Reducing Delays at Border Crossings - Itinerary
Reducing Delays at Border Crossings

FAQs

What can be done to reduce delays at border crossings?
Who should be involved?
Steps towards reducing Border Delays

- Itineraries guide users through the wealth of information contained in the TFIG
- This Itinerary combines domain-specific TF measures along a dedicated TF goal
- The itinerary is not exhaustive, just an exemplary collection
- It is possible to add or skip TF measures
- Each measure on its own can reduce border delays
Towards Fewer Border Delays

- **Risk management** is the basis for risk-based selectivity, which ensures that disruptions occur mainly for high-risk shipments.

- **Pre-Arrival Processing** makes optimum use of the time for risk assessments and release decisions while goods are travelling. This should lead to release upon arrival.

- **Electronic** as well as **deferred duty/tax payment** arrangements remove time consuming cash/cheque handling at import.

- **Authorized Trader** Programs enable Customs to give compliant traders a low risk scoring based on their trading/clearance history, leading to faster release and clearance times.

- **De Minimis** regimes help to reduce formalities for small, low value or non-dutiable shipments.

- **Coordinated Intervention** requires all relevant border agencies to work together and conduct physical examinations at the same time.

- Neighbouring export and import countries should coordinate **joint clearance and border control** activities, e.g. **opening hours**, avoiding disruptions during the border crossing process.
Focus on Customs and CBM

Scope of CBM & Customs Domain in Itinerary

Modes of Transport
- Air
- Sea
- Road
- Rail

Stakeholders
- Governments
- Citizens/Consumers
- Business/Industry

Clearance
Export
Import
Transit

Security
Cross-Border Management

Export
Import
Measures were selected along TF principles…

Trade Facilitation Principles

- Effectiveness
- Efficiency
- Transparency
- Predictability
- Consistency

Trade Facilitation Indicators: Impact on Trade Cost¹

<table>
<thead>
<tr>
<th>Highest Impact on Trade Flows</th>
<th>Highest Impact on Trade Cost</th>
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</thead>
<tbody>
<tr>
<td>#</td>
<td>TF Measure</td>
</tr>
<tr>
<td>1.</td>
<td>Advance Rulings</td>
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<tr>
<td>2.</td>
<td>Information Availability</td>
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<td>3.</td>
<td>Streamline Fees and Charges</td>
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<td>4.</td>
<td>Simplification and Harmonization of Documents</td>
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<td>5.</td>
<td>Co-operation between border agencies, internally and externally</td>
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</tbody>
</table>


... And Highest Effect On Trade Flows and Cost
... enabling a balance with Customs control
Supply Chain Barriers

Definition: The lack of infrastructure, institutions, policies and services facilitating the free flow of goods over borders

1. Domestic and foreign market access
   - Quotas
   - Import fees - not an import duty (e.g. tax schemes)
   - Local content requirements
   - Rules of origin
   - Technical, sanitary and phytosanitary measures or other requirements
   - Import/export licenses

2. Administrative burden on traders
   - Processing times
   - Coordination between border agencies
   - Administration burden of complying with standards

3. Transparency of border administration
   (e.g. facilitation payments)

4. Availability and use of information and communication technologies
   (e.g. tracking, electronic-tolls, communication)

5. Regulatory environment
   - Investment policy
   - Hiring foreign workers
   - Other regulatory environment issues (including trade finance)

6. Physical security

“...if all countries reduce supply chain barriers halfway to global best practice, global GDP could increase by 4.7% and world trade by 14.5%, far outweighing the benefits from the elimination of all import tariffs. In comparison, completely eliminating tariffs could increase global GDP by 0.7% and world trade by 10.1%”

WEF News Release, 23 Jan 2013
Key Customs and CBM related TF Instruments

- **Revised Kyoto Convention**

- **The International Convention on the Harmonization of Frontier Controls of Goods**

- **Harmonized System**

- **FAL Convention**

- **Chicago Convention**
  - Adopted: 1944, entry into force: 1947, contracting parties: 190, administered by: ICAO

- **GATT Valuation Agreement**

- **TIR Convention**

- **Montreal Convention**
Structure of the CBM & Customs Domain

CBM & Customs
- Clearance
  - General
    - Automation
    - Appeals
    - Integrity
  - Opening hours
- Security
  - AEO
    - Mutual Recognition
    - NII Technology
- Cross-Border Management
  - Transit
    - Joint Controls

Other Domains
- Purchasing
- Shipping & Transport
- Payment
- E-Trade Data Interchange
- Business Process Analysis
- Consultation & Cooperation

Other TFIG Areas
- Instruments
- Organizations
- Case Studies

General Process-Related
- Declaration
- Risk Management
- E-payment
- Pre-arrival processing
Aiming at implementing and fostering key trade facilitation principles such as predictability, consistency and transparency.

Seeking to enhance the effectiveness and the efficiency of Customs.

Specific process-related measures with tangible impact on the efficacy of the overall clearance process.

