WORLD CUSTOMS ORGANIZATION

Case Studies on Systematic Exchange of Commercial Information between Customs Administrations in Bilateral and Regional Arrangements

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Abstract

This paper aims primarily to provide examples of systematic exchange of commercial information between Customs administrations implemented within bilateral and regional arrangements. It should be kept in mind that it should be considered as providing a snapshot as of December 2010 because each system described in this paper evolves with time.

This paper attempts to answer a question: "*What is the valued added of systematic exchanges of commercial information between Customs administrations*?" In addition, it touches upon observation relating to compelling reason and necessity, incremental approach, pre-arrival information, legal framework, capacity building and integrity, and information technology. Four case studies are included: NCTS for common transit system between the EU and EFTA; EU-China SSTL Pilot; INDIRA of Mercosur; and RADDEx of the EAC.

Key words

Globally Networked Customs, case studies, systematic exchange of information, commercial information

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1. Introduction

Customs in the 21st Century (C21) is a WCO strategy paper that offers guidance for the modern role and mission for Customs.[1] Among its ten building blocks, the first building block is Globally Networked Customs (GNC). This concept provides a unifying means to bring C21 to life since other building blocks depend upon effective communication, co-ordination and collaboration between Customs administrations globally.

An Ad Hoc Group on GNC (Group) was created in June 2009 to steer a feasibility study on GNC. It has been widely recognized that information exchange between Customs administrations must constitute an essential element of the GNC framework. There are various types of information possibly exchanged between Customs administrations, for example, information related to Customs enforcement/intelligence, and commercial information.

Customs-to-Customs exchanges of information have been observed at various levels and at various places. The WCO's Customs Enforcement Network (CEN) is designed to exchange enforcement/intelligence information between Customs administrations. Many operations have been already conducted using the CENcomm application, a secured web-based communication tool. In addition, many WCO Members have bilaterally concluded Customs Mutual Administrative Assistance agreements/arrangements (CMAA), by which enforcement/intelligence information is shared spontaneously or upon an enquiry on a specific transaction with a view to preventing, investigating and repressing illicit activities.

On the other hand, it is a challenge to consider a global framework for systematic exchange of commercial information between Customs administrations. In a bilateral/regional context, however, several arrangements have been implemented, and more projects are planned. Considering such an emerging trend, this paper aims to provide examples of systematic exchange of commercial information between Customs administrations implemented within bilateral and regional arrangements. In addition, Customs-to-Customs exchanges of results of risk analysis and Customs controls are covered to the extent possible in this paper.

For the convenience of this paper, it is assumed that Customs administrations possess commercial information communicated by economic operators. This may include the data elements of export/import declarations and cargo reports, such as Customs value, exporter/importer, consignee/consignor, commodity code, description of goods. In this paper, systematic exchange of information means information exchange with a pre-determined system that allows a Customs administration to share the information automatically or regularly.

This paper is based on the information from members' presentations at the Group meetings and field visits by the WCO Secretariat during the second half of 2010. It has been supplemented by public documents, and finally verified by the Customs administrations concerned. It should be kept in mind that this paper focuses on an element of Customs-to-Customs information exchange in the various systems. It does not aim to provide a comprehensive explanation of each system. Secondly, this paper should be considered as providing a snapshot as of December 2010, because each system described in this paper evolves with time.

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[1] "*Customs in the 21st Century: Enhancing Growth and Development through Trade Facilitation and Border Security*", June 2008, WCO, available at: www.wcoomd.org/print/file.aspx?id=11968

Following this first section, the second section provides a general observation from the information at hand. The third section picks up four cases for further explanation. A summary table for key elements of the four cases is also included in this section.

2. General observation

Added value

One question has been raised on systematic exchange of commercial information between Customs administrations, namely: *What is the valued added?*

By definition, all commercial information from other Customs administrations is originally produced by the economic operators concerned. Theoretically speaking, a Customs administration is able to obtain this from the economic operators in accordance with national laws and regulations. In this case, bilateral/regional arrangements are not needed. An example is the "*24-hour*" rule that requires sea carriers to provide U.S. Customs and Border Protection with detailed descriptions of the contents of sea containers bound for the USA 24 hours before the container is loaded on board a vessel. A private value-added network may run a business to send necessary commercial information to Customs administrations of exporting, transit and importing countries, upon a request of the economic operators concerned.

According to the WCO survey, [2] nearly 90% of the respondents to the questionnaire indicated that they would use the information from other Customs administrations for risk management and reference information purposes under the GNC framework. A case covered in this paper confirmed that the data exchanged prior to the arrival of goods in bilateral/regional arrangements is used to improve risk management. It could be of a complementary nature if economic operators are legally required to submit the same data prior to the arrival of goods.

Another case indicated that the information exchanged was used to reconcile with declaration data submitted by economic operators. One argument is that commercial information exchanged between Customs administrations would add the fourth dimension to the current three dimensions of information flows (i.e. Business-to-Business, Business-to-Customs in exporting country, and Business-to-Customs in importing country), thereby ensuring the accuracy, security and validation of information that flows among all the dimensions of the quadrilateral circle (See *Diagram 1*).

It is also observed that commercial information such as the aggregated Customs value is shared for statistics purposes. Among the cases in this paper, there is no bilateral/regional arrangement which implemented a single submission to meet Customs requirements of both importing and exporting countries, or that commercial information from other Customs administrations changed or eliminated the existing dimension that the business provides information to meet Customs requirements.

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[2] *"Results of the questionnaire on the preferred future status", Doc. FG0008, WCO, March 2010 (available for WCO Members).*

Diagram 1: A conceptual chart of four dimensions of information flows
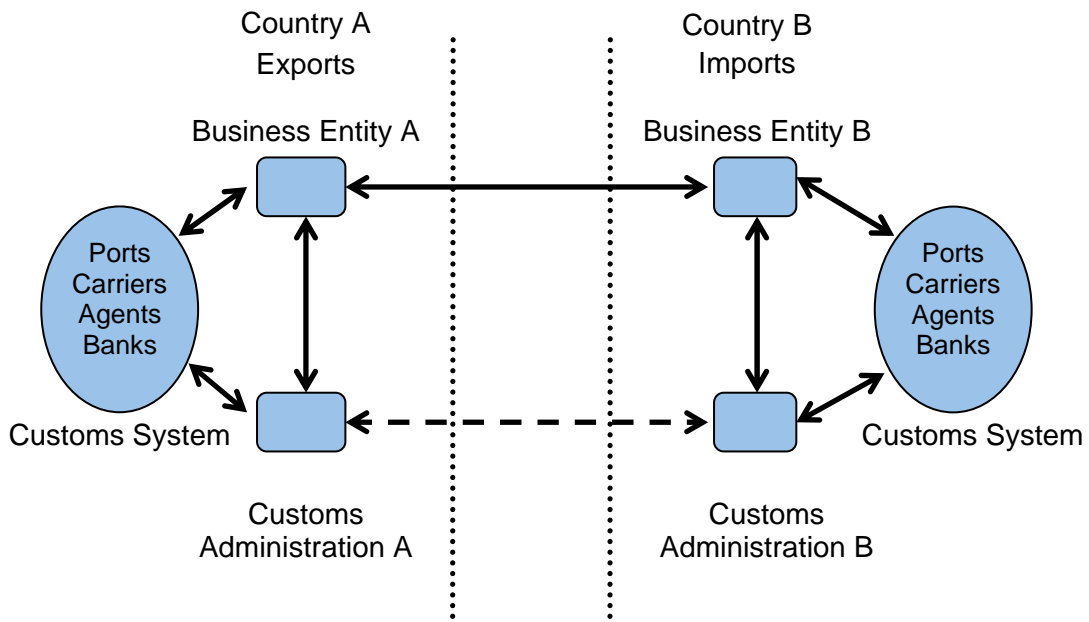
(source) WCO Secretariat

Compelling reason and necessity

A compelling reason or necessity is a crucial element when implementing the bilateral/regional information exchanges. For land-locked countries, for example, there is a necessity of reducing congestion of vehicles at land crossing borders in order to facilitate international trade. Several cases showed that information from neighboring countries prior to the arrival of goods is effective to achieve such a goal. Significant revenue loss due to transit and origin fraud may be another reason. A member of a Customs Union, if Customs controls remain at the border inside the bloc, needs to know whether a Customs duty payment takes place at the first port of arrival on its territory in order to avoid the second payment on the same goods at the internal border.

