WCO IMMEDIATE RELEASE GUIDELINES
STATE OF APPLICATION IN THE EVE OF THE ATF ADOPTION

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REASON FOR RESEARCH

DHL Express is the most international company in the world.

DHL Express operates in over 220 countries, including all 28 EU Member States.

Through the **DHL Immediate Release Index** we monitor standardisation of international trade law application worldwide.

The WTO Agreement on Trade Facilitation (‘ATF’) creates binding commitments across 160 WTO members to enhance the movement and clearance of goods through borders, with specific focus on *inter alia* expediting the movement, release and clearance of goods, common border procedures and uniform documentation requirements.

The ATF puts certain obligations on WTO members, which to a large extend have till now been expressed by means of the **WCO Guidelines for the Immediate Release of Consignments by Customs**.
RESEARCH TOPIC

This paper aims to research *the current state of application of the WCO Guidelines* with a view to providing:

- world-wide view of trade facilitation measures existing in the WCO Members;
- initial step into the trade facilitation mapping exercise for those countries looking to implement the provisions of the ATF in the future.

It does not however provide for a gap analysis between the current state of affairs and the ATF commitments at the country/territory level, rather enables:

- to point out which of the areas of the ATF are in fact already applied in practice;
- to elaborate which of them can be implemented without major investment in customs capacity.
RESEARCH METHODOLOGY AND LIMITATIONS

Research methodology:

WCO Immediate Release Guidelines as basis for evaluation.

12 Domains (out of 13 covered by Guidelines) selected as relevant for DHL Express scope of activity.

55 questions (54 Boolean-type, 1 quantitative) resulting in measurable outcome.

Creation of hypothetical ‘Ideal WCO Member State’ as benchmark.

Matrix depicting the state of WCO Immediate Release Guidelines’ application in the countries and territories covered by the research: (i) each country/territory, (ii) within each WCO Guidelines’ Domain, (iii) within each geographical Area.

Research limitations:

Research based on quantitative analysis through application of questionnaires within DHL Express EU-wide network, supported by literature review, thus limited to a single economic actor in international trade and its specific scope of activity.
DATA GATHERING

Distribution of the questionnaire (email based): initiated on July 17, 2014; concluded by August 31, 2014.

Coverage:
183 countries/territories; rate of response 89.4% (160 countries/territories; 7 Areas)

‘Missing countries’:

<table>
<thead>
<tr>
<th>Area</th>
<th>Countries /territories approached</th>
<th>No response</th>
<th>Final research coverage</th>
<th>Missing countries and territories</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area 1: South America, North America, Central America and the Caribbean</td>
<td>33</td>
<td>5</td>
<td>28</td>
<td>Bahamas, Cuba, Guyana, Haiti, St Lucia</td>
</tr>
<tr>
<td>Area 2A: European Union Member States</td>
<td>28</td>
<td>0</td>
<td>28</td>
<td>none</td>
</tr>
<tr>
<td>Area 2B: Non-EU European countries</td>
<td>24</td>
<td>5</td>
<td>19</td>
<td>Albania, Andorra, Iceland, Moldova, Turkmenistan</td>
</tr>
<tr>
<td>Area 3: East and Southern Africa</td>
<td>24</td>
<td>0</td>
<td>24</td>
<td>none</td>
</tr>
<tr>
<td>Area 4: North of Africa, Near and Middle East</td>
<td>18</td>
<td>2</td>
<td>15</td>
<td>Kuwait, Libya</td>
</tr>
<tr>
<td>Area 5: West and Central Africa</td>
<td>23</td>
<td>1</td>
<td>22</td>
<td>Mauritania</td>
</tr>
<tr>
<td>Area 6: Far East, South and South East Asia, Australasia and the Pacific Islands</td>
<td>33</td>
<td>9</td>
<td>24</td>
<td>Brunei, Cambodia, Indonesia, Macau, Maldives, Mongolia, Nepal, New Zealand, Myanmar</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>183</td>
<td>22</td>
<td>160</td>
<td></td>
</tr>
</tbody>
</table>
FINDINGS – WORLD VIEW

World’s overall score comparing to the ‘Ideal WCO Member’ is only **47% on average**.

The closer to the middle of the graph, the lower level of the WCO Guidelines’ application.
FINDINGS – WORLD VIEW

Questions, where the countries and territories covered by the research score:

**lowest:**

- separation of goods’ release from their fiscal control,
- pre-arrival processing of data,
- requirement to submit paper based entries (even if EDI in place).

Attributed to:

- lack of system-to-system communication with Customs,
- no facilitation measures in most of the countries and territories of the world.

**highest:**

- no duties and taxes on imported correspondence and documents,
- compliance with customs valuation principles,
- Customs cooperation with business (DHL Express).

Meaning:

- the basic principles of the free movement of documents and correspondence as well as the valuation rules are being applied in practice by most of the countries and territories,
- Customs being cooperative.
FINDINGS – AREA-BY-AREA VIEW

Average score of given Area is depicted as a percentage of the ‘Ideal WCO Member’
FINDINGS – ANALYSIS BY DOMAIN

Domain 1 (treatment of imported correspondence and documents):
- one of the highest scoring Domains (average score 60%) but
- in many countries correspondence and documents seem to be subject to duties and taxes or regular inspections;
- the ATF category A committment.