Can be local in reach and relatively inexpensive to implement.
General TF measures affecting clearance

- Internationally standardized Customs terminology and trade data definitions
- Publication of relevant laws and regulations
- Formal trade consultation
- Customs Brokers
- Appeal system
- Integrity programs
- Risk management and selectivity
- Customs automation
- Single window programs
- Authorized trader programs
- Post-clearance audit
- De minimis schemes
- Opening Hours
Example – Risk Management

Impact of Risk Management Application in Japan

Explanation

- Enhancements made to Japan Customs’ risk assessment capabilities since 1999 helped Customs in keeping the staffing level nearly unchanged since 1999 while the number of import transactions increased by almost 60% (2007) and exports transactions increased by around 50% (2007) (Source: WCO Risk Management Compendium)

- Further reading:
  - WCO Risk Management Compendium
  - ICC Customs Guidelines # 14

Example of a Risk Management Process

1. Establish Context
2. Identify Risks
3. Analyze Risks
4. Assess and Prioritize Risks
5. Address Risks

Monitor and Review

Documentation, Communication and Consultation

Exports

Revenue

Staff

Imports

1999 = 100


80 100 120 140 160

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Clearance process related TF Measures

Typical Steps in a Customs Clearance Process

1. Declare
   - Form and the content of the declaration
   - Supporting documents
   - Advance ruling

2. Check
   - Verification
   - Classification
   - Value
   - Origin
   - Plausibility checks

3. Select and examine
   - Risk management and selectivity*
   - Non-intrusive inspection technology
   - Coordinated Intervention*

4. Calculate and collect
   - Deferred payment*
   - e-payment*

5. Release
   - Release time
   - Pre-arrival processing*
   - Security and guarantee

* Part of the Itinerary
Example – Pre-Arrival Processing

Impact of Pre-Arrival Processing on Release Times

Explanation

- According to a Time Release Study conducted by Japan Customs in 2009, the time required for Customs to release sea cargo in a non-pre-arrival mode was 4.1 hours compared to 1.7 hours in a pre-arrival mode. In the case of air cargo, pre-arrival declaration reduced release time from 60 to 30 minutes.

- Further reading:
  - Standard 3.25 of the Revised Kyoto Convention (RKC)
  - WCO Immediate Release Guidelines
  - ICC Customs Guidelines # 9

Source: Time Release Study 2009, Japan Ministry of Finance
(Supply Chain) Security

- **Authorized Economic Operator (AEO)**
  - a way to provide legitimate trade with a mechanism to receive tangible benefits for their commitment to invest in and comply with supply chain security standards.

- **Mutual recognition** of AEO programs
  - means that AEOs would not have to undergo the time consuming accreditation process in every country again and again.

- **Non-intrusive inspection technology**
  - can help to increase security, but at the same time can help to avoid time consuming physical inspections.
According to a Time Release Study conducted by Japan Customs in 2009, the time required for Customs to release sea cargo from non-AEO traders was 3.1 hours compared to 10 minutes for cargo from traders having an AEO status with Japan Customs.

Further reading:
- WCO SAFE Framework of Standards
- AEO benefits paper
- WCO SAFE Package

Source: Time Release Study 2009, Japan Ministry of Finance
• **Joint border controls**
  – help to eliminate redundancies in the clearance process at land border crossings.

• **Risk management** standards
  – increase the predictability in the entire door-to-door supply chain.

• **International transit** arrangements
  – ensure that goods can be delivered smoothly and fast to its final destination without having to undergo Customs clearance in every country they pass through.
Example - Joint Border Controls

**Joint Border Facility between Germany and Poland**

**Explanation**

- Standards 3.4 (joint Customs controls) and 3.5 (juxtaposed Customs offices) of the *Revised Kyoto Convention (RKC)*
- Standard 3.3 of the RKC (coordination of *opening hours* and the respective competences)
- Coordination of the physical layout of the border crossing, e.g. number of lanes, transit lanes, parking lots and other relevant facilities (see Art. 6 of Annex 8 to the *International Convention on the Harmonization of Frontier Controls of Goods*)
- Bilateral agreement or treaty:
  - legal basis for budgetary commitments to establish and maintain joint facilities and the division of the costs,
  - definition of the border line,
  - Legal powers for law enforcement measures (e.g. penalties, seizures, arrests) on the territory of the other country

The picture shows the border crossing in Ludwigsdorf between Poland and Germany and provides a good practice example of such a common border crossing with joint facilities (Customs office, inspection area, parking lots, temporary storage, etc.) in each direction. The joint Customs office Ludwigsdorf is entirely on German territory, approximately 1 km away from the German Polish border.
Benchmarking Across Trade Facilitation
Capabilities Show Room for Improvement

High-Level Benchmarks and Index Rankings

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<th>Country</th>
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Sources: World Bank, GEA, Dietmar Jost Consulting analysis
1. Introduction

2. Plenary – Root Cause Analysis Exercise


4. Plenary – Presentation of Group Results; Discussion
Guiding Questions

- What is the topic/area about?
- Which measures are particularly relevant as solutions to the causes identified?
- Which measures can help to quantify improvements in the border crossing process?
- How would you go about measuring the border crossing process – process, stakeholders, organization?
Thank you!

For more see Reducing Delays at Border Crossings Itinerary: http://tfig.unece.org/contents/borde-crossing-delays.htm

Link to: