



Brussels, 19 September 2016.

### **Transit Guidelines**

#### **(Item XI (b) on the Agenda)**

#### **I. Background**

1. There has been considerable discussion in the international community as to how to ensure a secure and efficient transit system. It should be noted that an effective transit system can promote regional economic integration through increased intra-regional trade. Regional integration is key to enabling countries to expand their markets, widen regions' economic space and secure the benefits of economies of scale for production and trade.
2. The WCO therefore issued a Transit Handbook in 2014. The Handbook deals with various aspects of the operation of Customs transit procedures. It compiles valuable information, such as existing international agreements and eight possible approaches to improving transit regimes comprising a number of Members' operations and experiences (The Handbook is available at <http://www.wcoomd.org/en/topics/key-issues/ecp-latest-proposal/~media/A8435CBA5050486D9C1A2D208ADFF0C7.ashx>.)
3. Member Customs administrations have shown a strong interest in transit issues and the WCO Secretariat has received many requests to deliver capacity building and technical assistance projects. Members are also interested in updating the Transit Handbook on a regular basis to include more operational experiences of establishing effective transit regimes. The WCO Working Group on the Trade Facilitation Agreement (TFA) held in October 2015 discussed transit and guarantee regimes. Participants of the Working Group offered to provide practical examples for the Transit Handbook. One Member proposed that the updated Handbook should contain examples of suggested or recommended practice.
4. In order to support WCO Members better in establishing more effective transit regimes, it was felt that the Transit Handbook should become "Transit Guidelines" containing clear guiding principles and recommended practice for transit regimes.

## **II. Draft Transit Guidelines and Transit Guidelines Workshops**

5. In order to develop the Transit Guidelines, operational and practical experiences of transit regimes needed to be collected again. Existing international and regional frameworks should also be studied in order to come up with effective guiding principles. Several regional workshops will be held bringing together transit experts from Customs administrations as well as international or regional organizations to discuss these points.
6. The WCO Secretariat organized the first Transit Guidelines Workshop from 27 June to 1 July 2016 in Abidjan, Cote d'Ivoire. This Workshop was run in cooperation with the Côte d'Ivoire Customs Administration and the Japan International Cooperation Agency (JICA). Customs administrations of West, Central and North Africa, the European Union and Peru were invited to attend the Workshop and join the discussion on the possible contents of the Transit Guidelines. Experts from the following international/regional organizations joined the workshop and shared their expertise on transit.
  - United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and the Small Island Developing States (UN-OHRLLS)
  - World Trade Organization
  - United Nations Conference on Trade and Development
  - United Nations Economic Commission for Europe
  - Asian Development Bank
  - African Development Bank
  - Japan International Cooperation Agency (JICA)
  - Economic Community of West African States
  - East African Community
  - Southern African Development Community
  - Economic Community of Central African States
7. Annexed to this document are the draft Transit Guidelines which were examined at the first Transit Guidelines Workshop in June 2016. The draft covers a wide range of transit matters such as effective information sharing, guarantees, the simplification of formalities, Customs seals and Coordinated Border Management. The Secretariat received a number of valuable suggestions from workshop participants.
8. The second workshop on the Transit Guidelines will be held in Zambia at the end of October to further discuss the Transit Guidelines. The workshop will be hosted by the Zambia Customs administration and the JICA will provide funding. Customs administrations in East and Southern Africa as well as international and regional organizations will attend the workshop to review the updated draft Transit Guidelines.
9. The WCO sent a letter to Member administrations in July 2016 in order to collect experiences in the field of transit. The letter included questionnaires on guarantees as well. The results of the survey will be reflected in the draft Transit Guidelines.

**III. Action Required**

10. The PTC is invited to take note of the progress made in developing the Transit Guidelines and to offer suggestions for the project.
11. The PTC will examine the draft Transit Guidelines at its next sessions in March 2017.

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## Draft Guidelines

### I. Effective information sharing

#### (1) Legal basis

1. Governments should conclude bilateral or regional agreements/arrangements with neighbouring Members to provide a framework for exchanging data on transit.
2. The bilateral or regional agreements/arrangements on data exchange should cover data protection and limitations on the use of the data, as well as electronic data exchange.
3. Given the potential volume of data to be exchanged, the bilateral or regional agreements/arrangements should allow for an automatic exchange of information without the need for Customs administrations to submit additional requests to obtain relevant transit data.

#### (Relevant existing international agreements/standards)

##### Article 11 of the TFA

16. Members shall endeavour to cooperate and coordinate with one another with a view to enhancing freedom of transit. Such cooperation and coordination may include, but is not limited to, an understanding on:

- (a) charges;
- (b) formalities and legal requirements; and
- (c) the practical operation of transit regimes.

##### RKC Specific Annex E, Chapter 1, Recommended Practice 26

Contracting Parties should give careful consideration to the possibility of acceding to international instruments relating to Customs transit. When they are not in a position to accede to such international instruments they should, when drawing up bilateral or multilateral agreements with a view to setting up an international Customs transit procedure, take account therein of Standards and Recommended Practices in the present Chapter.

#### (2) Use of international standards

4. To enable smoother data exchange between relevant governmental agencies and other Governments, international standards such as the WCO Data Model should be used.
5. Under the concept of Globally Networked Customs (GNC), Customs administrations are encouraged to develop Utility Blocks (UBs) on data exchange for transit operations. The UBs describe strategic aims for policy-makers, business processes for managers, legal issues for lawyers, functional approaches for operational officers, and technical specifications for IT staff.

**(Relevant existing international agreements/standards)**

**Article 10 of the TFA**

3.1. Members are encouraged to use relevant international standards or parts thereof as a basis for their import, export or transit formalities and procedures, except as otherwise provided for in this Agreement.

3.2. Members are encouraged to take part, within the limits of their resources, in the preparation and periodic review of relevant international standards by appropriate international organizations.

