



Public Private Partnership between Customs and Logistics Industry in enhancing Border Protection and Security – through leveraging technology and risk management

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CAPEC





AGENDA

- CAPEC & Express Delivery Service Industry
- EDS Customs Clearance
- Partnership – Mutual Understanding
- Ultimate Partnership - CAPEC Activities in PPP



Conference of Asia Pacific Express Carriers

The Regional Voice of the Express Delivery Service (EDS) Industry

(I) CAPEC



- Representing Express Delivery Services industry in Asia Pacific since 1996
- Core Objective is to Work closely with governments/authorities to:
 - create a conducive business and regulatory environment for express delivery services; and
 - facilitate trade expansion and economic growth in the region

Affiliated to the Global Express Association (GEA) based in Geneva and other regional EDS industry associations worldwide





What is the Express Delivery Service Industry?

- US\$155 billion in annual global revenues
- Over 30 million shipments daily worldwide
- 1,200,000 employees
- 170,000 vehicles
- 1,700 aircraft
- Operations in over 220 countries
- Continuous 20% annual growth between 1996 and 2006
- By 2015, Air Express industry is expected to represent almost 35% of global air cargo

EDS Industry is Unique



- Fully integrated, door-to-door delivery
- Global service
- Custodial control
- Information Technology
- Reliability/Predictability
- Speed

Why EDS ?



2012 WCO T&I Forum, KL, Malaysia

Enhancing Economic Competitiveness and Supply Chain Connectivity

An essential logistics link in the global and regional value chains, with new routes to fast growing emerging markets

- Reducing time to market is critical in today's "just-in-time" world
- 1-day delay in the export process reduces exports of time-sensitive products by 7%

[Source: World Economic Forum's *Enabling Trade in the Greater ASEAN Region* (2010)]

