

UNCTAD Trust Fund on Trade Facilitation Negotiations¹ Technical Note No. 15

Pre-arrival Customs processing

Background

In cross-border trade transactions the clearance and release of goods at point of entries often create a barrier to trade because of long delays. Modernization of Customs procedures so as to expedite the clearance and the release are therefore an import trade facilitation tool. Advance lodging of information allows for a release with little or no delay upon arrival.

The International Convention on Simplification and Harmonization of Customs Procedures (the Revised Kyoto Convention or RKC) refers to pre-lodgement and pre-registration in Chapter 3 of the General Annex.

WCO Guidelines

WCO has also addressed the traders' need for early release in its Guidelines for the Immediate Release of Consignments by Customs. According to the Guidelines, goods are divided into four different categories for which immediate release can be permitted according to simplified requirements:

- Correspondence and documents – Such items without commercial value can be released on the basis of the transport document or even an oral declaration;
- Low value consignments for which no duty or taxes are collected – The value limit which varies from country to country, and release can be granted against a simplified declaration submitted to Customs in advance;
- Low-value dutiable consignments – The value limit may again vary and duty and tax has to be paid or deferred against a guarantee. Simplified or periodic declaration may apply; and
- High-value consignments – Facilitated clearance will be granted provided necessary information has been lodged with Customs in advance. Immediate release and subsequent clearance may be permitted if payment of duties and taxes is guaranteed.

Electronic information exchange

Customs clearance and release can be further expedited through the electronic lodgement of data. In countries using modern ICT systems, traders can submit required documents and data to Customs ahead of the goods arriving in the country. Customs systems will process the data automatically, including the screening through risk management profiles, and the calculation of duties. In some countries, administrations will also advise traders electronically prior to the arrival of the goods at the point of entry. In case the goods are selected for physical inspection, the importer is advised

¹ This Technical Note has been produced jointly by the World Customs Organization (WCO) and UNCTAD.

online, so that the presentation of the goods to be handed over to Customs for inspection can be arranged without delay.

Benefits

- Advance electronic processing of information facilitates the use of risk management systems;
- Reduced delays at border crossings/entry points;
- Reduced release time – Fast or immediate release is of paramount importance to traders due to the time saved; and
- Saving storage and insurance fees – Such fees will be reduced as a direct consequence of pre-arrival clearance.

Implementation issues

Prerequisites to implementation of pre-arrival processing

- The electronic transmission of data and documents requires the use of standardized documents in electronic format (UN e-docs, UNTDED, WCO Customs Data Model). The electronic information exchange also needs to be put in place based on widely agreed standards, such as EDIDACT;
- Cooperation with traders – Pre-arrival processing is a method based on effective cooperation with the trading community. Therefore, it is important to establish a positive atmosphere of mutual access and respect between Customs and the traders;
- Automation – Pre-arrival processing can be applied in a fully automated Customs environment as well as in a manual or semi-automated environment;
- Amendment of legislation – In many countries, Customs' physical inspections of goods and document is still mandatory. A revision of the Customs code and other relevant legal text is therefore necessary before applying pre-arrival processing; and
- Effective implementation of a risk management system.

Skills required

The implementation of new procedures, such as pre-arrival processing, requires knowledge of the options and the conditions related to the new procedure. This is done through training courses for Customs staff and if possible the trading community as well, including carriers and clearing agents.

References and tools available

World Customs Organization (WCO)

Relevant WCO instruments include: The Revised Kyoto Convention of the WCO on the Simplification and Harmonization of Customs Procedures (1999); the WCO Guidelines for the Immediate Release of Consignments by Customs; or the WCO Self Assessment Checklist or similar document available at <http://www.wcoomd.org>

Further UNCTAD Technical Notes

Further Technical Notes are available via <http://www.unctad.org/technicalnotes>. See in particular:

- Technical Note No. 3 (Use of Customs automation systems)
- Technical Note No. 12 (Risk management for Customs control)
- Technical Note No. 19 (Separating release from clearance procedures)
- Technical Note No. 21 (ASYCUDA)

The *Technical Notes* have been produced by technical experts contracted by UNCTAD within the Trust Fund project “Capacity building in developing countries and least developed countries to support their effective participation in the WTO Negotiations Process on trade facilitation”, financed by the Governments of Sweden and Spain. Their purpose is to assist Geneva- and capital-based negotiators to better understand the scope and implications of the various trade facilitation measures being proposed in the context of multilateral negotiations on trade facilitation. The opinions expressed in the Technical Notes may not necessarily coincide with those of the organization or the donors of the Trust Fund. For comments and enquiries please contact trade.logistics@unctad.org. All Technical Notes are available via <http://www.unctad.org/technicalnotes>.
