

Technical note on the WTO Trade Facilitation Agreement

Article 7.8: Expedited shipments

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Expedited shipments: Article 7.8

Just-in-time delivery is crucial to keep business costs down and increase the competitiveness of logistic chains serving the requirements of manufacturing, retail and service industries. Particularly important for global value and supply chains, just-in-time delivery is an essential feature of trade transactions due to growing demands posed by e-commerce.

Members must set up special procedures to expedite the release of goods entered through air cargo for those persons who apply for such treatment.

However, delays in clearing consignments at entry points can be detrimental to businesses that rely on air cargo to deliver express parcels, as well as to express delivery operators whose competitiveness depends on their ability to offer just-in-time delivery.

To help maintain express delivery of goods, the TFA requires customs authorities to develop a preferential programme that provides for the fast-tracking clearance of goods imported through air cargo for persons who have applied for such benefit.

The measure

ARTICLE 7 RELEASE AND CLEARANCE OF GOODS

8 Expedited Shipments

8.1 Each Member shall adopt or maintain procedures allowing for the expedited release of at least those goods entered through air cargo facilities to persons who apply for such treatment, while maintaining customs control.⁷ If a Member employs criteria⁸ limiting who may apply, the Member may, in published criteria, require that the applicant shall, as conditions for qualifying for the application of the treatment described in paragraph 8.2 to its expedited shipments:

- (a) provide adequate infrastructure and payment of customs expenses related to processing of expedited shipments in cases where the applicant fulfils the Member's requirements for such processing to be performed at a dedicated facility;
- (b) submit in advance of the arrival of an expedited shipment the information necessary for the release;
- (c) be assessed fees limited in amount to the approximate cost of services rendered in providing the treatment described in paragraph 8.2;
- (d) maintain a high degree of control over expedited shipments through the use of internal security, logistics, and tracking technology from pick-up to delivery;
- (e) provide expedited shipment from pick-up to delivery;
- (f) assume liability for payment of all customs duties, taxes, fees, and charges to the customs authority for the goods;

⁷ In cases where a Member has an existing procedure that provides the treatment in paragraph 8.2, this provision does not require that Member to introduce separate expedited release procedures.

⁸ Such application criteria, if any, shall be in addition to the Member's requirements for operating with respect to all goods or shipments entered through air cargo facilities.

- (g) have a good record of compliance with customs and other related laws and regulations;
- (h) comply with other conditions directly related to the effective enforcement of the Member's laws, regulations, and procedural requirements, that specifically relate to providing the treatment described in paragraph 8.2.

8.2 Subject to paragraphs 8.1 and 8.3, Members shall:

- (a) minimize the documentation required for the release of expedited shipments in accordance with paragraph 1 of Article 10 and, to the extent possible, provide for release based on a single submission of information on certain shipments;
- (b) provide for expedited shipments to be released under normal circumstances as rapidly as possible after arrival, provided the information required for release has been submitted;
- (c) endeavor to apply the treatment in subparagraphs (a) and (b) to shipments of any weight or value recognizing that a Member is permitted to require additional entry procedures, including declarations and supporting documentation and payment of duties and taxes, and to limit such treatment based on the type of good, provided the treatment is not limited to low value goods such as documents; and
- (d) provide, to the extent possible, for a *de minimis* shipment value or dutiable amount for which customs duties and taxes will not be collected, aside from certain prescribed goods. Internal taxes, such as value-added taxes and excise taxes, applied to imports consistently with Article III of GATT 1994 are not subject to this provision.

8.3 Nothing in paragraphs 8.1 and 8.2 shall affect the right of a Member to examine, detain, seize, confiscate or refuse entry of goods, or to carry out post-clearance audits, including in connection with the use of risk management systems. Further, nothing in paragraphs 8.1 and 8.2 shall prevent a Member from requiring, as a condition for release, the submission of additional information and the fulfilment of non-automatic licensing requirements.

Understanding the measure

What is covered?

