



Feasibility Study into the Implications of Adopting Customs Transit and ACTS Measures to Process Multi-Modal Transport Operations Within ASEAN

May 2020

**Activity no 3.2.2 Supporting Implementation of the Action Plan
for ASEAN Framework Agreement on Multi Modal Transport
(AFAMT)**

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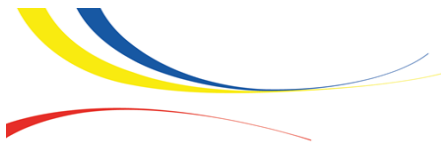
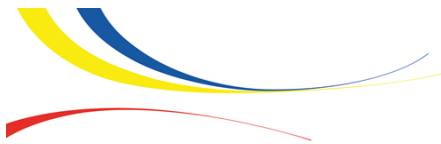


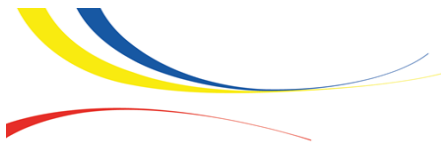
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Abbreviations

AEO	Authorized Economic Operator
AFAFGIT	ASEAN Framework Agreement on the Facilitation of Goods in Transit
AFAFIST	ASEAN Framework Agreement on the Facilitation of Inter-State Transport
AFAMT	ASEAN Framework Agreement on Multi Modal Transport
AGVCBP	ASEAN Goods Vehicle Cross Border Permit
ACTS	ASEAN Customs Transit System
AJTP	ASEAN-Japan Transport Partnership
AMS	ASEAN Member State
ARISE	ASAEN Regional Integration Support by the European Union
ASEAN	Association of Southeast Asian Nations
ATT	Authorized Transit Trader
CCA	Common Control Area
GMS-CBTA	Great Mekong River Cross-border Transport Facilitation Agreement
ENS	Entry Summary Declaration
EXS	Exit Summary Declaration
EU	European Union
OGA	Other Government Agencies
ICT	Information and Communication Technology
ITF	International Transport Forum
KPI	Key Performance Indicators
Lo-Lo	Lift on / Lift off
MTO	Multimodal Transport Operator
NSW	National Single Window
PCS	Port Community System
RKC	Revised Kyoto Convention
RMS	Risk Management System
Ro-Ro	Roll on / Roll off
SSI	Single Stop Inspection
SPCD	Strategic Plans of Customs Development
TAD	Transit Accompanying Document
TEU	Twenty-foot Equivalent Unit (<i>1 TEU = one 20-foot ISO shipping container</i>)
TCD	Time/Cost Distance
TRS	Time Releasee Study
UN ESCAP	United Nations Economic and Social Commission for Asia and the Pacific
WCO	World Customs Administration
WTO	World Trade Organization



Executive Summary

The participating ASEAN Member States (AMS) of the ASEAN Framework Agreement on Multimodal Transport (AFAMT) have recognized the potential of multimodal transport for increasing the efficiency of movement of goods across ASEAN. Endeavours to implement the AFAMT, which are on-going, could be supported by adoption of Customs transit measures in general and expansion of the ASEAN Customs Transit System (ACTS) in particular. Customs transit is one of the key elements in the facilitation of multimodal transport and this study elaborates the comparative advantages of a potentially expanded ACTS to support effective multimodal transport operations at a harmonized ASEAN level.

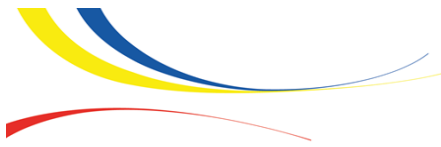
Even though the ACTS is presently restricted to Customs transit operations by road transport, the ACTS could be relatively easily expanded from the legal, procedural and ICT perspectives, to support integrated Customs transit movements under multimodal transport arrangements that include all other modes of transport (sea, inland waterway, rail and air).

The national AMS Customs transit provisions remain largely un-harmonized, thus fragmented national AMS Customs transit procedures are disrupting international transport flows. The benefits of ACTS cannot be fully harnessed if there is no high level of legal harmonization between national AMS Customs transit procedures and the ACTS.

The AMS should consider making a decision to expand ACTS in order to support multimodal transport because the full potential of Customs transit in ASEAN could be realized only with a harmonized concept that ACTS provides. The ACTS is a solution that could overcome fragmented national AMS Customs transit procedures, with improved efficiency of clearance at borders (and potentially at ports) and common options for facilitation of Customs transit, including simplifications for door-to-door services.

The ACTS as a concept could support implementation of AFAMT and act as a catalyst to enhance the efficiency of Customs processing of multimodal operations. This could include, for example allowing two country transit (currently disagreed by AMS under AFAFGIT), and an increase in the number of available transit routes and Customs offices. Currently there are differences in AMS capacities to actually implement simplified Customs transit procedures and Authorised Economic Operator (AEO) simplifications, which this proposal could serve to rectify.

The ACTS is a voluntary system, however the AMS may consider making the system compulsory in future, to address the need to effectively facilitate multi-modal transport. In order to proceed with ACTS expansion, it is necessary to have a clear ASEAN level strategy on harmonization of relevant Customs transit procedures in ASEAN. If AMS Customs authorities decide to proceed with harmonization of Customs transit at ASEAN level, then ACTS should not be considered optional but as a mandatory central catalyst for the facilitation of multimodal transport in ASEAN.



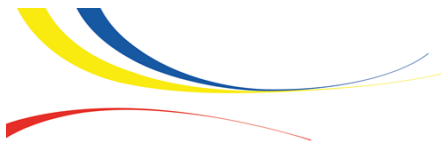
This study, which is entirely based on desk research, should be considered as a pre-feasibility study, offering a general analysis of scope and assumptions, as well as identification of directions for expanding the ACTS to support multimodal transport. The study also identifies a range of potential future surveys, studies and activities related to use of ACTS for multimodal transport operations (See list of recommendations below).

Publicly available information on multimodal transport and Customs transit traffic in ASEAN is limited. Therefore, this study recommends organizing a comprehensive survey and modelling study as a follow up activity. Despite the limited available data this study makes following baseline assumptions. It is estimated that multimodal transport in ASEAN represents about 2-3% of overall ASEAN international transport. Total number of national AMS Customs transit declarations is estimated at 1.7 million annually. Potential number of ACTS declarations is projected to reach about 174 thousand annually (at first 5 years of implementation) and about 20 per cent of them could be potential Customs transit operations with multimodal transport under ACTS. Long-term projections of multimodal and Customs transit in ASEAN depend on growth of international transport. However, the key determinant for long-term projection will be the AMS decision on the extent of harmonization of Customs transit on ASEAN level and dealing with implementation issues relevant for AFAMT/ACTS (legal, procedural and ICT).

The AFAMT and national AMS regulations on multimodal transport do not make any references regarding Customs transit. However, the AFAFGIT provides general legal framework that could link multimodal transport and Customs transit on ASEAN level. The AFAFGIT does not make any specific references to multimodal transport, however Protocol 1, Protocol 2 and Protocol 7 are general (not specifically related to road transport) and they could cover Customs transit in multimodal transport. Existing legal framework provided by Protocol 7, is sufficient for implementation of multimodal transport only in limited cases of accompanied Roll on / Roll off (Ro-Ro) transport (e.g. road/sea etc.). Amending Article 22 of the Technical Annex of Protocol 7 is recommended to expand other options for multimodal transport (e.g. unaccompanied Ro-Ro, Lift on / Lift off (Lo-Lo), packages, etc.). Specific procedural guidance for implementation of ACTS that covers multimodal transport has to be developed on ASEAN level and agreed between AMS Customs authorities.

The development of an expanded ACTS system could be organized in phases, for example by starting immediately with road-sea-road (accompanied Ro-Ro) multimodal transport that requires minimal changes of the system and may include Brunei Darussalam, Indonesia and Philippines, and to gradually expand with unaccompanied Ro-Ro and Lo-Lo shipments and other modes of transport (e.g. inland water/ rail / air).

The key elements for successful implementation of scenarios for multimodal transport include seamless organization of transfer from one means of transport to another, in different modes of transport (new role for Customs office of transfer under ACTS to be established) and significant progress in capacities to implement simplified procedures (ATT for transit / AEO for import/export).



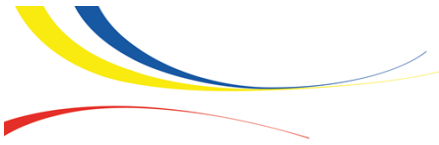
The ICT component is a core part of ACTS that enables processing of Customs transit declarations and electronic information exchange of messages in key steps of Customs transit procedure on ASEAN level. The ACTS can presently process road transport only; however, it could be easily extended to support Customs transit in regional multimodal transport and connect with AMS national systems. Multimodal transport operators (MTO) registered as a principal could initiate Customs transit movement by preparing and submitting a Customs transit declaration using ACTS. Key specific data groups (elements) to be added / expanded in the Customs transit declaration, relevant for multimodal transport in ACTS and potential new messages are identified in this study. Estimation of costs for upgrading of ACTS and quantification of numerous ACTS benefits should be done as a follow up activity of this study.

Risk management is a cornerstone of modern and efficient Customs operations that enables appropriate level of Customs control to be conducted and at the same time to facilitate the clearance for compliant traders. The ACTS provides ASEAN level solution for management of risk in Customs transit that could cover multimodal transport as well. The ACTS risk management system (RMS) could complement different national AMS RMSs in use. Due to the modular structure of ACTS RMS, the AMS may decide to create different variations of hybrid RMSs as may be appropriate.

The national AMS Customs legislation substantially differs with regard to requirements for submission of pre-arrival (pre-departure) information and it mainly include traditional entry/exit manifests. This study recommends considering Introduction of new security entry/exit summary declaration (ENS/EXS) in AMS, in harmonized and coordinated manner. Further, more a harmonized ASEAN concept on pre-arrival (pre-departure) processing and use of multilayer risk management could be considered.

The ACTS and ACTS RMS could be potentially expanded to cover security ENS/EXS processing however, the scope of entry/exit control for safety and security goes beyond Customs transit and it may include all imports/exports. Therefore, such expansion of ACTS could be considered beyond the scope of AFAFGIT and Protocol 7. The concept for development of new ACTS functionality for entry/exit control processing should be formally agreed between AMS. The main elements of the concept for development of new ACTS functionality for entry/exit control is elaborated in this study. If the AMS accept this general concept, subsequent comprehensive feasibility study on development of ACTS ENS/EXS module may be conducted in line with the guidance provided by AMS.

The ACTS is compatible with the Coordinated Border Management concept because it provides efficient electronic information exchange on Customs transit among participating AMS Customs authorities from departure to destination. The ACTS implies coordination and cooperation between Customs and transport authorities (e.g. regarding ASEAN Goods Vehicle Cross Border Permit – AGVCBP) and between Customs and Other Government Agencies (OGA) responsible for issuing various certificates/permits for restricted goods.



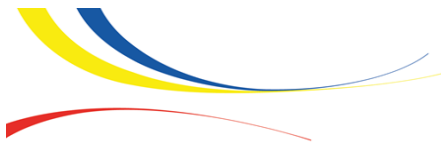
It is recommended to consider options for automation of interactions between Customs authorities, transport authorities and OGA under ACTS, by developing a new ACTS Transport Management (and Monitoring) Module and/or developing interfaces and linkages between corresponding IT systems of OGA and/or AMS national single windows.

Automation is one of the key factors in any Customs integrity programme. The ACTS is sophisticated automated tool for processing of Customs transit that entirely fulfils all recognized attributes of automation against corruption.

In order to address coordination and communication challenges for involvement of all stakeholder concerned, the AMS Customs authorities (preparing for ACTS implementation and potential expansion of ACTS to include multimodal transport), should endeavour to reach out to large number of relevant participants from business sector, as early as possible. If the ACTS is further expanded to include multimodal transport, additional stakeholders from the private sector will be included (e.g. multimodal transport operators, carriers in maritime/river/air/railway transport, service operators at ports, airports, operators of container terminals, warehouses etc.).

The coordination at national AMS and/or ASEAN level with regard to ACTS (including potential expansion to multimodal transport) may result in various specific activities initiated and agreed such as discussion on concept for expansion of ACTS, awareness and training programmes, improvements in organization of ACTS formalities, introduction of security programmes and wider use of simplifications in ACTS, support in development of interfaces and linkages between ACTS and ICT systems of private sector stakeholders, port community systems etc.

It is recommended to introduce ACTS related performance monitoring system in order to assess the present situation and to evaluate the effects of ACTS implementation (including potential expansion to cover multimodal transport). The AMS are encouraged to use the available tools such as WCO Time Release Study and UN ESCAP Time/Cost Distance methodology to strengthen their performance monitoring mechanisms (in particular with regard to ACTS implementation). The key elements of the concept for introduction of ACTS related performance monitoring system are presented in this study (e.g. defining joint objectives, agreement on detailed Key Performance Indicators (KPI), methodologies and tools to be used, preparation for implementation, and actual implementation of ACTS related performance monitoring system).



1 Background, Scope and Problem Statement

The United Nations Convention on International Multimodal Transport of Goods (Geneva, 24 May 1980) defines multimodal transport as the carriage of goods by at least two different modes of transport on the basis of a multimodal transport contract from a place in one country at which the goods are taken in charge by the multimodal transport operator to a place designated for delivery situated in a different country.

Progress has been made over the years by ASEAN Member States (AMS) in signing and ratifying the ASEAN Framework Agreement on Multimodal Transport (AFAMT). Support is now required to assist AMS in implementing this agreement.

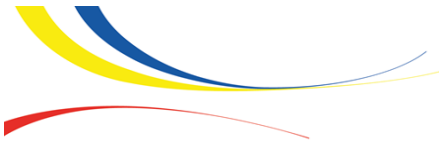
The AFAMT was signed by AMS in 2005. Seven (7) countries have ratified the agreement, and it has entered into force among these countries. The Kuala Lumpur Transport Strategic Plan (KLTSPP) 2016-2025 calls for the development of an Implementation Framework, Action Plan and Implementation Mechanism for the operationalisation of the AFAMT. This will involve a review of the different procedures for each mode of transport (i.e. whether by sea, air, road, rail or river) with a view to streamlining the procedures in line with the development of a multi-modal transport regime, to include legal, regulatory and procedural aspects.

In parallel, the ASEAN Customs Transit System (ACTS) has been installed with the EU (ARISE Plus) support along the north-south and east-west transit transport corridors of ASEAN, being Thailand, Malaysia and Singapore; and Vietnam, Lao PDR and Cambodia respectively. ACTS is a major trade efficiency initiative designed to facilitate the movement of goods by road between ASEAN Member States. The system is defined under Protocol 7 of the ASEAN Framework Agreement on the Facilitation of Goods in Transit (AFAFGIT).

Customs transit is one of the cornerstones of regional economic integration. It enables goods to move freely within a particular geographic region and makes Customs formalities more accessible by ensuring the suspension of the duties and taxes that are normally payable on imported goods. Transit therefore brings countries closer in economic, political and social terms.

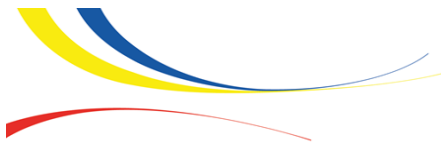
Article 32(1) of the United Nations Convention on International Multimodal Transport of Goods recommends that Contracting States shall authorize the use of the procedure of Customs transit for international multimodal transport.

In order for ASEAN to gain the full benefits of implementing AFAMT, it is essential that Customs authorities in ASEAN cooperate in facilitating the Customs clearance procedures that apply to multimodal transport. The role of Customs is crucial in ensuring efficient and effective clearance procedures.



Potential ineffective Customs-related barriers to international multimodal transport operations could be manifested in several manners, including:

- fragmented national Customs procedures in the countries involved in international multimodal transport operations, that requires repetitive administrative and control actions (e.g. creating and resubmitting separate national Customs declarations in each of the countries involved, multiple Customs controls and resealing of shipping containers / transport means with national Customs seals of each countries where the cargo is passing, multiple authorizations, etc.);
- lack of efficient options to move the cargo in inward or outward movements (e.g. under national Customs transit procedure), which leaves only the option for import/export Customs clearance at exit/entry ports (e.g. seaports, airports, dry-ports) (the lack of efficient inward/outward Customs transit could create bottlenecks, additional costs and extended time for Customs clearance);
- lack of efficient options to move the cargo under national Customs transit procedures when the goods are transferred from one mode of transport (e.g. road, rail, inland waterway, sea or air) to another (that may cause to some modes of transport to be excluded from national Customs transit or separate Customs transit declarations for different mode of transport may be required);
- burdensome procedures for authorization of Customs transit and authorization for transfer of the goods/container from one means of transport to another, which is essential for multimodal transport where the goods have to be transferred at least once from one mode of transport to another;
- lack of options to efficiently move foreign transport means (including shipping containers) in the country concerned under Customs temporary admission procedure (which may restrict the movement of foreign transport means e.g. trucks in Ro-Ro movements, or requirements for separate customs documents / guarantees for the foreign transport means may be imposed);
- paper-based Customs transit procedures, extensive requirements for submission of paper-based customs transit declarations and/or paper based supporting documents, including for transfer of container/goods (transshipment) (that increases administrative burden and costs, makes processing more time consuming and prone to errors);
- lack of simplified Customs procedures (export/transit/import for authorized operators) that interrupts the door-to-door delivery in international transport and increases the costs;
- lack of pre-arrival processing and inadequate risk analysis that may be reflected by extensive documentary and physical controls (which may cause delays and not necessarily contribute to finding of more irregularities by Customs).



