

Streamlining Clearance Procedures for Express Delivery Services (EDS) Vietnam



**Vietnam Customs & CAPEC Workshop
18th November 2009**

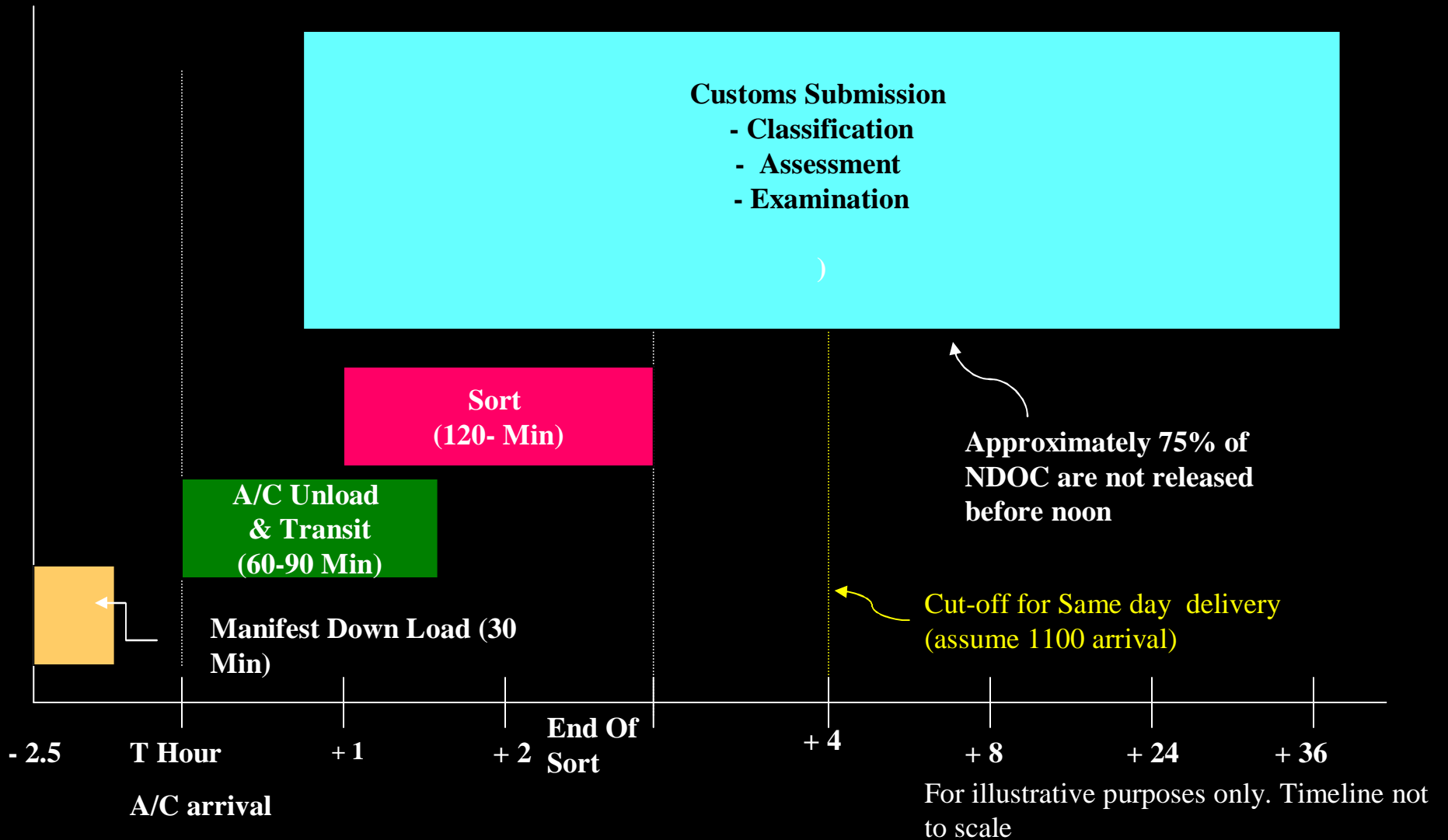


Purpose

To provide an overview of:

- (1) Industry's experiences within the current clearance environment in Vietnam;
- (2) CAPEC's recommendations to improve and align customs clearances practices in Vietnam to regional Best Practices;
- (3) Discussion on next steps and developing a Road Map.

THE CURRENT ENVIRONMENT



The Current Environment

- No Pre-Arrival Clearance is available
 - Procedures dependent on customs documentation and physical shipments processed together. As such, customs clearance activities commence only when physical shipments are available.
 - does not leverage on express industries capability to provide shipment information well before physical shipments arrival
- Opportunity for same day delivery limited to customs processing hours between 0800 - 1100 hrs.

