



Module 4: Customs Operational Environment

INTRODUCTION

- Customs laws in practice
- Regulatory environments
- Focus on international goods movement

In this presentation, we will examine how customs-related laws are applied in real-world situations. Customs operates in various regulatory environments, but our focus will be on those that directly affect the international movement of goods.



INTRODUCTION

Scope of the Module

- Application of international law
- Compliance management
- Impact on commercial transactions

We will explore how international law and compliance management intersect with business activities. This interaction is important because it directly affects how goods are traded across borders and how businesses operate globally.



INTRODUCTION

Key Framework

- World Customs Organization (WCO)
- Revised Kyoto Convention (RKC)
- Standardized customs procedures

A key framework guiding customs practices globally is the Revised Kyoto Convention developed by the World Customs Organization. It sets standards for simplifying and harmonizing customs procedures across countries.



INTRODUCTION

Variations in Practice

- Not all countries meet the RKC standards
- Differences in implementation
- Focus on common best practices

While many countries align with the Revised Kyoto Convention, others may not fully meet these standards. In this module, we focus on the most commonly adopted and widely accepted business practices rather than the lowest standard.



INTRODUCTION

Business Processes in Customs

- Standard customs procedures
- Operational consistency
- Trade facilitation

Customs administrations generally follow similar business processes to ensure consistency and efficiency. These processes help facilitate trade while maintaining regulatory control.



INTRODUCTION

Operational Environment – Air Cargo

- Fast-moving goods
- High security
- Time-sensitive clearance

Air cargo involves the rapid movement of goods, often requiring strict security and fast customs clearance.

Efficiency is critical in this environment.



INTRODUCTION

Operational Environment – Express Cargo

- Courier services
- Small, high-value shipments
- Simplified procedures

Express cargo focuses on courier shipments, which are usually smaller but high in value. Customs procedures here are often simplified to ensure quick delivery.



INTRODUCTION

Operational Environment – Post

- Postal systems
- Large volume of parcels
- Lower value goods

The postal system handles a high volume of packages, typically of lower value. Customs must balance efficiency with risk management in this environment.



INTRODUCTION

Operational Environment – Sea Cargo

- Bulk shipments
- Longer transit times
- Complex documentation

Sea cargo involves large, bulk shipments and more complex documentation. Although transit times are longer, the scale of goods requires detailed customs procedures.



INTRODUCTION

Operational Environment – Land Border

- Cross-border trade
- High traffic volume
- Border security

Land borders handle continuous cross-border trade, often with high traffic. Customs must ensure both efficiency and strong border security.



INTRODUCTION

Operational Environment – Depots/Warehouses

- Storage of goods
- Customs control
- Deferred duties

Depots and warehouses allow goods to be stored under customs control. Duties and taxes may be deferred until goods are released.



INTRODUCTION

Operational Environment – Free Zones

- Special economic areas
- Reduced regulations
- Trade facilitation

Free zones are designated areas where goods can be handled with fewer customs restrictions. These zones promote trade and investment.



INTRODUCTION

Intersection with Commercial Transactions

- Compliance obligations
- Legal risks
- Business impact

Customs regulations directly affect commercial transactions. Businesses must comply with legal requirements or face penalties, delays, or financial losses.



INTRODUCTION

Consequences of Non-Compliance

- Penalties
- Shipment delays
- Legal action

Failure to comply with customs regulations can result in serious consequences, including fines, delays, and even legal action.



INTRODUCTION

Conclusion

- Customs operates in diverse environments
- Standard processes guide operations
- Compliance is essential

In conclusion, customs administrations operate across various environments but rely on common processes. Understanding these systems and maintaining compliance is essential for smooth international trade.



CLEARANCE OF GOODS AND OTHER CUSTOMS PROCEDURES

Introduction

- Regulation of international trade
- Control of goods crossing borders
- Ensures compliance with laws
- Supports statistics and security

Customs clearance is one of the oldest and most important functions of customs authorities. It involves regulating goods that cross international borders. Even in countries without tariffs, customs still plays a key role in ensuring compliance with laws, collecting trade data, and identifying prohibited or restricted goods.



CLEARANCE OF GOODS AND OTHER CUSTOMS PROCEDURES

Administrative Flexibility in Customs

- Laws applied with flexibility
- Licensing systems vary:
 - Per shipment
 - Periodic (e.g., yearly)
 - Indefinite (with conditions)
- Covers control, reporting, and revenue

Although customs laws set the framework, their application is often flexible. For example, import licenses may be issued per shipment, periodically, or indefinitely under certain conditions. This flexibility also applies to how goods are controlled, how information is reported, and how revenue is collected.



CLEARANCE OF GOODS AND OTHER CUSTOMS PROCEDURES

The WCO and Its Role

- World Customs Organization (WCO)
- Promotes:
 - Efficiency
 - Security
 - Trade facilitation
- Tools:
 - Risk management
 - Advance cargo information
 - Authorized Economic Operator (AEO)

The World Customs Organization provides global guidelines to improve customs efficiency and security. It promotes tools such as risk management, advance cargo information, and authorized economic operator programs to streamline trade and reduce barriers.



