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Improving the Efficiency of Customs Procedures:

Global Trends and Challenges

Murat DELİÇAY
Planning Expert
COMCEC Coordination Office

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Outline:

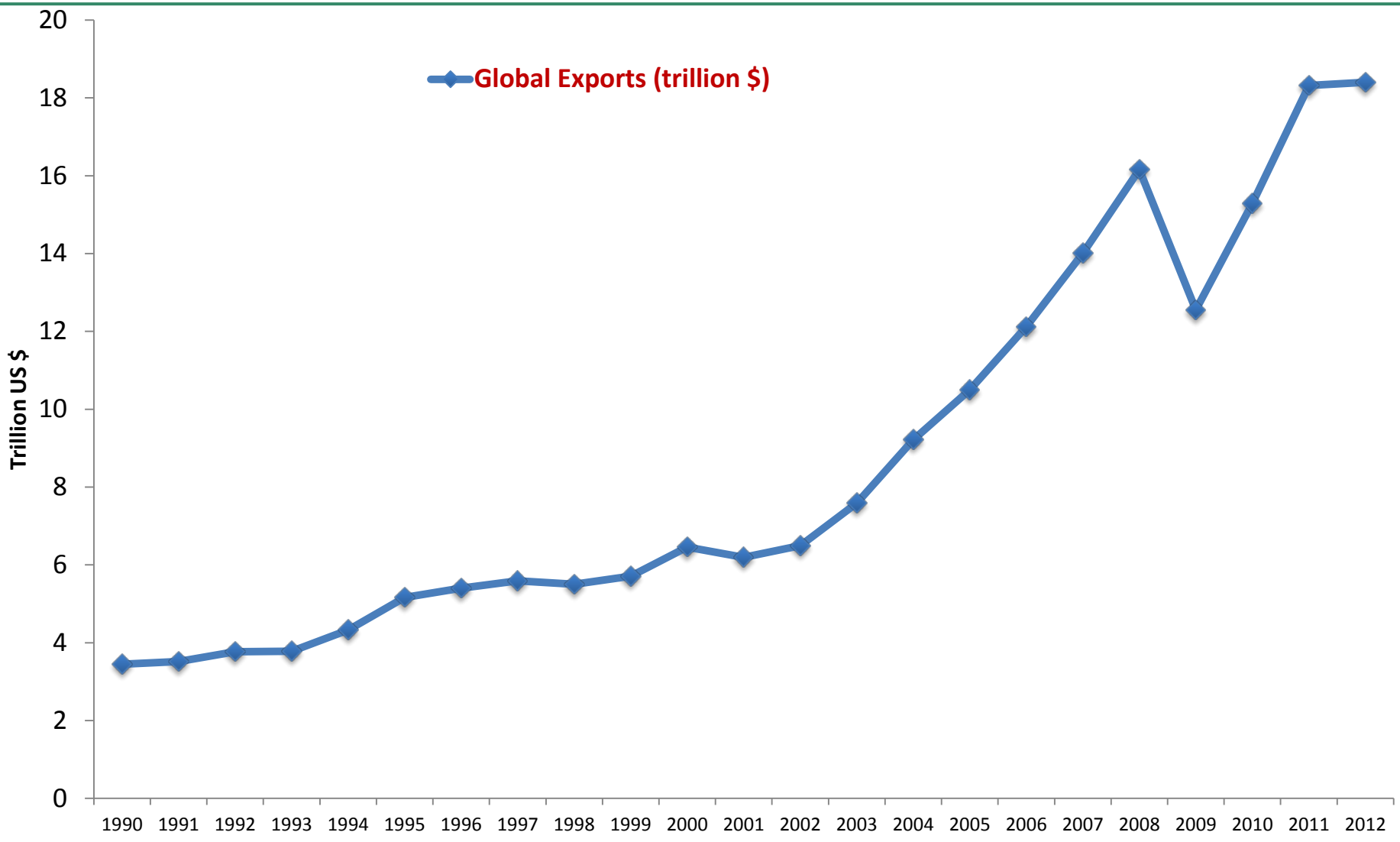
- Why is the customs procedures so important for trade?
- What are the challenges faced at customs?
- The Global Trends to meet the challenges faced at customs?
- The Success Factors in implementing customs reform.