The Current Environment

- Current clearance procedures are based on decree 652 where shipments are categorized under 3 lanes.
 - WCO shipment categorization not in practise
 - Pilot projects have commenced based on decision 93.
- Non doc shipments that can be by x-ray screened are approximately 40 – 50%
 - Approximately only 20% can be cleared for delivery in the afternoon cycle.
- Minimal risk management practiced
 - Shipment attracting USD1.00 of duties is subjected to same level of scrutiny/effort as a shipment attracting USD1,000 of duties

The Current Environment

- Labor intensive procedures.
 - One Shipment - One Customs entry
 - Duty & Tax receipt preparation takes time and completed after shipment arrival
 - Almost all non-document parcels have to be x-ray screened or physically examined
 - Limited customs processing capacity due to number of customs officers available per site.
 - Significant increase in Express shipment volumes
 - Different practices across different customs sub departments
 - Original paperwork requested for clearances
 - Express operators can provide scanned images of paperwork in advance

The Current Environment

Other issues

- **Flexible working hours**
- **Ability to perform and complete all customs formalities (both commercial goods and non-commercial goods) through customs officers located within the express company facility**
 - Consignee must obtain approval from specific designated customs offices
 - This procedure further delays the clearance by at least another 48 – 72 hours
- **Flexible payment schemes**
- **Handling of International Trans-shipments**
- **Adopt WTO Valuation for customs valuation of goods**
- **Introduce an EDI system to support automated screening and selectivity, and clearances for express consignments**

Customs Clearance Practices in the Region

S/No	Brief Description of Customs Procedures	Indonesia	Malaysia	Singapore	Thailand	Vietnam
1.	Is Pre-clearance Available?	Yes	Yes	Yes	Yes	No
2.	Are customs services available outside standard working hours?	Yes	Yes	Yes	Yes	Yes (Restricted)
3.	What types of payments schemes are available?	Deferred Payment & Bank Payment	Direct Payment	EFT	Direct Payment & EFT	Bank Transfer
4.	Is deminimis available? (state value if available)	USD 50.00	USD147	USD 287	USD 30	Nil
5.	Are Consolidated Clearances Available?	Yes (Up to USD 5000.00)	Yes (Up to USD 530 Non-dutiable)	Nil	Yes (Up to USD 1000)	Nil
6.	What is the observed intervention rate?	<5%	< 5%	< 1%	< 10 %	75%
7.	How is selectivity performed i.e. manual or automated?	Manual	Manual	Automated	Manual	N.A
8.	Are customs activities performed under one roof?	Yes	Yes	Yes	Yes	No
9.	EDI reporting available?	Yes (Formals Only)	Yes (Formals Only)	Yes	Yes (Formals Only)	No
10.	Are electronic images / faxes accepted?	Yes	Yes	Yes	Yes	In some locations

CAPEC's Recommendations

- Recommendations articulated in a CAPEC's document -
“Streamlined Customs Clearance Procedures” &
“Implementation of a De Minimis Threshold for Express
Delivery Services”
- Recommendations in line with:
 - Revised Kyoto Convention on the Simplification of Customs
Procedures
 - WCO Immediate Release Guidelines

CAPEC Recommendations

- Introduce a pre-arrival clearance regime.

Requires the following elements:

- Able to lodge customs declarations, clear and release goods before flight arrival
- Customs operating hours must be flexible to support the needs of businesses – extended working hours, including WE and Holidays
- Introduce risk management through the issue of clear targeting instructions/profiles to customs officers to interdict only high risk shipments, and provide expedited release for the large majority of low-risk shipments before flight arrival

CAPEC Recommendations

- Introduce a De minimis regime to facilitate the clearance of low-risk non-dutiable shipments
 - Goods below USD 100 threshold have a duty and tax waiver
 - Goods may be cleared using a manifest
 - Goods subject to minimal levels of intervention by customs