Establishment of real-time information exchange, use of Information and Communication Technology (ICT) solutions, coordination between border regulatory agencies, making information on multi-modal and transit procedures easily accessible, facilitation of the requirements for Customs guarantees, and the application of risk management and reliable trader programmes are among the main issues to be considered in multi-modal and transit facilitation.

This study explores implications of utilising Customs transit conditions in general and the ACTS environment in particular to improve the efficiency of multi-modal transport in ASEAN. Even though some of the AMS national Customs transit solutions may support multi-modal transport they are not harmonized on ASEAN level, and the AMS national Customs transit clearance is fragmented. The ACTS concept on the other hand already provides regional and fully integrated electronic ACTS solution. The ACTS is presently operational only for road transport, however under existing AFAFGIT arrangement, it could be extended in order to support other modes of transport (e.g. rail, inland waterway, sea or air) including multimodal transport.¹

Other relevant international arrangements have more limited scope than AFAFGIT and ACTS. For example, the Great Mekong River Cross-border Transport Facilitation Agreement (GMS-CBTA) provides sub-regional² solution for Customs transit, only in road transport (including river crossing by ferry where there is no bridge).³ Therefore the existing GMS-CBTA, which presently could operate only in paper-based manner, cannot actually cover multimodal transport across ASEAN. Existing ASEAN Framework Agreement on the Facilitation of Inter-State Transport (AFAFIST) could support multimodal-modal transport in limited manner (e.g. only for goods loaded on road vehicles on-board Ro-Ro vessels).⁴ In addition to the lack of the coverage for container Lo-Lo sea/inland water transport and other modes of transport (e.g. rail and air), the AFAFIST excludes an option for Customs transit which limits the possibilities for the operators (in this case export/import clearance has to be organized at exit/entry ports).

In November 2019 the transport ministers of AMS adopted the Implementation Framework of AFAMT, including its Regional Action Plan, which charts out the key activities, implementation mechanism and timeline for the realisation of AFAMT. AFAFGIT and ACTS are offering several options aligned with the recommendations given with the AFAMT Implementation Framework with some clear advantages over other available options (e.g. AMS national Customs transit systems or other relevant bilateral, sub-regional and regional arrangements) (see the Table 1 below).

¹ AFAFGIT Article 3(a) and (c)

² GMS-CBTA includes five AMS: Cambodia, Lao-PDR, Myanmar, Thailand and Vietnam and some regions in China. Other AMS are not included.

³ GMS-CBTA Article 2(a) – Scope of application

⁴ AFAFIST, Article 3(f)

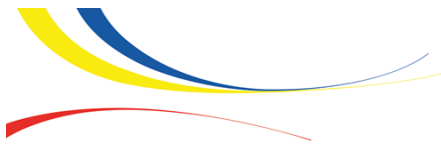
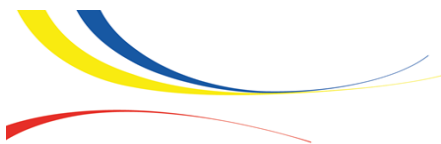


Table 1: AFAMT Implementation Framework recommendations and Customs transit

Recommendation for the implementation of the AFAMT (Implementation Framework of the AFAMT - Section III point 7)	AMS national Customs transit and other bilateral / sub-regional / regional arrangements	AFAFGIT and ASEAN Customs Transit System (ACTS)
a) establish an <u>integrated, efficient</u> and globally competitive logistics and multimodal transportation system, for <u>seamless movement of goods</u> within and beyond ASEAN;	<ul style="list-style-type: none"> - Individual AMS national Customs transit systems are not connected and difficult to be integrated; - More extensive stops for submission/processing of multiple national Customs transit declaration or processing more time-consuming import clearance; 	<ul style="list-style-type: none"> - fully integrated solution for ASEAN regional Customs transit; - Seamless movement across the borders/ports with single regional Customs transit declaration (submitted in advance from the country of departure). Minimal stops/processing at borders.
b) continue to exert their efforts to <u>operationalise</u> transport facilitation agreements that directly <u>benefit</u> the logistics sector;	<ul style="list-style-type: none"> - various solutions for different modes of transport (national / bilateral level) (or limited AFAFIST) - limited benefits (including visibility) due to fragmentation and lack of harmonization - Customs transit excluded (e.g. with AFAFIST) however import clearance has to be organized at borders /ports (possible bottlenecks and delays) 	<ul style="list-style-type: none"> - potential to expand ACTS for other modes of transport (multimodal transport) with a harmonized solution - increased benefits (including visibility) and possibility for door to door transport with minimal interruptions by Customs (simplified clearance at the premises of ATT – authorized consignors /consignees);
c) undertake various programmes or <u>activities</u> to enhance capacity and skills development to further progress regional transport facilitation <u>beyond ASEAN</u> ;	<ul style="list-style-type: none"> - limited potential for extension beyond ASEAN (unharmonized national Customs transit system and other pre-arrival requirements) 	<ul style="list-style-type: none"> - higher potential for extension beyond ASEAN (fully harmonized Customs transit and potential for expanded functionalities (e.g. pre-arrival processing)
d) strive to implement <u>streamlined</u> and <u>integrated</u> multimodal transport, logistics and supply chain, through the implementation of AFAMT and to collaborate with other relevant ASEAN Sectoral Bodies to enhance trade facilitation mechanism in order to simplify and harmonise Customs transit formalities leading to more efficient of multimodal transport operations;	<ul style="list-style-type: none"> - Individual AMS national Customs transit systems - not connected and difficult to be integrated; - More extensive stops for submission of multiple national Customs transit declarations; - different options for national Customs simplifications (inc. AEO) - Customs transit excluded (e.g. with AFAFIST) however import clearance has to be organized at borders /ports (possible bottlenecks and delays) - some inefficient paper-based Customs transit solutions (e.g. national AMS Customs transit). 	<ul style="list-style-type: none"> - fully integrated solution for ASEAN regional Customs transit; - Seamless movement across the borders/ports with single regional Customs transit declaration. Minimal stops/processing at borders. - harmonized simplifications for ATT including possibility for door to door transport with minimal interruptions by Customs (simplified clearance at the premises of ATT); - Increased efficiency due to fully electronic and automated end-to-end Customs transit processing;
e) enhance the <u>effectiveness, efficiency</u> and sustainability of multimodal transport operations.	<ul style="list-style-type: none"> - some inefficient paper-based Customs transit solutions (e.g. national AMS Customs transit) 	<ul style="list-style-type: none"> - Increased efficiency due to fully electronic and automated end-to-end Customs transit processing;



Since AFAGIT and ACTS have higher potential to support effective multimodal transport operations with harmonized Customs transit formalities on ASEAN level (e.g. if compared with other options such as national AMS Customs transit, bilateral arrangements, GMS-CBTA or AFAFIST) with this study we will be mostly focused on ACTS legal, regulatory and procedural and ICT aspects in operationalization of such support.

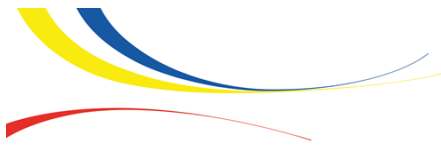
This study will consider expansion of ACTS in order to cater the need for organizing efficient Customs transit procedures in all modes of transport with support for transfer of containers/goods in multimodal transport operations. The term “Customs transit” in this study includes inward and outward movements of goods regardless of the mode of transport (e.g. road, rail, inland waterway, sea or air). The understanding of the term “Customs transit” takes in consideration the definitions and standards stipulated in the Revised Kyoto Convention (RKC) of World Customs Organization (WCO). The transfer of the goods/container from one means of transport to another sometimes could be referred as “transshipment”. In accordance with WCO definition the term “transshipment” has more narrow meaning if compared with all types of transfers that may happen under multimodal transport movement.⁵ Thus, in this study we attempt to avoid using of the term “transshipment” for the transfers in multimodal transport that take place under Customs transit procedure.

Table 2: Selected WCO definitions and standards on Customs transit

WCO RKC Specific Annex E, Chapter 1, E4 - definition	“Customs transit” means Customs procedure under which goods are transported under Customs control from one Customs office to another
WCO RKC Specific Annex E, Chapter 1, Standard 2	The Customs shall allow goods to be transported under Customs transit in their territory: (a) from an office of entry to an office of exit; (b) from an office of entry to an inland Customs office; <i>(inward)</i> (c) from an inland Customs office to an office of exit; and <i>(outward)</i> (d) from one inland Customs office to another inland Customs office.
WCO RKC Specific Annex E, Chapter 1, Standard 20	Transfer of the goods from one means of transport to another shall be allowed without Customs authorization, provided that any Customs seals or fastenings are not broken or interfered with.

This study explores only the part of Customs transit and related Customs formalities without elaborating on other multimodal transport services that in addition to arrangement of transport operations and potential selection of multiple carriers could include wide range of other related operations such as: warehousing, consolidation, other logistics and administrative services.

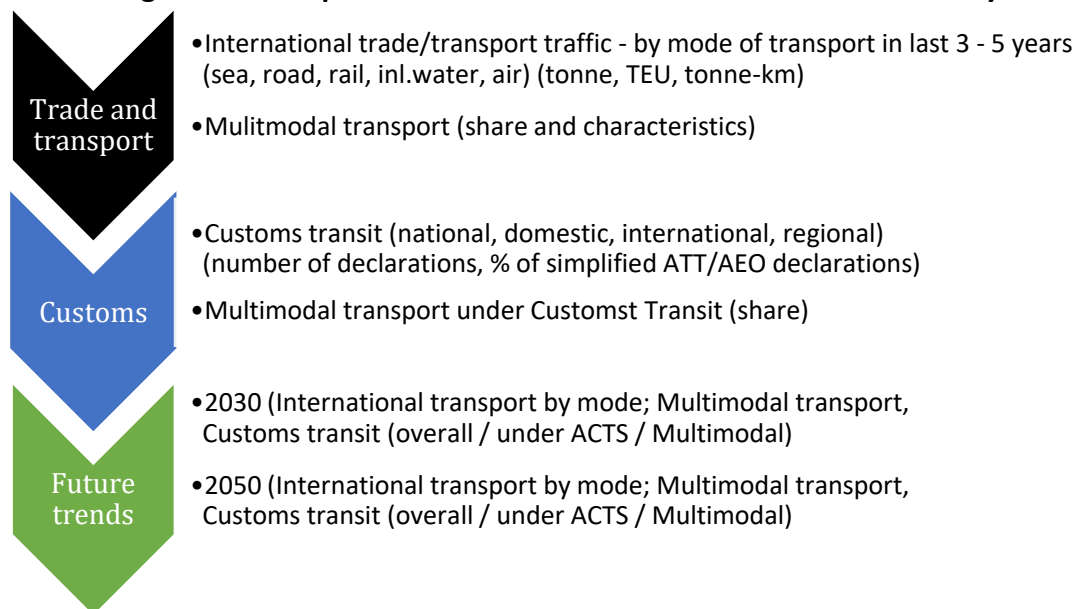
⁵ WCO RKC Specific Annex E Chapter 2 E1 defines “transshipment” as the Customs procedure under which goods are transferred under Customs control from the importing means of transport to the exporting means of transport within the area of one Customs office which is the office of both importation and exportation. The WCO RKC Chapter 2 on transshipment does not apply to goods which, on arrival in the Customs territory, are already under a Customs procedure (such as Customs transit) and are transferred from one means of transport to another during the course of that procedure. Such a transfer is dealt with by Customs under the procedure already in operation. (WCO RKC Guidelines)



2 Multimodal Transport and Customs Transit Traffic

With this chapter we attempt to analyse international trade in ASEAN and accordingly to make an assessment of the current volumes of international transport by different modes, that move under existing national Customs transit procedures in ASEAN member states (AMS). The goal is also to make an assessment of existing volumes of multimodal transport traffic and to evaluate potential shares of multimodal transport movements that could be included under Customs transit procedures (internationally and nationally), with particular focus on ASEAN Customs transit system (ACTS). Ideally, the analysis aims to provide future estimates for next 10 to 30 years of overall volumes of Customs transit movements, as well as the shares of Customs transit that moves under multimodal transport.

Figure 1: Concept of Multimodal and Customs Transit Traffic Analysis



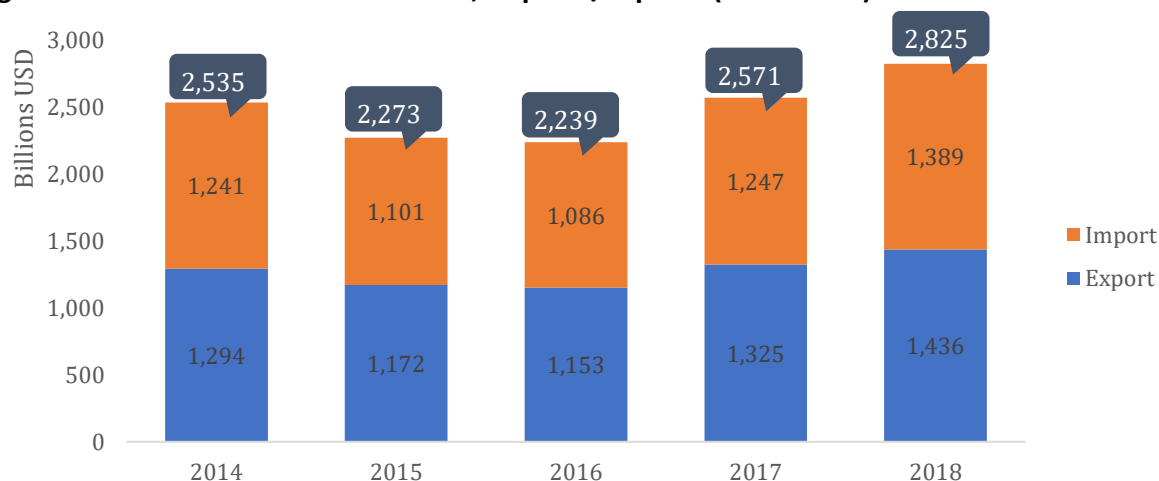
Presently there are limited publicly available ASEAN/AMS resources on international trade/transport traffic by mode of transport. The information on number (and type) of AMS Customs transit declarations by mode of transport are not harmonized and in general they are not publicly available. The information on current number, type and volume of multimodal transport traffic is not systematically reported and it is basically non-existent in many AMS. In order to collect such data / information, it is necessary to conduct comprehensive surveys that may include transport and Customs authorities as well as private sector, in particular multimodal transport operators. Sound data modelling exercises are needed to estimate future number of Customs transit declarations related to multimodal transport operations. They could follow different scenarios and may depend on the level of harmonization and simplifications of Customs transit procedures that AMS tend to achieve on ASEAN level. Having in mind the time and the scope constrictions for conducting such comprehensive surveys and modelling, this study offers only a general scope analysis and provides some possible directions for conducting of future surveys and studies.