On the other hand, there is no arrangement where there is little need. It is observed that there is no systematic exchange of information between exporting and importing Customs offices at a juxtaposed facility, while transit data is systematically shared. It seems import/export declarations are smoothly processed at each side without such an arrangement. Though it is technically, legally and administratively feasible, it depends on a political decision made by the countries concerned, responding to a compelling reason or necessity, as to whether to establish bilateral/regional arrangements for systematic exchange of commercial information between Customs administrations.

Incremental approach

Instead of a "*big bang*" approach, there are cases where an incremental approach is taken for a new bilateral/regional system. A pilot/trial project with a limited number of transactions may be implemented without changing domestic laws and regulations or concluding international agreements. Once the pilot/trial project proved that it works well, it would lead to full implementation. The number of data elements exchanged can be increasingly expanded to meet the objectives of the pilot/trial projects effectively.

Pre-arrival information

Customs-to-Customs Standard 6 of the SAFE Framework of Standards (SAFE FoS) describes "*Advance Electronic Information*". It states:

> *The Customs administration should require advance electronic information on cargo and container shipments in time for adequate risk assessment to take place.*

In bilateral/regional arrangements, there are more and more cases where systematic exchanges of pre-arrival information between Customs administrations take place, in particular for goods in transit.

Pre-arrival information can be used in carrying out risk assessment of every consignment prior to its arrival, and reconciling with the declaration information as soon as submitted by economic operators. Pre-arrival clearance may be granted based on pre-arrival submission of information. Thus, systematic exchange of information between Customs administrations prior to the arrival of goods is expected to facilitate the flow of goods and reduce congestion at borders.

Legal framework

There are several types of legal frameworks observed for the systematic exchange of information between Customs administrations in bilateral/regional arrangements. One is an international agreement at the governmental level, possibly supported by an implementing agreement at the Customs Directors General level. A pilot project may be launched by a non-legal binding arrangement such as a Memorandum of Understanding (MOU) at the operational level, or without concluding any international agreement or arrangement.

Data protection or confidentiality is one of the difficulties that many Customs administrations may encounter in implementing systematic information exchange. One solution in bilateral/regional arrangements is to impose legal obligations to protect the data and respect other conditions in accordance with an international agreement. Another way is that a Customs administration may obtain prior consent of data owners for data transfer before it takes place, pursuant to the national laws and regulations.

Capacity building and integrity

One case showed that an adequate level of data protection is needed in the information-receiving country, and another case indicated that the same level of data protection as in the information-giving country is required in the information-receiving country. To ensure an adequate and equal level of data protection, it appears that the legal framework should be supported by a high-level of integrity and compliance of Customs administrations. In this regard, the pilot project may contribute to building mutual trust between the participating countries. In addition, capacity building activities to raise the level of integrity and compliance of Customs administrations are necessary for the effective exchange of information between Customs administrations in bilateral/regional arrangements.

Information technology

In bilateral/regional arrangements, various IT systems, tailor-made formats and protocols are used for the systematic exchange of commercial information between Customs administrations. However, more and more web-based communication tools are used.

If Customs officers manually transfer information to other Customs administrations one by one, for example, it will take time and will be a high burden to the senders. To overcome this problem, there are cases where an IT system automatically sends the necessary data (i.e. "*push"* system). Instead of such active data exchange, a Customs administration may allow other Customs administrations to hold an online access to the relevant data in their database (i.e. "*pull"* system).

3. Case studies

3.1 NCTS for common transit system between the EU and EFTA[3]

Background

The common transit system is used to facilitate the movement of transit goods between the 27 EU Member States and the 4 EFTA countries. It allows Customs and excise duties, VAT and other charges on goods to be suspended during their movement from the Customs office of departure to the Customs office of destination.

Because of the vast amounts of money involved, transit systems have always been subject to fraud. The common transit system, which had been in operation since the late 1960s, began showing weaknesses in the early 1990s. For example, a significant increase in fraud of tobacco and alcohol resulted in large losses of duties and charges due to their high rates. It was widely recognized that reforms at both legal and practical levels would be needed.

The New Computerized Transit System (NCTS), a computerized transit system based on the exchange of electronic messages, has been fully implemented since 2003. Economic operators must use the NCTS when applying the common transit procedure regardless of the mode of transport concerned, with the exception of simplified transit procedures where a commercial document serves as the transit declaration.[4]

The NCTS allows the Customs office of departure to send an electronic message on transit goods to each Customs office of transit and destination before the arrival of goods at each office. The actual Customs offices of transit and destination sends electronic messages back to the Customs office of departure when the goods arrive, and after the goods have been checked, where necessary.

Legal framework

The legal basis for the common transit procedure is the Common Transit Convention of 20 May 1987 on a common transit procedure,[5] as amended.

Concerning data protection, Article 13 of the Community Customs Code [6] provides that an international agreement is needed to transfer confidential data from the EU to third countries, namely:

> *Communication of confidential data to the customs authorities and other bodies (e.g. security agencies) of third countries shall be allowed only in the*

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[3] *The European Free Trade Association (EFTA) is an intergovernmental organization set up for the promotion of free trade and economic integration to the benefit of its four Member States (Iceland, Norway, Liechtenstein and Switzerland). Further information at: www.efta.int.*
[4] *For example, in simplified procedures in the air, sea, or rail where, respectively, the manifest or CIM consignment note (rail consignment note) serves as the transit declaration.*
[5] *The Convention of 20 May 1987 on a common transit procedure forms the basis for the movement of goods between the twenty-seven EU Member States and the four EFTA countries (Iceland, Norway, Liechtenstein and Switzerland), as amended.*
[6] *Council Regulation (EEC) No.2913/92 of 12 October 1992, establishing the Community Customs Code.*

framework of an international agreement and provided that the data protection provisions in force are respected.

In this regard, Article 7 of Appendix I of the Convention provides obligations of Contracting Parties to the Convention to protect personal data exchanged as follows:

*Article 7 Protection of personal data*
1. The Contracting Parties shall use the personal data exchanged in application of this Convention solely for the purposes of this Convention and any customs-approved treatment or use following the common transit procedure. This restriction shall not, however, prevent the use of such data for the purposes of risk analysis during the common transit procedure and investigation and legal proceedings arising out of this common transit procedure. Where this is the case, the competent authority which supplied the information shall be notified of such use forthwith.

2. Where the processing of personal data exchanged in application of this Convention is concerned, the Contracting Parties undertake to introduce whatever measures are necessary to ensure a level of protection of personal data at least equivalent to the requirements of the Council of Europe Convention of 28 January 1981 for the Protection of Individuals with regard to Automatic Processing of Personal Data.

3. Each Contracting Party shall take whatever steps in the form of effective controls are necessary to guarantee compliance with this Article.

Communication tool

The NCTS serves as a communication tool of the common transit procedures. The main objectives of the NCTS are to increase the efficiency and effectiveness of transit procedures to improve both the prevention and detection of fraud, to accelerate transactions carried out under a transit procedure, and to offer security for them.

The NCTS was not fully operational all at once. Instead of a "*big bang*" approach, there was an intermediate period in which both the paper-based system and the NCTS were used alongside each other. The NCTS started with 7 pilot countries in 1999 (Phase I). It was implemented with a limited number of offices in a small number of countries (Germany, the Netherlands, Italy, Spain, Czech Republic, Norway and Switzerland) with limited functions from 2000 (Phase II). By mid-2003, it was progressively extended to all Customs offices in all Contracting Parties of the Convention at that time (Phase III) (Fig.1.1).