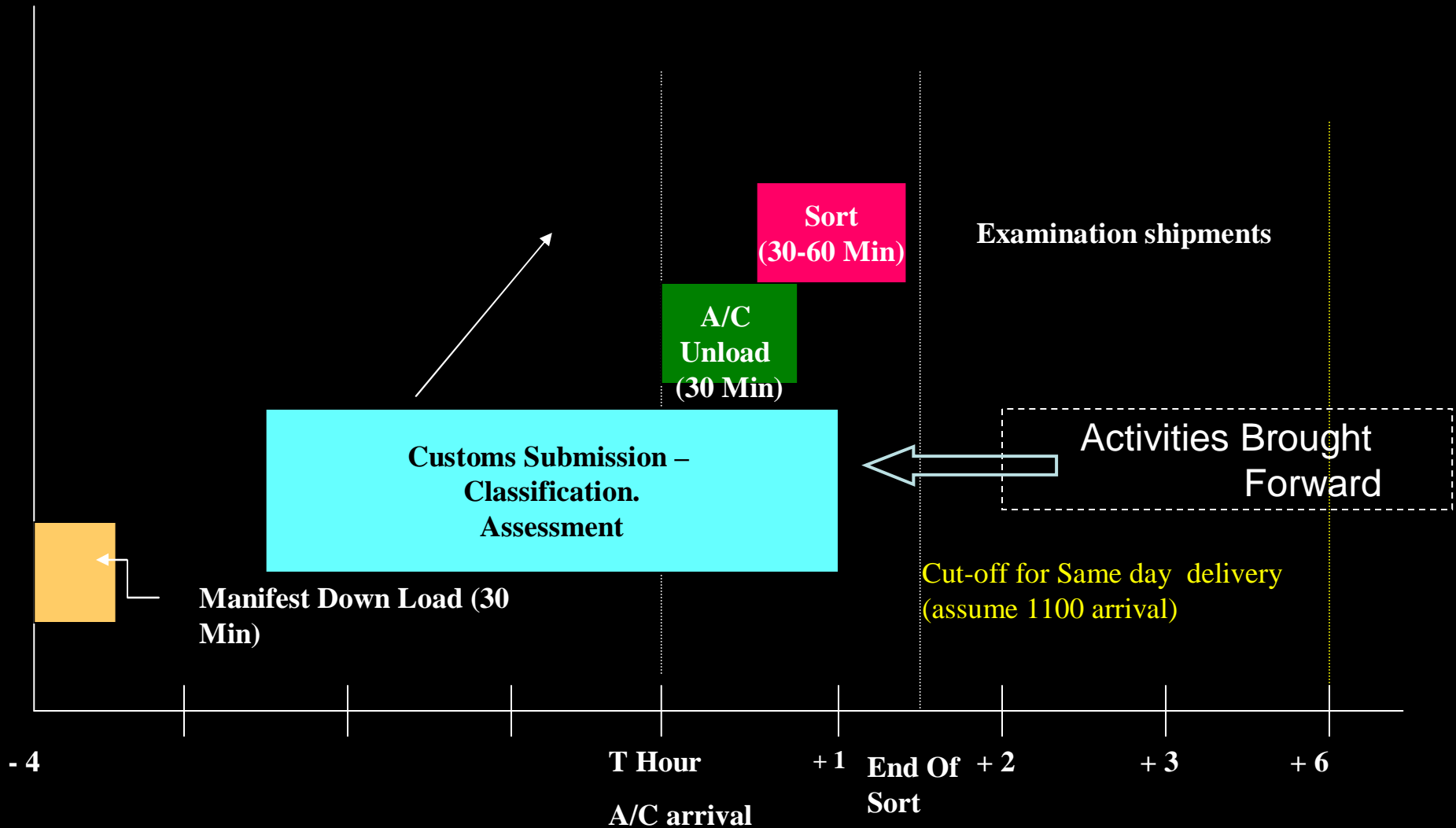
Existing De minimis practices in AP

	<u>Local Currency</u>	<u>US Dollar</u>
Australia	AUD 1,000	(USD 925)
China	CNY 400	(USD 58)
Indonesia	USD 50	(USD 50)
Japan	JPY 10,000	(USD 110)
Korea	USD 100	(USD 100)
Malaysia	MYR 500	(USD 147)
New Zealand	NZD 400	(USD 295)
Singapore	SGD 400	(USD 287)
Taiwan	TWD 3,000	(USD 90)
Thailand	THB 1,000	(USD 30)

CAPEC Recommendations

- Introduce a simplified clearance procedure for low-value Dutiable consignments
 - Clear large number of low-value dutiable goods (up to USD5,000)
 - Individual duty and tax receipts will be issued for each shipment
- Example: Indonesia (up to USD 5,000)

Pre-Arrival Clearance Expands Clearance Window



Immediate Actions to Relieve Operational Challenges

- **Use of current data and systems to implement pre arrival clearance using the WCO categorization of shipments similar to Malaysia and Indonesia**
- **Implement a De Minimis threshold of USD 100**
- **Acceptance of electronic images of shipment paperwork to proceed with clearance approvals**
- **Extended customs operating hours in Express Facilities depending on the individual express operators flights / needs**
0400 – 23:59 hrs (shift work recommended)
- **Pre-arrival clearance for shipments up to USD 5,000 using risk management / profiling techniques.**

Next Steps - Discussion