Why is customs procedures so important for trade?

Traditional Role of Customs Administrations:

1. Collection of revenues,
2. Implementing provisions of trade policy
3. Secure country from illegal trade
4. Collecting statistics etc.

Why is customs procedures so important for trade?



What are the challenges faced at the customs?

- Higher Costs
- Time Delays

Global Trends to meet the challenges faced at customs

During the last two decades

Countries focused on reducing the trade transaction costs and delays to increase their external trade.

Global Trends to meet the challenges faced at customs

What is trade facilitation?

Simplifying

Standardizing

Harmonizing

the trade procedures

Global Trends to meet the challenges faced at customs

According to the WTO:

***Trade procedures** include activities, practices and formalities involved in collecting, presenting, communicating and processing data required for the movement of goods in international trade.*

Global Trends to meet the challenges faced at customs

According to the World Bank Doing Business Report, these four processes are important for international trade:

1. *Documents Preparation,*
2. *Customs Clearance and technical control,*
3. *Ports and terminal handling,*
4. *Inland transportation and handling*

Global Trends to meet the challenges faced at customs

How do these costs and procedures affect trade?

Global Trends to meet the challenges faced at customs

How do these costs and procedures affect trade?

Study	Finding
Moise and Sorescu (2013)	Improvement in all TFIs reduce the cost of trade by; 14.5 percent for low income countries, 15.5 percent for middle income countries 13.2 percent for upper middle income countries
Hummels and Schaur (2012)	Each day in transit is equivalent to an ad-valorem tariff of 0.6 to 2.3 percent
Hummels (2001)	Exporters in the largest manufacturing categories exhibit a willingness to pay for time savings equal to 0.8% ad- valorem per day
Sadikov (2007)	Each extra signature place reduces aggregate exports by 4.2 percent
Martincus and Graziano (2012)	Each additional day that customs procedures add to the transit time between the origin and the destination results in a 1.4% decline in the export growth rate
Djankov et al. (2006)	Each additional day that a product is delayed prior to being shipped reduces trade by at least 1 percent

Global Trends to meet the challenges faced at customs

Customs Clearance and Technical Control

Best Performers				
	Exports		Imports	
	Cost (USD)	Time (Days)	Cost (USD)	Time (Days)
Hong Kong	0	1	0	1
Estonia	25	1	25	1
Korea	15	1	30	1
UAE	30	1	30	1
New Zealand	50	1	50	1
Singapore	50	1	50	1
Germany	30	1	55	1
Sweden	55	1	55	1
Malaysia	60	1	60	1
Austria	60	1	60	1

Source: Doing Business 2014

Global Trends to meet the challenges faced at customs

Customs Clearance and Technical Control

Low Performers				
	Exports		Imports	
	Cost (USD)	Time (Days)	Cost (USD)	Time (Days)
Niger	430	3	430	8
Eritrea	400	6	450	6
South Sudan	525	5	475	5
Congo, Dem.Rep.	300	7	500	10
Chad	330	3	525	7
Russia	550	1	650	2
Central African Rep.	660	4	665	10
Cameroon	465	4	670	6
Venezuela	500	7	700	10
Iraq	700	13	700	15

Source: Doing Business 2014

Global Trends to meet the challenges faced at customs

Enabling Trade Index 2012

Best Performers						
	Efficiency of Customs Administration		Efficiency of Import-Export Procedures		Transparency of Border Administration	
	Country	**Score**	**Country**	**Score**	**Country**	**Score**
1	Singapore	6,61	Singapore	6,44	New Zealand	6,67
2	Sweden	6,34	Hong Kong Sar	6,29	Denmark	6,53
3	Netherlands	5,97	Denmark	6,22	Singapore	6,53
4	UK	5,96	Sweden	6,22	Sweden	6,48
5	Ireland	5,94	Korea Rep.	6,19	Finland	6,41
6	Denmark	5,91	Finland	6,12	Norway	6,33
7	Austria	5,89	UAE	6,02	Netherlands	6,18
8	New Zealand	5,96	Estonia	5,94	Luxemburg	6,16
9	Switzerland	5,77	France	5,94	Iceland	6,15
10	Hong Kong SAR	5,73	Norway	5,93	Canada	6,13