Fig.1.1: The reform of transit is staggered over time
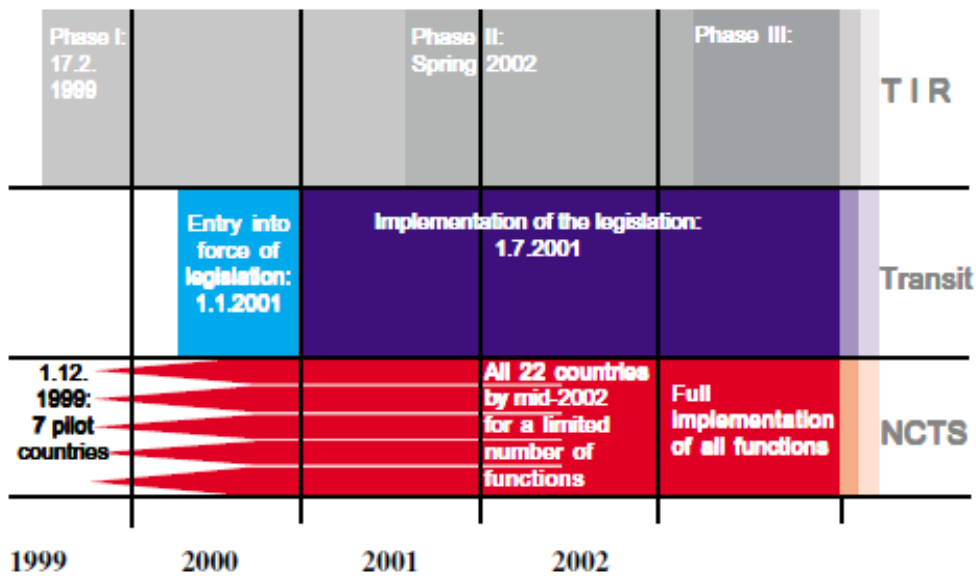
(source) New customs transit systems for Europe (2001), p.14

Type of data

The Customs office of departure sends an anticipated arrival record (AAR) message to the declared Customs office of destination. It includes most data of the transit declaration. The message format IE001 for AAR is determined by the Convention.

The data of the AAR message include data elements related to economic operators (Consignor, Consignee, and Carrier), goods (e.g. description of goods, item number, total number of items, produced documents/certificates, total gross mass), location (country of dispatch, country of destination, Customs office of departure/transit/destination), means of transport (transport mode at border, type of transport crossing border), container (container-yes/no, container number, seal number/identity), and an itinerary with anticipated time and place during the transit operation. In addition, results of risk assessment and Customs controls are included. It also includes the movement reference number (MRN), a unique registration number generated by the system. Commodity code of the goods is not mandatory but optional. Value of the goods is not included in the message.

Business model and operational flows (Fig.1.2)

Although a NCTS operation may be more complicated depending on the situation, the business model and operational flows of standard procedures of the NCTS are indicated as follows:

- A transit declaration (IE015) is presented to the Customs office of departure. Once the inspections are carried out, where appropriate, and the guarantees are accepted, the goods are released for the transit operation.
- The MRN is given by the system to the declaration, and printed on its transit accompanying document (TAD) and its list of items (LoI) to identify the movement of the goods.

- When printing the TAD and the LoI, the Customs office of departure simultaneously sends an anticipated transit record (ATR) message (IE050) to the declared Customs office(s) of transit, and an AAR message (IE001) to the declared Customs office of destination.
- When the goods pass by a Customs office of transit, the goods, the TAD and the LoI have to be presented to the Customs office. The ATR, already available in the system, is automatically located when the MRN is entered and subsequently the movement may be approved for passage.
- A notification of crossing frontier (IE118) is sent by the actual Customs office of transit to the Customs office of departure after having checked the consignment, where necessary.
- Upon the arrival, the goods must be presented at the Customs office of destination together with the TAD and the LoI. Customs, having already received the AAR, has full details about the transit operation and therefore has an opportunity to decide beforehand what controls are necessary.
- The arrival advice message (IE006) is sent by the actual Customs office of destination to the Customs office of departure when the goods arrive.
- The destination control results message (IE018) is sent by the actual Customs office of destination to the Customs office of departure after the goods are checked, where necessary. This message is necessary to discharge the transit operation at the Customs office of departure and free the guarantees that are used for it.

Fig.1.2: Operational flows of the NCTS
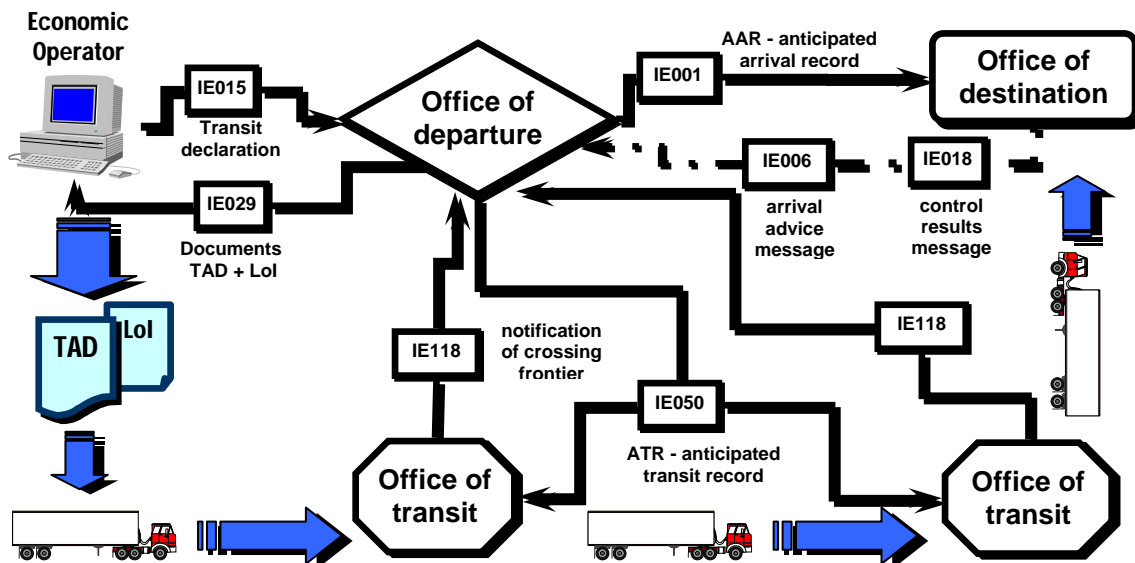
(source) WCO Secretariat, based on the information provided by the Federal Customs Administration, Switzerland

NCTS operations at a land crossing border between Italy and Switzerland[7]

Since Switzerland is neither a part of the European Economic Area nor the EU, borders between Switzerland and neighboring EU member states (Austria, France, Germany, and Italy) are treated as external borders of the EU from the Customs perspective. At many border posts, there are special facilities exclusively for transit

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[7] *Based on the field visit of the WCO Secretariat to Chiasso on 30 September 2010.*

goods, many of which are in the form of juxtaposed offices such as in Chiasso between Italy and Switzerland.

The Federal Customs Administration (FCA) of Switzerland has encouraged economic operators to submit transit declarations at borders, and then import declarations at a Customs office inside the country afterwards. This arrangement contributes to a reduction in border congestion. The Customs office of Switzerland at Chiasso processed over 1.3 million transit declarations in 2009, which amounted to more than seven times the import declarations and seventeen times the export declarations.

In the case of inbound transit goods carried by vehicles from Italy to Switzerland, for example, the driver has to get out of the vehicle at the parking area in Italy, go to the Customs office of Italy for exit procedures, and then the Customs office of Switzerland in the same building (a juxtaposed office) for entry procedures. Being responsible for collecting the mileage-related heavy vehicle charge, the FCA registers the mileage of the vehicle in its database to calculate the charge when the vehicle exits from the country. Having read the barcode of the MRN, the FCA can check that the information on the TAD and LoI are consistent with the data in the system. The FCA asks the driver to move the vehicle to a special area if the goods need to be inspected based on risk assessment. According to the FCA, the common transit procedures on the Swiss side normally take less than a few minutes at the border, if the transit goods are not subject to any inspection.

The project "*TRANSIT CHIASSO*" aims at improving the procedures, where the driver will be able to submit transit procedures at borders without getting out of the vehicle. This is expected to produce various benefits at borders: reduced congestion, more space, reduced waiting time, and increased Customs security. As of December 2010, "*TRANSIT CHIASSO*" with Italy is not yet operational. This approach is, however, operational on the border with Germany and France in the Basel region.