EDS Accounts & Clients

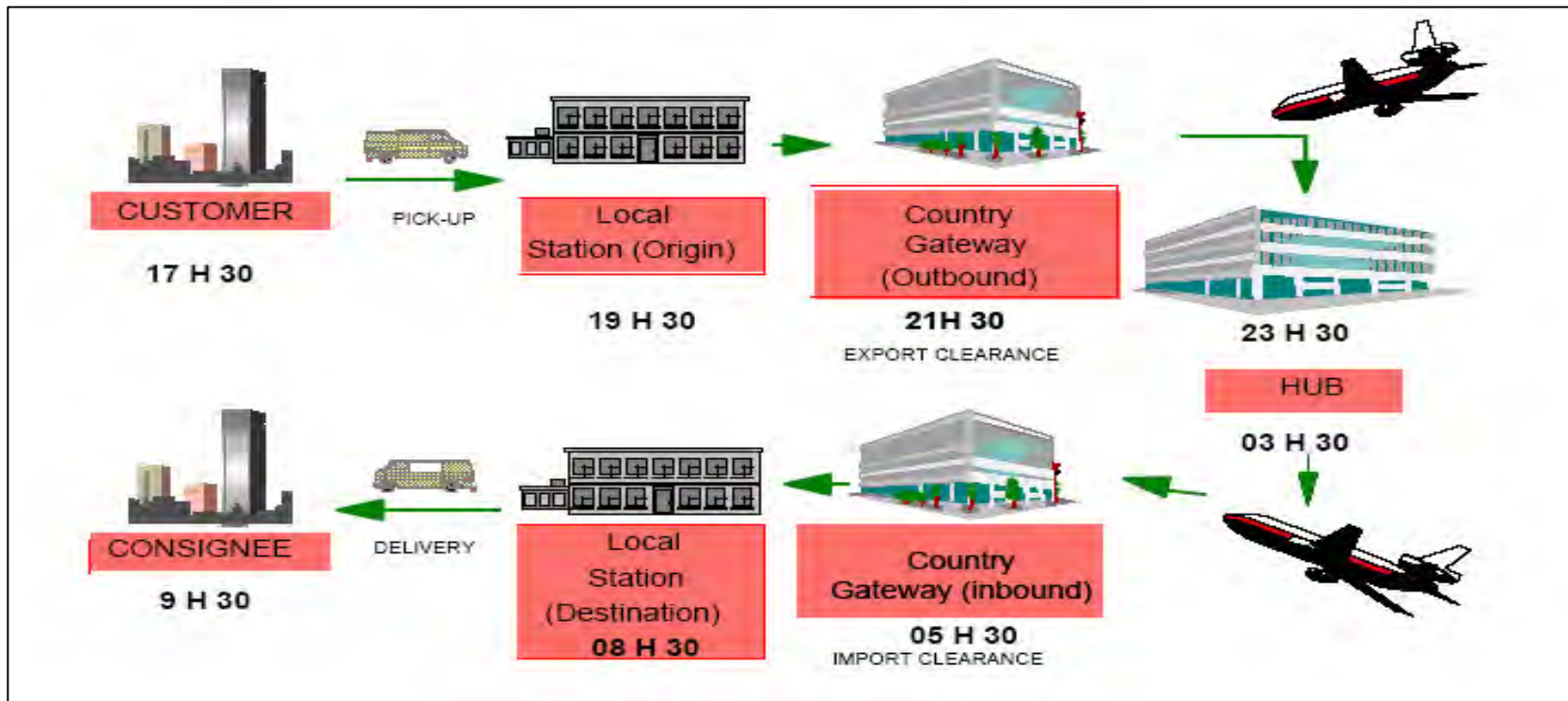


- EDS is reliant on our customers to provide timely and accurate information of their products and shipments
- EDS has strong relationships with its key accounts and clients to explain and ensure that all regulatory compliance are met in a timely and accurate manner
- Customers are a key and integral part of EDS partnership with Customs

(II) Legitimate Business Needs for Expedited Deliveries



- Requires express customs clearance processes



EDS Customs Clearance



- Our customers' needs requires unique customs clearance solutions – Express delivery!
- Modern and best practice customs clearance in line with international convention
 - Deminimis threshold
 - Simplified clearance for low value shipments
 - EDI for low value shipments
 - 24x7 Customs availability
 - Risk management
 - Exemptions for low value shipments



WCO Immediate Release Guidelines



- The Guidelines clearly recognize that each Customs administration, based on national legislation and other requirements including risk assessment, will specify the minimum list of data elements required to provide release of goods for each Category.
- Customs are encouraged to limit the data required to only such particulars that are deemed necessary to ensure compliance with Customs laws.

Immediate Release Categories



- Category 1 - Correspondence and documents
- Category 2 - Low value consignments for which no duties and taxes are collected
- Category 3 - Low value dutiable consignments
- Category 4 - High value consignments
- Majority of Customs Administrations has these categories

Customs Compliance



- To achieve better compliance, both parties have to invest time and resources
- Businesses have specialists, SOPs, internal audits
- Customs facilitation are therefore critical to ensure better compliance, for example
 - Advance Valuation Rulings
 - Advance Classification Rulings
 - Guarantees and Refunds



Customs Exceptions



- For every customs best practises, there is an equal number of complex customs requirements
- Some of these regulations are:
 - Types of Quarantine Products
 - Customs Transit Documentation
 - Preferential Tariffs Requirements
 - Returns and Repairs Restrictions
 - Export Control Regimes



(III) PARTNERSHIP



- The key to achieving Customs – Trade Benefits is a partnership approach fostered by regular and frequent consultation at all levels from global through to regional, national and local Customs offices.

Engagement Mechanisms



- Frequent and Regular consultations at each level
- Are there established channels?
- Are there designated contact points?
- Consultations must be transparent and sustained
- Consultations must have adequate time and coordinated with over-arching policies of government

Goals of Engagement



- Achieve intended objectives of regulations
- Prevent nasty surprises and negative impact
- Improve economic and business environment
- Identify new and relevant stakeholders
- Facilitate implementation of regulations
- Ultimately, achieve Compliance to the Regulations