3.3. The Committee shall develop procedures for the sharing by Members of relevant information, and best practices, on the implementation of international standards, as appropriate. The Committee may also invite relevant international organizations to discuss their work on international standards. As appropriate, the Committee may identify specific standards that are of particular value to Members.

**RKC General Annex Chapter 3, Standard 3.11.**

The contents of the Goods declaration shall be prescribed by the Customs. The paper format of the Goods declaration shall conform to the UN-layout key. For automated Customs clearance processes, the format of the electronically lodged Goods declaration shall be based on international standards for electronic information exchange as prescribed in the Customs Co-operation Council Recommendations on information technology.

**RKC General Annex Chapter 7, Standard 7.2.**

When introducing computer applications, the Customs shall use relevant internationally accepted standards.

**(3) IT infrastructure and information systems**

6. Given that frequent electric power failures and a weak Internet connection may hinder efficient data exchange, Customs administrations should endeavour to establish a robust IT infrastructure, which is essential for efficient information exchange.
7. To enable efficient data exchange between all stakeholders, the information system for transit operations should grant access to all the government agencies and economic operators involved in transit operations.
8. Governments should establish an IT infrastructure on data exchange by involving stakeholders in all modes of transport.
9. Customs administrations should set up a dedicated unit such as a Help Desk to keep the computer applications running.
10. Customs administrations should endeavour to ensure the compatibility of their IT systems with those of other governmental agencies and economic operators both within the country and across the different countries.

#### (4) Data exchange between Customs offices on a transit route

11. Once a Customs office carries out an inspection on transit goods, the results of the inspection and any other useful information should be shared immediately with the other Customs offices along the transit route.
12. Once the transit declaration has been accepted, the office of departure should provide the declaration with a unique registration number and/or the movement reference number to ensure the traceability of the transit goods.
13. Once the office of departure allows transit operations to begin,
  - The office of departure should provide the transporter with an accompanying document, which must travel with the goods and be presented at any office en route, as well as at the office of destination.
  - an anticipated transit record should be shared with any office en route as well as with the office of destination.
14. Once the transit goods are presented to the office of destination, the arrival record should be shared with the office of departure.
15. When the transit goods pass through an office en route, a crossing the frontier notification should be sent to the office of departure.

#### (5) Data protection

16. The IT system used for exchanging data between the relevant agencies of any one country, as well as between the customs administrations of different countries, should foresee the necessary data protection measures.

## II. Guarantee system

### (1) Limitation of guarantees

17. The guarantee amount for transit should be as low as possible.
18. Customs administrations should not request guarantees in cases where the risk of the transit operation obligations not being fulfilled is very small.
19. The guarantee amount for transit goods cannot exceed the sum of the duties and taxes that would be imposed on imported goods.
20. When setting the guarantee amount the following should not be taken into account:
  - any potentially chargeable penalties;
  - any interest for delayed payment;
  - other concerns that would increase the guarantee amount or hinder transit operations unnecessarily.
21. The guarantee amount for Authorized Economic Operators should be lower than that of guarantees for ordinary transit operators.

#### **(Relevant existing international agreements/standards)**

##### **Article 11 of the TFA**

11. Where a Member requires a guarantee in the form of a surety, deposit or other appropriate monetary or non-monetary instrument for traffic in transit, such guarantee shall be limited to ensuring that requirements arising from such traffic in transit are fulfilled.

##### **RKC General Annex 5**

###### **Standard 5.2.**

The Customs shall determine the amount of security

###### **Standard 5.4.**

Where national legislation provides, the Customs shall not require security when they are satisfied that an obligation to the Customs will be fulfilled.

###### **Standard 5.6.**

Where security is required, the amount of security to be provided shall be as low as possible and, in respect of the payment of duties and taxes, shall not exceed the amount potentially chargeable.

### (2) Forms of guarantees

22. Customs administrations should accept guarantees in the form of:
  - cash deposits (national currency);
  - cash deposits (foreign currency designated as an acceptable currency by Customs)



administrations);  
- negotiable securities;  
- other means of payment recognized by Customs as equivalent.

23. Customs administrations should allow guarantees for transit to be filed electronically.
24. Customs administrations should allow transit operators to choose any form of legally accepted guarantee.
25. Customs administrations retain the right to reject the guarantor or a particular guarantee if they have reasonable doubt as to whether or not the obligation will be fulfilled. Customs administrations should inform the transit operator about the reason for rejection.

### **(Relevant existing international agreements/standards)**

#### **Article 7.2 of the TFA**

Each Member shall, to the extent practicable, adopt or maintain procedures allowing the option of electronic payment for duties, taxes, fees and charges collected by customs incurred upon importation and exportation.

#### **RKC General Annex 5, Standard 5.3.**

Any person required to provide security shall be allowed to choose any form of security provided that it is acceptable to the Customs.

#### **RKC General Annex 7, Standard 7.1.**

The Customs shall apply information technology to support Customs operations, where it is cost-effective and efficient for the Customs and for the trade. The Customs shall specify the conditions for its application.

### **(3) Comprehensive guarantees**

26. Customs administrations should accept comprehensive guarantees, which include multiple transactions for the same operator or a renewal of guarantees without discharge for subsequent consignments.
27. Customs administrations may temporarily suspend a comprehensive guarantee when a transit operator does not comply with the laws and regulations.
28. Customs administrations should develop a standard procedure for granting a comprehensive guarantee, in which they calculate the guarantee amount on the basis of the volume of operations carried out by the applicant.
29. The reference amount for comprehensive guarantees shall be lower than the sum of the import duties and other charges which may become payable in connection with each transit declaration in the period between the placing of the goods under a transit procedure and discharge;
30. Customs administrations should set a reasonable fixed estimated amount for a

comprehensive guarantee. (10,000 EUR.?).