Useful materials

The EFTA official website, available at: <http://www.efta.int>

"*What is customs transit?*" Taxation and Customs Union, the European Commission, available at:
<http://ec.europa.eu/taxation_customs/customs/procedural_aspects/transit/index_en.htm>

Council Regulation (EEC) No.2913/92 of 12 October 1992, establishing the Community Customs Code, available at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:1992R2913:20070101:EN:PDF>

The Convention of 20 May 1987 on a common transit procedure forms the basis for the movement of goods between the twenty-seven EU Member States and the four EFTA countries (Iceland, Norway, Liechtenstein and Switzerland), as amended (Situation as of 01.07.2009), available at:
<http://ec.europa.eu/taxation_customs/resources/documents/customs/procedural_aspects/transit/common_community/convention_en.pdf>

"*TRANSIT MANUAL (consolidated version)*", TAXUD/A3/0007/2010, available at:

<http://ec.europa.eu/taxation_customs/resources/documents/customs/procedural_asp
ects/transit/common_community/transit_manual_consolidation_en.pdf>

"*New customs transit systems for Europe*", available at:
<http://ec.europa.eu/taxation_customs/resources/documents/annex_i_transit_brochure
_en.pdf>

3.2 EU-China Smart and Secure Trade Lanes (SSTL) Pilot

Background

Trade between the EU and China has been rapidly increasing in recent years. The EU-China Customs Cooperation and Mutual Assistance Agreement (CCMAA) entered into force in 2005. The European Commission and China agreed to strengthen cooperation in order to increase security and trade facilitation throughout the supply chain between the EU and China. As a first step, a pilot project with the aim of creating smart and secure trade lanes was launched in September 2006.

The purpose of the project is to test, strengthen, refine and agree on the principles for securing end-to-end supply chains. It also intends to test the WCO's SAFE Framework of Standards (SAFE FoS). Its long-term goal is to facilitate an agreement on the mutual recognition of security measures, control results, and Authorized Economic Operators (AEOs).

In the framework of the SSTL pilot, the Customs administrations of the United Kingdom, the Netherlands and China started the first phase to exchange electronic information on sea containers leaving their territory through the seaports of Rotterdam, Felixstowe and Shenzhen in November 2007. The first phase was in operation for 9 months, covering specific trade lanes of a limited number of economic operators. Recognizing the success of the first phase, the second phase started in November 2010, by including more ports on both sides and by covering more complex trade lanes.

Legal framework

The SSTL pilot takes place within the framework of the EU-China CCMAA. Paragraph 2 of Article 6 of the Agreement provides that:

> *The Contracting Parties undertake to develop trade facilitation actions in customs matters taking account of the work done in this connection by international organizations.*

Concerning the data protection, Article 13 of the Community Customs Code[8] provides that an international agreement is needed for the transfer of confidential data from the EU to third countries. It must provide the data protection provisions. Article 25.1 of Directive 95/46/EC[9] and Article 9 of Regulation (EC) 45/2001[10] demand a personal data protection to "*ensure an adequate level of protection*" of third countries. Yet, Article 26 of the Directive provides the possibility of derogating from the obligation by setting conditions, including the consent of the persons concerned given unambiguously to the proposed transfer. In this regard, the economic operators involved in the SSTL pilot have given their prior consent that the data that they submit to Customs at exit may be transferred to Customs at entry.

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[8] *Council Regulation (EEC) No.2913/92 of 12 October 1992, establishing the Community Customs Code.*
[9] *Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data.*
[10] *Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data.*

Governance framework

Based on the CCMAA, the EU-China Joint Customs Cooperation Committee (JCCC) was established. Under the JCCC, the Steering Group consisting of Customs Director Generals was established to oversee the pilot. A Working Group and Expert Groups were also established to consider technical matters such as data elements. The WCO Secretariat and Hong Kong China Customs joined the Working Group as observers.

Communication tool

WCO CENcomm, a web-based application, is used to exchange the messages, with technical support by the WCO Secretariat during the operations. WCO CENcomm has been developed by the WCO to provide a point-to-point and a secured communication tool for operational purposes. It is designed to be accessible only to a closed user group of officers for the duration of an operation or a project. It can be used by WCO Members free of charge.

Type of data

Electronic formats of the message exchanged between Customs are in accordance with the WCO Data Model, which were agreed upon by the Working Group and the Expert Group, and approved by the Steering Group.

In the early stage of the first phase, 16 data elements related to exporters/importers, goods, carriers, and ports of departure/arrival were exchanged between Customs at exit and entry. At a later stage, however, it was expanded to 23, most of which were from SAFE FoS. They were:
1) Transport document number;
2) Conveyance reference number;
3) Exit date;
4) Customs office of exit, coded;
5) Place of loading, coded;
6) Commodity classification;
7) Number of packages;
8) Brief cargo description;
9) Unique consignment reference number;[11]
10) Exporter, coded;
11) Identification of means of transport crossing the border, coded;
12) Equipment identification number;
13) Seal number;
14) Date and time of goods release;
15) Customs remarks (e.g. results of examination);
16) Carrier name;
17) Consignee name;
18) Consignor name;
19) Notify party;
20) Person who made the declaration;
21) First port of arrival, coded;
22) Date and time of arrival at first port of arrival in customs territory; and
23) Country (ies) of routing.

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[11] *Country code + declaration number; only on Chinese side as the EU does not use a UCR.*

Upon the arrival, Customs at entry sends the control results in the agreed format back to Customs at exit using the CENcomm platform.

Business model and operational flows (Fig.2.1)

The business model and operation flows of standard procedures are as follows:

- An exporter lodges its export declaration on sealed sea container to Customs at exit before departure. Container Security Devices (CSDs) such as e-Seals and SMART boxes or security bolt seals (compliant to ISO standard 17712) are used for container security purposes.
- Customs at exit conducts risk analysis based on joint risk rules (JRR) that are mutually agreed with Customs at entry in advance.
- Customs issues export permission to the exporter, if the export declaration poses no problems.
- Before departure, Customs at exit sends 23 data elements including UCR (only tested in a limited fashion) and control results to Customs at entry, in the format in accordance with the WCO Data Model using WCO CENcomm platform.
- Customs at entry receives the information before the departure from the exporting country.
- Upon the arrival of the goods in the port of the importing country, Customs at entry uses UCR (only tested in a limited fashion) to identify the sea container with the entry summary declaration lodged by the carrier.
- Customs at entry may inspect the container for security purposes if it obtains additional information (e.g. the seal is broken); otherwise the container is released, subject to import duty and tax payment and non-restricted and non-prohibited goods.
- Customs at entry sends the control result back to Customs at exit using the WCO CENcomm platform.

Fig.2.1: Operational flows of the EU-China SSTL pilot
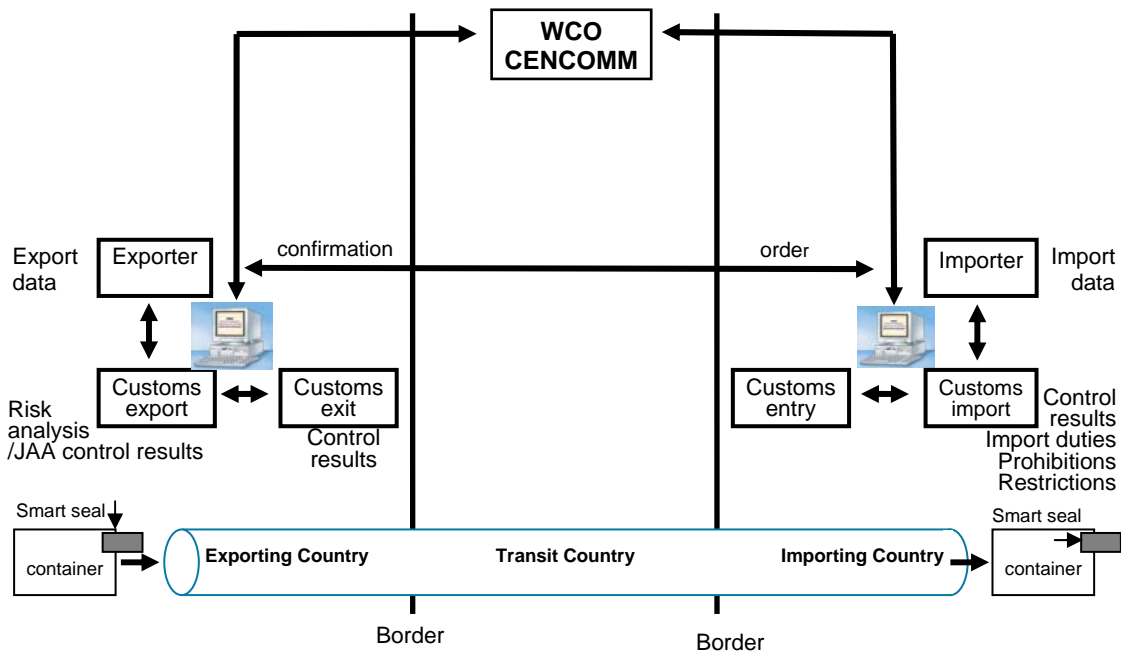
(Source) WCO Secretariat, based on the joint presentation by the EU and China at the 4th Meeting of Ad Hoc Group on Globally Networked Customs (Brussels, Sep. 2010)