International trade and transport traffic in ASEAN by mode of transport

International trade is considered as one of the key factors in the ASEAN economic development. In the 2016-2018 period, the total value of ASEAN trade in goods increased for 26 per cent, reaching 2,825 billion USD. The steady increase of international trade in ASEAN over more than a decade was interrupted by the global financial crisis in 2008 and the slowdown in 2015-2016. Both imports and exports have followed the general trend, and a positive trade balance has been continuously achieved, due to higher export values.⁶

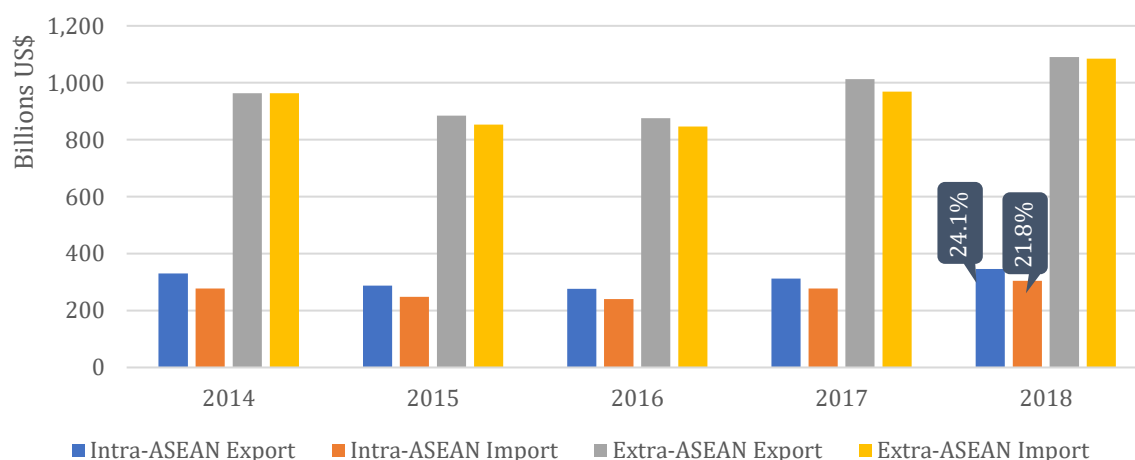
Figure 2: ASEAN Total Trade of Goods, Imports/Exports (2014-2018)



Source: based on Table 5.2 and Table 5.3 - ASEAN Statistical Yearbook 2019, ASEANStatsDataPortal

Intra-ASEAN trade represents an important share of ASEAN total international trade with trading partners. Intra-ASEAN export reached 24.1% and intra-ASEAN import 21.8% of the total ASEAN exports and imports by value of goods in 2018. The Intra-ASEAN trade share (as a group) is higher than the individual shares of other trading partners in Extra-ASEAN trade.

Figure 3: ASEAN Total Trade of Goods, Imports/Exports (2014-2018)



Source: based on Table 5.1 - ASEAN Statistical Yearbook 2019, ASEANStatsDataPortal

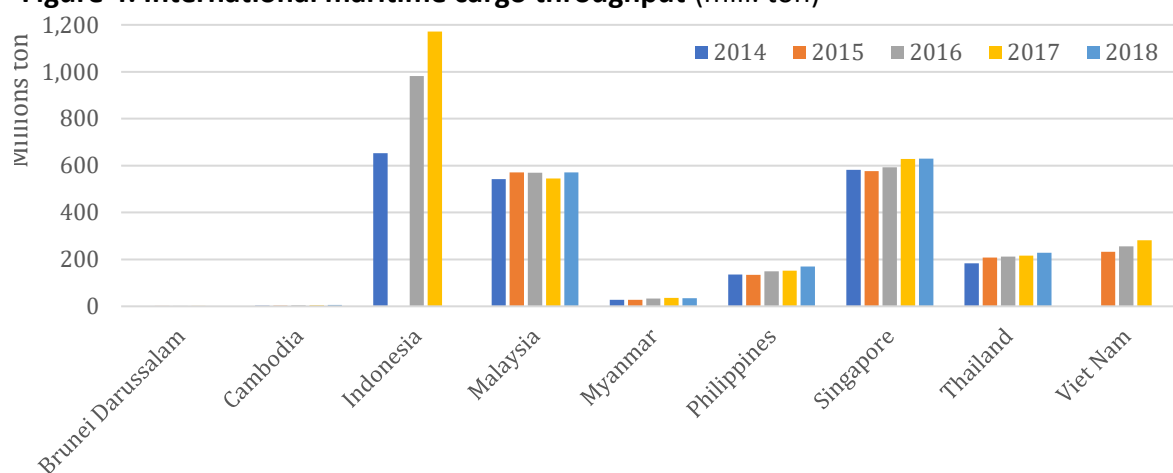
⁶ Figure 7.1 - ASEAN Key Figures 2019. Available at: <https://www.aseanstats.org/publication/asean-key-figures-2019/>



Due to different sizes of national economies, various levels of development and specific characteristics of AMS, the shares, the patterns and the composition of international trade progression follows different trends in each of the AMS.

The growth of the international trade has been reflected in higher demand for international transport. Increased international maritime cargo throughput, expressed in tons processed at maritime ports, has been recorded in 2014-2018. From very large increases in Indonesia (+79%), Brunei Darussalam (+60%) and Cambodia (+56%) to substantial increases in Myanmar (+27%), Philippines (+26%), Thailand (+25%) and Viet Nam (+21%) and steady growth in Singapore (+8%) and Malaysia (+5%). Total tonnage of cargo processed at ASEAN maritime ports in 2018 has amounted to 3,095 million tons.⁷

Figure 4: International maritime cargo throughput (mill. ton)



Source: based on Table 8.5 - ASEAN Statistical Yearbook 2019, ASEANStatsDataPortal

The international maritime cargo throughput could be also expressed in twenty-foot equivalent units (TEU), which is more suitable for this study since the multimodal transport as well as the intranational Customs transit in ASEAN region are usually organized by utilizing standard shipping containers.

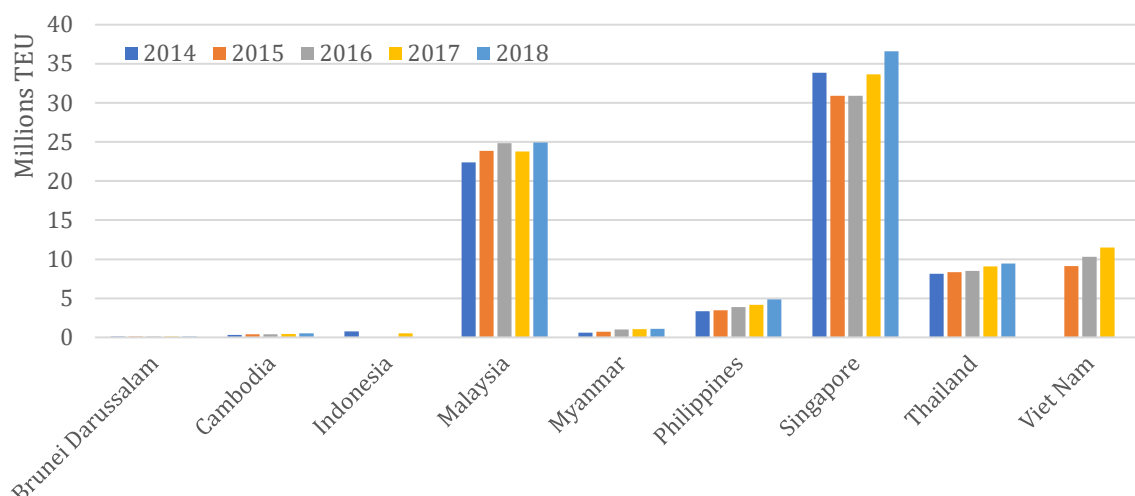
The ASEAN international maritime cargo throughput in TEU in 2018 ranges as follows:

- 36.6 million TEU in Singapore,
- 24.9 million TEU in Malaysia,
- 11.5 million TEU in Viet Nam (2017 data);
- 9.4 million TEU in Thailand;
- 4.8 million TEU in Philippines;
- 1.1 million TEU in Myanmar;
- 0.5 million TEU in Cambodia
- 0.5 million TEU in Indonesia (2017 data)
- 0.1 million TEUs in Brunei Darussalam.

⁷ Based on data from Table 8.5 of ASEAN Statistical Yearbook 2019 for 2018 (and 2017 for Indonesia and Vietnam as most recent available year).



Figure 5: International maritime cargo throughput (TEU)



Source: based on Table 8.5 - ASEAN Statistical Yearbook 2019, ASEANStatsDataPortal

In 2018, total of 89.6 million TEU have been processed in international ASEAN maritime transport. Container traffic is a dominant form of international maritime transport in Southeast Asia, which is assessed to be about 55 per cent of the total maritime traffic. Other types of port traffic include dry bulk (11%), liquid bulk (13%), break bulk (17%) and Ro/Ro (3%). Operations at major seaports include a large share of container traffic transshipment (e.g. estimated to 24 per cent for Southeast Asia).⁸ For the purposes of this study we may keep the focus on containerized traffic with excluded transshipments, which do not involve AMS as departure and/or destination countries.⁹ Acknowledging the limitations for more elaborated estimation, for the purposes of this study only, we will make an assumption that in the 2018 about 60-70 million TEUs have been transported in international maritime container traffic with origin and/or destination in AMS.

Some information is available for the analysis of international transport volumes in ASEAN by other transport means. For example, the international river cargo throughput, as reported with ASEAN-Japan Transport Partnership (AJTP), has increased by 17% from 2015 to 2017, reaching about 315 million tons in 2017. Out of total internationally transported river cargo in 2017, Viet Nam reported highest share of 79%, followed by Thailand 17%. Myanmar, Lao PDR and Cambodia reported much smaller river cargo volumes (only 1-2% of total ASEAN volumes), despite some significant increases on national level for the period 2015-2017 (e.g. in Lao PDR (+37%), and Cambodia (+22%)).

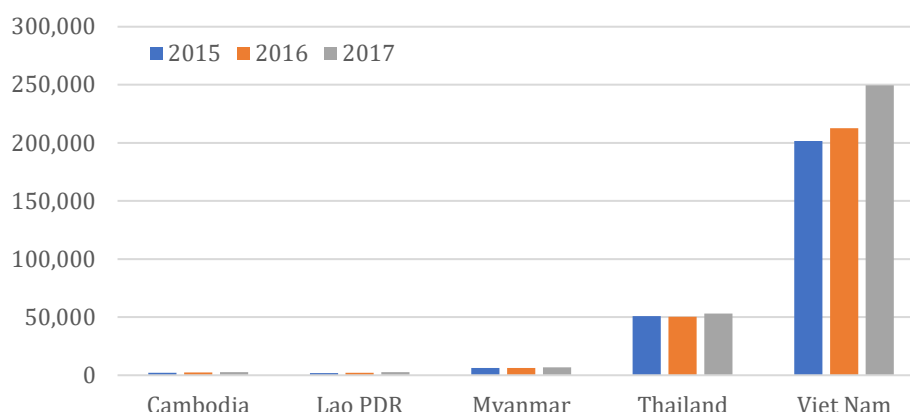
In accordance with the data presented above we could make an assumption that for the year 2018 the river cargo share represents about 9% of the total ASEAN maritime and river cargo throughput.

⁸ ITF assessment based on 2010 baseline. Table 5 (p.25) and Table 6 (p.26) - OECD/ITF, May 2016, Capacity to grow, Transport Infrastructure needs for future trade growth.

⁹ To avoid double counting for the purposes of ACTS Customs transit procedure, the transshipments are considered as a part of a single multimodal transport movement. For example, if there is a multimodal transport operation that includes maritime transport section e.g. origin in AMS (e.g. Indonesia) – transshipment in AMS (e.g. Singapore) – destination in AMS (e.g. Viet Nam). The transshipment reported in AMS (e.g. Singapore) has to be excluded since that is not a separate movement, but a part of a movement (that starts and/or ends in AMS). Furthermore, if the movement starts/ends beyond AMS (e.g. China – transshipment in AMS (e.g. Singapore) – Europe) the transshipment in AMS is irrelevant for ACTS Customs transit.



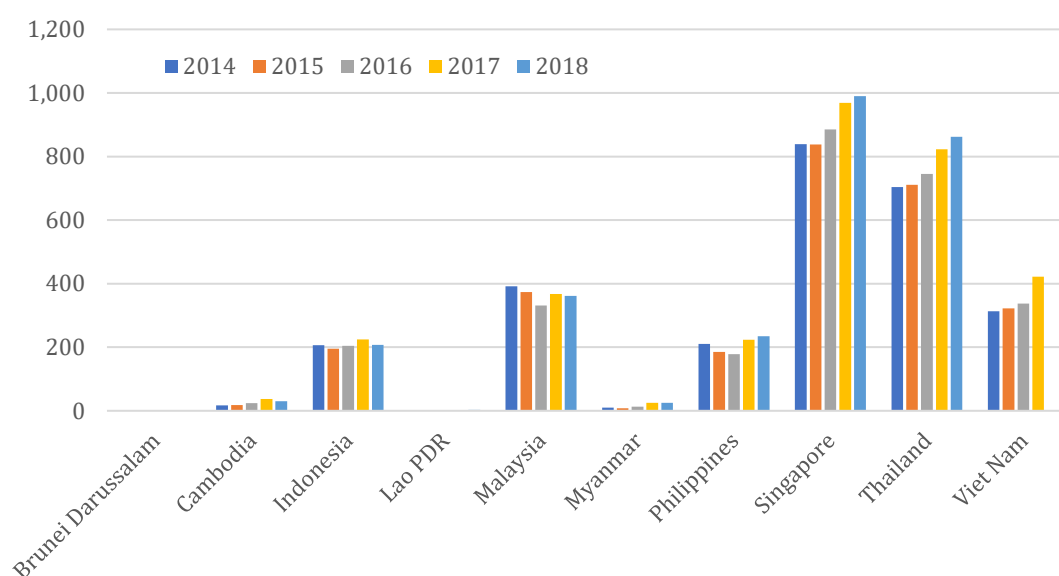
Figure 6: International river cargo throughput (thousand ton)



Source: based on ASEAN-Japan Transport Partnership (AJTP) data (Statistics Water Transport) Available at: <https://www.ajtpweb.org/ajtp/statistics/watertransport/index.html>

In the period 2014-2018, the total volumes of international air cargo loaded on ASEAN level increased by 16 per cent, reaching about 3 million tons in 2018. In the same period the total volumes of the air cargo unloaded increased by 11 per cent amounting to about the same volume of 3 million tons in 2018. The distribution shares, and the growth varies substantially between the AMS. Most of the air cargo volumes are loaded in Singapore, Thailand, Viet Nam and Malaysia, which make about 84 per cent of total ASEAN air cargo loaded in 2018. With regard to the air cargo unloaded, about 90 per cent of total volumes in 2018 are unloaded in Singapore, Philippines, Thailand and Malaysia (information on Vietnam is not available). For the period 2014-2018 higher growth rates for the cargo loaded/unloaded have been recorded in Lao PDR (+320%/+253%), Myanmar (+164%/+98) and Cambodia (+79%/+173%). Most of the AMS have also witnessed strong growth rates over last years, with few exceptions in Malaysia and Philippines that recorded some negative trends in decreasing of air cargo volumes loaded/unloaded.

Figure 7: International civil aviation – cargo loaded (thousand ton)



Source: ASEAN Statistical Yearbook 2019, ASEANStatsDataPortal

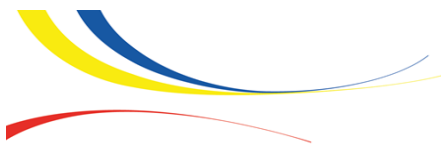
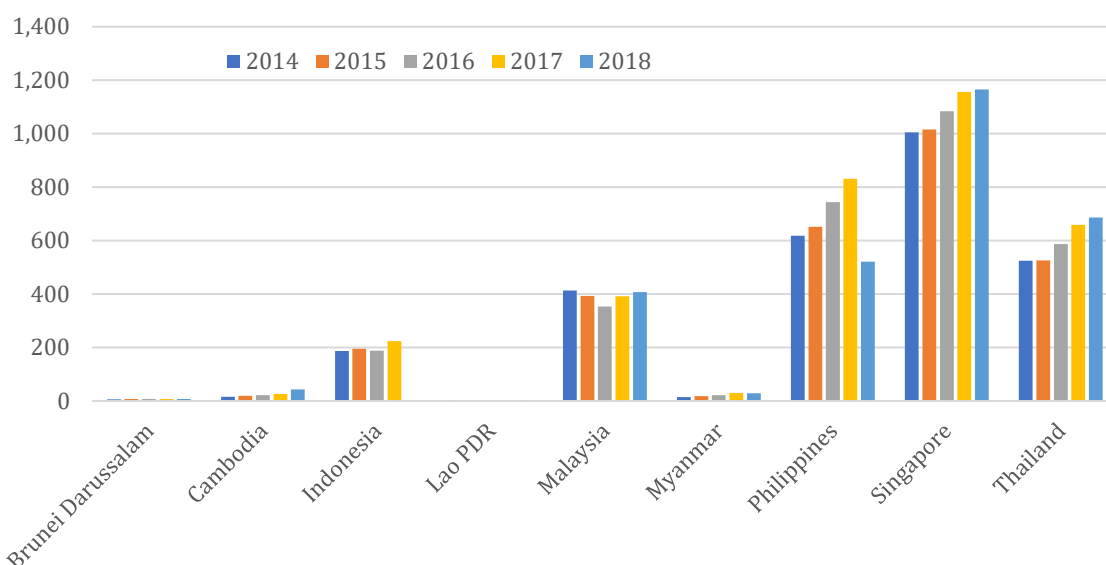


Figure 8: International civil aviation – cargo unloaded (thousand ton)



Source: ASEAN Statistical Yearbook 2019, ASEANStatsDataPortal

If compared with total ASEAN maritime and river cargo throughputs, the air cargo loaded / unloaded volumes in ASEAN represent much smaller shares that we could estimate for the purposes of this study to be about 1 per cent (for the year 2018).