Source: WEF 2012

Global Trends to meet the challenges faced at customs

Enabling Trade Index 2012

Low Performers						
	Efficiency of Customs Administration		Efficiency of Import-Export Procedures		Transparency of Border Administration	
	Country	**Score**	**Country**	**Score**	**Country**	**Score**
123	Lesotho	2,81	Azerbaijan	2,25	Ukraine	2,4
124	Vietnam	2,81	Angola	2,21	Cote d'Ivoire	2,39
125	Burundi	2,79	Burundi	2,01	Cambodia	2,36
126	Ukraine	2,78	Burkina Faso	1,96	Nepal	2,36
127	Mauritania	2,78	Kyrgyz Republic	1,85	Kyrgyz Republic	2,26
128	Angola	2,69	Venezuela	1,84	Burundi	2,21
129	Kenya	2,59	Zimbabwe	1,82	Venezuela	2,19
130	Madagascar	2,57	Kazakhstan	1,64	Haiti	2,11
131	Haiti	2,51	Tajikistan	1,56	Chad	2,01
132	Syria	1,93	Chad	1,56	Yemen	1,91

Source: WEF 2012

Global Trends to meet the challenges faced at customs

Areas of Focus:

A. Assessing the needs and identifying the obstacles;

B. Acceding to the relevant international conventions;

C. Increasing Transparency and Predictability;

D. Implementing Modern Customs Procedures and Formalities:

E. Effective use of Information and communications technology:

Global Trends to meet the challenges faced at customs

A. Assessing the needs and identifying the obstacles:

1. Using the various indicators,

Doing Business, LPI, ETI etc.

2. Consultations with the stakeholders,

Private Sector, different government agencies, international institutions, partner countries

Global Trends to meet the challenges faced at customs

B. Acceding to the relevant international conventions:

1. RKC
2. ATA Convention
3. İstanbul Convention
4. HS Convention
5. TIR Convention
6. WTO Valuation Agreement
7. International Convention on the Harmonization of Frontier Control of Goods etc.

And implementing recommendations, instruments and tools developed by the WCO, UNECE etc.