CLEARANCE OF GOODS AND OTHER CUSTOMS PROCEDURES

The Revised Kyoto Convention (RKC)

- Sets global customs standards
- Promotes:
 - Efficiency
 - Predictability
 - Simplicity
- Defines obligations of:
 - Traders
 - Customs authorities

The Revised Kyoto Convention is a key international agreement that sets standards for modern customs procedures. It aims to create a predictable and efficient environment for global trade while defining the responsibilities of both traders and customs authorities.



CLEARANCE OF GOODS AND OTHER CUSTOMS PROCEDURES

Obligations Under Customs Formalities

Traders must:

- Present goods and transport
- Submit declarations
- Provide documents
- Pay duties/taxes

Customs must:

- Process declarations
- Examine goods
- Collect revenue
- Release goods

Customs procedures involve shared responsibilities. The Traders must present goods, submit declarations, and pay duties. Customs authorities must process declarations, examine goods when necessary, collect revenue, and release goods efficiently.



CLEARANCE OF GOODS AND OTHER CUSTOMS PROCEDURES

Goods Declaration

- Indicates customs procedure:
 - Home use
 - Transit
 - Warehousing
- Submitted:
 - Manually or electronically (EDI)
 - Includes supporting documents

The goods declaration is central to customs clearance. It specifies the procedure applied to the goods, such as home use or transit. It can be submitted manually or electronically and includes documents like invoices and certificates of origin.



CLEARANCE OF GOODS AND OTHER CUSTOMS PROCEDURES

Pre-Arrival Processing

- Submit documents before arrival
- Enables early screening
- Supports “pre-clearance”
- Does NOT guarantee release

Pre-arrival processing allows traders to submit documents before the goods arrive. This enables customs to assess shipments in advance, improving efficiency. However, pre-clearance does not guarantee release, as conditions like inspections or payments may still apply.



CLEARANCE OF GOODS AND OTHER CUSTOMS PROCEDURES

Duties and Taxes

- Key revenue function
- Must define:
 - Liability
 - Payment timing
 - Assessment methods
- Modern approach:
 - Faster clearance
 - Deferred payments

Duties and taxes are a major responsibility of customs. Laws must clearly define when liability arises and how payments are made. Modern systems allow faster clearance by separating goods release from immediate payment obligations.



CLEARANCE OF GOODS AND OTHER CUSTOMS PROCEDURES

Assessment of Duties and Taxes

Based on:

- **Tariff classification**
- **Value or quantity**
- **Country of origin**

Types:

- **Ad valorem (% value)**
- **Specific (per unit)**
- **Combined**

Duties and taxes are assessed based on classification, value or quantity, and country of origin. The Rates may be calculated as a percentage of value, a fixed amount per unit, or a combination of both.



CLEARANCE OF GOODS AND OTHER CUSTOMS PROCEDURES

Payment Methods

- Transaction-based payments
- Periodic (monthly) payments
- Electronic funds transfer (EFT)
- Security may be required

Customs administrations offer flexible payment options, including per transaction or periodic payments. Electronic funds transfer is widely used for efficiency, and security may be required to guarantee payment.



CLEARANCE OF GOODS AND OTHER CUSTOMS PROCEDURES

Relief from Duties and Taxes

Examples:

- Personal effects
- Gifts (within limits)
- Scientific materials
- Charitable goods
- Religious items

Certain goods may qualify for duty relief under specific conditions. These include personal belongings, gifts, charitable goods, scientific materials and religious items. These exemptions help support social, educational, and humanitarian activities.



CLEARANCE OF GOODS AND OTHER CUSTOMS PROCEDURES

Modern Customs Practices

- Deferred payment systems
- Risk-based controls
- Automation and EDI
- Trade facilitation focus

Modern customs systems focus on efficiency and facilitation. This includes deferred payments, risk-based inspections, and automated processes, all designed to support global trade while maintaining compliance.



CLEARANCE OF GOODS AND OTHER CUSTOMS PROCEDURES

Conclusion

- Customs ensures trade compliance
- Balances control and facilitation
- Guided by WCO standards
- Continues evolving with technology

In conclusion, customs plays a vital role in regulating trade while facilitating economic growth. Guided by international standards, customs systems continue to evolve with technology to become more efficient, secure, and trade-friendly.



INTERNATIONAL AIR CARGO AND CUSTOMS PROCEDURES

Introduction

- Transported via:
 - Passenger aircraft
 - Freighter aircraft
- Operates through international airports
- Requires fast turnaround

Air cargo is transported using both passenger and dedicated cargo aircraft. Because aircraft need to depart quickly after landing, cargo must be unloaded efficiently and transferred to cargo terminals without delay.



INTERNATIONAL AIR CARGO AND CUSTOMS PROCEDURES

The Cargo Handling Process

- Cargo unloaded quickly
- Moved to cargo terminal operators
- Export cargo often prioritized
- Possible delays in transfer

Once cargo arrives, it is quickly unloaded and moved to cargo terminals. However, there can be delays because outbound cargo is often prioritized for loading.