Evaluation and lessons learned

The JCCC evaluated the first phase as successful. In particular, the WCO CENcomm platform and messages proved adequate for the purposes of the project. In addition, it was evaluated that the project has contributed to the development of understanding, trust and cooperation between the EU and China Customs; progress in the mutual recognition process of AEO programs between the EU and China; experience gained of operating the SAFE FoS in a practical way that will contribute to the further development of the SAFE principles; experience with CSDs and the identification of the difficulties of use that will enable further work to be done to establish standards, requirements, procedures and interoperability to the benefit of all operating within international supply chains.

On the other hand, the first phase experienced some difficulties. It was difficult for identifying companies to participate in the pilot. The first phase included a total of 7 trade lanes operated from China to the EU, while only 1 from the EU to China. This was, in part, due to the limitations of finding companies that move full containers directly to and from Shenzhen/Felixstowe/Rotterdam. Additionally, the lack of tangible benefits other than those already available to AEOs and class AA companies (e.g. reduced control levels) did not encourage companies to join the pilot.

One of the key lessons learned was that a pilot project on this sort of international scale will usually take longer than expected. It was found that operating the SAFE FoS is more complicated than originally envisaged. The issue of container security proved complex and requires further work to establish the benefits of use.

Phase 2

Built on firm foundations and lessons learned in the first phase, the second phase started in November 2010, by extending to ports in Belgium, France, Germany and Italy on the EU's side, as well as the port of Shanghai on the Chinese side, and including more complex trade lanes such as consolidations and transit. The formats and data elements are under consideration in the second phase to potentially cover the more complex trade lanes as well.

Useful materials

"*Security cooperation with third countries*", Taxation and Customs Union, the European Commission, available at:
<http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/coope ration_3thcountries/index_en.htm>

Agreement between the European Community and the Government of the People's Republic of China on cooperation and mutual administrative assistance in customs matters, 2004/890/EC, pp.20-26 of Official Journal of the European Union L375, Volume 47, 23 December 2004, available at:
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2004:375:0020:0026:EN:PDF>

Council Regulation (EEC) No.2913/92 of 12 October 1992, establishing the Community Customs Code, available at: <http://eur-

lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:1992R2913:20070101:EN:P
DF>

*Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995
on the protection of individuals with regard to the processing of personal data and on
the free movement of such data*, Official Journal L281, 23/11/1995, pp.31-50, available
at:
<http://eur-
lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31995L0046:EN:HTML>

*Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18
December 2000 on the protection of individuals with regard to the processing of
personal data by the institutions and bodies of the Community and on the free
movement of such data*, available at:
<http://eur-
lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32001R0045:EN:NOT>

"*Customs cooperation: Commission and China strengthen cooperation on supply chain
security*", Press Release of the European Union, IP/06/1206, 19 September 2006,
available at:
<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/06/1206&format=HTML
&aged=0&language=en&guiLanguage=en>

"*China-EC Pilot - Smart and Secure Trade Lanes*", 2008/SOM3/SCCP/007, the 2nd
Sub-Committee on Customs Procedures Meeting of APEC, Cusco, Peru, August 2008,
available at:
<http://aimp.apec.org/Documents/2008/SCCP/SCCP2/08_sccp2_007.pdf>

"*Commissioner Šemeta visits China to boost cooperation in custom controls and
tackling counterfeit goods*", Press Release of the European Union, IP/10/1079, 31
August 2010, available at:
<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/10/1079&format=HTML
&aged=0&language=en&guiLanguage=en>

"*EU-China Smart & Secure Trade Lanes (SSTL) Pilot*", International Customs
Conference at the EXPO in Shanghai, September 2010, available at:
<http://ec.europa.eu/taxation_customs/resources/documents/customs/policy_issues/co
nference_events/shangai/li_wei.ppt>

"*EU-China Smart and Secure Trade Lanes Pilot*", the 4th Meeting of Ad Hoc Group on
Globally Networked Customs, WCO, September 2010 (available for WCO Members)

"*Globally Networked Customs (GNC): A perspective from the UK*", World Customs
Forum, Istanbul, October 2010, available at:
<http://www.wcoomd.org/files/2.%20Event%20files/PDFs/WCF/Istanbul2010/Session_
1/Mike_Norgrove.PDF>

"*Information Exchange in China-EU Smart & Secure Trade Lane*", the 5th Meeting of
Ad Hoc Group on Globally Networked Customs, WCO, November 2010 (available for
WCO Members)

3.3 INDIRA of Mercosur

Background

INDIRA is an information exchange system between the Customs administrations of Mercosur countries (Brazil, Argentina, Paraguay, and Uruguay). Mercosur formed a Customs Union with a common external tariff and duty free in 1995, but Customs controls remain inside the bloc. Since the Customs duty payment takes place at the first port of arrival on the territory of Mercosur, it is necessary to avoid the second payment on the same goods at any border point on its territory.

INDIRA has been implemented to exchange information on exported goods destined for other Mercosur countries since 2004, and on imported goods from any country worldwide since 2005. Initially, accessible data elements were limited, but they have been increasingly expanded. The objectives of the system are to:

- Enable the automated exchange of trade information among the Customs administrations of Mercosur countries;
- Enhance the fight against illicit trade; and
- Serve as a tool to identify the transactions that complied with the Common Tariff Policy and the Mercosur Origin Regime.

Legal framework

In accordance with the Treaty of Asunción[12] and the Protocol of Ouro Preto[13], Mercosur CMC (Conselho do Mercado Comum) Decision No.54/04,[14] No.37/05,[15] and No.26/06[16] are related to information exchange between Customs administrations of Mercosur countries. In particular, Article 21 of the Decision No.37/05 requires the Customs administrations to establish the necessary mechanisms for information exchanges through the INDIRA system.

It is mandatory to preserve the data confidentiality. Article 23 of the Decision No.37/05 provides a condition that the information exchanged through IT systems will benefit, in the recipient country, from the same level of protection as the confidential information and professional secrets in the country of origin.

Financial/organizational framework

Each country covered the implementation and maintenance cost of its communication tool and database. The Technical Committee No. 2 (Customs Matters), created by the Protocol of Ouro Preto, is responsible for discussing and specifying the implementation and improvement of the system. It has meetings every two months, and special meetings whenever necessary. Experts from all Mercosur countries participate in the meetings. In addition, e-mail exchange is conducted intersessionally.

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[12] *Treaty of Asunción* (1991) is an international treaty to create MERCOSUR.
[13] *Protocol of Ouro Preto* (1994) is a protocol to the Treaty of Asunción to establish the institutional structure of MERCOSUR and is endowed with international legal personality.
[14] *Eliminación del Doble Cobro del AEC y Distribución de la Renta Aduanera* (in Spanish), Mercosur/CMC/Decisión 54/04.
[15] *Reglamentación de Decisión CMC Nº 54/04* (in Spanish), Mercosur/CMC/Decisión 37/05.
[16] *Convenio de Cooperación, Intercambio de Información, Consulta de Datos y Asistencia Mutua entre las Administraciones Aduaneras del MERCOSUR* (in Spanish), Mercosur/CMC/Decisión 26/06.

Communication tool

INDIRA is a web-based system for information exchange. Each Customs administration of Mercosur countries owns and manages its communication tool as well as the database for import and export declarations (decentralized database). One has a right to access the databases of others, when necessary ("*pull*" system). When an import or export declaration is accepted by the system, the main data elements of the declarations are available in the system.

Data requests and submissions are undertaken by the Virtual Private Network (VPN) via the internet, consisting of two modules of "*service requester*" and "*service provider*". The data is encrypted to be communicated in XML format, which was developed by the Technical Committee No.2.