The situation with analysis of international road and railway transport in ASEAN is more complex since the information on volumes of internationally transported cargo is mainly not available or it is incomplete. AMS statistical data of volumes of cargo transported by road or rail usually do not differentiate between international and domestic freight transport. Due to the characteristics to international road and rail transport in ASEAN, substantial part of reported road and railway freight volumes is regarded to be domestic cargo transport.

Existing regional road transport arrangements in ASEAN (AFAFGIT, AFAFIST, GMS-CBTA) presently are not yet fully operational and implemented. In most of the cases of international road transport, the goods/containers have to be transferred between the national transport means of the neighbouring countries directly at land border crossings (or at dedicated locations in proximity of the border crossings). Regardless if the internationally traded goods are cleared for import at the border crossings, or if they are being moved in national Customs transit procedure to the inland Customs offices, the vast majority of road transport operations are organized by domestic road transport operators and such operations are regarded as domestic road freight transport. Movement of foreign transport operators within and across AMS is still very rare and regarded as an exception based on some bilateral road transport arrangements.

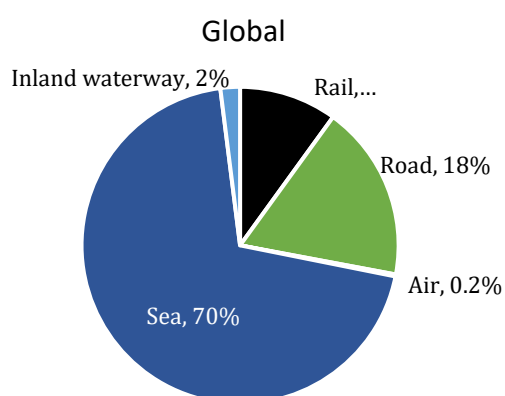
International rail freight transport in ASEAN is not fully developed, mainly due to the limitations and missing infrastructural links. Actual cross border railway cargo operations are relatively rare (e.g. there is an active railway freight transport services between Thailand and Malaysia, Thailand and Lao PDR, and between Viet Nam and China).



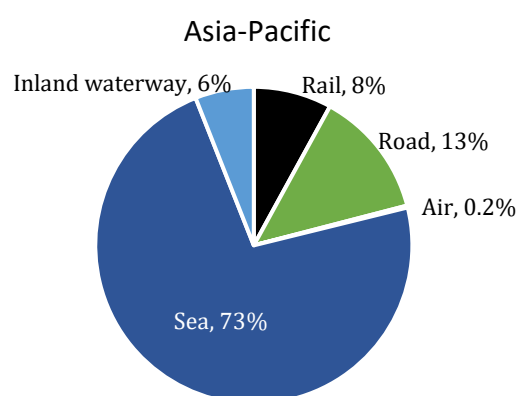
However, it is indicated that such international railway transport operations represent only a small share of overall international transport.¹⁰ Railway transport services are not liberalized, and only national railways can operate in their countries. Similarly, as elaborated above (for the road transport) in statistical reporting usually there is no clear distinction between international and domestic railway freight transport operations.

We can conclude this part of analysis that the maritime transport is the main mode of transport for international trade in ASEAN. Such trend is also well recognized in wider region of Asia-Pacific as well as globally. However, the analysis of ASEAN international transport mode share cannot be fully completed due the absence of available data regarding other transport modes, in particular with regard to road transport and railway transport. For this study we recommend starting the international transport mode share analysis with the global and Asia-Pacific findings, and consequently made adjustments and assumptions relevant for ASEAN.

Figure 9: Global and Asia-Pacific mode share (2015) (ton-km)

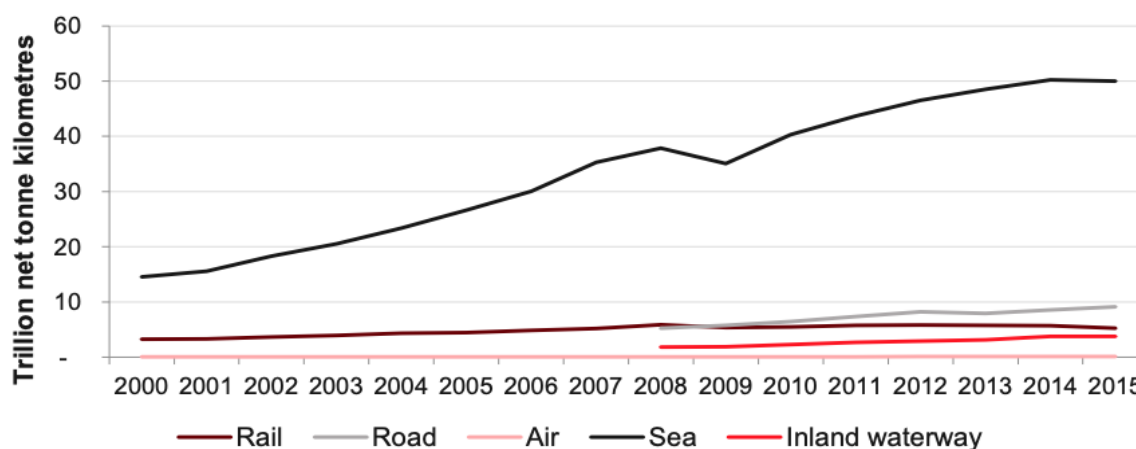


Source: based on ITF Transport Outlook 2019 (Fig. 1.12)



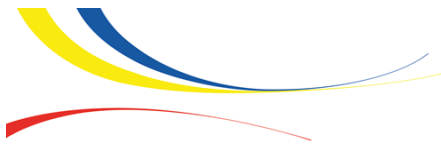
Source: AIIB, 2018, Transport Sector Study (Fig. 6)

Figure 10: Asia-Pacific freight transport by mode (2000-2015) (ton-km)



Source: AIIB, 2018, Transport Sector Study (Figure 6) (based on ITF, WB, IMF data)

¹⁰ Such indications could be supported by (incomplete) data from AJTP website on import/export volumes by rail which reported to about 1 million tons in 2017 on ASEAN level (<https://www.ajtpweb.org/ajtp/statistics/railtransport/index.html>)

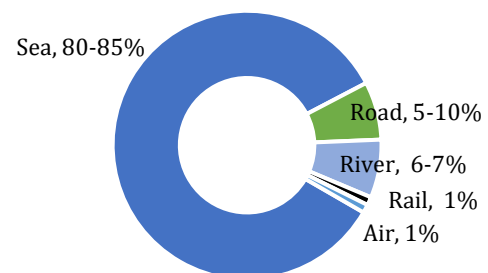


For the baseline year 2015 on global level, it was estimated that international maritime freight transport (expressed as ton-kilometres transported) accounts for 70 per cent of total global international transport. The mode share of the international freight maritime transport on Asia-Pacific level for 2015 is estimated to be a little bit higher, or 73 per cent. If the domestic component of the international trade is excluded such estimations could amount up to 95 per cent.¹¹ If compared with the global and Asia-Pacific region, the ASEAN region is characterized with archipelago and costal economies, where maritime transport has a key role in international transport (with only exception of landlocked Lao PDR). Therefore, it could be expected that the mode share of the international maritime freight transport in ASEAN is higher than the global and Asia-Pacific maritime transport mode shares.

Based on ASEAN inland waterway transport analysis presented above, it could be expected that the share of international river transport is slightly above Asia-Pacific shares. With regard to international road and railway transport, due to the ASEAN characteristics elaborated above, and comparisons with well-developed international railway and road transport systems in other parts of the world (e.g. in Europe, Central Asia and north Asia) we could assume that the international railway and road transport shares in ASEAN are notably lower than those at global and Asia-Pacific level. Due the characteristics of the international air cargo transport, and in accordance with analysis elaborated above, the international air-cargo shares will be marginal and in relative correlation with the global and Asia-Pacific mode share experience.

Therefore (for the baseline year 2018), for the purposes of this study only, we will make assumptions that the international ASEAN freight transport mode shares (ton-km) accounted:

- about 80 – 85 per cent for maritime transport;
- about 5 – 10 per cent for road transport;
- about 6 – 7 per cent for inland water (river) transport;
- about 1 (or less) per cent for railway transport; and
- about 1 (or less) per cent for air transport.

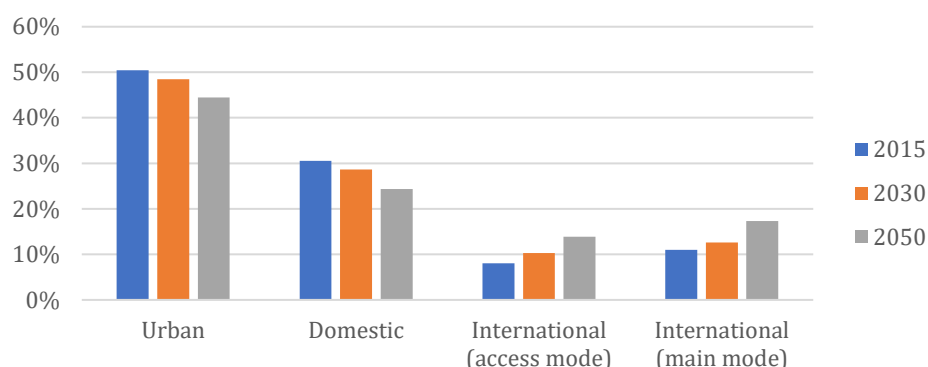


In addition to international transport components, we should further take in consideration the domestic transport components related to international trade, which are relevant part of the analysis of the multimodal transport, where door to door transport options could be provided. For example, the 2017 OECD/ITF transport outlook estimates that in the case of road freight activities for 2015 the urban transport activities accounted for 50 per cent, followed by domestic transport with a share of 31 per cent. The remaining shares of international related road freight transport consist of international (main mode) that accounted for about 11 per cent, and international (access mode) with 8 per cent share. As we discussed earlier in the case of the ASEAN the distinction between international and domestic road freight transport is not clearly noted.

¹¹ OECD/ITF, May 2016, Capacity to grow, Transport Infrastructure needs for future trade growth (p.26)



Figure 11: OECD/ITF Road Freight Activity by Sector



Source: Calculation based on ITF Transport Outlook 2017 (OECD 2017) (Figure 2.9)

Information on domestic transport volumes and mode share are partially available on ASEAN level and more detailed information are available from individual statistical offices of AMS. An example of mode share analysis from the information available of General Statistics Office of Viet Nam with regard to volumes of freight carried domestically by different types of transport is presented in the table 3 below.¹² In the case of domestic transport in Viet Nam the road transport is main transport mode that carried about 78 per cent of freight volumes in 2018, followed by inland water (river) transport with about 16 per cent and domestic coastal sea shipping with about 5 per cent of freight volumes. Railway and air cargo transport shares were less than 1 per cent.

Table 3: Volumes of freight carried in Viet Nam by mode of transport (2016 - 2018)

Mode	2016 (millions ton)	2016 Distribution by mode %	2017 (millions ton)	2017 Distribution by mode %	Prel. 2018 (millions ton)	2018 Distribution by mode %
Road	969.7	77.20%	1,074.4	77.67%	1,195.9	78.32%
Rail	5.2	0.41%	5.6	0.40%	5.7	0.37%
Inland Water	215.8	17.19%	232.8	16.83%	250.3	16.39%
Coastal sea ship.	64.4	5.13%	70.0	5.06%	74.6	4.89%
Air	0.3	0.02%	0.3	0.02%	0.4	0.03%
Total:	1,255.5	100%	1,383.2	100%	1,526.9	100%

Source: based on data from the website of General statistics office of Viet Nam (accessed 10.04.2020)

In addition to the analysis of volumes of freight carried expressed in tons we could analyse freight transport traffic expressed in tons over distance in kilometres transported. Since the average distance in the case of maritime – sea coastal shipping is much longer than the average distance of road transport we can notice that the mode shares will be changed (if compared with volumes expressed in tons). As presented in the example from Viet Nam in the table 4 below, the coastal shipping has the highest share of about 54 per cent in 2018, followed by road transport with about 26 per cent and inland water (river) transport with about 19 per cent. Railway and air cargo transport shares in this case remain less than 2 per cent.

¹² General Statistics Office of Viet Nam website: https://www.gso.gov.vn/default_en.aspx?tabid=781 (accessed 10.04.2020)



Table 4: Volumes of freight traffic in Viet Nam by mode of transport (2016 - 2018)

Mode	2016 (millions ton-km)	2016 Distribution by mode %	2017 (millions ton-km)	2017 Distribution by mode %	Prel. 2018 (millions ton-km)	2018 Distribution by mode %	Average distance* (km)
<i>Road</i>	57,377.3	23.8%	63,459.3	24.8%	70,566.7	25.6%	59
<i>Rail</i>	3,198.2	1.3%	3,616.7	1.4%	4,025.4	1.5%	615
<i>Inland Water</i>	44,925.2	18.6%	47,800.4	18.7%	51,528.8	18.7%	212
<i>Coastal sea sh.</i>	13,5171.2	56.0%	140,307.7	54.8%	14,8024.6	53.8%	2,046
<i>Air</i>	705	0.3%	748.8	0.3%	1,068.9	0.4%	2,333
Total:	241,376.9	100%	255,932.9	100%	275,214.4	100%	

Source: based on data from the website of General statistics office of Viet Nam (accessed 10.04.2020)

* World Bank, 2019, Sustainable Development of Inland Waterways Transport in Vietnam (Table 2.1 – p.28)

Similar analysis on domestic volumes of freight carried by different modes of transport expressed in tons and freight traffic expressed in ton-kilometres could be done for other AMS where statistical data is available.

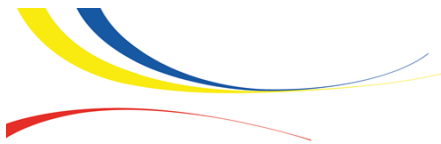
Multimodal transport traffic in ASEAN

Multimodal transport traffic may include both international and domestic components. Information on number of transactions (consignments) organized as a multimodal transport, as well as volume/traffic of cargo transported in different multimodal forms¹³, usually is not collected for statistical processing. Such information in AMS level is rarely reported, evaluated in organized and systematic manner and it is not publicly available. In absence of relevant information, this study has significantly limited options to make estimations on existing and potential volumes of multimodal transport in ASEAN. Therefore, the study recommends organizing a formal survey with registered and authorized multimodal transport operators, as well as national freight forwarders associations in AMS to gather relevant data and estimates.

Acknowledging above mentioned limitations, and for the purposes of this study only, we suggest considering an initial assumption for the year 2018, that the average multimodal transport volumes are about 2-3 per cent of overall ASEAN international transport.¹⁴ Furthermore, for the purposes of this study, we suggest to keep the focus on international transport (including domestic transport directly related with transport of goods in international trade) as it is most relevant component for potential Customs transit of multimodal transport operations.

¹³ E.g. road/sea, road/air, sea/inland water, road/rail, etc. and their combinations

¹⁴ The suggestion could be supported by corresponding combined transport share in EU even though significant differences between European combined transport and ASEAN multimodal transport should be acknowledged. International European combined transport volumes in 2017 are estimated at 9.8 million TEUs out of which 6.5 mill. TEUs in continental transport and 3.3 mill. TEUs in maritime transport (UIC, 2019, 2018 Report on Combined Transport in Europe p.6.). Overall container port traffic in EU for 2017 is estimated at 102 million TEUs. (World Bank data: <https://data.worldbank.org/indicator/IS.SHP.GOOD.TU?locations=EU>). Therefore, corresponding estimated share of maritime international combined transport in EU of overall EU container port traffic is 3%. We assumed that in the case of ASEAN the corresponding share of multimodal transport probably is not higher than in EU and it is possible for the share to be slightly lower, which leads to the suggested assumption of 2-3%.



Customs transit traffic

Internationally traded and transported goods are cleared in export and import Customs procedures in accordance with Customs legislation in each of the AMS. The export/import clearance could be organized:

- at Customs offices located directly at exit/entry ports (e.g. seaports, riverports, airports, or dry-ports nearby road and railway border crossings); or
- at inland Customs offices in the areas under Customs supervision where the goods have to be presented to the Customs; or
- directly at the premises of authorized exporters/importers without presentation of goods to the Customs, if simplified export/import procedures for authorized economic operators (AEO) are granted.

The movement from/to exit/entry ports to/from locations of inland Customs offices (or premises of authorized exporters/importers) is usually processed under Customs transit procedures in place at each AMS. If international traded and transported goods have to move by land, from end to end through an AMS in order to be cleared by Customs in a third country, they could also move under national or international Customs transit procedure. The legal and procedural aspects of Customs transit in ASEAN will be discussed in the next chapter.