INTERNATIONAL AIR CARGO AND CUSTOMS PROCEDURES

General Air Cargo

- Transported in:
 - ULDs (Unit Load Devices)
 - Air freight pallets
- Different aircraft = different configurations
- Requires customized containers

General cargo is usually packed into Unit Load Devices or Pallets. Because aircraft vary in design, containers often need to be customized to fit specific cargo holds.



INTERNATIONAL AIR CARGO AND CUSTOMS PROCEDURES

Air Waybills & Documentation

- Master Air Waybill (MAWB)
- House Air Waybill (HAWB)
- Contract between shipper & carrier
- Required for Customs reporting

Each shipment is documented using air waybills. The master air waybill covers consolidated cargo, while house air waybills provide details about individual shipments and consignees.



INTERNATIONAL AIR CARGO AND CUSTOMS PROCEDURES

Customs Risk Assessment

- Based on air waybill data
- Conducted before arrival (if possible)
- Cargo held until cleared
- May move within licensed areas

Customs performs Risk Assessments using shipment data. If information is submitted early, clearance can begin before the aircraft lands. Cargo cannot leave licensed areas until approved.



INTERNATIONAL AIR CARGO AND CUSTOMS PROCEDURES

Customs Examination

- Full or partial inspection
- Tools used:
 - X-ray machines
 - Detector dogs
- Usually completed within 1 hour

If Customs selects cargo for inspection, it is usually a full examination. Tools like x-rays and detector dogs are commonly used, and inspections are typically completed quickly.



INTERNATIONAL AIR CARGO AND CUSTOMS PROCEDURES

Clearance & Release

- Import declaration required
- Duties & taxes assessed
- Goods released after approval
- Electronic payments encouraged

Once Customs is satisfied, the importer submits a declaration and pays any required duties. Electronic payment systems help speed up the release process.



INTERNATIONAL AIR CARGO AND CUSTOMS PROCEDURES

Express Cargo

- Handled by courier companies
- Fast delivery focus
- Usually last loaded, first unloaded
- Often processed at dedicated depots

Express cargo is designed for speed. Courier companies often operate their own facilities and prioritize quick unloading and processing.



INTERNATIONAL AIR CARGO AND CUSTOMS PROCEDURES

Express Cargo Handling

- Consolidated under one MAWB
- Individual shipments use HAWBs
- Low-value goods often exempt
- De minimis thresholds apply

Express shipments are grouped under one master waybill but tracked individually. Many low-value items don't require full declarations due to de minimis thresholds.



INTERNATIONAL AIR CARGO AND CUSTOMS PROCEDURES

Express Cargo Screening

- Risk-based assessment
- Full inspections when required
- Mass screening for documents
- X-ray and detector dogs

Customs screens express cargo similarly to general cargo, but often uses mass screening techniques for efficiency, especially for documents.



INTERNATIONAL AIR CARGO AND CUSTOMS PROCEDURES

Postal Cargo (Mail Handling)

- Mostly transported by air
- Categories:
 - **Parcels**
 - **Letters**
 - **EMS (Express Mail Service)**
- High volume requires special processes

Postal cargo is unique because of its volume. It includes parcels, letters, and express mail, and requires different handling methods compared to regular cargo.



INTERNATIONAL AIR CARGO AND CUSTOMS PROCEDURES

Mail Screening Process

- Mail arrives in sealed bags
- Risk-based targeting
- Physical inspection when needed
- Limited documentation available

Unlike air cargo, postal items often lack detailed documentation. Customs relies on physical inspection and risk indicators to identify suspicious items.



INTERNATIONAL AIR CARGO AND CUSTOMS PROCEDURES

Duties & Taxes for Mail

- Threshold values apply
- Some goods always taxed:
 - Tobacco
 - Alcohol
- Import declaration may be required

Many countries apply thresholds below which no duties are charged. However, certain goods like tobacco and alcohol are always taxed regardless of the value.



INTERNATIONAL AIR CARGO AND CUSTOMS PROCEDURES

Immediate Release Guidelines

- Developed by World Customs Organization
- Focus on:
 - **Speed**
 - **Efficiency**
 - **Risk management**
- Encourages electronic data exchange

The WCO Immediate Release Guidelines aim to speed up clearance for low-value goods by encouraging advance electronic data submission and risk-based processing.



INTERNATIONAL AIR CARGO AND CUSTOMS PROCEDURES

Benefits of Electronic Systems

- Faster processing
- Improved accuracy
- Reduced costs
- Better risk assessment

Electronic systems improve efficiency across the entire process, allowing Customs and businesses to process shipments faster and more accurately.



INTERNATIONAL AIR CARGO AND CUSTOMS PROCEDURES

Key Takeaways

- Air cargo requires fast handling
- Documentation is critical
- Customs uses risk-based assessment
- Express and mail require special procedures

In summary, air cargo operations depend on speed and accuracy. Customs plays a key role in balancing trade facilitation with security through risk-based processes.



