
**COMMUNICATION FROM THE SEPARATE CUSTOMS TERRITORY OF
TAIWAN, PENGHU, KINMEN AND MATSU**

The following communication, dated 7 June 2005, from the Delegation of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, is being circulated in advance of the Negotiating Group meeting of 13-14 June.

**EXPERIENCE IN ESTABLISHING A SYSTEM FOR IMMEDIATE RELEASE
OF EXPRESS CONSIGNMENTS**

I. INTRODUCTION

1. In our first communication (TN/TF/W/10), we proposed five possible measures to improve Articles VIII and X, with a view to further expediting the movement, release and clearance of goods. One of those five proposals was to establish a mechanism for the speedy clearance of express consignments. We noted that other Members raised similar suggestions, e.g., in communications from the United States (TN/TF/W/15) and Peru (TN/TF/W/30). This paper focuses mainly on communicating, for the benefit of WTO Members, our own first-hand experiences in establishing this system in a way that satisfies the needs of the various trading communities.

2. With the steady growth of international trade and global investment, the application of more cost-efficient management techniques, such as the "just-in-time" and "zero inventory" systems, has become a critical element in the business process. This is especially the case for small- and medium-sized enterprises (SMEs), which often have to survive on very tight profit margins. The longer Customs clearance takes, the higher the costs that traders have to bear. We have recently conducted a survey among several hundred stakeholders, including manufacturers, traders, brokers and forwarders, on the issue of trade facilitation and what they would like to see coming out of the negotiations. More than half of those interviewed placed "Immediate Clearance of Express Consignments" among their top three priorities, with as many as one quarter of the total sample regarding this as the most needed measure of all.¹

II. MAIN PRINCIPLES

3. The most useful international guidelines produced so far on the subject of implementing this expedited Customs procedure were originally called the *WCO* (World Customs Organization) *Customs Guidelines for Express Consignments Clearance*, and have since been amended and re-

¹ The survey was conducted by the Importers & Exporters Association of Taipei earlier this year, 2005. Preliminary results show that 55.6% of firms rank "Immediate clearance of express consignments" among their top three priority needs, with 25.2% ranking it their number one most urgent issue.

named *Guidelines for the Immediate Release of Consignments by Customs* in 2000. We would recommend that the Members apply the following main principles of the WCO Guidelines:

- **De minimis threshold values:** Consignments may be divided into four categories for the purpose of granting immediate release:
 - (i) correspondence and documents without commercial value,
 - (ii) low value consignments for which no duties and taxes are collected,
 - (iii) low value dutiable consignments, and
 - (iv) high value consignments.
- **Simplified declaration of low-value shipments:** A simplified goods declaration containing the necessary information required by Customs should be allowed, especially for low value consignments.
- **Risk management:** Customs are encouraged to examine suspicious consignments based on risk management techniques.
- **Periodic declaration:** Customs may set up special procedures for authorized persons, such as periodic goods declaration, in order to further facilitate the release/clearance of high value consignments.
- **Financial guarantees:** Customs may institute expeditious release/clearance procedures without payment of customs duties, provided operators conform to relevant Customs requirements and provide financial guarantees.
- **Flexible customs hours of operation:** Customs may allow the release/clearance of consignments to take place outside Customs offices' normal business hours if the level of business so justifies.

III. OUR EXPERIENCE

A. OVERVIEW

4. With the pace of modern business accelerating day by day, demand for faster delivery of consignments increases exponentially. The needs of traders for expeditious clearance can no longer be met by regular customs procedures. In response to these demand trends, we first enacted the *Regulations Governing Import and Export Customs Clearance Procedures for Express Consignments* in 1995. Out of this an "Express Handling Unit" was established accordingly and started operating in December of that year. The 24-hour service rendered by our Customs has been especially welcomed by our industries.

5. In 1997, the Sub-Committee on Customs Procedures (SCCP), under the auspices of the Asia-Pacific Economic Cooperation (APEC), agreed "to implement principles contained in the WCO Guidelines on Express Consignment Clearance, the international standard procedures for clearance of goods, working in partnership with the express industry association" and listed it as one of 12 items (now 15 items) in the Collective Action Plan (CAP) for the 21-member group, so as to further the trade facilitation goal of the APEC. Accordingly, we made our commitment to full implementation of the WCO Guidelines by the end of 2000, and requested technical assistance from APEC/SCCP. Later, an Assessment Mission, composed of customs experts from various APEC members as well as

industries, arrived in Taipei to conduct a thorough review of how we were processing express consignments, our progress in implementing the WCO Guidelines, and plans for improvement.