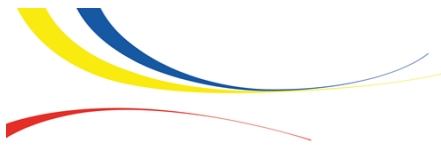
The number of export and import Customs declaration from selected AMS is presented in the table 5 below.¹⁵ The percentage of electronic export / import Customs declaration is given as well. However, it appears that understanding of electronic Customs declarations differs from country to country. Which means that some countries have reported electronic declarations even though in addition it is still required to submit paper-based Customs declaration (e.g. in Cambodia), while some countries consider that electronic declaration is submitted only if it is paperless (e.g. in Thailand). Since understanding of electronic declaration is not harmonized on ASEAN level when analysing this component, the understanding of electronic declaration in the AMS concerned should be considered. Consequently, presented percentages should not be used to compare the performance between AMS.

Table 5: Number of import / export Customs declarations in selected AMS (2018)

	Cambodia	Indonesia	Malaysia	Myanmar	Philippines	Singapore	Thailand	Viet Nam	ASEAN*
export	265,289	2,237,841	6,260,210	177,502	364,428	3,687,070	9,848,040	6,022,200	28,862,580
% elec.	100%	100%	100%	73%	50%	100%	50%	99%	n.a.
import	144,471	1,469,282	5,180,929	484,990	2,626,395	5,538,609	7,626,562	6,240,280	29,311,518
% elec.	100%	100%	98%	53%	67%	100%	50%	100%	n.a.
transit	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
% elec.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

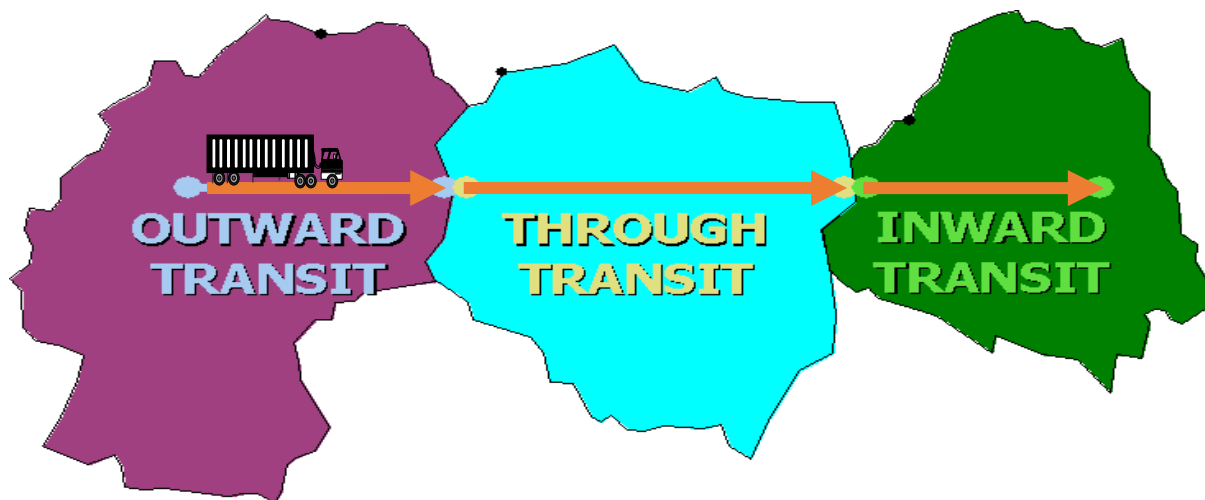
Source: WCO Annual Report 2018-2019 (*Brunei Darussalam and Lao PDR data not available and not included)

¹⁵ Data provided from WCO Member Profiles reported with WCO Annual Report 2018-2019. Available at: <http://www.wcoomd.org/en/about-us/what-is-the-wco/annual-reports.aspx> (Statistics from Brunei Darussalam and Lao PDR is not available and not included in ASEAN total.)



The number of Customs transit declarations and the percentage of electronic Customs transit declarations in AMS is not available. Therefore, the study recommends organizing a formal survey with Customs authorities to gather relevant data. Such data may include the number of Customs transit declarations by Customs declaration type (e.g. for different types of Customs transit declarations used for national/international Customs transit, outward/through/inward transit, transit to/from free zones, simplified transit for authorized consignors/consignees etc.) as well as Customs transit declarations by mode of transport (e.g. road, rail, river, sea, air).

Figure 12: Types of transit



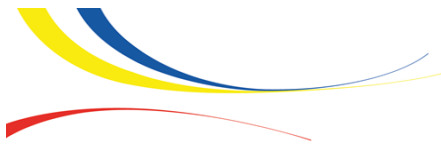
Source: ARISE Plus

Since estimation of the number of Customs transit declarations on AMS and ASEAN level is crucial for our analysis, for the purposes of this study only, we suggest considering an initial assumption for the year 2018, that the average number of Customs transit declarations is about 3 per cent of total export/import declarations¹⁶ (see the table 6 below).

Presently almost all Customs transit declarations in AMS are processed under national Customs transit procedures (aligned with bilateral transit related arrangements where relevant) and processed with their own national Customs declarations processing systems (electronic in most of the cases - or paper-based).¹⁷

¹⁶ The suggestion could be supported by corresponding Customs transit declaration share in EU even though significant differences between European and ASEAN Customs transit should be acknowledged. The share of the Customs transit declarations in EU for 2018 (reported as 16.3 million) over the total number of import/export Customs declarations (reported as 327 million) is about 5% (EU Customs Union Facts and Figures: https://ec.europa.eu/taxation_customs/facts-figures_en). We have assumed that in the case of ASEAN it is more likely that the corresponding share of Customs transit declarations is considerably lower than in EU, which leads to adjustment from 5% to suggested assumption of 3%.

¹⁷ We should note that presently AFAFGIT/ACTS is not yet implemented, and it appears that the paper-based GMS-CBTA is not fully operational.



The expected number of ACTS Customs transit declarations is very challenging to estimate, since the system is voluntary and the extent of adoption of the system does not depend only on the general design of the system and the benefits that the system could offer, but it is heavily influenced from the way of actual implementation of the ACTS.¹⁸ Therefore, the study recommends conducting comprehensive estimation modelling study that includes a formal survey with the transport operators and other relevant parties that could be potential principals in ACTS, that will include multimodal transport operators, in order to gather relevant data and estimates for the baseline values.

Since estimation of the number of ACTS Customs transit declarations on AMS and ASEAN level is crucial for the analysis in our study, for the purposes of this study only, we suggest considering an initial assumption that in first five years of ACTS implementations the average number of ACTS Customs transit declarations will reach on annual level about 10 per cent of total national Customs transit declarations (2018 baseline).

Table 6: Assumptions of the number of Customs transit declarations (baseline / Y1-5)

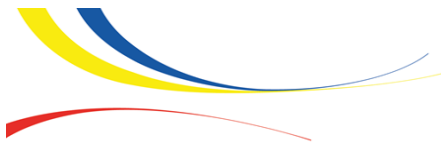
	Cambodia	Indonesia	Malaysia	Myanmar	Philippines	Singapore	Thailand	Viet Nam	ASEAN*
est. transit (total)	12,293	111,214	343,234	19,875	89,725	276,770	524,238	367,874	1,745,223
est. ACTS (Y1-5)	1,229	11,121	34,323	1,987	8,972	27,677	52,424	36,787	174,522
est. MMT (ACTS+)	246	2,224	6,865	397	1,794	5,535	10,485	7,357	34,904
est. daily average ACTS	3	30	94	5	25	76	144	101	478

Source: Authors' estimates

Furthermore, we suggest considering an initial assumption, that in first five years of implementation of expanded ACTS that supports multimodal functionality, the potential number of ACTS Customs transit declarations that may cover multimodal transport, could reach on annual level of about 2 per cent of total Customs transit declarations.¹⁹ Based on this estimation, about 20 percent of the Customs transit declarations under expanded ACTS could be related with multimodal transport operations.

¹⁸ Actual implementation of the ACTS may be related to several issues including: restrictions imposed for using the system for 2 country Customs transit, the number and locations of the Customs offices where the system can be employed, the extent of simplifications offered to Authorized Transit Traders (ATT), such as waiver of Customs guarantee, clearance at premises of authorized consignors/consignees, fees imposed etc.

¹⁹ This suggestion corresponds with earlier suggestion with regard to the volume of average multimodal transport over overall ASEAN international transport (2-3 %). About the same share (or 2%) could be applied for the number of Customs transit declarations for operations under multimodal transport over total number of Customs transit declaration. It is assumed that all of them could be processed by expanded ACTS (or ACTS+).



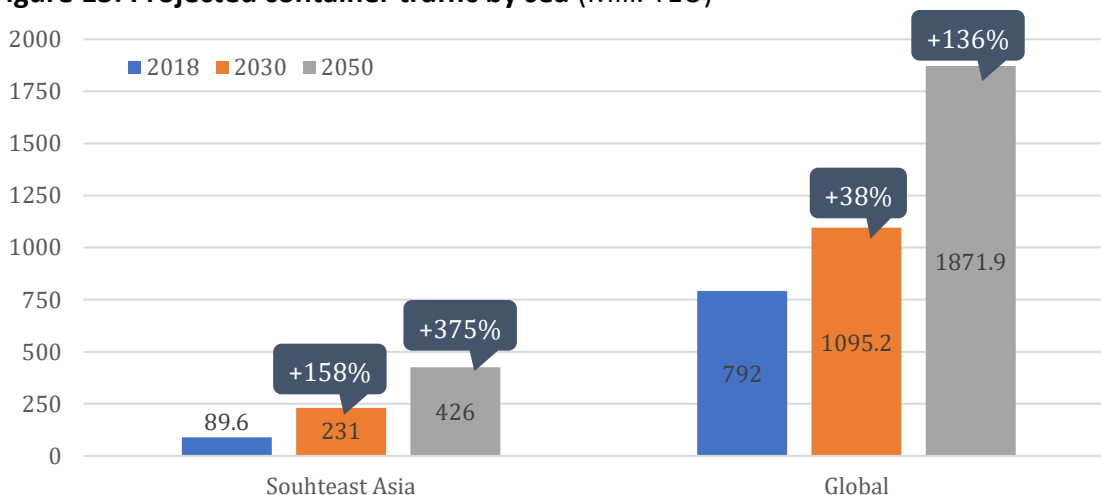
Future trends

The analysis of multimodal transport and Customs transit traffic would not be complete if future trends and projected long-term demands are not addressed. In the absence of existing studies for such projections, as already recommended earlier, we suggest conducting comprehensive modelling study that in addition to more precise estimation of baseline values, will make well supported projections on future trends e.g. up to 2050.

For the purposes of this study we could make some initial assumptions based on International Transport Forum (ITF) global / and Southeast Asia projections. Increased international transport demand is essentially linked with general expectations for economic growth and increased international trade, on global and ASEAN level. This study refers mainly to 2018 as a baseline year, due to the fact that presently we have most updated data for up to 2018. However, current instability and expectation for significant contraction of economic activities due to the Covid-19 pandemic in 2020 have to be taken into account. We would like to suggest using 2018 data as an assumed baseline for 2021 (which means that all potential growth in 2019 is expected to be annulated with very likely economic downturn in 2020). Setting 2021 as a baseline year is important since it is expected to be considered as a year 1 of the full implementation of ACTS. Furthermore, we could assume that the previously made ITF projections (2030, 2050) have to be adjusted due to the 2020 decline. Therefore, the final projections should be actually lower than the projections presented below.

Having in mind the particular importance of maritime transport in ASEAN, we could start our analysis with expected container traffic by sea. As presented in the figure 13 below a massive growth of maritime container traffic is projected for Southeast Asia from 2018 to 2030 (158 % increase), which is about four times higher than the growth projected on global level (38% increase). The rate of acceleration of the growth from 2018 up to 2050 relatively slows down for Southeast Asia in comparison with the global expected trend, however projected increase is still remarkably strong (375%) and about 2.7 times higher than the global growth (136%).

Figure 13: Projected container traffic by sea (Mill. TEU)



Source: based on ASEAN Statistical Yearbook 2019 and World Bank for 2018 data and OECD/ITF, 2016, Capacity to grow, Transport Infrastructure needs for future trade growth (p.32, Table7) for projections



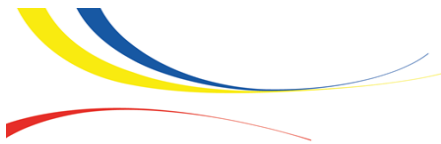
Analysis of freight transport demand by mode is much more challenging since the data and estimation with regard to Southeast Asia are not available and only comments with regard to expected trends in correlation to global trends could be given. Some specific ASEAN characteristics related to international transport by different transport modes will be highlighted in order to support the need for adjustments of global projections in order to reflect more appropriately the situation in ASEAN.

For the simplicity of our analysis we may assume that the ASEAN modal share will remain the same in future as it was estimated earlier for the baseline 2018. As presented above for container traffic by sea, we may assume that the projected sea freight transport demand in ASEAN is expected to be higher than the corresponding global trend. International road and rail transport in ASEAN are currently being used below their full potential (which is evident by comparison of modal shares on ASEAN and global level). If in the future the existing infrastructure limitations and other transport facilitation issues are being addressed, then it could be expected that projected road and rail freight transport demand in ASEAN could be higher than the corresponding global trend. For example, operationalization of specific routes under Singapore-Kunming Rail Link (SKRL) project (e.g. central route that connects China, Lao PDR and Thailand scheduled to be completed by December 2021, and full implementation of already operationalized railway freight cargo connectivity between Thailand - Cambodia, and Thailand - Lao PDR). Successful implementation of AFAFGIT and AFAMT including ACTS in near future, could provide simplifications and seamless movement across borders, and it could support increased demand for road and multimodal transport in international trade. With regard to inland water and air freight transport we may assume that the projected demand in ASEAN will be proportionate to corresponding global trends.

Figure 14: Projected freight transport demand by mode (billion ton-km)

	ASEAN			Global		
	2018 (bl)	2030	2050	2015(bl)	2030	2050
<i>Sea</i> (share) (growth bl)	n.a. est. 80-85%	n.a. est. 80-85% + est. % > global trend	n.a. est. 80-85% + est. % > global trend	75,698 70%	117,425 69% +55%	260,778 74% +244%
<i>Road</i> (share) (growth bl)	n.a. est. 5-10%	n.a. est. 5-10% + est. % > global trend	n.a. est. 5-10% + est. % = global trend	19,551 18%	32,656 19% +67%	58,096 16.5% +197%
<i>Rail</i> (share) (growth bl)	n.a. est. 1 (or<) %	n.a. est. 1 (or<)% + est. % > global trend	n.a. est. 1 (or<)% + est. % > global trend	10,127 9%	15,197 9% +50%	23,645 6.7% +113%
<i>Inland water</i> (share) (growth bl)	n.a. est.6-7%	n.a. est.6-7% + est. % = global trend	n.a. est.6-7% + est. % = global trend	2,164 2%	3,558 2% +64%	7,889 2% +264%
<i>Air</i> (share) (growth bl)	n.a. est. 1 (or <)%	n.a. est. 1 (or <)% + est. % = global trend	n.a. est. 1 (or <)% + est. % = global trend	228 0.2%	511 0.3% +124%	1,055 0.3% +362%

Source: Author's estimates and calculations based on ITF Transport Outlook 2019 (OECD 2019) (Figure 1.12)



For the long-term projection on volumes of multimodal transport operations and Customs transit traffic it is not sufficient to only take in consideration increased international transport demand. It is evident that increased volumes of international transport in future will put high pressure at the exit/entry ports (e.g. seaports, land-ports). Therefore, increased efficiency of Customs clearance will be crucial to avoid the bottlenecks due to Customs formalities. One of the solutions will be to minimize any disruptions by Customs at exit/entry ports and to move large shares of Customs clearance at inland Customs offices or more appropriately at the premises of authorized exporters/importers (AEO). That means significantly increased number of Customs transit movements and in particular high percentage of simplified Customs transit operations for authorized consignors/consignees (e.g. with implementation of AFAMT/ACTS).

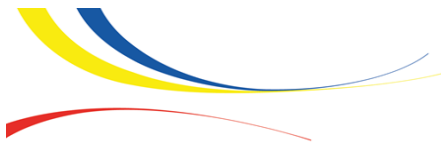
Therefore, instead of making any speculations on any long-term projections/general assumptions on future trends in volumes of multimodal transport operations in ASEAN, and number of Customs transit declarations, in next chapters of this study we will attempt to identify and highlight the most important legal, procedural and ICT issues that are relevant for successful implementation of AFAMT and processing of multimodal transport operations under Customs transit procedure with support of ACTS.

In Summary:

Publicly available information for multimodal and Customs transit traffic analysis in ASEAN is limited. Recommendation: Comprehensive survey and modelling study to be organized.