INTERNATIONAL AIR CARGO AND CUSTOMS PROCEDURES

Conclusion

- Efficient systems support global trade
- Collaboration between Customs & industry is essential
- Continuous improvement is needed

Efficient cargo handling and Customs procedures are essential for global trade. Ongoing cooperation between governments and industry ensures systems continue to improve.



POST – MAIL HANDLING UNITs

Introduction

- International mail transported by air, sea, and land
- Air transport is now the primary mode
- High volume of postal consignments

International mail moves through various transport modes, but today air transport dominates due to speed and efficiency. The sheer volume of mail presents unique challenges for Customs authorities.



POST – MAIL HANDLING UNITS

The Role of Postal Services

- Used for personal and commercial purposes
- Sends documents, gifts, and goods
- Essential communication channel globally

Postal services play a vital role in both personal and business communication. They are widely used to send not just letters, but also goods such as gifts and commercial items across borders.



POST – MAIL HANDLING UNITS

The Role of Customs in Postal Traffic

- Collect duties and taxes
- Enforce import/export restrictions
- Ensure compliance with laws

Customs authorities are responsible for ensuring that all goods entering or leaving a country comply with regulations. This includes collecting duties, enforcing restrictions, and preventing illegal goods from entering the country.



POST – MAIL HANDLING UNITS

Unique Challenges in Postal Handling

- Large volume of mail
- Limited documentation
- Time-sensitive delivery requirements

Unlike cargo shipments, postal items often arrive with minimal documentation and in very large quantities. Customs must balance control with efficiency to avoid delays.



POST – MAIL HANDLING UNITs

Mail Handling Units

- Dedicated international mail facilities
- Joint operation: **Customs** + **Postal Authority**
- Permanent Customs presence

To manage these challenges, countries establish international mail handling units. These facilities bring together Customs and postal authorities to streamline processing and improve efficiency.



POST – MAIL HANDLING UNITS

Categories of Mail

- **Parcels**
- **Letter class mail**
- **Express Mail Service (EMS)**
- **EMS given priority**

Mail is generally divided into three categories: parcels, letter mail, and EMS. EMS items are typically prioritized due to their time-sensitive nature.



POST – MAIL HANDLING UNITS

Customs Declarations

- Required for goods in postal items
- Includes description and value
- Supporting documents may be attached

Any postal item containing goods must have a customs declaration. This document helps Customs assess the contents and determine whether duties or further inspections are necessary.



POST – MAIL HANDLING UNITs

Screening of Mail

- X-ray screening
- Detector dogs
- Manual inspection for high-risk items

Customs uses various screening methods such as x-rays and detector dogs. High-risk items may be selected for detailed manual inspection.



POST – MAIL HANDLING UNITs

Risk Assessment Process

- Based on parcel labeling and declaration
- No advance electronic data in many cases
- Targeting high-risk items

Because detailed data is often unavailable, Customs relies on the information written on parcels. Officers assess risk and target specific items for inspection.



POST – MAIL HANDLING UNITS

Handling of Letter Mail

- Usually low value and low risk
- Minimal inspection
- Screen when necessary

Letter mail is generally considered low risk and is rarely opened. However, it may still be screened using technology or detector dogs.



POST – MAIL HANDLING UNITs

Examination Procedures

- Postal officer opens items (in many countries)
- Customs supervises inspection
- Conducted at mail handling unit

In many countries, Customs officers are not allowed to open mail themselves. Instead, postal officers open items under Customs supervision.



POST – MAIL HANDLING UNITs

Duties & Taxes

- Threshold value applies
- Below threshold: **no duty**
- Exceptions: **tobacco, alcohol**

Most countries set a value threshold below which no duties are charged. However, certain goods like tobacco and alcohol are always taxed regardless of value.



POST – MAIL HANDLING UNITS

Clearance Process

- Notification to addressee
- Import declaration required
- Same process as cargo if above threshold

If duties are applicable, the recipient is notified and must submit an import declaration. The clearance process then follows standard cargo procedures.



POST – MAIL HANDLING UNITs

International Frameworks

- Universal Postal Union (UPU)
- World Customs Organization (WCO)
- Revised Kyoto Convention (RKC)

International postal operations are guided by global frameworks such as the UPU and WCO. The Revised Kyoto Convention provides best practices for Customs procedures.



POST – MAIL HANDLING UNITs

Future Developments

- Postal service deregulation
- Increased competition
- Growth of electronic data systems

Postal services are evolving with deregulation and increased competition. There is also a growing shift toward electronic data systems to improve efficiency and risk assessment.