Core obligation

This measure requires Members to adopt or maintain procedures to allow the expedited release of *at least* goods entered through air cargo for those persons who apply for such treatment, while maintaining customs control. The obligation is limited to goods entered through air cargo facilities. However, Members may extend the measure to cargo imported through land or sea.

Qualifying criteria to apply for expedited shipments

With the use of the word 'may' the measure opens up the possibility for Members to require applicants to meet certain conditions (published criteria).

List of facilitative procedures for qualifying applicants

Paragraph 8.2 lists the procedures that Members must set up for the processing of expedited shipments. In particular, Members are required to:

- Minimize the documentation required for the release of expedited shipments and – to the extent possible – enable the release of goods based on a single submission of information on certain shipments;

- Release the expedited shipments as quickly as possible after arrival, conditional upon the prior submission of information required for release;
- Make efforts to minimize documentation and quickly release shipments of any weight or value;
- Provide – to the extent possible – for a *de minimis* shipment value or dutiable amount for which customs duties and taxes will not be collected.

Rights of Members

With the expression ‘nothing shall affect the right of a Member’, paragraph 8.3 specifies that Members still retain their legitimate right to examine, detain, seize, confiscate or refuse entry to any goods when deemed necessary.

What is not covered?

The measure does not prescribe in detail the procedures for application of this provision. Each WTO Member can determine a set of procedures and criteria that apply to expedited shipments.

Benefits and opportunities for stakeholders

The measure will reduce unnecessary delays for air cargo, decreasing delays and financial costs of cross-border procedures, particularly for SMEs. The provision of a *de minimis value* on which duty and taxes will not be charged will also help traders to reduce the cost of business.

The publication of selection criteria to apply for expedited shipments helps to significantly enhance transparency, enabling courier delivery service companies to better understand the application requirements for the special treatment.

Supply chain security will be enhanced as customs officers will concentrate their controls on riskier shipments, while quickly releasing air cargo that complies with minimum requirements.

The simplification of business processes will also reduce the workload of authorities and allocate resources on more critical tasks. Advance submission of documents will also help customs in advance planning of goods release.

Implementation

Implementation checklist

The following checklist may be used to estimate the level of compliance with the measure:

- A national implementation framework which provides for the expedited release of goods entered through air cargo facilities on the request of an operator is in place.
- The qualifying criteria (if any) for applicants are consistent with the measure and published.
- The legislation or administrative acts provide for all simplified procedures.
- The legislation or administrative acts allow for customs processing and controls to be carried out at a dedicated facility.

Preparing a national implementation plan

The following template may be used as a basis for a national implementation plan:

Implementation sequence	Actions suggested
	Preparatory phase
	Review existing legal frameworks as well as release procedures and business processes to determine bottlenecks.
	Identify shortcomings in legal, regulatory and institutional frameworks and business processes that may hinder implementation. Using findings, devise new procedures in cooperation with border control agencies.
	Determine which are the changes required to organizational and ICT infrastructures and business processes.
	Set-up phase
	Implement changes identified in legal, regulatory and institutional frameworks and train border agencies staff accordingly.
	Ensure and improve implementation of newly designed business processes and procedures.
	Implement changes required to organizational structures, air cargo facilities and ICT infrastructure.
	Undertake a public awareness campaign to inform relevant stakeholders.
Management and follow-up phase	
Periodically monitor and evaluate implementation.	
Regularly review and audit business processes to seek continuous improvements.	
Seek feedback from private sector to include traders' experiences and perspectives.	
Average time for implementation	Between two and three years.
Leading implementation agency	Customs is most commonly chosen as the leading implementation agency.

Key challenges

Government staff may not have the technical capacity to establish specific conditions and provide facilities for goods which qualify for expedited shipment. Appropriate training may be required for relevant agencies' staff. Inefficient procedures and lack of ICT to identify and fast track air cargo after application of selection criteria for expedited shipments can also hamper implementation of the measure.

Key factors for success

Government staff may need to be trained on how to apply this measure in a transparent and consistent manner. Using ICT as the key means of communication and operations in government institutions will ensure successful implementation. A strong mechanism for public-private engagement will enable an open exchange of ideas and solutions.