Type of data

INDIRA makes it possible to share the main data elements of both export declarations of the goods destined to other Mercosur countries and import declarations of the goods from any country. A declaration may have two or more different items.

Accessible data at the declaration level is: declaration reference number; goods declaration acceptance date; declaration status & status date; importer/exporter; country of exportation/destination; total number of items; associated government procedure code; office of entry; office of declaration; total gross weight; type of cargo unitization; total invoice amount; freight costs; FOB value; insurance costs; date of arrival; departure date; mode of transport; identification of means of transport; cargo manifest number; total number of packages; transport document number; and duty assessed.
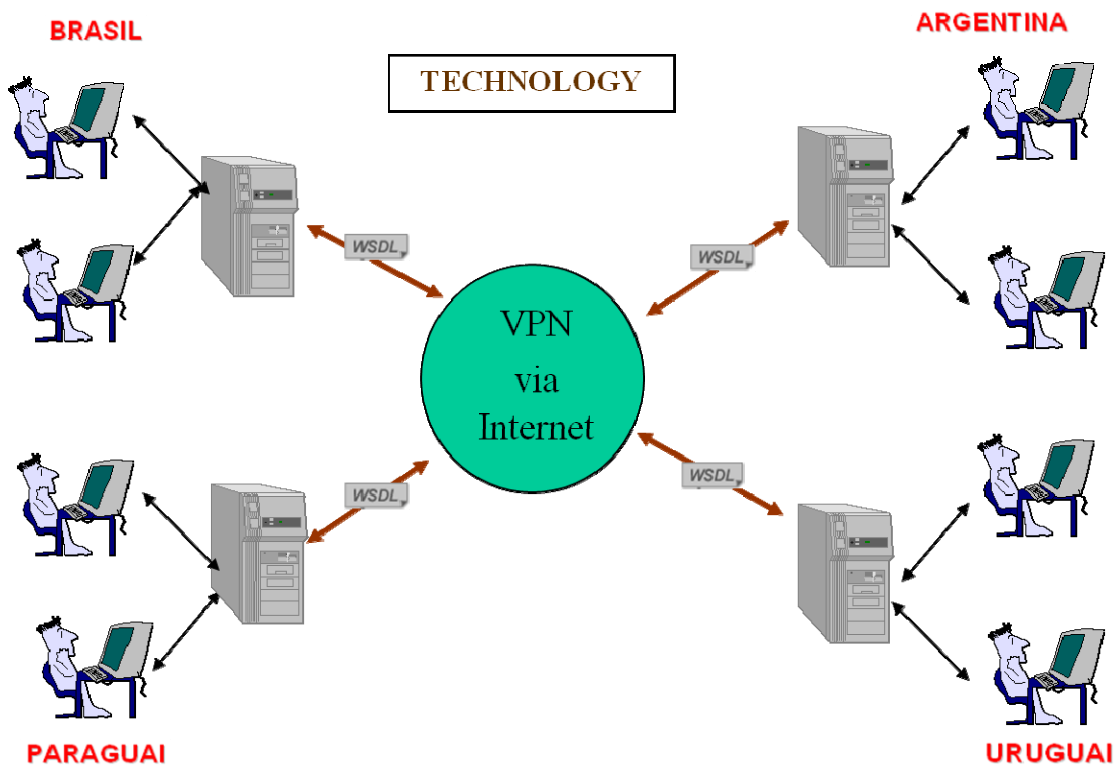
Accessible data of each item in a declaration is: item reference number; indicator of compliance with Mercosur Common Tariff Policies; indicator of compliance with Mercosur Origin Regime; tariff code; description of goods; merchandise condition; seller/buyer; net weight; FOB value; invoice value; INCOTERM; duty assessment basis in value; antidumping/compensatory duties; Customs value deductions; Customs value additions; duty assessed; duty regime; statistical unit; statistical unit quantity; commercial unit ; commercial unit quantity; office of entry; NALADI indicator; NALADI tariff code; tariff agreement; country of origin; country of exportation; country of departure; and mode of transport.

Business model and operational flows (Fig.3.1)

After accessing the portal of interconnection of Mercosur via the internet, a user enters the system with their username and password. After selecting the source of data (country), there are several ways to request data in the system through:
1) export or import declaration number, followed by item number;
2) period and destination or origin country of a declaration;
3) certification number;
4) period and certification number; and
5) export declaration number as a parameter to identify the import declaration number registered in the destination country.

Fig 3.1: Operational flows of INDIRA

Evaluation and lessons learned

INDIRA has proved to be an effective system. In 2009, for example, Brazil accessed the databases of other countries over 11,000 times, while others accessed the database of Brazil over 47,000 times. The data exchanged is used for origin investigations and inspections after clearance. It has contributed to simplified and streamlined exchange of information between Customs administrations, so as to progress free movement of goods inside Mercosur.

Useful materials

Treaty of Asunción, available at: <http://www.mercosur.int>

Protocol of Ouro Preto, available at: <http://www.mercosur.int>

Eliminación del Doble Cobro del AEC y Distribución de la Renta Aduanera (in Spanish), Mercosur/CMC/Decisión 54/04, available at: <http://www.mercosur.int>

Reglamentación de Decisión CMC Nº 54/04 (in Spanish), Mercosur/CMC/Decisión 37/05, available at: <http://www.mercosur.int>

Convenio de Cooperación, Intercambio de Información, Consulta de Datos y Asistencia Mutua entre las Administraciones Aduaneras del MERCOSUR (in Spanish), Mercosur/CMC/Decisión 26/06, available at: <http://www.mercosur.int>

"*Mercosur – Information Exchange System*", a presentation by Brazil at the 5th Meeting of the Ad Hoc Group on Globally Networked Customs, WCO, November 2010 (available for WCO Members)

3.4 RADDEx of the East African Community

Background

The East African Community (EAC)[17] has formed a Customs Union since 2004 with a common external tariff on goods originating in third countries, and free of Customs duties on goods originating in its member states. However, Customs offices of destination levy VAT and excise duties on goods from any countries (e.g. exported goods from other EAC member states), as well as Customs duties on goods originating in third countries (e.g. re-exported or transit goods from other EAC member states).

East African countries have suffered from high transport costs and significant delays at border crossings. Moreover, substantial revenue has been lost because goods in transit disappeared without duties and taxes being paid. In 2006, the Commissioner Generals of the EAC Revenue Authorities agreed to develop an approach to facilitate the movement of goods in the region, while protecting revenue from being lost during the movement of goods.

The Revenue Authority Digital Data Exchange (RADDEx) is a system that enables exchanges of export/re-export and transit information between member states of the EAC, which was developed by the Kenya Revenue Authority (KRA) and the Uganda Revenue Authority (URA) in partnership with the East and Central Africa Global Competitiveness Hub (ECA Hub). It was officially launched in October 2007 after a two-year pilot. As of December 2010, Rwanda has operated the RADDEx system with Kenya and Uganda. Each is operated on a bilateral basis. Each of the three countries is testing a pilot system with Tanzania, and preparations are underway with Burundi (Fig.4.1).