Domain 2 (treatment of low value goods that may fall under the de-minimis regime)
- 45% of countries and territories is not applying de-minimis procedure in practice, while these which do, usually provide also for simplified ways of clearing and releasing low value non-dutiable goods;
- out of 90 countries and territories applying de-minimis regime, 59 established its threshold above the exemplary value provided for in the Guidelines;
- the ATF category B commitment.
FINDINGS – ANALYSIS BY DOMAIN

Domain 3 (*treatment of low value dutiable consignments*):

- receives very low attention from any customs administration (sub-Saharan Africa’s countries score zero, while the rest of Areas reach no more than 46% on average);

- greater need to have in place genuine trade facilitation measures for any type of dutiable consignments (irrelevant of their value) than specific ones for consignments below a certain value (but above de-minimis level);

- no committment under the ATF.
FINDINGS – ANALYSIS BY DOMAIN

Domain 4 (consignments of high value goods and goods subject to restrictions)

- covers level of implementation of basic trade facilitation measures that can be applied to dutiable consignments:
  
  - limitations on obligation to present documentary evidence to Customs prior to the clearance;
  - separation of physical release of goods from their fiscal control;
  - simplified clearance procedures; and
  - duty and import tax deferment systems;

- average application level in Area 2A (the EU) is 74%; the rest of the Areas score lower than 40% on average;

- the ATF category B or C commitment.
FINDINGS – ANALYSIS BY DOMAIN

Domain 5 (*transit simplifications*)
- scores the lowest (28% or below) within all Areas but Area 2A (55% on average);
- this does not find justification for express-type of business, where security of the shipment within the network of express operators covering the whole supply chain (i.e. from door to door) provides for a guarantee that it will be delivered to its destination;
- the ATF category A commitment.

Domain 6 (*pre-advising Customs on goods’ arrival*)
- application less than 40% on average;
- to balance the need to increase international trade security (executed by earlier identification of high-risk shipments), facilitating tools must be created that allow for expediting release and clearance of legitimate (low risk) consignments;
- the ATF category A or B commitment.
FINDINGS – ANALYSIS BY DOMAIN

Domains 7 and 8 (customs valuation rules)
- followed in approx. 60% of countries/territories;
- no commitment under the ATF (covered by the WTO customs valuation rules).

Domain 9 (right of the customs authorities to examine all consignments)
- all consignments should not be examined physically or administratively but controls based on risk management techniques should be carried out;
- the principles are followed by only 43% of countries and territories;
- the ATF category B or C commitment.
FINDINGS – ANALYSIS BY DOMAIN

Domain 10 (**Customs may designate places at which consignments may be cleared**)  
- followed by most of the countries and territories covered by the research (71% – the highest average score by Domain);  
- no committment under the ATF.

Domain 11 (**remuneration to Customs for certain services performed for business**)  
- 55% of countries and territories actually charging fees for customs officers’ attendance at clearance time, night work, special requests as well as processing of customs entries;  
- although being in line with the Guidelines, the rationale for such an approach should be evaluated to ensure that Customs are not charging for routine services that are covered partly by the duties and taxes paid upon importation;  
- no committment under the ATF.
FINDINGS – ANALYSIS BY DOMAIN

Domain 12 (establishing compatible information systems)

- use of electronic communication channels with Customs is very limited (less than 40% of countries and territories covered by the research provide for non-stop automated processing for customs declarations);

- no commitment under the ATF but being enabler of many other facilitation measures - should be pursued for execution with no delay; note however an often-observed misconception that systems automatically generate simplification and facilitation!

Additionally under Domain 12 (rules of representation in customs matters)

- rules on customs representation vary to a great extent among analysed countries and territories;

- although not being strictly Customs area, they impede world trade and therefore certain actions should be undertaken to allow the specific customs representation to be legislated more uniformly throughout the world.
CONCLUSIONS

The WCO Guidelines are actually applied in the countries and territories covered by the research to a limited extent:

- **score** of the world comparing to the ‘Ideal WCO Member’ (ideal from the point of view of such express operator like DHL Express) is only **47% on average**;

- apart from the EU (achieving 65% on average), the rest of **the world applies the Guidelines in a rather consistent manner but at a low level** – results indicate that its average score among the countries and territories with exception of the EU is between 38 and 51%.

The ATF is a step into a proper direction. However, the recent failure to reach consensus of WTO Members for multilateral approval of the ATF as annex to the WTO Agreement means that **the WCO should actively drive the trade facilitation agenda further (through the Guidelines, inter alia)**.
RECOMMENDATIONS

Optimize the environment in which the WCO governs the application of trade facilitation measures in the world, focusing on:

- results,
- constant political pressure on the Members,
- ability to offer high quality technical support and
- (last but not least) cooperation with business;

Consider initiatives related to further facilitation of international trade in goods:

- deferred payment of duties and import taxes as standard procedure;
- self-assessment and periodic recapitulation of imports;
- common rules of representation in customs matters.

Consider amending Category 3 of the Guidelines (treatment of low value dutiable consignments).
THANK YOU!