31. Comprehensive guarantees should be kept as low as possible. Customs administrations are encouraged to reduce the comprehensive guarantee amount, accounting for evidence of sound finances, sufficient experience and/or other relevant factors related to the transit operators.
32. The comprehensive guarantee amount should be equal to the maximum amount of duties and taxes only for goods that present a high risk of fraud.
33. Authorized consignors, authorized consignees and Authorized Economic Operators shall be granted a guarantee waiver in circumstances defined by customs administrations.

**(Relevant existing international agreements/standards)**

**Article 11 of the TFA**

13. Each Member shall, in a manner consistent with its laws and regulations, allow comprehensive guarantees which include multiple transactions for same operators or renewal of guarantees without discharge for subsequent consignments.

**RKC General Annex 5, Standard 5.5.**

When security is required to ensure that the obligations arising from a Customs procedure will be fulfilled, the Customs shall accept a general security, in particular from declarants who regularly declare goods at different offices in the Customs territory.

**(4). Discharge of guarantees**

34. When the transit operation has been completed, the guarantee shall be discharged within 10 working days.
35. Customs administrations are encouraged to introduce a system allowing for the automatic release of guarantees when the corresponding transit operation is complete.

**(Relevant existing international agreements/standards)**

**Article 11 of the TFA**

12. Once the Member has determined that its transit requirements have been satisfied, the guarantee shall be discharged without delay.

**RKC General Annex 5, Standard 5.7.**

Where security has been furnished, it shall be discharged as soon as possible after the Customs are satisfied that the obligations under which the security was required have been duly fulfilled.

## (5) Guarantees and other security measures

36. When Customs administrations require a guarantee, they should not apply the following security measures:

- Customs convoy or escort;
  - Customs E-seals;
  - Other strict security measures.

39. When Customs administrations decide to use a Customs convoy or escort for transit goods, they should not request transit operators to deposit guarantees.

## (6) International guarantee systems

37. Taking into consideration the possible complexity of international transit operations, Governments should develop a bilateral, regional or international guarantee system, which is more efficient than a chain of national guarantee systems.

38. Governments are encouraged to consider acceding to existing regional or international conventions such as the TIR Convention and the Istanbul Convention.

### (Relevant existing international agreements/standards)

#### **Article 11 of the TFA**

16. Members shall endeavour to cooperate and coordinate with one another with a view to enhancing freedom of transit. Such cooperation and coordination may include, but is not limited to, an understanding on:

- (a) charges;
- (b) formalities and legal requirements; and
- (c) the practical operation of transit regimes.

#### **RKC Specific Annex E, Chapter 1, Recommended Practice 26**

Contracting Parties should give careful consideration to the possibility of acceding to international instruments relating to Customs transit. When they are not in a position to accede to such international instruments they should, when drawing up bilateral or multilateral agreements with a view to setting up an international Customs transit procedure, take account therein of Standards and Recommended Practices in the present Chapter.

### III. Simplification of formalities

#### (1) Minimum requirements

39. Customs administrations shall limit the data required for the transit declaration to the data necessary:
- (a) to identify the goods;
  - (b) to ensure that transit requirements are met.
40. Customs administrations should review formalities and documentation requirements for transit with a view to minimizing the complexity of transit formalities and simplifying their documentation requirements.

#### (Relevant existing international agreements/standards)

##### **Article 11 of the TFA**

6. Formalities, documentation requirements and customs controls, in connection with traffic in transit, shall not be more burdensome than necessary to:

- (a) identify the goods; and
- (b) ensure fulfilment of transit requirements

##### **Article 10 of the TFA**

1.1. With a view to minimizing the incidence and complexity of import, export, and transit formalities and to decreasing and simplifying import, export and transit documentation requirements and taking into account the legitimate policy objectives and other factors such as changed circumstances, relevant new information, business practices, availability of techniques and technology, international best practices and inputs from interested parties, each Member shall review such formalities and documentation requirements, and, based on the results of the review, ensure, as appropriate, that such formalities and documentation requirements are:

- (a) adopted and/or applied with a view to a rapid release and clearance of goods, particularly perishable goods;
- (b) adopted and/or applied in a manner that aims at reducing the time and cost of compliance for traders and operators;
- (c) the least trade restrictive measure chosen, where two or more alternative measures are reasonably available for fulfilling the policy objective or objectives in question; and
- (d) not maintained, including parts thereof, if no longer required.

##### **RKC General Annex Chapter 3, Standard 3.12**

The Customs shall limit the data required in the Goods declaration to only such particulars as are deemed necessary for the assessment and collection of duties and taxes, the compilation of statistics and the application of Customs law.

## (2) Use of commercial or transport documents for declaration

41. Customs administrations should accept any commercial or transport document as the transit declaration if the document meets all the Customs requirements.
42. Customs administrations should endeavour to use electronic transport documents as transit declarations.
43. Customs administrations should not require the declarant to submit particular data on the transit declaration if the accompanying commercial or transport documents clearly cover the necessary particulars.

### (Relevant existing international agreements/standards)

#### **RKC Specific Annex E, Chapter 1 Standard 6.**

Any commercial or transport document setting out clearly the necessary particulars shall be accepted as the descriptive part of the Goods declaration for Customs transit and this acceptance shall be noted on the document.

#### **7. Recommended Practice**

The Customs should accept as the Goods declaration for Customs transit any commercial or transport document for the consignment concerned which meets all the Customs requirements. This acceptance should be noted on the document.

## (3) Supporting documents

44. Customs administrations should accept electronic copies of supporting documents for transit formalities.
45. Customs administrations should identify the supporting documents that must normally accompany the transit declaration, and examine the need for those documents with a view to eliminating them.