Fig.4.1: RADDEx implementation between EAC member states (as of Dec. 2010)
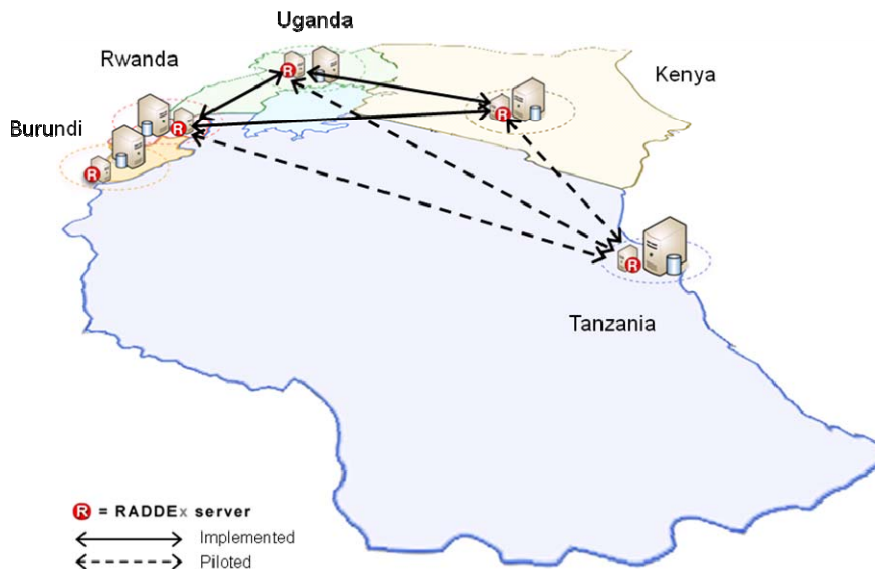
(source) WCO Secretariat, based on "Government ICT Applications That Save Businesses Time and Money", USAID Economic Growth Conference, p.5, June 2010

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[17] *The EAC is the regional intergovernmental organization of Burundi, Kenya, Rwanda, Tanzania and Uganda. Kenya, Tanzania and Uganda signed a Protocol for the establishment of the EAC Customs Union in 2004. Burundi and Rwanda joined the Customs Union in 2008.*

Data elements of export/re-export and transit declarations at Customs offices of departure (or transit) are communicated through the RADDEx system. Customs offices of destination (or transit) are able to conduct targeting and profiling of goods prior to their arrival, and reconcile with the data elements of the corresponding import/export or transit declaration when the goods arrive. Clearing agents are also able to access the system to obtain the same information.

Legal framework

The East African Community Customs Management Act (2004) applies to all EAC member states. Section 10 (1) of the Act indicates that:

Commissioners shall furnish each other with such information, certificate, official report or document on matters relating to any (a) prevention, investigation and suppression of offences under this Act; and (b) any other relevant information relating to Customs.

In response, RADDEx systems are operating under bilateral Memoranda of Understanding (MOU).

Concerning data confidentiality, Section 9 (2) of the Act provides that a person who discloses the information acquired in the performance of his or her duties relating to any person, firm or business shall be subject to a fine or imprisonment. It applies to all EAC member states equally relating to the data elements from RADDEx systems.

Governance/financial framework

RADDEx systems are operated on a bilateral basis. Customs officials and IT experts regularly meet to review RADDEx's performance. Each country governs its side, and meets its own costs.

Communication tool

RADDEx is a web-based system interfacing intermediate servers of national Customs systems (e.g. SIMBA 2005 for Kenya, ASYCUDA++ for Uganda and Rwanda). The intermediate servers are created to protect the data in each Customs system.

A Customs portal (a web application) was developed by Customs and IT officials. RADDEx is accessed over the local network. On the other hand, an agent portal, another web application, is used by clearing agents over the internet. A web service application of each RADDEx system has been tailored to meet special needs of the system such as language applications. Data security has been ensured by the use of passwords and encryption during every communication through RADDEx.

Type of data

RADDEx covers the data elements of export/re-export and transit declarations at Customs offices where a RADDEx system is introduced. They are communicated in XML format. They include: declaration number and date; exporter/importer/agent

name; the number of packages; total/gross weight; country of origin; Customs value; commodity description; and commodity code. Customs value and commodity code are mandatory, while invoice value is optional. No supporting document, such as invoices and certificates of origin, is available.

Business model and operational flows (Fig.4.2)

The EAC has introduced the Single Administration Document (SAD) for Customs declarations. For the sake of simplicity, the following indicates a case where the goods of a third country arrive in Kenya, and then are transited to Uganda. The import declaration is submitted at the border between Kenya and Uganda. In addition, all declarations are submitted by clearing agents.

- When the goods arrive at Kenya from a third country, a Kenyan clearing agency submits a transit declaration in SAD format to SIMBA 2005. When accepting the declaration with the necessary bond amount, the system stores the data elements. The goods then proceed in transit to Uganda.
- An intermediate server of Kenya extracts the latest data elements at a scheduled time (e.g. every 6 hours, every hour) from SIMBA 2005, and transforms them into XML format so as to store and validate them.
- The intermediate server automatically transfers the data elements to the intermediate server of Uganda, responding to a request message of the latter at a scheduled time.
- The URA can use the data elements from RADDEx for risk assessment prior to the arrival of the goods.
- When the goods in transit arrive at the KRA border post and transit exit procedures are completed, the bond is automatically released.
- When (or before) the goods in transit arrive at the URA border post, a clearing agent on the Ugandan side accesses RADDEx via the agent portal with its identification number and password in order to retrieve the data elements of the transit declaration of Kenya. The transit declaration number and Tax Identification Number (TIN) of Kenya may be used to identify the declaration. The agent transforms the data elements into SAD format, and updates the data elements where necessary, inputs missing data elements, and uploads the import declaration into Uganda's ASYCUDA++.
- A paper document of the import declaration is submitted together with supporting documents (e.g. invoices) to the URA office at the border.
- The goods are released immediately if they are classified as "*no examination needed*" based on risk assessment. In other cases, a URA officer accesses RADDEx via the Customs portal with his/her identification number and password in order to retrieve the data elements of the transit declaration of Kenya. The transit declaration number and TIN of Kenya may be used to identify the transit declaration of Kenya.
- When finding discrepancies between the data elements from RADDEx and the import declaration, the URA officer may carry out further inspection, where necessary. If the data element from RADDEx is found to be mistaken, the URA asks the KRA to amend the data element.

Fig.4.2: Operational flows of RADDEx between the KRA and the URA
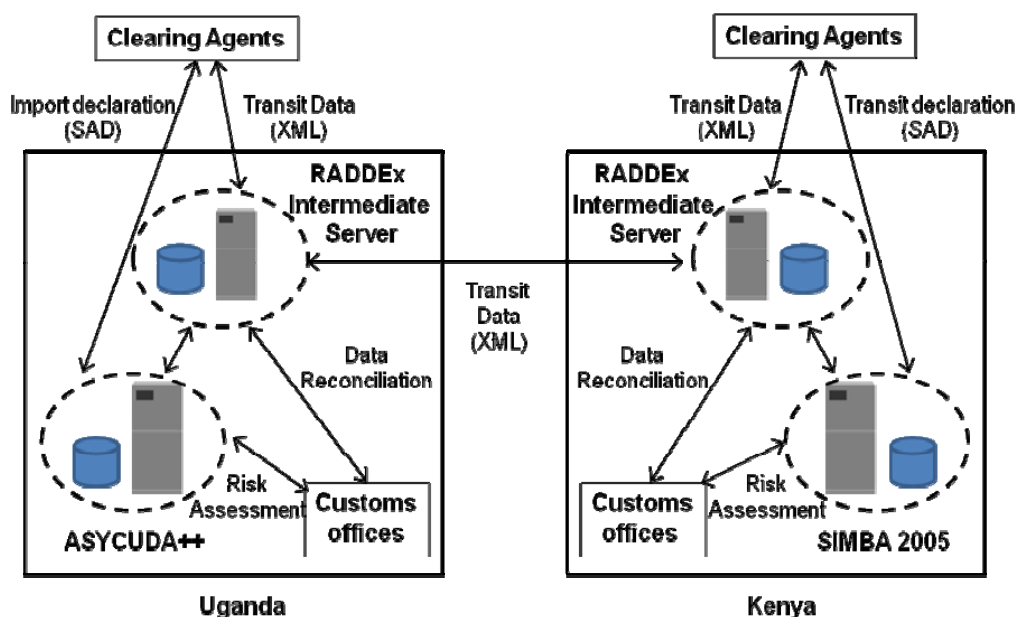
(source)WCO Secretariat, based on information from the Uganda Revenue Authority and the
Rwanda Revenue Authority

Evaluation and lessons learned

RADDEx has reduced the time and cost of cargo clearance at borders. It has also enhanced Customs-to-Customs partnerships. Transit or import procedures at borders may be completed prior to the arrival of goods if the goods are classified as "*immediate release*" based on risk assessment. With RADDEx, it is easier to follow outstanding export/re-export and transit transactions. It may minimize document falsification, in particular, undervaluation for transit and imported goods. It has also enabled recovery of revenue associated with overvaluation in Customs export processes (e.g. in VAT refunds and duty drawback).

A report[18] indicated that RADDEx processed 95% of transit goods between Mombasa (Kenya) and Kampala (Uganda) in 2009. The border crossing time is 15-20 minutes while it was 3 days before introduction of RADDEx. With RADDEx, many fraud cases have been detected, one of which contributed to revenue recovery of as much as $US 89,000.

