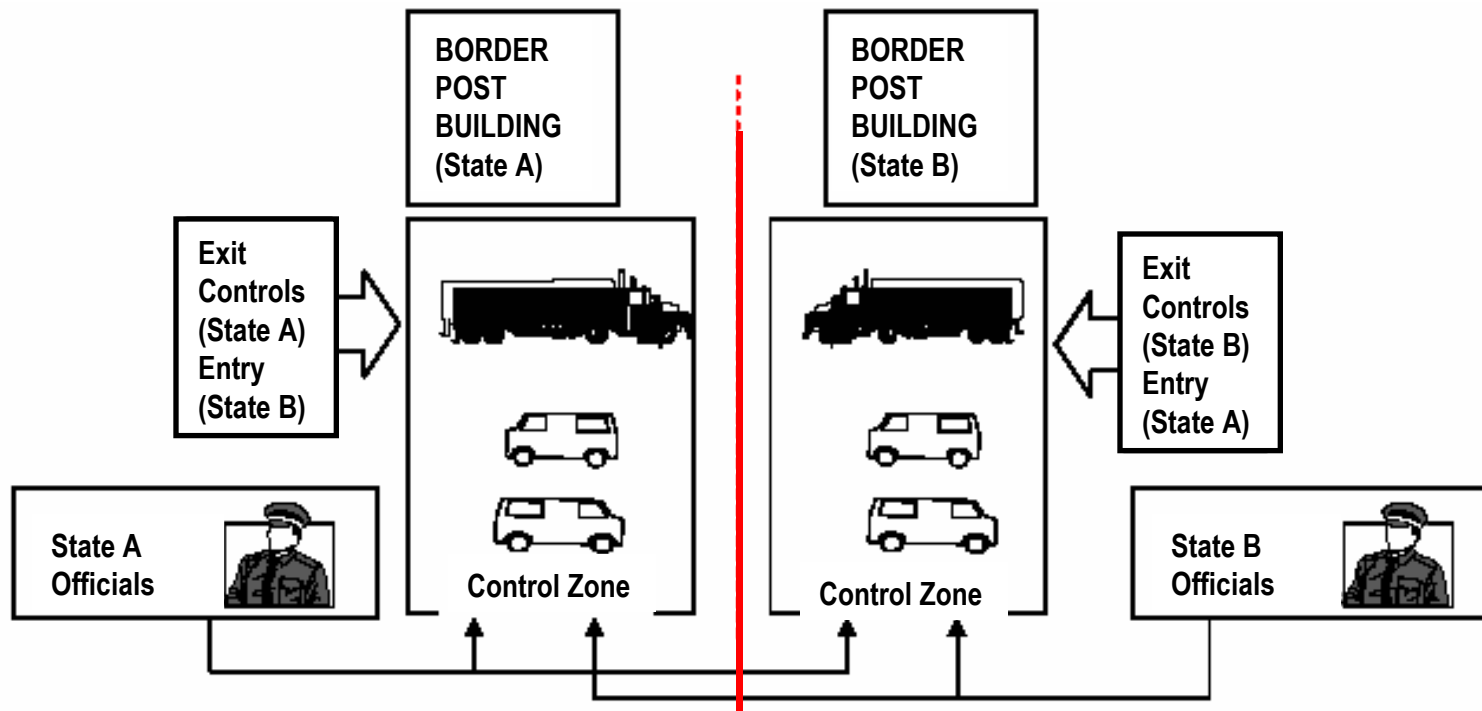
(b) Common Control Zone Straddling Common Border



(c) Facilities Located in One State



(d) Split Facilities with Exchange of Staff



(e) Split Facilities, Exchange of Staff, Each Dedicated to Mode and Direction

SSCI Procedures in Padang Besar and Sadao Customs Houses

- For ***rail cargo and passengers*** a common facility (building) is located in the Malaysia side – Thailand customs and immigration officials conduct border formalities in *Padang Besar Customs House* for incoming and outgoing rail cargo and passengers (transit and non-transit).
- The original facility (built around 1935) was located in the Thailand side.