General scope and assumptions (baseline 2018):

- Total international freight at ASEAN maritime ports: 3,095 mill. tons / 89.6 mill. TEUs / 60-70 mill. TEUs with origin/destination at AMS (container traffic transshipment excluded);
- ASEAN international freight transport mode share (ton-km): sea 80-85%, road 5-10%, river 6-7%, rail 1% (or less), air 1% (or less);
- ASEAN multimodal transport volumes: 2-3 % of overall ASEAN international transport;
- AMS total national Customs transit declarations: 1.7 mill. (3 % of total Ex/Im declarations);
- Potential ACTS Customs transit declarations: 174 thousand (annual Y1-Y5) (10% of total national Customs transit declarations), 478 (daily average);
- Potential Customs transit operations with multimodal transport under ACTS: 35 thousand (annual) (2% of total national Customs transit declarations / 20% of total ACTS Customs transit declarations);
- ASEAN projected container traffic growth: 4 times higher than global trend (2030), 2.7 times higher than global trend (2050), presently underused potential of international road/rail transport in ASEAN, however higher than global trend growth could be expected by 2030/2050 if limitations are addressed (infrastructure, transport facilitation);
- Long-term projections of multimodal and Customs transit under ACTS do not depend only on growth of international transport, and the key determinant will be the extent of Customs transit harmonization and implementation issues relevant for AFAMT/ACTS (legal, procedural and ICT).



3 Legal Framework and Procedures

In accordance with the scope of this study, in this Chapter we analyse the legal framework on Customs transit with regard to multimodal transport, without deliberation and details on legal frameworks on multimodal transport itself. It should also be noted that Customs transit is not necessarily related to any particular type of transport, therefore the Customs transit legal framework in general could be relevant for all types of transport (e.g. unimodal, combined, intermodal or multimodal). We will identify and highlight legal and procedural specifics of Customs transit in a case of multimodal transport and present several possible scenarios.

Multimodal legal framework

There are different and sometimes overlapping understandings on the types of transport around the world. The AFAMT definition on “International multimodal transport” is identical to the definition suggested with the United Nations Convention on International Multimodal Transport of Goods (Geneva, 24 May 1980). This definition is usually well reflected in the national AMS regulations on multimodal transport.

Box 1: AFAMT definition of international multimodal transport

"International multimodal transport" means the carriage of goods by at least two different modes of transport on the basis of a multimodal transport contract from a place in one country at which the goods are taken in charge by the multimodal transport operator to a place designated for delivery situated in a different country. The operations of pick-up and delivery of goods carried out in the performance of a unimodal transport contract, as defined in such contract, shall not be considered as international multimodal transport.

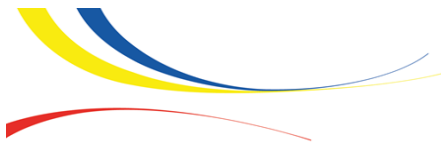
(AFAMT, 2005, Chapter I – Definitions, Article 1)

When different types of transport are elaborated, corresponding legal definitions in national legislation of AMS should be considered. An example of understanding of different types of transport is shown in the table 7 below.

Table 7: Types of Transport

Unimodal Transport	The transport by one mode of transport only, where each carrier issues his own transport document (bill of lading, airway bill, consignment note, etc.);
Combined Transport	The transportation of goods in one and the same loading unit or vehicle by a combination of road, rail, and inland waterway modes
Intermodal Transport	The transportation of goods by several modes of transport where one carrier organizes the whole transport from one point or port of origin via one or more interface points to a final port or point
Multimodal Transport	Where the service provider organizing the transport takes responsibility for the entire door-to-door transport and issues a multimodal transport document

Source: UNCTAD/UN ESCAP/UNECA, 2012, Cross-Border and Transit Transport Process Management



The AFAMT and national AMS regulations on multimodal transport do not make any references regarding Customs transit. References on Customs procedures are rare in national AMS regulations on multimodal transport. For example, the multimodal regulation in Viet Nam stipulates exemption from physical inspection by Customs authorities for the goods in international multimodal transport.²⁰ The multimodal regulations in Thailand and Brunei Darussalam make general reference to Customs law with regard to delivery of goods and indicate the condition for goods to be released from the custody of Customs under the Customs law for some specific entitlements of a multimodal transport operator.²¹

Customs legal framework (AFAFGIT and Protocol 7)

The AFAFGIT provides harmonised Customs and transport legal framework for facilitation of transportation of goods in transit that could link multimodal transport and Customs transit. The AFAFGIT definition of “transit transport” includes change in the mode of transport, and the term “means of transport” incorporates road vehicles, railway rolling stock, sea and inland waterways craft and aircraft.²² Since different modes of transport (and the transfer from one means of transport to another) are already included in AFAFGIT we could conclude that in general this agreement can support the multimodal transport and AFAMT implementation. However, we should also acknowledge that the AFAFGIT does not make any specific references to multimodal transport, and it is rather road centric.

Box 2: Selected AFAFGIT definitions

"Transit transport" means transit of goods and means of transport across the territory of one or more Contracting Parties, when the passage across such territory or territories, **with** or without transshipment, warehousing, breaking bulk or **change in the mode of transport**, is only a portion of a complete journey beginning and terminating beyond the frontier of one or more Contracting Parties across whose territory the traffic passes;

"Means of transport" means **road vehicles, railway rolling stock, sea and inland waterways craft and aircraft**;

(AFAFGIT, 1998, Part I, Article 3 – Definitions (a) and (c))

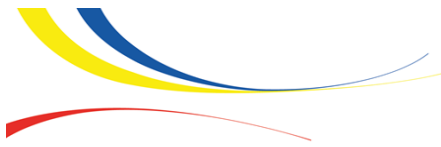
The first two AFAFGIT parts are referring to transit transport and means of transport in general, thus following the definitions given, the provisions from those parts are applicable for all transport modes including multimodal transport.²³ The related Protocol 1 (Designation of Transit Transport Routes and Facilities) presently specifies only road or highway transit transport routes, however the AFAFGIT already provides a legal base for amending and expanding the Protocol 1 with other transport routes relevant for other modes of transport and multimodal transport.

²⁰ Viet Nam Decree on Multimodal Transport (No. 87/2009/ND-CP 19 October 2009) Art.3 - Customs procedures

²¹ Thailand Multimodal Transport Act, B.E. 2548 (Sec. 4 and Sec. 23) and Brunei Darussalam Multimodal Transport Order (Sec.4 and Sec.23)

²² AFAFGIT Part I Article 3 – Definitions (a) and (c)

²³ AFAFGIT Part I – General Provisions and Part II Designation of Transit Transport Routes (Articles 1-7)



The Protocol 2 (Designation of Frontier posts) refers to the general term “means of transport” and already designated frontier posts include some seaports (e.g. Sihanouk International Port in Cambodia). Based on the designated routes, the Protocol 2 could be expanded with other seaports, riverports, airports according to the needs of multimodal transport community. Draft recommended amendments of Protocol 1 and Protocol 2 could be developed as a follow-up activity of this Study.

Entire part of AFAFGIT with eight articles and three of the protocols are dedicated to road transport.²⁴ Only one article and one protocol touches limited aspects of railway transport.²⁵ While inland water transport, maritime transport and air transport, other than in the general definition are not specifically addressed at all.

The Customs provisions in AFAFGIT are not related to any particular mode of transport, therefore taking into consideration the general definitions, we can conclude that the AFAFGIT Customs provisions are applicable for all modes of transport (including multimodal transport). The AFAFGIT Customs provisions stipulate compliance with the laws and regulations which the Customs authorities are responsible for enforcing (e.g. national AMS Customs legislation), however an agreement is also reached to be guided, whenever possible by the standards and recommended practices of WCO RKC Annex E1 concerning Customs transit.²⁶ The details on ASEAN Customs transit system established under AFAFGIT are specified in Protocol 7.

The AFAFGIT Protocol 7 on Customs Transit System provides a legal framework for introduction and implementation of ASEAN Customs Transit System (ACTS). The body of the Protocol 7 refers to transit transport and means of transport in general, thus following the AFAFGIT definitions, the provisions from the body of the Protocol 7 are applicable for all transport modes including multimodal transport.²⁷ The Technical Annex of the Protocol 7 (ASEAN Customs Transit Rules and Procedures) currently has several references to “road vehicles” that could be interpreted in more restrictive manner and potentially limit the application of ACTS to road transport only. In order to make the ACTS fully applicable for multimodal transport some clarifications and potential amendments should be considered. It should be noted that amendments of the Technical Annex are not subject to AMS ratifications and only approval of the ASEAN Directors-General of Customs is needed.²⁸

The existing provisions of the Technical Annex of Protocol 7 often make a reference to “road vehicle,” “trailer,” “semi-trailer” and “container”. Such references do not exclude a container / trailer/ semi-trailer / road vehicle that are loaded on other mode of transport (e.g. sea, inland water, railway). That should lead us to a conclusion that even in the cases where road vehicles are specifically mentioned, such provisions from the Technical Annex of Protocol 7 could still be

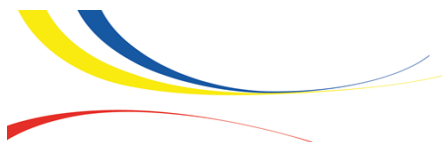
²⁴ AFAFGIT Part III – General Conditions for Road Transport (Articles 8 – 15) and Protocols 3, 4 and 5

²⁵ AFAFGIT Part IV – General Conditions for Rail Transport (Article 16) and Protocol 6

²⁶ AFAFGIT, Part V, Article 17 - Harmonization and Simplification of Customs Procedures

²⁷ AFAFGIT, Protocol 7 – Customs Transit System (Articles 1 – 12)

²⁸ AFAFGIT, Protocol 7 – Customs Transit System, Article 10(3)



applicable for all modes of transport.²⁹ However in order to further clarify this issue and to avoid any different interpretations we suggest to consider making amendments of Technical Annex and where necessary to use the general term “means of transport” and/or “container”.

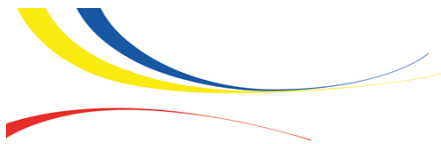
The Article 22 of the Technical Annex of Protocol 7 that refers to means of transport and declaration, presently has most restrictive provisions. This article describes the term “single means of transport” and stipulates that each Customs transit declaration shall include only the goods to be loaded on a single means of transport. The way how the single means of transport is currently defined, restricts the use of ACTS in particular with regard to containers in other modes of transport other than road transport.

According to the Article 22 (2) of the Technical Annex a single means of transport includes containers loaded on a road vehicle accompanied by its trailer(s) or semi-trailer(s). This article allows for example, two containers that are loaded on a road vehicle to be covered with one ACTS Customs transit declaration. As previously stated, this provision does not exclude the possibility for the road vehicle to be loaded on other mode of transport (e.g. sea, inland water, rail). Therefore, present provisions of the ACTS are sufficient for implementation of multimodal transport, but only in the case of accompanied Ro-Ro transport (e.g. road/sea, road/inland water or road/rail). The ACTS currently is not applicable in a case of unaccompanied Ro-Ro transport (e.g. containers loaded on trailer / semi-trailer not accompanied with road vehicle that that is loaded on sea, inland waterways craft or railway rolling stock). The ACTS is also currently not applicable for containers in Lo-Lo multimodal transport. Therefore, we suggest considering amendments of the Article 22 of the Technical Annex in order to expand the options for multimodal transport. Draft recommendation for amended Article 22 could be developed as a follow-up activity of this Study.

Table 8: AFAFGIT and multimodal transport (legal base)

Type of multimodal transport		Applicable Legal base	Minimum needed amendments
Road/Sea/Road (Ro-Ro accompanied)		✓	Protocol 1 & 2
Road/River/Road (Ro-Ro accompanied)		✓	Protocol 1 & 2
Road/Sea/Road (Ro-Ro unaccompanied)		✗	Protocol 1 & 2 Protocol 7, TA – Art. 22
Road/River/Road (Ro-Ro unaccompanied)		✗	Protocol 1 & 2 Protocol 7, TA – Art. 22
Road (Rail)/Sea/(Rail)Road (Lo-Lo)		✗	Protocol 1 & 2 Protocol 7, TA – Art. 22
Road (Rail)/River/(Rail)Road (Lo-Lo)		✗	Protocol 1 & 2 Protocol 7, TA – Art. 22
Road/Rail/Road (Ro-Ro accompanied)		✓	Protocol 1 & 2 Protocol 7, TA – Art. 22
Road/Rail/Road (Ro-Ro unaccompanied)		✗	Protocol 1 & 2 Protocol 7, TA – Art. 22
Road/Rail/Road (Lo-Lo)		✗	Protocol 1 & 2 Protocol 7, TA – Art. 22

²⁹ TA of Protocol 7: Art.13(3) - Liability of guarantor; Art.22 - Means of transport and Declaration; Art.25 - Procedures at the Customs office of departure; and Art.38 - Vehicles and Containers for the Purposes of Transit Operation.



In addition to the changes regarding containers, the amendments in the Article 22 should include goods in packages under the Customs transit. For example, that will enable multimodal transport operations under Customs transit that include air transport. The understanding of the term “single means of transport” could be expanded with a set of coupled railway rolling stock (carriages or wagons) and boats (sea, inland waterways crafts) constituting a single chain.

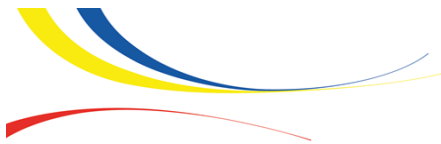
Consolidation and deconsolidation of consignments loaded on a single means of transport, from several consignors in more than one Customs office of departure to several consignees in more than one Customs office of destination is one of the services that multimodal transport operators offer. Article 22(3) provides for a single means of transport to be used for loading goods at more than one Customs office of departure and for unloading at more than one Customs office of destination. The option to have multiple consignments in the same means of transport was not operationalized yet for the pilot implementation of the ACTS. Legal strengthening and/or clarification (e.g. under a procedural guidance) should be considered, to specify that in a case of multiple consignments in the same means of transport, it is necessary to submit multiple Customs transit declarations in ACTS. Each transit declaration should include only the goods placed under the Customs transit procedure to be moved from one Customs office of departure to one Customs office of destination.

Specific procedural guidance for implementation of ACTS in a case of multimodal transport has to be developed on ASEAN level and agreed between AMS Customs authorities. Some of the specifics that have to be highlighted include:

- a) The multimodal transport operator (MTO) acts as a Principal who places goods under the ACTS procedure, even where this is done by an authorised representative;³⁰
- b) The rights and responsibilities of the MTO registered as a Principal include:³¹
 - making a Customs transit declaration in ACTS;
 - furnishing a guarantee to ensure payment of Customs debt which may be incurred in respect of the goods placed under the ACTS procedure;
 - immediately report the occurrence on any incidents en-route to the Customs;
 - present the goods intact with the necessary documents, at the Customs office of destination, (unless a simplification for authorized consignee is granted);
 - present (upon request) to the Customs the multimodal transport document and other documents / information relevant to the transit operation;
 - pay any Customs debt which may become due as a result of an irregularity occurring before the termination of the transit operation;
 - observe other provisions relating to the ACTS (e.g. simplified procedures, fall back procedures, enquiry procedures).

³⁰ Protocol 7 Article 1 (m)

³¹ Protocol 7 Articles 4, 5 and 6 and TA Article 2

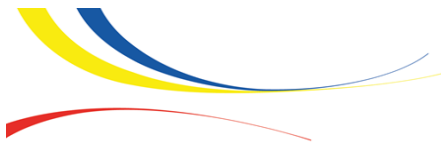


- c) When other carriers are involved in multimodal transport operation under ACTS, the MTO should make available to the Customs an information about participating carriers, locations for transfer (e.g. ports), and the sections of transport and where the carriers assume their responsibilities to perform their part of the carriage;
- d) The carriers involved in multimodal operation who accept the goods with knowledge that such goods are being transported under the ACTS procedure shall also be liable for the payment of any Customs debt which may become due as a result of an irregularity occurring before the termination of the transit operation;³²
- e) For multimodal transport operations under ACTS (regardless if carriers other than MTO are involved or not), the MTO has to organize the transfer from one means of transport to another in different modes of transport at designated locations under Customs supervision (unless simplification to the MTO as Authorized Transit Trader (ATT) is granted). At such designated transfer locations, the transport accompanied document (TAD) has to be transferred from one carrier to another. The MTO should coordinate transfer activities with the Customs office responsible for supervision of designated transfer locations (Customs office of transfer);
- f) In a case of multimodal transport under single multimodal transport document, where a section of the carriage takes part in maritime transport in international waters (out of jurisdiction of Customs authorities), the ACTS procedure may be suspended by the exit Customs office of transfer in one AMS and resumed at entry Customs office of transfer in another AMS, provided that the goods are presented intact at the entry port.

Existing ACTS Customs Transit Manual and other procedural guidance for implementation of ACTS should be amended and expanded to include multimodal transport.