### (Relevant existing international agreements/standards)

#### **RKC Specific Annex E, Chapter 1 Standard 6.**

Any commercial or transport document setting out clearly the necessary particulars shall be accepted as the descriptive part of the Goods declaration for Customs transit and this acceptance shall be noted on the document.

#### **7. Recommended Practice**

The Customs should accept as the Goods declaration for Customs transit any commercial or transport document for the consignment concerned which meets all the Customs requirements. This acceptance should be noted on the document.

## IV. Single window

46. Governments should establish or maintain a single window enabling transit operators to submit transit declarations and other relevant documentation to the participating authorities or agencies through a single entry point.
47. In cases where documentation and/or required data have already been received through the single window, the same documentation and/or required data shall not be requested by participating authorities or agencies except under urgent circumstances and in other limited exceptional cases which have been specified publicly.
48. To establish an effective single window for transit operations, Customs administrations should refer to the WCO Single Window Compendium.

### (Relevant existing international agreements/standards)

#### Article 10 of the TFA

4.1. Members shall endeavour to establish or maintain a single window, enabling traders to submit documentation and/or data requirements for importation, exportation or transit of goods through a single entry point to the participating authorities or agencies. After the examination by the participating authorities or agencies of the documentation and/or data, the results shall be notified to the applicants through the single window in a timely manner.

4.2. In cases where documentation and/or data requirements have already been received through the single window, the same documentation and/or data requirements shall not be requested by participating authorities or agencies except in urgent circumstances and other limited exceptions which are made public.

4.3. Members shall notify the Committee of the details of operation of the single window.

4.4. Members shall, to the extent possible and practicable, use information technology to support the single window.

### (5) Pre-arrival declaration

49. Customs administrations should allow transit declarations as well as supporting documents and data to be filed prior to the arrival of goods.
50. When national legislation obliges transit operators to submit an electronic transit declaration in advance, the time limit and other requirements should follow the standards and technical specifications of the WCO SAFE Framework of Standards.

### (Relevant existing international agreements/standards)

#### Article 11 of the TFA

9. Members shall allow and provide for advance filing and processing of transit documentation and data prior to the arrival of goods.

**RKC General Annex Chapter 3, Standard 3.25.**

National legislation shall make provision for the lodging and registering or checking of the Goods declaration and supporting documents prior to the arrival of the goods.

**(6) International Customs documents**

51. Customs administrations may allow transit operators to use international transit documents such as TIR Carnets, ATA Carnets or CPD Carnets in lieu of national transit declarations, even if their government has not acceded to the Conventions.

## IV. Fees and charges

52. Customs administrations should not collect any fees or charges for transit except charges for transportation, administrative expenses related to transit or charges for services rendered. Administrative expenses may include:
- charges for the use of IT systems including Customs E-seals;
  - charges for the use of Customs offices or other Customs facilities during off-duty hours;
  - charges for special security measures including a Customs convoy/escort.
53. When Customs administrations do not impose fees or charges for the above-mentioned administrative expenses on goods for importation, exportation or other Customs procedures, they should not impose the fees or charges on transit.
54. Governments should establish a set amount to be paid for administrative expenses or services related to transit. The amount to be paid should not depend on the value of the transit goods.
55. Customs administrations should not apply transit fees as a result of revenue or security concerns.
56. Customs administrations should not collect fees for transit guarantees. Customs administrations should not collect commission from the national association acting as guarantor.

### **(Relevant existing international agreements/standards)**

#### **Article 11 of the TFA**

Traffic in transit shall not be conditioned upon collection of any fees or charges imposed in respect of transit, except the charges for transportation or those commensurate with administrative expenses entailed by transit or with the cost of services rendered.

#### **RKC General Annex Chapter 3, Standard 3.2.**

At the request of the person concerned and for reasons deemed valid by the Customs, the latter shall, subject to the availability of resources, perform the functions laid down for the purposes of a Customs procedure and practice outside the designated hours of business or away from Customs offices. Any expenses chargeable by the Customs shall be limited to the approximate cost of the services rendered.



## V. Risk management

### (1) Risk management systems

57. WCO Members should adopt or maintain a risk management system for Customs controls on transit cargo.
58. Customs administrations should set up a risk management system for transit in line with the WCO Risk Management Compendium.

#### (Relevant existing international agreements/standards)

##### **Article 7 of the TFA**

- 4.1. Each Member shall, to the extent possible, adopt or maintain a risk management system for customs control.
- 4.2. Each Member shall design and apply risk management in a manner as to avoid arbitrary or unjustifiable discrimination, or a disguised restriction on international trade.
- 4.3. Each Member shall concentrate customs control and, to the extent possible other relevant border controls, on high-risk consignments and expedite the release of low-risk consignments. A Member also may select, on a random basis, consignments for such controls as part of its risk management.
- 4.4. Each Member shall base risk management on an assessment of risk through appropriate selectivity criteria. Such selectivity criteria may include, inter alia, the Harmonized System code, nature and description of the goods, country of origin, country from which the goods were shipped, value of the goods, compliance record of traders, and type of means of transport.

##### **RKC General Annex Chapter 6 Standard 6.3.**

In the application of Customs control, the Customs shall use risk management.

##### **Standard 6.4.**

The Customs shall use risk analysis to determine which persons and which goods, including means of transport, should be examined and the extent of the examination.

##### **Standard 6.5.**

The Customs shall adopt a compliance measurement strategy to support risk management.