POST – MAIL HANDLING UNITs

Conclusion

- Postal traffic requires specialized handling
- Risk-based screening is essential
- Strong Customs – Postal cooperation is key

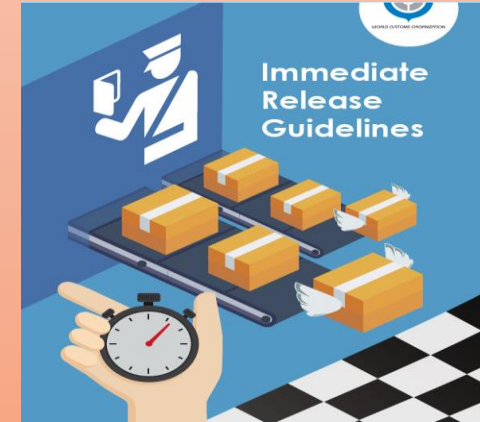
In conclusion, managing international mail requires a balance between facilitation and control. Effective cooperation between Customs and postal authorities is essential.



The WCO Immediate Release of Cargo Guidelines

Background

- Developed by the World Customs Organization (WCO)
- Supports negotiations between:
 - Express carriers
 - Trade associations
 - Customs administrations
- Establishes international best practices



The World Customs Organization developed these guidelines to support cooperation between express carriers, trade associations, and Customs administrations. Their purpose is to promote consistent international best practices in cargo clearance.

The WCO Immediate Release of Cargo Guidelines

Purpose of the Guidelines

- Facilitate rapid clearance of goods
- Focus on:
 - High volume
 - Low-value consignments
- Commonly transported by:
 - Courier services
 - Express mail

The main goal of the guidelines is to speed up the clearance of large volumes of low-value goods, which are typically transported through courier and express delivery services.



The WCO Immediate Release of Cargo Guidelines

Key Principle

- Advance submission of information
- Provided by operators before arrival
- Enables faster decision making

A key principle is the advance submission of shipment information by operators before goods arrive. This allows Customs to assess and process shipments ahead of time, reducing delays.



The WCO Immediate Release of Cargo Guidelines

Role of Technology

- Use of electronic data exchange
- Improves:
 - Speed
 - Accuracy
 - Cost efficiency
- Supports automated processing

The guidelines strongly emphasize the use of information technology, particularly electronic data exchange. This improves speed, accuracy, and reduces operational costs for both businesses and governments.



The WCO Immediate Release of Cargo Guidelines

Immediate Release Concept

- Customs grants immediate clearance if:
 - Required conditions are met
 - Required data is submitted in advance
- Based on national legislation

Under the guidelines, Customs can grant immediate release of goods as long as all required conditions are met and the necessary information is submitted ahead of arrival, in line with national laws.



The WCO Immediate Release of Cargo Guidelines

Categories of Consignments

- Four categories of shipments
 - Cat 1- Correspondence and documents (Documents)
 - Cat 2- Low value consignments for which no duties and taxes are collected (de minimis threshold)
 - Cat 3- Low value dutiable consignments (simplified declaration)
 - Cat 4- High value consignments (full declaration)
- Each category has:
 - Specific procedures
 - Defined risk levels
- Supports risk-based processing

The guidelines define four categories of consignments, each with tailored procedures based on their level of risk. This allows Customs to allocate resources more efficiently.



The WCO Immediate Release of Cargo Guidelines

Key Issues Addressed

- De minimis thresholds
- Risk management
- Customs procedures standardization

The guidelines also address key issues such as de minimis thresholds, which determine when duties and taxes apply, as well as risk management and the standardization of procedures.



The WCO Immediate Release of Cargo Guidelines

Legal Status

- Not legally binding
- Provides:
 - Guidance
 - Benchmark standards
- Used for national policy development

It's important to note that these guidelines are not legally binding. However, they provide credible guidance and serve as a benchmark for countries when developing their own systems.



The WCO Immediate Release of Cargo Guidelines

Link to Revised Kyoto Convention

- Aligns with:
 - Customs IT provisions
 - Trade facilitation principles
- Complements global standards

The guidelines are aligned with the principles of the Revised Kyoto Convention, especially in terms of Customs modernization and the use of information technology.



The WCO Immediate Release of Cargo Guidelines

Data Requirements

- Indicative list of data elements
- Different requirements per category
- Encourages minimal data collection

The guidelines include suggested data elements for each shipment category, while encouraging Customs administrations to limit data requirements to only what is necessary.



The WCO Immediate Release of Cargo Guidelines

Risk Management & Control

- Reduced physical inspections
- Focus on:
 - Risk assessment
 - Coordinated examinations
- Improves efficiency at borders

Risk management plays a key role, reducing the need for physical inspections and promoting coordinated checks among authorities, which helps streamline border processes.



The WCO Immediate Release of Cargo Guidelines

Importance of Collaboration

- Continuous dialogue between:
 - **Government**
 - **Industry**
- Occurs at:
 - **International**
 - **Regional**
 - **National levels**

Ongoing collaboration between governments and the express industry is essential to ensure that systems keep up with growing demand and evolving trade practices.



The WCO Immediate Release of Cargo Guidelines

Memoranda of Understanding (MoUs)

- Encouraged by WCO
- Strengthens cooperation
- Formalizes agreements

The guidelines encourage the development of Memoranda of Understanding between Customs and industry stakeholders to formalize cooperation and improve efficiency.