Additional legislative changes could be initiated with regard to simplification for the ACTS transit procedure based on an electronic (paperless) transport document (including electronic multimodal transport document) as a Customs transit declaration. Presently there is relatively widespread fully electronic transport documents only in air transport (e.g. e-AWB) while in other modes of transport (including multimodal transport) the transport documents are still dominantly paper-based. Even though the endeavour for simplification based on electronic (paperless) transport documents could be considered as long-term goal for actual implementation, such legislative change can clearly set a direction for further development. Draft recommendation on additional provisions in the Technical Annex of the Protocol 7 regarding simplification of ACTS transit procedure based on electronic (paperless) transport documents could be developed as a follow-up activity of this Study.

³² Protocol 7 Technical Annex Article 2(3)



The provisions in AFAFGIT (and related Protocols), and procedural manuals/guidance with amendments suggested, could provide a comprehensive legal base for Customs transit applicable for all modes of transport, including multimodal transport.

Customs legal framework (national AMS regulation)

The ACTS and Protocol 7 is fully compatible with the standards and recommended practices of WCO RKC Annex E1 concerning Customs transit. The AMS acknowledged their intention to ensure that the Provisions of Protocol 7 are effectively and harmoniously applied.³³ In that direction the AMS are developing national regulations/instructions for implementation of ACTS and Protocol 7.³⁴ The participating AMS have been urged to develop such national ACTS regulations/instructions in full compliance with AFAFGIT, Protocol 7 and ARISE Plus guidelines.

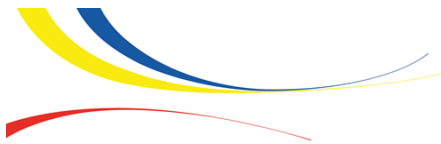
The level of harmonization of national ACTS regulations/instructions should be analysed (potentially supported by the EU) and any nationally imposed additional requirements and/or restrictions should be identified and addressed accordingly.

As indicated by the private sector and participating AMS Customs authorities in some of the AMS there are several nationally imposed restrictions (e.g. by AMS transport and/or Customs authorities). The restrictions on ACTS implementation could make the ACTS system less attractive and potentially jeopardize the full-scale implementation of ACTS. Such restrictions include:

- Requirements to have at least three countries involved in ACTS, even though such international transit transport movements are rare in practice and majority of international transport movements include Customs transit with only two countries involved. Therefore, it is suggested to consider permitting two-country Customs transit under ACTS;
- Limitations to implement ACTS for outward transit movement in the country of departure and inward transit movement in the country or destination (see Figure 12 above) with requirements to start/end Customs transit operations at the border checkpoint only. With such limitation imposed on national level it is necessary to clear the goods at the border Customs office or to have an additional national Customs transit operation in the country of departure / destination. It is suggested to consider eliminating the restrictions for using ACTS outward/inward transit movement between the border Customs offices and inland Customs offices);
- Limitation to use simplification for authorized transit traders (ATT) (e.g. authorized consignor and authorized consignee) due to lack of national legal framework / practice for similar simplifications in export/import (e.g. under AEO schemes). The AMS are strongly encouraged to develop, strengthen and intensify implementation of compatible AEO export/import simplifications, in order to be able to implement ATT simplifications;

³³ AFAFGIT, Protocol 7, Article 11

³⁴ Currently (as of March 2020), most of the AMS have not finalized their national ACTS regulations/instructions. Official translation in English language of (draft) national ACTS regulations/instructions are not available.



- Burdening the Customs transit if the goods are restricted for import, with requirements for compulsory production of supporting documents as a condition to use ACTS (e.g. import restrictions are treated as transit restrictions). It is suggested to consider making distinction between transit and import restrictions and requiring supporting documents only when necessary for the goods with transit restrictions).

In accordance with AFAFGIT provisions the AMS should endeavour to harmonize and simplify their rules, regulations and administrative procedures relating to transit transport in accordance with the provisions of AFAFGIT including Protocol 7 with and Technical Appendix which form an integral part of the AFAGIT.³⁵

It appears that currently the AMS are treating ACTS only as an auxiliary and voluntary Customs transit system that is for exclusive use under AFAFGIT. The national Customs transit provisions under national AMS Customs legislation and various bilateral arrangements remain largely unharmonized. Presently there are no clear ASEAN level strategy and political commitment which express intention to harmonize the national AMS Customs transit provisions under national and bilateral arrangements in future.

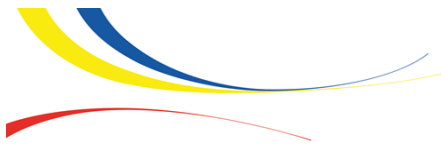
The environment of fragmented national AMS Customs transit procedures are disrupting international transport flows because major interactions with Customs authorities are needed at border crossing offices (and transfer locations for multimodal transport). Irrespective of the ACTS advantages (as a solution for seamless flow of transport with minimal interruption at border crossing offices), the ACTS benefits cannot be fully harnessed if there is no high level of legal harmonization between national AMS Customs transit procedures and the ACTS. Without harmonization between national AMS Customs transit procedures and ACTS significant challenges will remain in development, maintenance and implementation of the diverse Customs transit systems.³⁶

In order to proceed with harmonization of national AMS Customs transit procedures and ACTS several preconditions have to be fulfilled:

- To have clearly articulated strategy and political support (e.g. ASEAN level declaration on harmonization of national AMS Customs transit provisions on ASEAN level with a roadmap and steps to be taken, that will ultimately result in fully harmonized Customs transit environment e.g. by 2030);
- To conduct detailed gap analysis to identify discrepancies between national AMS Customs transit legislation and WCO RKC Annex E1 on Customs transit and Protocol 7;

³⁵ AFAFGIT, Part VI, Article 24 – Domestic Legislation

³⁶ E.g. GMS CBTA, TIR system could be considered as well in addition to national AMS Customs transit systems and ACTS



- To develop and adopt amendments of national AMS Customs transit legislation/instructions that provide harmonization with WCO RKC Annex E1 on Customs transit and Protocol 7 as far as possible.

The process for harmonization of national AMS Customs transit procedures and ACTS has to be coordinated on ASEAN level (and potentially it could be supported by the EU). The national AMS Customs legislation relevant for Customs transit is listed in Annex 2 of this study.

If we analyse only the definition and general understanding of the term “Customs transit” we can see significant discrepancies on national AMS Customs legislation level. The national AMS definitions and understanding of the term Customs transit are listed in Annex 3 of this study.

The national Customs legislation of six out of ten AMS stipulates relevant definitions (e.g. on “Customs transit”, “transit”, “in transit”, “Customs transit operation”).³⁷ In some the AMS the national definitions relevant to Customs transit are harmonized to some extent with the WCO RKC (Annex E1) definition.³⁸ However, some of the AMS definitions have specific variations and some have limited scope that excludes movement from/to inland Customs offices. Some AMS have defined specific categories of transit (e.g. national, international, regional transit). Some of the AMS use the term “transit” in their national Customs legislation without formal definition. There are examples of national AMS Customs legislations with references to “transportation of goods” and “movement of goods” under Customs declaration. In one of the AMS, it appears that there are no specific transit (transportation/movement) provisions in the national Customs laws.

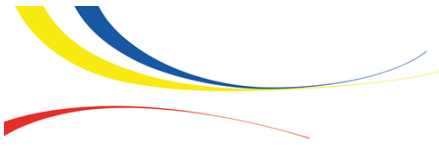
The diversity of fundamental understanding of the term Customs transit on national level could burden implementation of ACTS because the concept could be interpreted differently in different AMS. Potential harmonization of national AMS Customs transit procedures with ACTS should include not only the definition and the scope of Customs transit, but the processes related, Customs transit declaration, security for Customs debt, simplified procedures and other key characteristics. With the main legal framework on Customs transit harmonized on ASEAN level, it will be still possible to include some specifics which are relevant only on national AMS level (e.g. specific AMS restrictions, specific (additional) data elements to be included in harmonized Customs transit declaration etc).

For the multimodal transport, it is important to have national AMS provisions that include transfer of goods from one means of transport to another in different modes of transport during Customs transit. Presently, the AMS national provisions on transfer of goods are not harmonized as well.

Legal harmonization of national AMS Customs transit procedures and ACTS could enable development of uniform set of rules and one common IT platform (e.g. based on ACTS) that could substantially facilitate implementation of Customs transit procedures on ASEAN level (regardless if it is a Customs transit under AFAFGIT, bilateral arrangements or national legislation).

³⁷ Brunei Darussalam, Cambodia, Malaysia, Philippines, Singapore and Thailand

³⁸ WCO RKC (Annex E1) definition recognizes “Customs transit” as Customs procedure under which goods are transported under Customs control from one Customs office to another.



Scenarios for multimodal transport under ACTS

Various scenarios of multimodal transport could be organized under ACTS. As we discussed in the Chapter 2 of this study, a vast majority of international freight in ASEAN is organized by sea transport (estimated at 80-85%), which is expected to be reflected in multimodal transport as well. Therefore, the scenarios for multimodal transport that include sea transport (e.g. road/sea/road) should be considered of highest priority. The inland water transport has important share in ASEAN international freight transport (estimated at 6-7%) that gives us a reason to consider the scenarios for multimodal transport that include river transport as well (e.g. road/sea/river/road) (see part A below).

Even though the rail and air transport in ASEAN currently contribute with much smaller shares in ASEAN international freight transport (estimated at 1% or less) we have argued that accelerated growth for those modes of transport could be expected in future (e.g. with operationalization of Singapore-Kunming Rail Link (SKRL) and more sustainable solutions provided by railway transport; as well as continuously increased volumes of small/high value shipments and e-commerce with regard to air transport). Therefore, we suggest to also consider possible scenarios for multimodal transport that include railway transport (e.g. road/rail(/sea)/road) (see part B below) or air transport (e.g. road/sea/road/air/road) (see part C below).

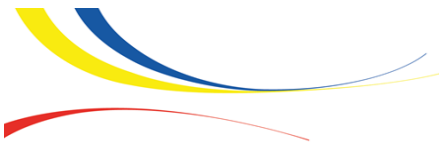
We should acknowledge that the scenarios presented in this study serve only as an example, and other options in organization of multimodal transport are possible as well. For example, maritime transport sections may include transshipment from one vessel to another (organized at seaports), however such options are not elaborated in the scenarios presented below since their impact on implementation of ACTS will be minimal.

The procedure for organization of multimodal transport under ACTS has some common steps which are applicable for all scenarios presented below. That includes procedural steps before starting the ACTS Customs transit operations, and formalities at departure/ transit/ transfer/ destination Customs offices (and authorized locations for simplified procedures if applicable). As discussed above the Customs legal framework (AFAFGIT/Protocol 7/national AMS) should enable implementation of all potential scenarios.

The ACTS Common procedural steps applicable for all scenarios presented include:

Before starting the ACTS Customs transit operations:

- The MTO registers as a Principal with ACTS,
- The MTO obtains a guarantee (and optionally: The Customs authorizes reduced guarantee reference amounts 50%, 25%, or guarantee waiver – guarantee not needed),
- Optionally the MTO and/or the consignor(s)/consignee(s) are authorized by Customs as ATT (AEOs) (for exemption from the presentation of goods at Customs office(s) of Departure/Transit/Transfer/Destination and use of approved special seals of the Principal instead of Customs seals).



At Departure

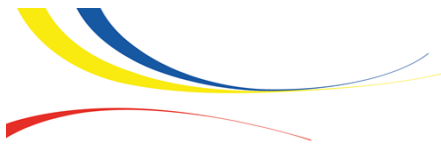
- The MTO initiates the transit operation and takes the responsibility for following the ACTS transit procedure to completion with submission of an electronic Customs transit declaration using ACTS to the Customs office of departure (including guarantee – if there is no guarantee waiver);
- The MTO prepares to start the Customs transit operation:
 - at the authorized locations directly at the premises of the Trader / Exporter / Consignor (if the Trader/Exporter/Consignor is authorized as ATT), or
 - at the authorized locations directly at the MTO premises (e.g. warehouse, container freight station (CFS), container yard (CY) (if the MTO is authorized as ATT), or
 - by presenting the goods to the Customs office departure (if there is no ATT);
- Customs release the goods into Customs transit procedure:
 - directly at the premises of ATT (authorized consignor), automatically after expiry of the time limit which allows Customs to indicate an intention to carry out checks. The ATT prints the Transit Accompanying Document (TAD) and affixes approved special seals no later than when the goods are released into Customs transit, or
 - at the Customs office of departure, the Customs provides the TAD and affixes Customs seals upon any decision to carry out documentary/physical checks before the goods are released into Customs transit (if there is no ATT).

At Transit/Transfer

- The Transit Accompanying Document (TAD) and the goods, with the security seals intact, are presented to the Customs offices of transit/transfer.
- At designated location for transfer (which is not a border crossing checkpoint/port) the ATT could be exempted from obligation to present the TAD/goods to the Customs office of transfer. The ATT shall electronically inform the Customs office of transfer about the transfer at designated transfer location. After expiry of the time limit which allows Customs to indicate an intention to carry out checks the ATT will automatically receive an electronic permission to continue with the journey under ACTS Customs transit procedure.

At Destination

- The Customs transit operation shall be deemed to have ended when the TAD together with the intact goods (security seals), have been:
 - delivered directly at the premises of ATT (authorized consignee). The ATT should immediately inform the Customs about any irregularities (e.g. broken seals) and before unloading the ATT shall electronically inform the Customs office of destination about arrival. After expiry of the time limit which allows Customs to indicate an intention to carry out checks the ATT will automatically receive an electronic permission to unload the goods. The ATT shall electronically inform the Customs about unloading remarks and immediately report any excess quantities, deficits, substitutions or other irregularities, or



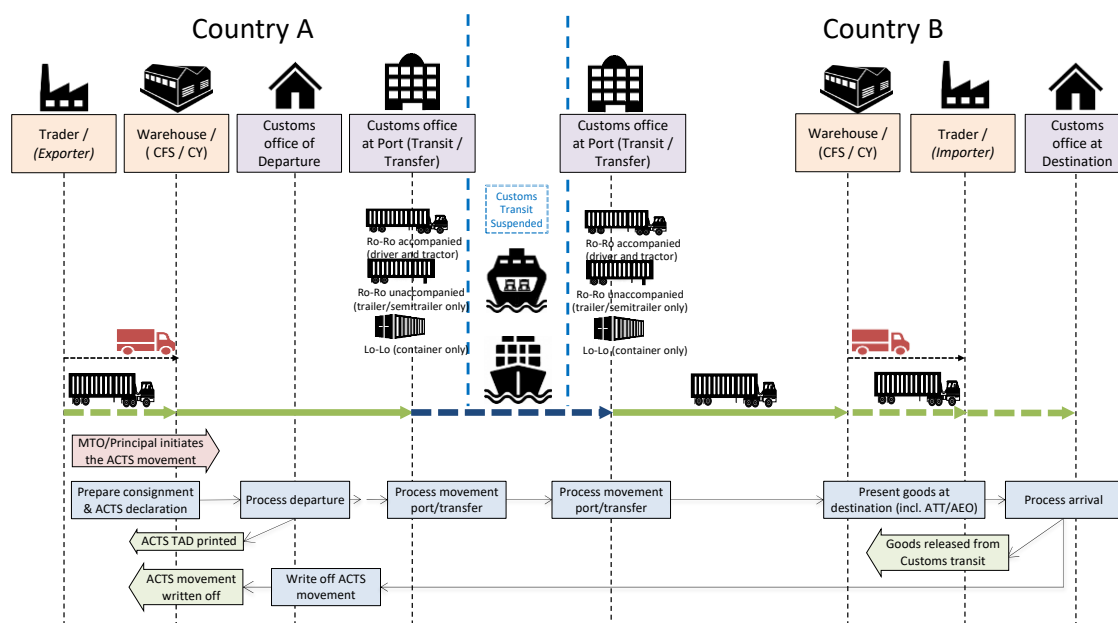
- presented for verification at the Customs office of destination (if there is no ATT).

When the goods in Customs transit procedure have been safely received at destination, the amount of the guarantee held can be released to the Principal; (or if discrepancies were found, or the goods were not delivered; the Principal remains primarily responsible until enquiries resolve any resulting issues).

A. Road / Sea (/Inland Water) / Road Scenarios

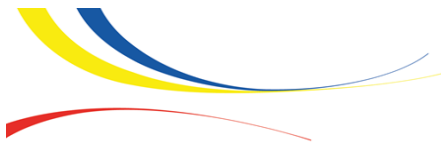
The road/sea/road scenario for multimodal transport under ACTS could be organized in several variations and some of them as presented below. In order to enable a movement in two countries only (see A.1 scenario below) the AMS have to agree that such option is possible. The road/sea/road could involve three countries as well (see A.2 scenario below) if one of the road sections is spread over two countries. Transfer from road to sea means of transport and vice versa could be organized as: a) accompanied Ro-Ro with the driver and the prime mover, b) unaccompanied Ro-Ro for the trailers/semitrailers only or c) Lo-Lo for containers only. The road/sea/road scenario could be expended with other modes of transport e.g. inland water (see A.3 scenario below).