- For ***road cargo and passengers***, there are two customs houses – *Bukit Kayu Hitam Customs House* on the Malaysia side and not more than 300 meters is the *Sadao Customs House* on the Thailand side.
- There are no common facilities between the two customs houses and the customs procedures follow a pilot scheme for SSCI which was started in June 2005.

- The pilot test of SSCI is in the border of Malaysia and Thailand involves:

Step 1: Advanced declaration and export cargo information takes place and risk management applied (initially processed at Central Offices)

Step 2: Selectivity determines if cargo allowed without inspection, documents checked, or inspection takes place

Step 3: Inspection takes place in *Country of Exit*, inspection slip issued, and cargo sealed

Step 4: Information transmitted from customs in *Country of Exit* to customs in *Country of Entry*

Step 5: (Driver of) inspected cargo truck submits inspection slip to customs in *Country of Entry* for formalities

Step 6: Slips filed and information fed back to risk management system



THAILAND – MALAYSIA SINGLE INSPECTION SLIP



NO.

DATE

TIME

VEHICLE NO.

TRAILER NO.

CONTAINER NO.

INVOICE NO. / DATE

PACKING LIST NO. / DATE

CUSTOMS REGISTRATION NUMBER

DESCRIPTION OF GOODS & EXAMINE

RESULT.....

.....

.....

EXAMINE OFFICER
OFFICER OF CUSTOMS

SENIOR

Sample of Single Inspection Envelope



SINGLE INSPECTION

MUSTAHAK – เอกสารสำคัญ – IMPORTANT

PLEASE DELIVER TO

- BUKIT KAYU HITAM CUSTOMS – HOUSE
- KEPADA KASTAM BUKIT KAYU HITAM
- ส่งด่านศุลกากรบูกิต กายู ฮิตัม

- Comparing the two approaches to pilot testing SSCI based on features (see table)

Features	GMS	Malaysia-Thailand
Inspection Site	<i>Country of Entry</i>	<i>Country of Exit</i>
Mode of Inspection	<i>Joint</i>	<i>Individual</i>
Basis for Inspection	<i>Unknown</i>	<i>Selectivity</i>
Information Exchange	<i>Minimal</i>	<i>High</i>
Customs Houses	<i>Separate (Planned Juxtaposed)</i>	<i>Separate</i>

- There are bound to be inherent constraints to an efficient and effective SSCI irrespective of approaches followed (e.g. GMS):
 - »»»» infrastructure connectivity
 - »»»» traffic rights when crossing borders
 - »»»» border terrain and physical conditions
 - »»»» systems harmonization
 - »»»» institutional environment
 - »»»» relationship between customs offices in the border

Customs Cooperation and SSCI

- Customs cooperation ranges from joint controls to information and intelligence sharing that facilitate trade and reduce security risk.
- For *Padang Besar* there is no joint control with minimal joint inspection since most rail cargo and passenger are transit with limited terminal destinations.
- Despite common facilities in one state, each customs authorities operate separately.

- The choice of where SSCI takes place seems to matter for customs cooperation.
- If SSCI takes place in the *Country of Exit* the core of customs (and other agencies) cooperation would be exchange of information with the *Country of Entry*.
- There is no actual joint control by both authorities – it is the exchange of data and information that drives the cooperation.
- *Information* flow is a substitute for the movement of customs officials between sides of the border.

Directions for Cooperation

- The use of information exchange for customs cooperation in instituting SSCI has advantages:
 - »»»» information exchanged is recorded, superior to officials who carry the information
 - »»»» information use reduces face-to-face transaction between authorities and clients, and among authorities – minimizes potential sources of corruption and safeguards governance
 - »»»» real cooperation at the policy level, setting standards and mechanisms for border dispute resolution, and promoting more border relations

- Important to track progress of SSCI pilots, establish evaluation schemes to measure results, examine information systems, and understand institutional environments.

Thank you...