6. In 1998, our Customs set up an *ad hoc* task force to improve the express clearance system, taking into account the Mission's recommendations. An Express Division was later established within the Taipei Customs Office to deal with all express shipment matters. "*Directions Governing the Simplified Clearance Procedures for Express Consignments*" came into force in October 2000. In December 2001, APEC/SCCP selected our Customs as the first to be reviewed. An Advisory Mission was dispatched to Taipei, which concluded that our Customs had met all the above-mentioned principles.

B. BENEFITS AND COSTS

1. Benefits

7. The benefits experienced after implementation of the express clearance system have been widely recognized and appreciated by traders. The average clearance time was dramatically reduced, from 48 hours in 1996 to a mere 2 hours today. This means huge savings in time and related costs for traders engaged in international trade.

8. In addition, the volume of express entries increased sharply in the period of 2001 to 2003. While regular import/export entries grew by 11.4%, express entries increased by an impressive 58.7%. The ratio of express entries to total entries also rose steadily, from 71% in 2001 to more than three quarters in 2003. In other words, three out of every four import/export entries required express services; clear evidence of strong demand for express clearance services. One additional point for Customs to note is that the express mechanism may also help to focus their attention on higher value consignments.

2. Costs

9. The cost of setting up an express clearance system mainly hinges upon the degree of business demand and the existing customs facilities. In our case, we established 20 new processing lines, each equipped with an X-ray scanning machine. There are a total of 117 officers at the Express Division, working day and night shifts so as to provide a 24/7 service. These officers were relocated from other divisions. Basically, there was no need for major new personnel recruitment overall. Customs may consider cooperating with existing express service providers to share some of the initial infrastructure costs. Some operational costs may also be borne by express shipment providers.

C. KEY ELEMENTS OF SUCCESS

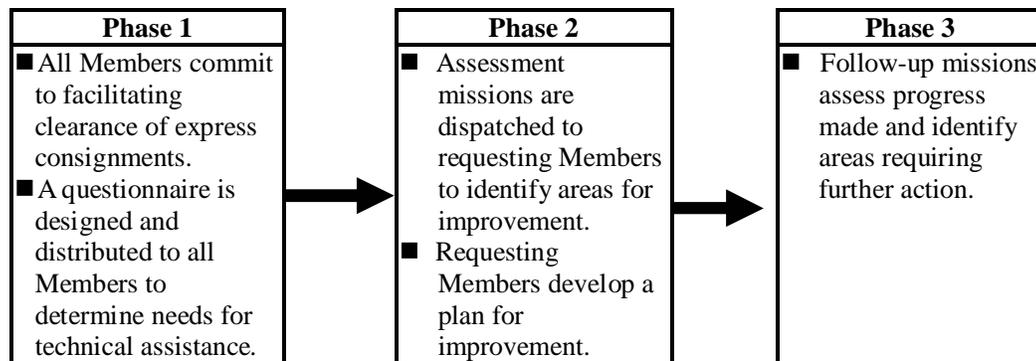
10. From an exchange of views among Customs officials and express operators, it emerged that, while agreeing that strong "political will" has been the most important element of all in ensuring the success of the express clearance system, they would list the following factors as all being important contributory elements:

- **Political commitment and resolve**: recognition at the highest level that expedited clearance procedures would be vital for enhancing business competitiveness and long-term economic development.
- **Good preparation**: prepared and determined to abide by the principles of the WCO Guidelines as much as possible.

- **Teamwork:** an organized and well-coordinated task force, set up at both the political and the technical level.
- **Close partnership with industry:** Customs working very closely with express operators to jointly identify areas for improvement.
- **Use of automated systems:** best use of automation and risk management techniques to process express consignments.

IV. TECHNICAL ASSISTANCE AND CAPACITY BUILDING

11. The Technical Assistance Programme of the APEC Sub-Committee on Customs Procedures (SCCP) could provide a useful reference for WTO Members wishing to implement an express clearance system in compliance with the *WCO Guidelines for the Immediate Release of Consignments by Customs*. Based on our experience, we believe that a **phased approach**, supported by sufficient and effective technical assistance, would be the most feasible way to go. Technical assistance could be arranged via relevant international organizations or the WTO. Experienced Members could also offer their national experiences on a bilateral basis. Alternatively, they may choose to team up with relevant international organizations and/or interested private operators to develop a programme. In outline, the implementation process may be divided into the following three phases:



12. We believe that the needs of traders are well served by the express clearance system and, with appropriate technical assistance, all WTO Members can develop the capacity to institute such a system. We would be more than happy to share our experiences in detail with interested Members.