Levels of Engagement



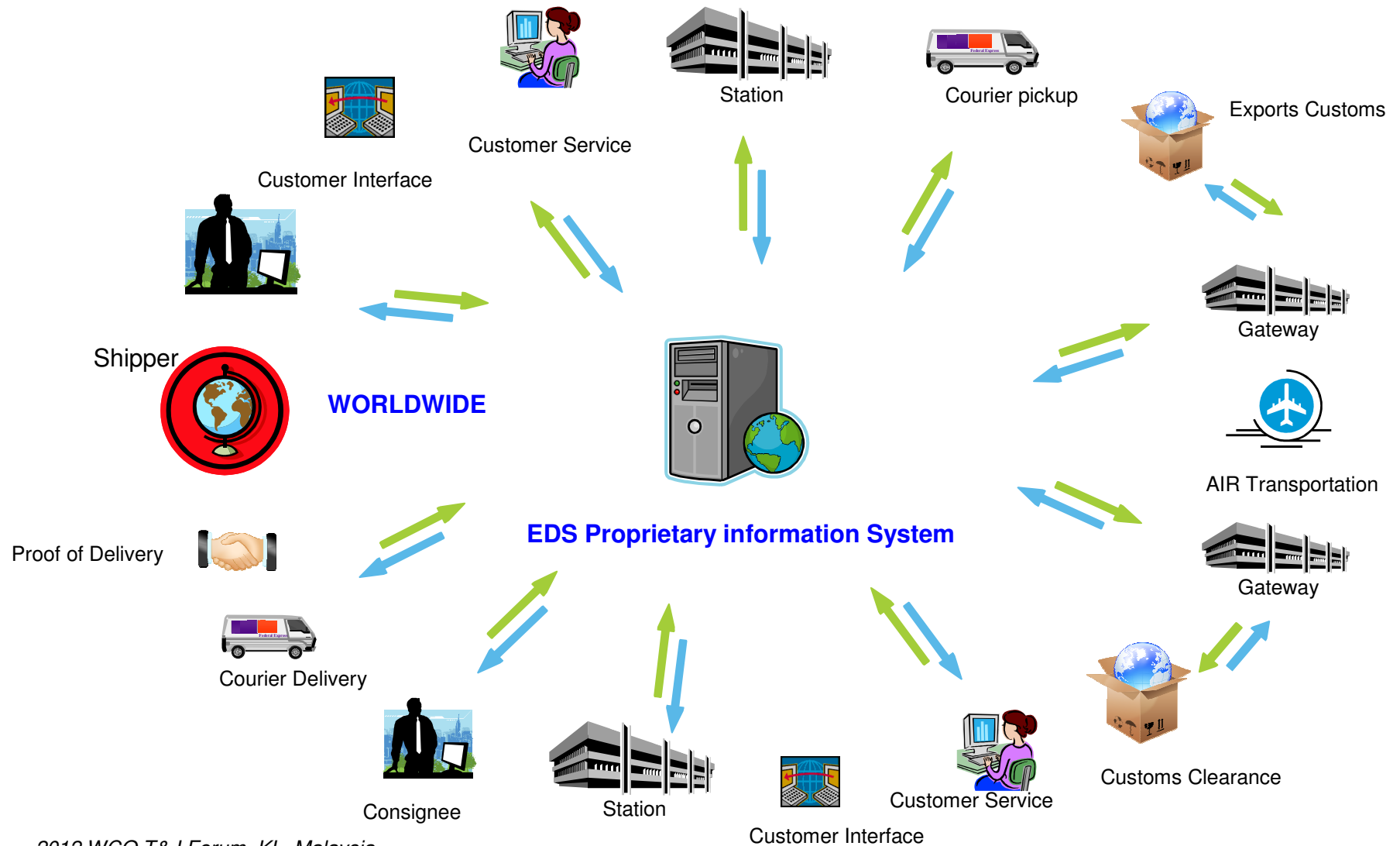
- Local Platform to smoothen implementation
- National Platform to set policy directions
- Regional Platform to harmonize practises
- International Platform to develop standards and best practises
- All Platforms are inter-related and mutually reinforcing, a gap anywhere will create difficulties everywhere

Mutual Understanding



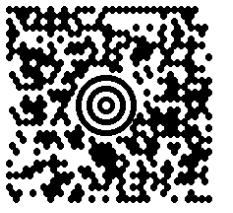

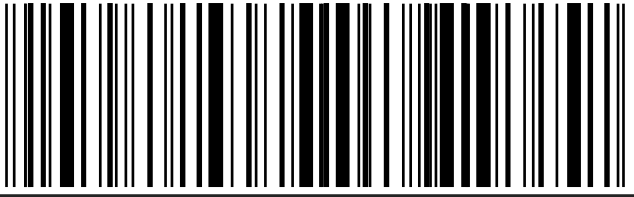
- Understanding is a 2-way Street
- Customs has expectations that its regulations can be understood and followed, but issues such as Post Customs Audit, Risk Profiling not widely shared
- Businesses has an uphill task to explain its operations, its internal systems and processes
- Do Customs understand the Express Delivery Service?