The WCO Immediate Release of Cargo Guidelines

Conclusion

- Enhances trade facilitation
- Improves Customs efficiency
- Supports global commerce growth

In conclusion, the WCO Immediate Release Guidelines play a crucial role in facilitating trade, improving Customs efficiency, and supporting the growth of global commerce.



SEA CARGO AND CUSTOMS CONTROL

Introduction

- International trade relies heavily on sea transport
- Ports are controlled environments
- Customs regulates cargo movement

Sea cargo plays a major role in global trade. Ports are tightly controlled environments where customs authorities regulate the arrival, handling, and clearance of goods to ensure safety, compliance, and revenue collection.



SEA CARGO AND CUSTOMS CONTROL

Designated Ports & Licensed Areas

- Only approved ports can receive international vessels
- Cargo discharged in licensed areas
- Operated by wharf or terminal operators

Ships arriving from overseas can only dock at designated ports. Within these ports, cargo must be unloaded in licensed areas managed by approved operators. This ensures proper monitoring and control.



SEA CARGO AND CUSTOMS CONTROL

Container Terminals

- Storage yards for containers
- Equipment used:
 - Cranes
 - Straddle carriers
 - Forklifts
- Transport via road or rail

Container terminals are equipped with specialized infrastructure. Containers are stored in yards and moved using cranes, forklifts, and carriers. Once processed, they are transported by road or rail.

SEA CARGO AND CUSTOMS CONTROL

Cargo Manifest

- Provided by shipping companies
- Lists all cargo on board
- Used by:
 - Customs
 - Port authorities

Before arrival, shipping companies must submit a cargo manifest. This document lists all goods on the vessel and is used by both customs and port authorities to plan operations and assess risks.

SEA CARGO AND CUSTOMS CONTROL

Role of Charterers & Freight Forwarders

- Multiple parties share vessel space
- Charterers book cargo slots
- Freight forwarders organize shipments

Ships often carry cargo from multiple parties. Charterers reserve space, and freight forwarders arrange shipments. Each party must report accurate cargo details to customs.



SEA CARGO AND CUSTOMS CONTROL

Types of Containers

- Full Container Load (FCL)
- Less-than-Container Load (LCL)

Containers are classified into two main types. Full Container Load, or FCL, is used by one importer. Less-than-Container Load, or LCL, contains goods from multiple importers and requires unpacking.



SEA CARGO AND CUSTOMS CONTROL

Deconsolidation Process

- LCL containers unpacked
- Occurs at:
 - Wharf
 - Licensed depot

LCL containers must be deconsolidated, meaning they must be unpacked and sorted. This usually takes place at the wharf or at a licensed depot before goods are delivered to individual importers.



SEA CARGO AND CUSTOMS CONTROL

Cargo Discharge & Delays

- Discharge may take 24+ hours
- Delays due to:
 - Terminal priorities
 - Limited infrastructure
- Export cargo may be prioritized

Unloading cargo can take more than 24 hours. Delays are common, especially if the port prioritizes export shipments or has limited infrastructure.

SEA CARGO AND CUSTOMS CONTROL

Bill of Lading

- Receipt of cargo
- Contract of carriage
- Proof of ownership

The bill of lading is a key document. It acts as a receipt, a contract between the shipper and the carrier, and proof of ownership of the goods.



SEA CARGO AND CUSTOMS CONTROL

Customs Risk Assessment

- Based on manifest data
- Identifies high-risk cargo
- Targets prohibited goods

Customs uses the manifest to assess risk. This helps identify suspicious shipments and prioritize inspections to detect prohibited goods like drugs or weapons.



SEA CARGO AND CUSTOMS CONTROL

Cargo Examination

- Containers may be:
 - **X-rayed**
 - **Physically inspected**
- May take up to 24 hours



If a container is flagged, it may be removed for inspection. This can include X-ray scanning or a full physical check, which can take up to 24 hours.

SEA CARGO AND CUSTOMS CONTROL

Handling Contraband

- Investigation initiated
- Legal action may follow
- Goods seized

If prohibited items are found, customs will begin an investigation. The goods may be seized, and legal action can follow.



SEA CARGO AND CUSTOMS CONTROL

Import Declaration

- Submitted by importer or broker
- Separate from manifest
- Required for clearance

In addition to the manifest, importers must submit an import declaration. This provides detailed information about the goods and is required for customs clearance.



SEA CARGO AND CUSTOMS CONTROL

Customs Clearance Process

- Risk assessment conducted
- Duties and taxes calculated
- Goods released or inspected

Customs reviews the import declaration to determine duties and taxes. Depending on the risk level, the goods may be cleared immediately or selected for further inspection.



SEA CARGO AND CUSTOMS CONTROL

Delays in Clearance

- **Caused by:**
 - **Inspections**
 - **Documentation issues**
 - **LCL unpacking delays**

Delays in clearance can happen for several reasons, including inspections, incomplete documentation, or delays in unpacking LCL containers.