### (2) Authorized Economic Operators

59. Governments should introduce the Authorized Economic Operators Programme on transit, in accordance with the WCO SAFE Framework of Standards and other relevant WCO tools and instruments.
60. Customs administrations should provide benefits to authorized transit operators under their AEO programmes. The benefits for the authorized transit operators may include :

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| <ul style="list-style-type: none"><li>- benefits listed in Annex IV to the WCO SAFE Framework of Standards;</li><li>- eligibility to set own time-limit for delivery of transit goods to the place of destination;</li><li>- eligibility to affix own seals;</li><li>- elimination or reduction of guarantee amount for transit.</li></ul> |
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**(Relevant existing international agreements/standards)**

**Article 7 of the TFA**

7.1. Each Member shall provide additional trade facilitation measures related to import, export or transit formalities and procedures, pursuant to paragraph 7.3, to operators who meet specified criteria, hereinafter called authorized operators. Alternatively, a Member may offer such trade facilitation measures through customs procedures generally available to all operators and is not required to establish a separate scheme.

7.2. The specified criteria to qualify as an authorized operator shall be related to compliance, or the risk of non-compliance, with requirements specified in a Member's laws, regulations or procedures.

a. Such criteria, which shall be published, may include

- (i) an appropriate record of compliance with customs and other related laws and regulations;
  - (ii) a system of managing records to allow for necessary internal controls;
  - (iii) financial solvency, including, where appropriate, provision of a sufficient security/guarantee;
- and
- (iv) supply chain security

b. Such criteria shall not:

- (i) be designed or applied so as to afford or create arbitrary or unjustifiable discrimination between operators where the same conditions prevail; and
- (ii) to the extent possible, restrict the participation of small and medium-sized enterprises.

7.3. The trade facilitation measures provided pursuant to paragraph 7.1 shall include at least three of the following measures:

- (a) low documentary and data requirements as appropriate;
- (b) low rate of physical inspections and examinations as appropriate;
- (c) rapid release time as appropriate;
- (d) deferred payment of duties, taxes, fees and charges;
- (e) use of comprehensive guarantees or reduced guarantees;
- (f) a single customs declaration for all imports or exports in a given period; and
- (g) clearance of goods at the premises of the authorized operator or another place authorized by customs.

7.4. Members are encouraged to develop authorized operator schemes on the basis of international standards, where such standards exist, except when such standards would be an inappropriate or ineffective means for the fulfilment of the legitimate objectives pursued.

7.5. In order to enhance the trade facilitation measures provided to operators, Members shall afford to other Members the possibility of negotiating mutual recognition of authorized operator schemes.

7.6. Members shall exchange relevant information within the Committee about authorized operator schemes in force.

**RKC General Annex Chapter 3, Transitional Standard 3.32.**

For authorized persons who meet criteria specified by the Customs, including having an appropriate record of compliance with Customs requirements and a satisfactory system for managing their commercial records, the Customs shall provide for :

- release of the goods on the provision of the minimum information necessary to identify the goods and permit the subsequent completion of the final Goods declaration;
- clearance of the goods at the declarant's premises or another place authorized by the Customs;

and, in addition, to the extent possible, other special procedures such as :

- allowing a single Goods declaration for all imports or exports in a given period where goods are imported or exported frequently by the same person;
- use of the authorized persons' commercial records to self-assess their duty and tax liability and, where appropriate, to ensure compliance with other Customs requirements;
- allowing the lodgement of the Goods declaration by means of an entry in the records of the authorized person to be supported subsequently by a supplementary Goods declaration

**RKC Specific Annex E Chapter 1, Recommended Practice 5.**

The Customs should approve persons as authorized consignors and authorized consignees when they are satisfied that the prescribed conditions laid down by the Customs are met.

## VI. Customs seals and other security measures

### (1) General principle

61. Once the office of departure affixes Customs seals or applies other security measures to transit goods, other offices en routes should not impose any additional restrictions on the goods and should not collect charges.
62. The office of departure should take all necessary action to enable the office of destination to identify the consignment and to detect any unauthorized interference.
63. The office of departure, in principle, should use Customs seals to ensure the integrity of the transit goods. Other security measures are affordable only in cases in which Customs seals are not enough to ensure the integrity of the transit goods.
64. The office of departure should not select strict measures to ensure the integrity of transit goods when the risk-level of the transit goods does not warrant them.
65. When the guarantee on transit goods has been deposited, the office of departure should not apply any security measures, with the exception of Customs seals, in order to respond to concerns over revenue.

#### **(Relevant existing international agreements/standards)**

##### **Article 11 of the TFA**

12. Once goods have been put under a transit procedure and have been authorized to proceed from the point of origination in a Member's territory, they will not be subject to any customs charges nor unnecessary delays or restrictions until they conclude their transit at the point of destination within the Member's territory.

##### **RKC Specific Annex E Chapter 1 Standard 8.**

The Customs at the office of departure shall take all necessary action to enable the office of destination to identify the consignment and to detect any unauthorized interference.

##### **Recommended Practice 9.**

Subject to the provisions of other international conventions, the Customs should not generally require that transport-units be approved in advance for the transport of goods under Customs seal.

##### **Standard 12**

If a consignment is, in principle, to be conveyed under Customs seal and the transport-unit cannot be effectively sealed, identification shall be assured and unauthorized interference rendered readily detectable by :

- full examination of the goods and recording the results thereof on the transit document;
- affixing Customs seals or fastenings to individual packages;
- a precise description of the goods by reference to samples, plans, sketches, photographs, or similar means, to be attached to the transit document;
- stipulation of a strict routing and strict time limits; or
- Customs escort.

## (2) Customs seals

66. Customs seals and fastenings used in Customs transit shall fulfil the minimum requirements laid down in the Appendix to Chapter 1, Specific Annex E to the RKC.
67. Customs seals and identification marks affixed by foreign Customs should be accepted for the purposes of the Customs transit operation unless :
- they are considered to be insufficient;
  - they are not secure; or
  - Customs decides to inspect the goods.
68. Information on Customs seals and identification marks should be shared in advance with the offices en route as well as the office of destination.

### (Relevant existing international agreements/standards)

#### **Standard 16.**

Customs seals and fastenings used in the application of Customs transit shall fulfil the minimum requirements laid down in the Appendix to this Chapter.