EDS Information Technology



Smart Label Technology



XYZ Corp. (123) 499-7860 4TH FLOOR 1550 W ANYWHERE STREET PHOENIX AZ 85027		12 LBS 1 OF 3 DWT: 12, 14, 28 O/S AH
SHIP JOHN SMITH TO: (404) 828-4870 ABC COMPANY BUILDING 3 FLOOR 4 123 MAIN STREET ATLANTA, GA 30328 - 3528		
	GA 300 9-01 	
UPS NEXT DAY AIR TRACKING #: 1Z123 45E 601234 5678		1 S
		
COD \$1,234.56 HAZARDOUS MATERIAL Customer Reference # PO 128		

MaxiCode

Routing Code

Postal Bar Code

IZ Tracking Number

Service Icon

EDS' Proprietary Information System - Features



Information Technology

- Fully integrated, door-to-door delivery
- Global service, Point to point track and trace
- Up-to-date and accurate information available to customers worldwide
- Ability to work with shipper, consignee and Customs to provide and obtain information and decisions
- Transparency, Reliability and Predictability
- Speed – Preclearance, Electronic red-line and green line scanning segregation.
- Electronic inspection selection



EDS Security Strategy



To provide best in class professional security services supported by our stakeholders, frameworks, policies and standards.

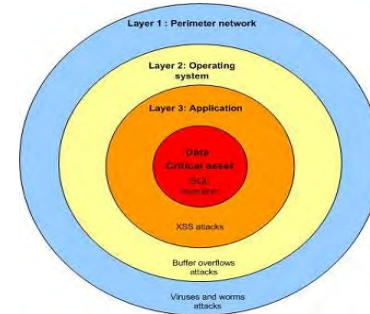


EDS' Security Policy



Layered Defense Model

- Deter, Delay, Detect, Response



Integrated Security Policy

- Personnel Security
- Physical Security
- Security Procedures
- Electronic Security & Surveillance
- X-Ray Screening Operations
- Conveyance Security Control
- Intelligence & Information – Denied Parties Screening



Customs-Business Cooperation



- Customs Administrations have started several initiatives over the past few years
- These initiatives recognized better business performance on a few key criteria such as;
 - Physical and Personnel Security
 - Track Record of Customs Compliance
 - Financial Depth and Stability
 - Internal Controls and Systems





AEO Initiatives



- Australia -> Frontline
- New Zealand -> Frontline
- USA -> C-TPAT
- Canada -> Partners In Protection
- European Union - AEO
- Singapore -> Secure Trade Partnership
- Malaysia – Golden Client
- Argentina – AFIP
- Japan, ROK, Taiwan - AEO



(IV) Ultimate Partnership



- Trade Facilitation and Customs Control are not mutually exclusive objectives
- Checks and Balances could be implemented based on system controls and processes
- Flexibility for voluntary disclosures, progressive penalties based on the gravity of the offence, clerical errors, clear guarantees and refunds guidelines

What can CAPEC offer?



- The world's leading integrated air express carriers and we have more than 200 years of expertise in moving trade around the world.
- We want to partner with APEC Customs Administrations to develop effective and cost efficient policies that do not impede trade flows and contain rising business costs.
- CAPEC is a resource used by countries throughout Asia in respect of policies and legislations on customs, transport, postal and aviation security and airports.

CAPEC Activities in Public-Private Partnership ...



APEC 2009

APEC Supply Chain Connectivity Initiative – strengthening regional economic integration behind-the-border, at-the-border and across-the-border

CAPEC Activities in Public-Private Partnership ...