SEA CARGO AND CUSTOMS CONTROL

Summary

- Sea cargo is highly regulated
- Multiple stakeholders involved
- Customs ensures safety and compliance

To summarize, sea cargo operations involve many steps and stakeholders. Customs plays a critical role in ensuring goods are safe, legal, and properly declared.



LAND (ROAD/RAIL)

Introduction

- High volume of people and vehicles
- Similar procedures to air and sea cargo
- Importance of advance information

Land border crossings handle a very high volume of people and vehicles every day. Despite this, the procedures for cargo reporting and import declarations are generally similar to those used in air and sea transport. One key factor that improves efficiency is the provision of advance information before cargo arrives.



LAND (ROAD/RAIL)

Unique Nature of Land Borders

- Two customs administrations operate together
- Handles both import and export processes

Land borders are unique because customs authorities from two different countries often operate side by side. This allows them to manage both export and import processes in the same location, which can improve coordination but also adds complexity.



LAND (ROAD/RAIL)

Benefits of Border Cooperation

- Saves time and money
- Reduces use of human resources
- Single checkpoint system

Cooperation between neighboring countries offers significant benefits. It saves time, reduces costs, and makes better use of human resources. Ideally, checks and formalities are completed at a single checkpoint, simplifying the process for everyone involved.



LAND (ROAD/RAIL)

Shared Customs Responsibilities

- One country may act on behalf of another
- Enforces import/export regulations

In some cases, customs authorities from one country may enforce regulations on behalf of the other. This shared responsibility helps streamline operations and reduces duplication of work at the border.



LAND (ROAD/RAIL)

Cargo Reporting

- Carrier must report cargo
- Cargo manifest required
- Based on consignment notes

All cargo crossing land borders must be reported by the carrier. This is done through a cargo manifest, which is based on consignment notes. This documentation allows customs officials to assess risks before deciding whether inspection is needed.



LAND (ROAD/RAIL)

Types of Cargo Loads

- Inter-modal containers
- Full container loads (FCL)
- Mixed consignments (LCL)
- Road trailers and rail wagons

Cargo transported by road and rail can take different forms. It may be in inter-modal containers, either as full loads for a single consignee or mixed loads with multiple consignments. These can also be transported in trailers or rail wagons.

LAND (ROAD/RAIL)

Complexity of Customs Examination

- Mixed consignments complicate inspections
- Delays affect all cargo in the load
- Delivery may be far from border

The variety of cargo types adds complexity to customs inspections. If one item in a mixed load is selected for examination, it can delay all other goods in that shipment. This is especially problematic when final delivery locations are far from the border.



LAND (ROAD/RAIL)

Impact on Transport

- Trucks may be delayed
- Drivers detained at border
- Delivery schedules affected

When inspections are required, trucks may be held at the border for extended periods. This not only delays deliveries but also means drivers must remain at the border, which can disrupt logistics and increase costs.



LAND (ROAD/RAIL)

Road Cargo Examination

- Trucks diverted to inspection areas
- May require full unloading
- Delays up to 12 hours

For road cargo, selected trucks are directed to inspection areas near the border. In some cases, the entire container or trailer must be unloaded for inspection, which can take up to 12 hours and significantly delay operations.



LAND (ROAD/RAIL)

Use of Technology

- Container X-ray systems
- Truck-mounted X-rays
- Faster inspection process

To improve efficiency, many border crossings use technology such as container X-ray systems and truck-mounted X-rays. These tools help speed up inspections by reducing the need for manual unloading.



LAND (ROAD/RAIL)

Rail Cargo Examination

- Rarely inspected at border
- Inspections occur inland
- Use of designated cargo depots

Rail cargo is usually not inspected at the border itself. Instead, detailed inspections are carried out at designated cargo depots further inside the importing country, sometimes even at the final destination.



LAND (ROAD/RAIL)

Transit Provisions

- Allows movement without full border inspection
- Common in many countries

Special transit provisions allow cargo to move across borders without full inspection at the crossing point. This helps reduce congestion and ensures that inspections can take place at more suitable locations inland.



LAND (ROAD/RAIL)

Conclusion

- Land borders are complex but essential
- Cooperation and technology improve efficiency
- Proper reporting is critical

In conclusion, land border crossings are complex but vital for international trade. Cooperation between countries, the use of technology, and accurate cargo reporting all play a key role in improving efficiency and reducing delays.



DEPOTS, WAREHOUSES, FREE ZONES

Introduction

- Movement of goods across borders
- Limited space at ports/airports
- Need for temporary storage solutions
- Customs control maintained

When goods arrive in a country, ports and airports often have limited space. Because of this, goods are moved to other facilities like depots or warehouses before customs clearance is completed. Even though they move inland, they remain under customs control.



DEPOTS, WAREHOUSES, FREE ZONES

Temporary Storage

- Goods stored before clearance
- Used when final destination unknown
- Allows inspection and verification
- Declining importance due to modern logistics

Temporary storage allows goods to be held before customs clearance is completed. This is useful when the final destination or details are not yet known. It also gives businesses time to check that goods meet contract requirements. However, with modern logistics systems, its importance has decreased.