#### **Recommended Practice 17.**

Customs seals and identification marks affixed by foreign Customs should be accepted for the purposes of the Customs transit operation unless :

- they are considered not to be sufficient;
- they are not secure; or
- the Customs proceed to an examination of the goods.

When foreign Customs seals and fastenings have been accepted in a Customs territory, they should be afforded the same legal protection in that territory as national seals and fastenings.

## (3) Electronic Customs seals

69. Electronic Customs seals, which help Customs administrations trace the movement of transit goods, should be attached only in cases in which ordinary Customs seals are not enough to ensure the integrity of the transit goods.
70. When Customs administrations oblige transit operators to affix an electronic Customs seal, Customs should not collect fees for the seal.
71. Customs administrations are encouraged to develop regional Electronic Customs seals to be used for transit operations in the region, as replacing the Electronic Customs seal with another seal at border could give rise to time delays and extra costs.
72. When an Electronic Customs seal is affixed to transit goods, a Customs convoy or escort should not be used.

#### (4) Prescribed time limit and itinerary

73. When Customs administrations set a time limit for Customs transit, it should be sufficient for the purposes of the transit operation.
74. When setting a time limit for transit operations, Customs administrations should take into account any special regulations that carriers are subject to, and in particular, regulations concerning working hours and mandatory rest periods for drivers of road vehicles.
75. Once the time limit is fixed by the office of departure, it should not be changed by other offices en route.
76. Customs may request that transit operators follow a prescribed itinerary only in cases where the prescribed time limit and other measures are not enough to ensure the integrity of the transit goods.

#### (Relevant existing international agreements/standards)

##### RKC Specific Annex E Chapter 1

###### **Standard 13.**

When the Customs fix a time limit for Customs transit, it shall be sufficient for the purposes of the transit operation.

###### **Standard 15.**

Only when they consider such a measure to be indispensable shall the Customs :

- (a) require goods to follow a prescribed itinerary; or
- (b) require goods to be transported under Customs escort.

#### (5) Customs escort and convoy

77. In principle, a Customs escort or convoy should not be used for transit operations.
78. Customs administrations may use a Customs escort or convoy only in cases where:
- the loss of transit goods en route would create an imminent risk for the safety and security of the Customs territory;
  - other security measures are not applicable because of the type of transit goods or transport unit;
  - the transit operator requests a Customs escort or convoy.
79. Customs administrations should inform the transit operator about the fee for a Customs escort or convoy at the Customs office of departure. Customs administrations should not ask for any additional fees or claim any special assistance in the course of transit.

**(Relevant existing international agreements/standards)**

**Article 11 of TFA**

15. Each Member may require the use of customs convoys or customs escorts for traffic in transit only in circumstances presenting high risks or when compliance with customs laws and regulations cannot be ensured through the use of guarantees.

**RKC Specific Annex E Chapter 1 Standard 13.**

When the Customs fix a time limit for Customs transit, it shall be sufficient for the purposes of the transit operation.

**Standard 15.**

Only when they consider such a measure to be indispensable shall the Customs :

- (a) require goods to follow a prescribed itinerary; or
- (b) require goods to be transported under Customs escort.

**(6) Road checkpoints**

80. Governments should not establish any road checkpoints where national or local governmental officers check the integrity of transit goods.

81. Governments should eliminate any unofficial interventions that may cause unnecessary delay and cost for transit operations.

**(Relevant existing international agreements/standards)**

**Article 11 of the TFA**

12. Once goods have been put under a transit procedure and have been authorized to proceed from the point of origination in a Member's territory, they will not be subject to any customs charges nor unnecessary delays or restrictions until they conclude their transit at the point of destination within the Member's territory.

## VII. Coordinated Border Management and infrastructure

### (1) General principle

82. Governments should foster mutual cooperation between their Customs administration and other competent government agencies responsible for border controls and procedures related to the transit of goods.
83. Governments should cooperate with neighbouring Governments to coordinate procedures at border crossings and facilitate transit operations.

#### **(Relevant existing international agreements/standards)**

##### **Article 8 of the TFA**

1. Each Member shall ensure that its authorities and agencies responsible for border controls and procedures dealing with the importation, exportation and transit of goods cooperate with one another and coordinate their activities in order to facilitate trade.
2. Each Member shall, to the extent possible and practicable, cooperate on mutually agreed terms with other Members with whom it shares a common border with a view to coordinating procedures at border crossings to facilitate cross-border trade. Such cooperation and coordination may include:
- (a) alignment of working days and hours;
  - (b) alignment of procedures and formalities;
  - (c) development and sharing of common facilities;
  - (d) joint controls;
  - (e) establishment of one stop border post control

##### **Article 11 of the TFA**

16. Members shall endeavour to cooperate and coordinate with one another with a view to enhance freedom of transit. Such cooperation and coordination may include, but is not limited to an understanding on:
- (a) charges;
  - (b) formalities and legal requirements; and
  - (c) the practical operation of transit regimes

### (2) Institutional arrangements for coordination

84. Governments should coordinate activities between different border control agencies on transit operations through the National Committee on Trade Facilitation.
85. Customs administrations should play a prominent role in the National Committee on Trade Facilitation in order to create effective transit regimes.
86. Governments should appoint a national transit coordinator to steer all enquiries and proposals from other Governments related to the good functioning of transit operations. Governments are encouraged to appoint the Customs administration as national transit coordinator.



**(Relevant existing international agreements/standards)**

**Article 11 of the TFA**

17. Each Member shall endeavour to appoint a national transit coordinator to which all enquiries and proposals by other Members relating to the good functioning of transit operations can be addressed.

**Article 23 of the TFA**

**2. National Committee on Trade Facilitation**

Each Member shall establish and/or maintain a national committee on trade facilitation or designate an existing mechanism to facilitate both domestic coordination and implementation of the provisions of this Agreement.