APEC 2011

APEC Pathfinder –
enhancing supply chain
connectivity by
establishing a baseline
de minimis value of USD
100 or higher

CAPEC Activities in Public-Private Partnership ...



APEC

APEC Customs-Business Dialogue in

2006, Danang, Vietnam

2009, Singapore

2010, Tokyo, Japan

CAPEC Activities in Public-Private Partnership ...



ASEAN

ASEAN Symposium on Logistics Services

August 2010

CAPEC Activities in Public-Private Partnership ...



ASEAN

Policy Dialogue with
ASEAN Economic
Ministers

August 2010

CAPEC Activities in Public-Private Partnership ...



ASEAN Dialogue Partners

Joint seminar with
ASEAN and Australia /



CAPEC Activities in Public-Private Partnership ...



China

Joint seminar with China
Customs

November 2007

CAPEC Activities in Public-Private Partnership ...



China

Joint seminar with China
Customs

Shenzhen, January 2010

CAPEC Activities in Public-Private Partnership ...



China

CAPEC Regional CEOs
meet with State Postal
Bureau

September 2010

CAPEC Activities in Public-Private Partnership ...



China

Joint seminar with China
Customs on Drugs
Smuggling

Guangzhou, June 2011

CAPEC Activities in Public-Private Partnership ...



WCO

Corporate Sponsor for
World Customs & Trade
Forum, GZ, China

November 2011

2012 WCO T & I Forum, KL, Malaysia

CAPEC Activities in Public-Private Partnership ...



Malaysia

Joint seminar with
Malaysia Customs

August 2008

29 March 2012

(Akang Datang!)

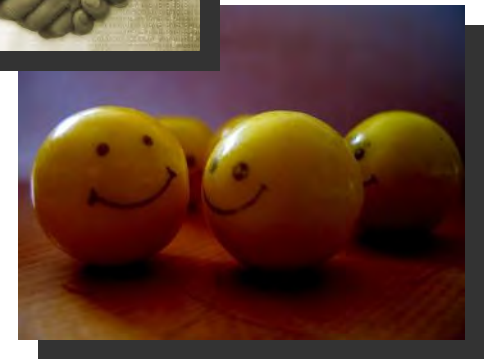
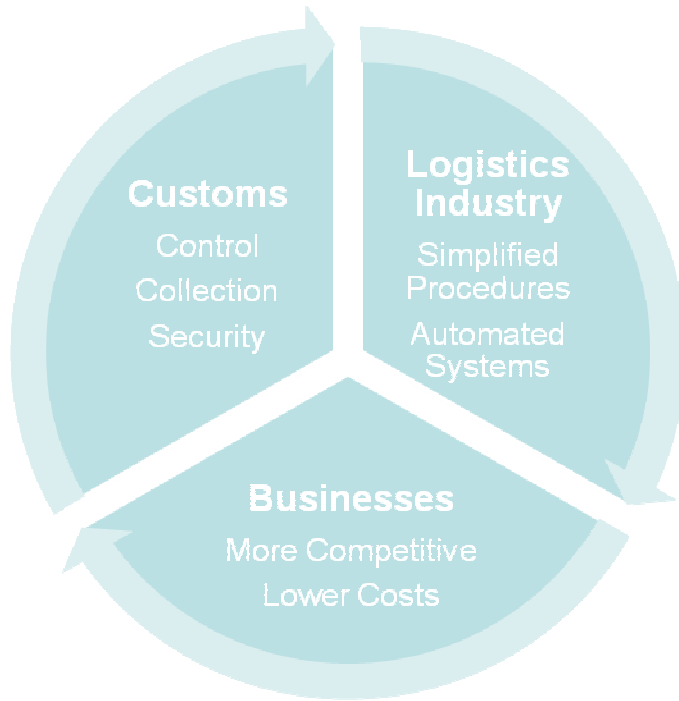
Conclusion



- CAPEC is fully supportive of APEC's objectives of free and open trade by 2020
- Business-Customs consultations should be held regularly at all levels in a transparent and sustained manner
- Mutual understanding of both customs and business operations will allow greater trade facilitation without compromising trade control



Thank You



Working Together = Everybody Wins