DEPOTS, WAREHOUSES, FREE ZONES

Temporary Storage vs Warehousing

- Temporary storage = logistical purpose
- Warehousing/free zones = economic purpose
- Different roles in trade

It is important to understand that temporary storage is mainly for logistics, helping move goods efficiently. In contrast, warehousing and free zones serve broader economic purposes, such as delaying duties or supporting trade.



DEPOTS, WAREHOUSES, FREE ZONES

Depots

DEPOTS, WAREHOUSES, FREE ZONES

Depots – Overview

- Used for import/export cargo handling
- Deconsolidation (imports)
- Consolidation (exports)
- Can be inland locations

Depots are facilities used to handle cargo. They break down imported shipments and combine export goods. These depots can be located inland, making it easier for importers who live far from ports.



DEPOTS, WAREHOUSES, FREE ZONES

Movement to Depots

- Requires transshipment permit
- Goods identified from manifest
- Often sealed for security
- Customs approval required

To move goods to depots, a transshipment permit must be submitted. Goods are identified based on shipping manifests, and they are often sealed to ensure they are not tampered with before customs clearance.



DEPOTS, WAREHOUSES, FREE ZONES

Depot Licensing & Control

- Strict security requirements
- Financial bond required
- Customs officers may be present
- Regular inspections and audits

Depot operators must meet strict security and facility standards. They also provide a financial bond to cover potential losses.

Customs officers may work at these depots and conduct inspections and audits.



DEPOTS, WAREHOUSES, FREE ZONES

Depot Rules

- Goods remain under customs control
- Cannot leave without declaration
- Duties and permits must be completed

Goods stored in depots cannot be released until an import declaration is submitted. Duties must be paid and all permit requirements met before goods enter the local market.



DEPOTS, WAREHOUSES, FREE ZONES

Bonded Warehouses



DEPOTS, WAREHOUSES, FREE ZONES

Bonded Warehouses – Overview

- Storage for imported goods
- Duties and taxes deferred
- Used when final use unknown

Bonded warehouses allow importers to store goods without immediately paying duties and taxes. This is useful when the importer is unsure how or when the goods will be used.



DEPOTS, WAREHOUSES, FREE ZONES

Benefits of Bonded Warehouses

- Delay duty payments
- Flexible storage options
- Supports business cash flow
- Allows compliance preparation

One major benefit of bonded warehouses is that businesses can delay paying duties and taxes until goods are sold or used. This helps improve cash flow and gives time to meet regulatory requirements.



DEPOTS, WAREHOUSES, FREE ZONES

Warehouse Requirements

- Licensed by customs
- High security standards
- Accurate record-keeping
- Regular audits

To operate a bonded warehouse, strict licensing requirements must be met. These include strong security, proper accounting systems, and ongoing customs audits.



DEPOTS, WAREHOUSES, FREE ZONES

Permitted Activities

- Cleaning and sorting
- Packing/repacking
- Labelling and tagging
- Inspection and testing

Certain activities are allowed in bonded warehouses, such as cleaning, sorting, repackaging, and labelling. However, these activities must not significantly change the goods.



DEPOTS, WAREHOUSES, FREE ZONES

Removal of Goods

- Duties paid → domestic use
- Or goods exported
- Restricted goods not allowed

Goods can only leave a bonded warehouse once duties are paid or if they are exported. Prohibited or restricted goods cannot be stored unless proper permits are obtained.



DEPOTS, WAREHOUSES, FREE ZONES

Free Zones

DEPOTS, WAREHOUSES, FREE ZONES

Free Zones – Overview

- Areas outside customs territory (for duties)
- Promote trade and exports
- Reduced or no import duties

Free zones are special areas where goods are treated as being outside the customs territory for duty purposes. They are designed to encourage trade and boost exports.



DEPOTS, WAREHOUSES, FREE ZONES

Free Zone Operations

- Goods not subject to normal duties
- Duties applied if entering local market
- Special rules for processed goods

Goods in free zones are not taxed unless they enter the domestic market. If goods are processed in the free zone, special rules apply when calculating duties.



DEPOTS, WAREHOUSES, FREE ZONES

Types of Free Zones

- Commercial free zones
- Industrial free zones

There are two main types of free zones: commercial and industrial.



DEPOTS, WAREHOUSES, FREE ZONES

Commercial vs Industrial Zones

- Commercial: **no manufacturing**
- Industrial: **manufacturing allowed**
- Both support trade

In commercial free zones, goods cannot be manufactured and only basic handling is allowed. In industrial free zones, manufacturing and processing are permitted, making them important for production and exports.



DEPOTS, WAREHOUSES, FREE ZONES

Conclusion

- Depots = logistics support
- Warehouses = duty deferral
- Free zones = trade promotion
- All under customs control

In conclusion, depots help with logistics, bonded warehouses allow duty deferral, and free zones promote international trade. Despite their differences, all remain under customs supervision to ensure compliance.