**(3) Alignment of working hours and days**

87. Governments should align the working days and hours of all competent agencies responsible for border control and procedures related to transit.

88. Governments should cooperate with the Governments of neighbouring countries to establish common working days and hours.

**(Relevant existing international agreements/standards)**

**Article 8 of the TFA**

2. Each Member shall, to the extent possible and practicable, cooperate on mutually agreed terms with other Members with whom it shares a common border with a view to coordinating procedures at border crossings to facilitate cross-border trade. Such cooperation and coordination may include:

- (a) alignment of working days and hours;
- (b) alignment of procedures and formalities;
- (c) development and sharing of common facilities;
- (d) joint controls;
- (e) establishment of one stop border post control

**RKC General Annex Chapter 3, Standard 3.3.**

Where Customs offices are located at a common border crossing, the Customs administrations concerned shall correlate the business hours and the competence of those offices.

**(4) Joint controls**

89. If the transit goods need to be inspected by multiple border agencies, controls should be carried out at the same place and time.

90. Governments are encouraged to give Customs administrations the legal authority to conduct inspections on transit goods on behalf of other border control agencies.

91. Governments should cooperate with the Governments of neighbouring countries to conduct joint controls of transit goods. Governments should recognize the results of controls and risk management activities carried out by other Governments in order to avoid unnecessary multiple inspections en route.

**(Relevant existing international agreements/standards)**

**Article 8 of the TFA**

2. Each Member shall, to the extent possible and practicable, cooperate on mutually agreed terms with other Members with whom it shares a common border with a view to coordinating procedures at border crossings to facilitate cross-border trade. Such cooperation and coordination may include:

- (a) alignment of working days and hours;
- (b) alignment of procedures and formalities;
- (c) development and sharing of common facilities;
- (d) joint controls;
- (e) establishment of one stop border post control

**RKC General Annex Chapter 3, Transitional Standard 3.4.**

At common border crossings, the Customs administrations concerned shall, whenever possible, operate joint controls.

**(5) One Stop Border Post and infrastructure**

92. Governments should establish a one stop border post for effective transit operations, using existing tools such as the One Stop Border Post Sourcebook.
93. Governments are encouraged to establish a Straddle OSBP or a Single Country OSBP, as defined by the One Stop Border Post Sourcebook, in cooperation with the Governments of neighbouring countries.
94. Government should establish separate infrastructure for traffic in transit by providing separate lanes and berths, etc.

**(Relevant existing international agreements/standards)**

**Article 8 of the TFA**

2. Each Member shall, to the extent possible and practicable, cooperate on mutually agreed terms with other Members with whom it shares a common border with a view to coordinating procedures at border crossings to facilitate cross-border trade. Such cooperation and coordination may include:

- (a) alignment of working days and hours;
- (b) alignment of procedures and formalities;
- (c) development and sharing of common facilities;
- (d) joint controls;
- (e) establishment of one stop border post control

**Article 11 of the TFA**

5. Members are encouraged to make available, where practicable, physically separate infrastructure (such as lanes, berths and similar) for traffic in transit.

**RKC General Annex Chapter 3, Transitional Standard 3.5.**

Where the Customs intend to establish a new Customs office or to convert an existing one at a common border crossing, they shall, wherever possible, co-operate with the neighbouring Customs to establish a juxtaposed Customs office to facilitate joint controls.

## (6) Infrastructure

95. Governments should establish a one stop border post for effective transit operations, using existing tools such as the One Stop Border Post Sourcebook.
96. Governments are encouraged to establish a Straddle OSBP or a Single Country OSBP as defined by the One Stop Border Post Sourcebook, in cooperation with other Governments with whom they share a common border.

### **(Relevant existing international agreements/standards)**

#### **Article 8 of the TFA**

2. Each Member shall, to the extent possible and practicable, cooperate on mutually agreed terms with other Members with whom it shares a common border with a view to coordinating procedures at border crossings to facilitate cross-border trade. Such cooperation and coordination may include:

- (a) alignment of working days and hours;
- (b) alignment of procedures and formalities;
- (c) development and sharing of common facilities;
- (d) joint controls;
- (e) establishment of one stop border post control

#### **RKC General Annex Chapter 3, Transitional Standard 3.5.**

Where the Customs intend to establish a new Customs office or to convert an existing one at a common border crossing, they shall, wherever possible, co-operate with the neighbouring Customs to establish a juxtaposed Customs office to facilitate joint controls.

## VIII. Transparency and anti-corruption

### (1) Transparency

97. Governments should ensure that all relevant information on transit operations is disclosed, in line with the WCO Transparency and Predictability Guidelines.
98. The information to be disclosed on transit operations includes:
- importation, exportation, and transit procedures (including port, airport, and other entry-point procedures) along with the required forms and documents;
  - fees and charges imposed by or on behalf of governmental agencies on or in connection with importation, exportation or transit;
  - contact information on enquiry points;
  - import, export or transit restrictions or prohibitions;
  - list of sensitive goods;
  - procedures for appeal or review;
  - general rules applicable to Customs convoys or Customs escorts; and
  - information on guarantees, including single or multiple transaction guarantees where applicable.

#### **(Relevant existing international agreements/standards)**

##### **Article 1 of the WTO TFA**

1.1 Each Member shall promptly publish the following information in a non-discriminatory and easily accessible manner in order to enable governments, traders, and other interested parties to become acquainted with them:

- (a) procedures for importation, exportation, and transit (including port, airport, and other entry-point procedures), and required forms and documents;
- (b) applied rates of duties and taxes of any kind imposed on or in connection with importation or exportation;
- (c) fees and charges imposed by or for governmental agencies on or in connection with importation, exportation or transit;
- (d) rules for the classification or valuation of products for customs purposes;
- (e) laws, regulations, and administrative rulings of general application relating to rules of origin;
- (f) import, export or transit restrictions or prohibitions;
- (g) penalty provisions for breaches of import, export, or transit formalities;
- (h) procedures for appeal or review;
- (i) agreements or parts thereof with any country or countries relating to importation, exportation, or transit; and
- (j) procedures relating to the administration of tariff quotas.