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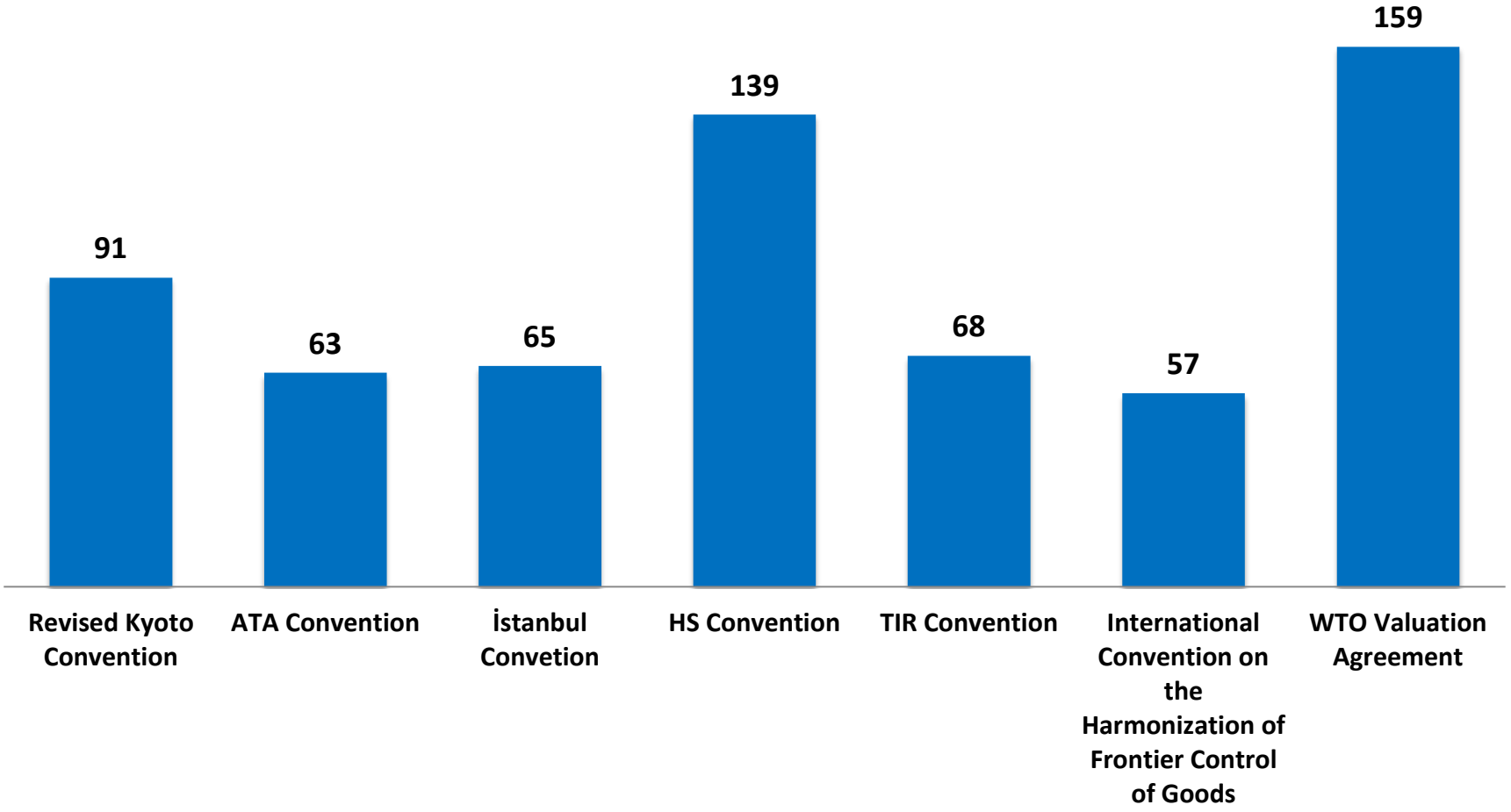
Acceding to the relevant International Conventions



Global Trends to meet the challenges faced at customs

C. Increasing Transparency and Predictability:

1. Publication of the relevant information in a timely manner,
2. Establishment of enquiry point,
3. Consultations with the stakeholders,
4. Establish modern appeal mechanism,

Global Trends to meet the challenges faced at customs

D. Implementing Modern Customs Procedures and Formalities:

Such as:

1.Rationalizing fees and charges,
2.Pre-arrival processing,
3.Deferred Payments,
4.Risk Management,
5.Post-clearance audit,
6.AEO,
7.Single Window etc.

Global Trends to meet the challenges faced at customs

E. Effective use of Information and communications technology:

Global Trends to meet the challenges faced at customs

According to the ICC Customs Guidelines, the Customs shall use ICT and automation in the following areas:

1. For the payment of duties, taxes and other fees;

2. For electronic filing facilities such as declarations, duty and tax guarantees and surety bonds;

3. For transmitting and receiving data nationally and internationally;

4. For publication of tariff and related information data;

5. For using risk-assessment and other modern control techniques;

6. For Single Window

Global Trends to meet the challenges faced at customs

What are the requirements to implement these measures?

Success Factors for Implementing Customs Reform

Success Factors:

1. Strong Political Will,

2. Enabling Legal Framework,

3. Administrative and Institutional Arrangements,

4. Human Resources Management,

5. Financing

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Thank you for your attention…

Murat DELİÇAY
mdelicay@comcec.org