The private sector has gained from facilitation of cargo movement in the EAC region. In addition, clearing agents have saved time and cost by "*one-off data capture*" declarations. By re-using the data elements from RADDEx, they do not have to re-key most of the data elements of declarations into national Customs systems. It appears that RADDEx has another effect to raise the integrity and compliance of clearing agents. The agents are encouraged not to be committed to document falsification, recognizing that Customs administrations possess the same data elements from RADDEx.

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[18] "*Government ICT Applications That Save Businesses Time and Money, RADDEx: Revenue Authorities Digital Data Exchange*", USAID Economic Growth Officers' Conference, p.7, June 2010

On the other hand, there are many challenges. One of the biggest problems is network failure at remote borders. Due to the establishment of the second network, the network conditions have been improved at a Customs office at the border. Since RADDEx is operating on a country-to-country basis, it is necessary to have lengthy country-by-country development, implementation and maintenance for each bilateral connection. It may result in different levels of "*disharmony*" in the region. Since RADDEx does not yet cover supporting documents such as invoices and certificates of origin, these still have to be physically submitted at Customs offices at borders.

Future plan

In coming years, it is planned to fully implement RADDEx with Tanzania and Burundi, and possibly expand with non-EAC member states such as Malawi and the Democratic Republic of Congo. In addition, there has been discussion of establishing a central data server to manage data exchanged at the regional level. Furthermore, it is expected to exchange supporting documents such as invoices and certificates of origin in the next version of RADDEx.

Operation at a land crossing border post

(1) Malaba (Kenya-Uganda)[19]

Malaba is a major border post between Kenya and Uganda. On the Ugandan side of the border, in principle, transit entry procedures must be undertaken for all goods inbound to Uganda. Only certain types of goods including petroleum, the goods for certain importers, or the goods not exceeding a certain value are allowed to be cleared for domestic consumption at the border. Goods in transit are transported either to an inland URA office for clearance (national transit), or through Uganda to other countries such as Rwanda (international transit). The URA expects that a one-stop border post (OSBP) office will be constructed in several years. As of December 2010, two KRA officers and two URA officers are working together to check the physical arrival of goods in a temporary facility.

Uganda's ASYCUDA++ processes risk assessment with the data elements from RADDEx prior to the arrival of goods at the border. Entry procedures (transit or importation) must be made at the URA office together with the supporting documents such as invoices and certificates of origin. If the declaration is identified as needing a document check, URA officers retrieve the data elements from RADDEx in order to reconcile those of the declaration. If discrepancies between the data are found, the URA officer may carry out further inspection, where necessary. If it is identified as needing physical examination, the URA officer conducts a physical examination or a joint examination with another agency (e.g. agriculture, bureau of standards, veterinary), where necessary.

According to the URA, the average time from entry to exit is 3 hours, while it took 3-4 days before RADDEx was introduced. It can be as little as 10 minutes if no inspection is needed.

(2) Gatuna (Rwanda-Uganda)[20]

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[19] *Based on the field visit of the WCO Secretariat to Malaba on 7 December 2010.*
[20] *Based on the field visit of the WCO Secretariat to Gatuna on 9 December 2010.*

Gatuna is a major border post between Rwanda and Uganda. In principle, transit entry procedures must be undertaken for all goods inbound to Rwanda at the border. Only those goods that are not exceeding a certain value are allowed to be cleared at the border. Goods in national transit must be transported to Gikondo (Kigali) for clearance, while goods in international transit move through Rwanda to other countries such as Burundi.

When crossing the border from Uganda to Rwanda, vehicles do not have to stop on the Ugandan side (Katuna). Exit procedures are processed by a URA officer who works in the OSBP facility on the Rwandan side (Gatuna). The URA officer retrieves the data elements from RADDEx in order to reconcile those of the exit declarations. The transit bond is automatically released when transit exit procedures are completed. The same arrangement is implemented for goods from Rwanda to Uganda; thus no stop is needed at Gatuna, and exit procedures are processed by an officer of the Rwanda Revenue Authority (RRA) who works in the OSBP facility in Katuna.

There is a Direct Trade Input (DTI) office in Gatuna, where clearing agents are able to create declarations based on the data elements from RADDEx. A clearing agent estimated to re-use the RADDEx data for 80% of the data elements of the declaration, while to input or overwrite 20%, so as to be able to complete the declaration in 5 minutes. The agent uploads the declaration into ASYCUDA++, prints it out, and passes it to the driver who is waiting in the parking space. The driver submits it together with supporting documents such as invoices and certificates of origin to the RRA office at Gatuna.

Rwanda's ASYCUDA++ processes risk assessment with the data elements from RADDEx prior to the arrival of goods at the border. Entry procedures (transit or importation) must be made at the RRA office together with supporting documents such as invoices and certificates of origin. If the declaration is identified as needing a document check, RRA officers retrieve the data elements from RADDEx in order to reconcile those of the declaration. If discrepancies between the data are found, the RRA officer may carry out further inspection, where necessary. If it is identified as needing physical examination, RRA officers conduct a physical examination or a joint examination with another agency (e.g. animal, standard, veterinary), where necessary.

According to the RRA, entry procedures could be completed in as little as 30 minutes if no inspection is needed.

Useful materials

The EAC official website, available at: <http://www.eac.int>

The East African Community Customs Management Act (Revised Edition 2009), available at: <http://www.eac.int>

"*Government ICT Applications That Save Businesses Time and Money, RADDEx: Revenue Authorities Digital Data Exchange*", USAID Economic Growth Officers' Conference, June 2010, available at: <http://egconference2010.net/wp-content/uploads/2010/05/Payne-Government-ICT-Applications-that-Save Businesses Time-and Money.pdf>

Case studies on Customs-to-Customs information exchange (as of December 2010)

	NCTS for common transit system between the EU and EFTA	EU-China Smart and Secure Trade Lanes (SSTL) Pilot (Phase 2)	INDIRA of Mercosur	RADDEx of the East African Community (EAC)
Participating countries	27 EU Member states and 4 EFTA countries	China and 6 EU Member States (Netherlands, UK, Belgium, France, Italy and Germany)	Brazil, Argentina, Paraguay and Uruguay	Kenya, Rwanda and Uganda
Year of implementation	2003 for full implementation	November 2010* * Phase 1 for 9 months from November 2007	2004 for export data; 2005 for import data	October 2007 between Kenya and Uganda** ** Pilots with Tanzania, and preparations underway with Burundi
Legal framework	Convention on a Common Transit Procedure, as amended	EU-China Customs Cooperation Mutual Assistance Agreement	CMC decision, based on Treaty of Asunción and a Protocol	MOU, based on EAC Customs Management Act
Type of goods	Transit goods	Sea containers of a limited number of trade lanes	Exported goods to other Mercosur countries, and imported goods from any country worldwide	Exported/re-exported and transit goods
Type of information exchanged	Data elements related to transit declarations, itinerary, and Customs control results	23 data elements related to exporters/importers, goods, carriers, ports of departure/arrival, and Customs control results	Data elements of the import/export declarations	Data elements of export/re-export and transit declarations
Formats of information exchanged	Message formats determined by the Convention	In accordance with WCO Data Model	XML format (Web-based)	XML format (Web-based)
Reference for goods identification	Movement Reference Number (MRN) given by the system	UCR (Country code + declaration number; Only on Chinese side, the EU does not use a UCR)	Declaration number of other countries	Declaration number of other countries
Information flows	Customs of departure automatically sends electronic messages to Customs offices of transit and destination	Customs at exit sends electronic data to Customs at entry	Customs accesses database of other Customs to retrieve electronic data, where necessary	Customs of departure/transit automatically sends electronic data to Customs of transit/destination at a scheduled time, responding to a regular request of the latter Customs
Main objectives	To facilitate movements of goods; To enable Customs offices of transit and destination to decide what controls are necessary prior to the arrival of goods	To test, strengthen, refine and agree principles for securing end-to-end supply chains; To test the SAFE FoS	To enable the automated exchange of trade information among the Customs of Mercosur countries and enhance the fight against Customs offences	To facilitate the movement of goods in the EAC region; To protect revenue from being lost during the movement of goods in the EAC region

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