1.2 Nothing in these provisions shall be construed as requiring the publication or provision of information other than in the language of the Member except as stated in paragraph 2.2.

### **Article 6 of the TFA**

1.2. Information on fees and charges shall be published in accordance with Article 1. This information shall include the fees and charges that will be applied, the reason for such fees and charges, the responsible authority and when and how payment is to be made.

### **Article 11 of the TFA**

14 Each Member shall make publicly available the relevant information it uses to set the guarantee, including single transaction and, where applicable, multiple transaction guarantee.

15 Each Member may require the use of customs convoys or customs escorts for traffic in transit only in circumstances presenting high risks or when compliance with customs laws and regulations cannot be ensured through the use of guarantees. General rules applicable to customs convoys or customs escorts shall be published in accordance with Article 1.

### **RKC General Annex Chapter 9**

#### **Standard 9.1.**

The Customs shall ensure that all relevant information of general application pertaining to Customs law is readily available to any interested person.

#### **Standard 9.2.**

When information that has been made available must be amended due to changes in Customs law, administrative arrangements or requirements, the Customs shall make the revised information readily available sufficiently in advance of the entry into force of the changes to enable interested persons to take account of them, unless advance notice is precluded.

#### **Transitional Standard 9.3.**

The Customs shall use information technology to enhance the provision of information.

#### **Standard 9.4.**

At the request of the interested person, the Customs shall provide, as quickly and as accurately as possible, information relating to the specific matters raised by the interested person and pertaining to Customs law.

#### **Standard 9.5.**

The Customs shall supply not only the information specifically requested but also any other pertinent information which they consider the interested person should be made aware of.

#### **Standard 9.6.**

When the Customs supply information, they shall ensure that they do not divulge details of a private or confidential nature affecting the Customs or third parties unless such disclosure is required or authorized by national legislation.

#### **Standard 9.7.**

When the Customs cannot supply information free of charge, any charge shall be limited to the approximate cost of the services rendered.

#### **Standard 9.8.**

At the written request of the person concerned, the Customs shall notify their decision in writing within a period specified in national legislation. Where the decision is adverse to the person concerned, the reasons shall be given and the right of appeal advised.

**Standard 9.9.**

The Customs shall issue binding rulings at the request of the interested person, provided that the Customs have all the information they deem necessary.

**(2) Anti-corruption**

99. Governments should develop an effective national integrity programme to ensure that Customs administrations and other relevant border regulatory agencies are free of corruption, in accordance with the WCO Arusha Declaration, Integrity Development Guide, Model Code of Ethics and Conduct and other relevant tools and instruments.

**(3) Cooperation with the private sector**

100. Governments should create telephone and/or electronic hot-lines for the private sector to submit complaints on possible cases of corruption.

## IX. Partnership with business

101. Governments should provide traders and other interested parties with appropriate opportunity and an adequate time period to comment on the proposed introduction or amendment of laws and regulations of general application related to the movement of goods in transit.
102. When Governments design, modify and review policies and procedures on transit, they should check whether Small and Medium Sized Enterprises have enough opportunity to reflect their views on the policies and procedures.
103. Customs Administrations should develop a Customs Business Partnership programme to develop effective transit regimes in accordance with WCO Customs Business Partnership Guidance.

### **(Relevant existing international agreements/standards)**

#### **Article 2 of the WTO TFA**

1.1. Each Member shall, to the extent practicable and in a manner consistent with its domestic law and legal system, provide opportunities and an appropriate time period to traders and other interested parties to comment on the proposed introduction or amendment of laws and regulations of general application related to the movement, release and clearance of goods, including goods in transit.

1.2. Each Member shall, to the extent practicable, and in a manner consistent with its domestic law and legal system, ensure that new or amended laws and regulations of general application related to the movement, release and clearance of goods, including goods in transit are published, or information on them made otherwise publicly available, as early as possible before their entry into force, in order to enable traders and other interested parties to become acquainted with them.

1.3. Changes to duty rates or tariff rates, measures that have a relieving effect, measures the effectiveness of which would be undermined as a result of compliance with paragraphs 1.1 or 1.2, measures applied in urgent circumstances, or minor changes to domestic law and legal system are each excluded from paragraphs 1.1 and 1.2.

2. Each Member shall, as appropriate, provide for regular consultations between its border agencies and traders or other stakeholders located within its territory.

#### **RKC General Annex 1, Standard 1.3.**

The Customs shall institute and maintain formal consultative relationships with the trade to increase co-operation and facilitate participation in establishing the most effective methods of working commensurate with national provisions and international agreements.

## X. Performance measurement

104. Governments are encouraged to conduct a Time Release Study on transit operations in cooperation with their neighbouring countries to identify bottlenecks in transit operations by following the WCO Time Release Guide.
105. Governments should develop action plans or recommendations to improve transit operations after conducting a TRS.
106. The TRS for transit operations should be conducted by involving various stakeholders including the private sector and relevant control regulatory agencies.

### **(Relevant existing international agreements/standards)**

#### **Article 7 of the WTO TFA**

6.1. Members are encouraged to measure and publish their average release time of goods periodically and in a consistent manner, using tools such as, inter alia, the Time Release Study of the World Customs Organization (referred to in this Agreement as the "WCO").<sup>6</sup>

6.2. Members are encouraged to share with the Committee their experiences in measuring average release times, including methodologies used, bottlenecks identified, and any resulting effects on efficiency.