Figure 15: Scenario A.1 - Road / Sea / Road (2 - countries) (Ro-Ro / Lo-Lo)



The road/sea/road scenario in which the goods are moving in ACTS Customs transit in two countries consists of following steps:

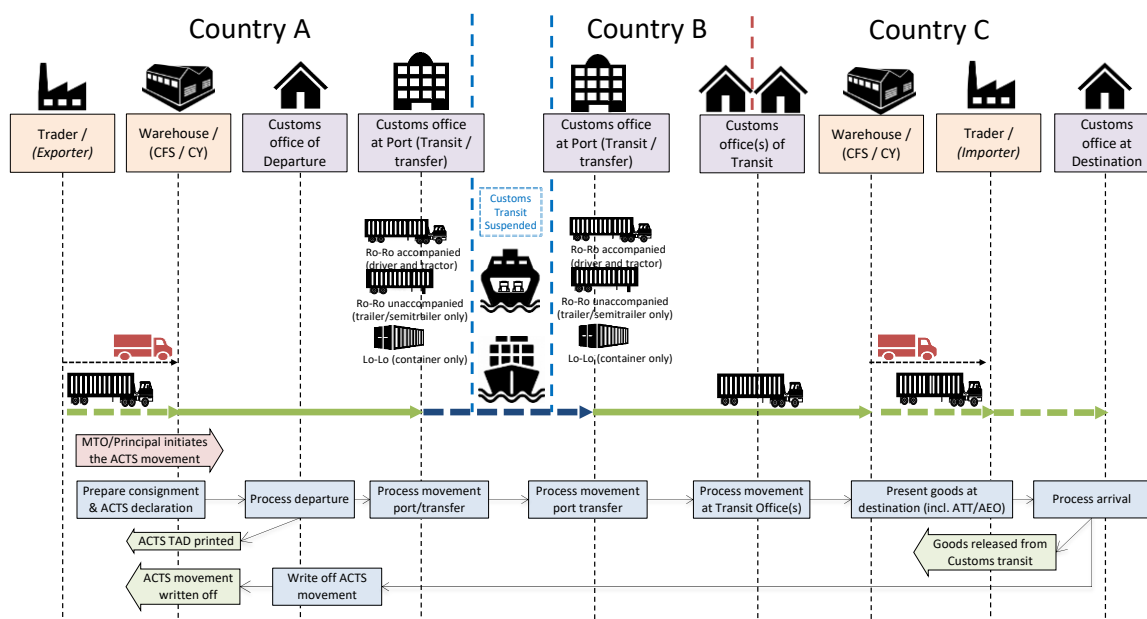
- The MTO (registered as Principal, optionally ATT) initiates the ACTS transit operation by preparing the consignment and the ACTS declaration (road/sea/road details included);
- The MTO prepares to start ACTS movement directly at authorized locations (if ATT - authorized consignor status is granted) or presents the goods at Customs office of departure (if there is no ATT);



- Customs office of departure releases the goods into Customs transit procedure directly at authorized locations (TAD printed/seals affixed by ATT) (if ATT - authorized consignor status is granted) or at Customs office of departure where the goods are presented (TAD printed/seals affixed by ATT) (if there is no ATT);
- With release into Customs transit an electronic information is automatically sent by ACTS to each office of transit/transfer that includes information about intended road/sea and sea/road transfer, as well as to the office destination;
- The goods move under ACTS Customs transit in road transport section to the exit seaport;
- TAD and goods (seals) intact are presented at the Customs office of transit/transfer at seaport;
- Transfer from road to sea means of transport (possible options accompanied Ro-Ro, unaccompanied Ro-Ro or Lo-Lo); (Note: Electronic information about intended transfer is available in advance in ACTS. In general, Customs office of transit/transfer allows transfer without authorization or any additional documents if the seals are not broken);
- The Customs at the exit seaport may require an exit summary declaration (manifest) to be submitted by the shipping company (presently such functionality is not supported by ACTS);
- Customs transit is suspended for the sea transport section and it could resume at the entry seaport, provided that the seals are intact;
- The Customs office at the entry seaport may require an entry summary declaration (manifest) to be submitted by the shipping company (presently such functionality is not supported by ACTS);
- Transfer from sea to road means of transport (possible options accompanied Ro-Ro, unaccompanied Ro-Ro or Lo-Lo as above) (Note: Electronic information about intended transfer is available in advance in ACTS. In general, the Customs office of transit/transfer allows transfer without authorization or any additional documents if the seals are not broken);
- AGVCBP is needed for accompanied Ro-Ro (Note that AGVCBP is not needed for unaccompanied Ro-Ro or Lo-Lo, if the office of transfer and the office of destination are in the same country);
- TAD and goods (seals) intact are presented at the Customs office of transit/transfer at seaport;
- The goods move under ACTS Customs transit in road transport section from the entry seaport directly to the authorized location(s) (if ATT - authorized consignee status is granted) or to be presented at Customs office of destination (if there is no ATT);
- The Customs transit operation ends when the TAD / intact goods (seals) are delivered at authorized location(s) (if ATT - authorized consignee status is granted) or presented at Customs office of destination (if there is no ATT);
- For the goods released from Customs transit appropriate import clearance is initiated (optionally with AEO simplification) (out of the ACTS scope);
- The ACTS movement is written off (discharged) and the guarantee is released.



Figure 16: Scenario A.2 - Road / Sea / Road (3 - countries) (Ro-Ro / Lo-Lo)



For the road/sea/road scenario to be implemented in three countries, one of the road sections is has to spread over two countries (e.g. B and C as presented in the figure 16 above). In this case most of the steps are identical as presented for the scenario A.1 earlier above. Additional steps and differences include:

- AGVCCBP is always needed for the road section that spreads over two countries (regardless of transfer options - accompanied Ro-Ro, unaccompanied Ro-Ro or Lo-Lo);
- The goods move under ACTS Customs transit in road transport section from the entry seaport directly to the exit Customs office of transit (e.g. in country B);
- At land border crossing in road transport (e.g. between country B and C as presented above):
 - The TAD and the goods (seals) intact are presented at the exit Customs office of transit in Country B, and
 - The TAD and the goods (seals) intact are presented at the entry Customs office of transit in Country C;
- The goods move under ACTS Customs transit in road transport section from the entry Customs office of transit directly to the authorized location(s) (if ATT - authorized consignee status is granted) or to be presented at Customs office of destination (if there is no ATT) (in Country C).

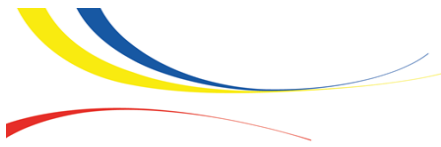
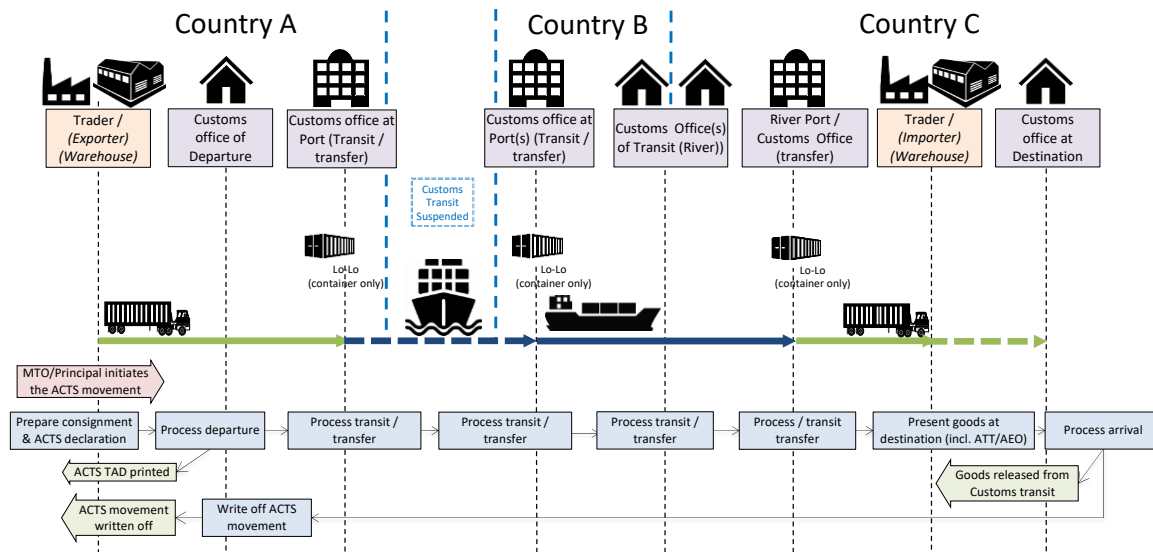
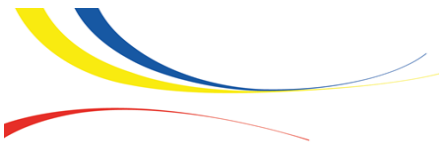


Figure 17: Scenario A.3 - Road / Sea / River / Road (3 - countries) (Lo-Lo)



If additional inland water transport section is added between road and sea sections, a road/sea/river/road scenario could be implemented. For this case it is more likely to have Lo-Lo transfer (or potentially unaccompanied Ro-Ro). The steps in departure country (e.g. country A) are identical as presented for the scenario A.1. The remaining steps (in countries B and C) include:

- The Customs office at the entry seaport (at country B) may require an entry summary declaration (manifest) to be submitted by the shipping company (presently such functionality is not supported by ACTS);
- Transfer/transhipment from sea to river transport (Note: Electronic information about intended transfer is available in advance in ACTS. In general, the Customs office of transit/transfer allows transfer without authorization or additional documents if the seals are not broken);
- The goods move under ACTS Customs transit in river transport section from the port of transfer/transhipment (e.g. at country B), via exit/entry river Customs offices of transit (e.g. at country B and C if any), to the entry riverport (e.g. in country C);
- The Customs office at the entry riverport (at country C) may require an entry summary declaration (manifest) to be submitted by the shipping company (presently such functionality is not supported by ACTS);
- Transfer from river to road means of transport (Note: Electronic information about intended transfer is available in advance in ACTS. In general, the Customs office of transit/transfer allows transfer without authorization or additional documents if the seals are not broken);
- TAD and goods (seals) intact are presented at the Customs office of transit/transfer at riverport;

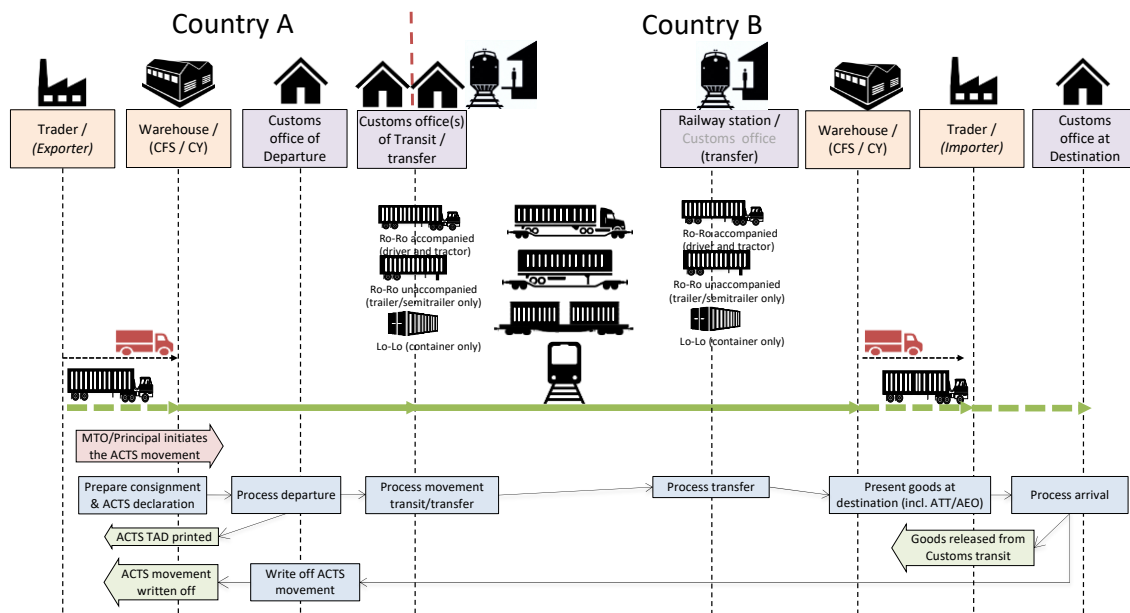


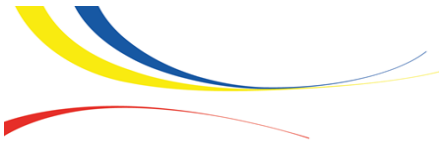
- The goods move under ACTS Customs transit in road transport section from the entry riverport directly to the authorized location(s) (if ATT - authorized consignee status is granted) or to be presented at Customs office of destination (if there is no ATT);
- The Customs transit operation ends when the TAD / intact goods (seals) are delivered at authorized location(s) (if ATT - authorized consignee status is granted) or presented at Customs office of destination (if there is no ATT);
- For the goods released from Customs transit appropriate import clearance is initiated (optionally with AEO simplification) (out of the ACTS scope);
- The ACTS movement is written off (discharged) and the guarantee is released.

B. Road / Rail (/Sea) / Road Scenarios

Multimodal transport with a railway transport section included could be organized under ACTS in several variations and some of them as presented below. The road/rail/road scenario may include movement in two countries (see B.1 scenario below) (Note: that the AMS have to acknowledge the possibility for using the ACTS for two countries only). The road/rail/road scenario could involve three countries as well if the rail or road sections are spread over two countries. It is also possible to have railway section in a multimodal transport that includes sea transport e.g. road/rail/sea/road scenario (see B.2 scenario below) or other similar variations.

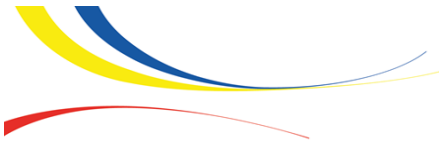
Figure 18: Scenario B.1 - Road / Rail / Road (2 - countries) (Ro-Ro / Lo-Lo)





The road/rail/road scenario in which the goods are moving in ACTS Customs transit in two countries consists of following steps:

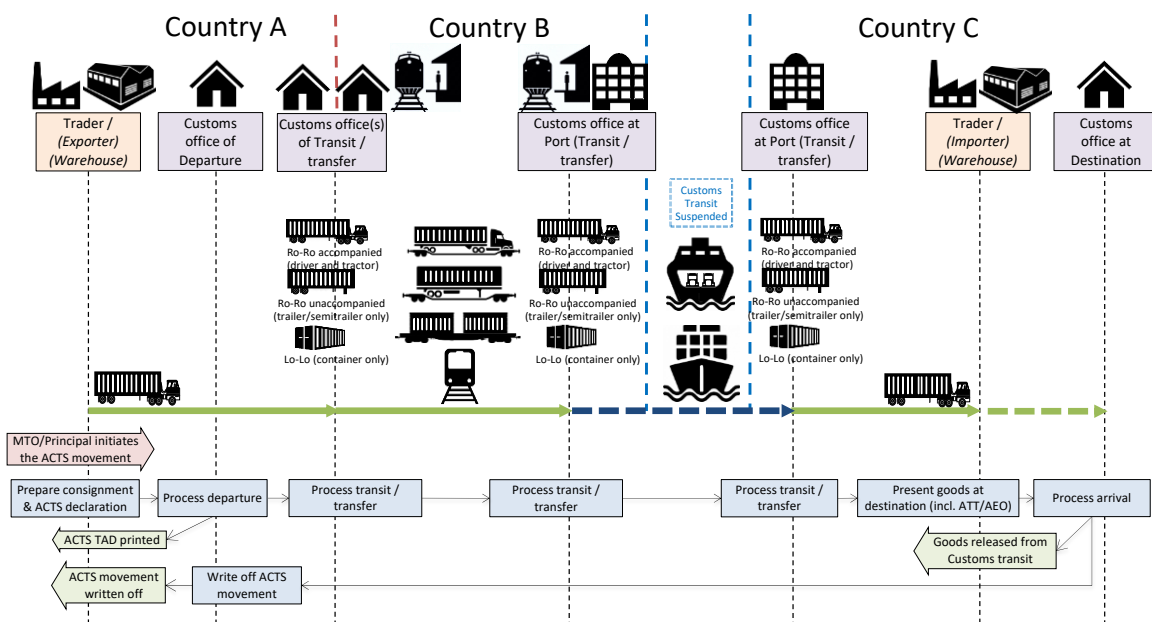
- The MTO (registered as Principal, optionally ATT) initiates the ACTS transit operation by preparing the consignment and the ACTS declaration (road/rail/road details included);
- The MTO prepares to start ACTS movement directly at authorized locations (if ATT - authorized consignor status is granted) or presents the goods at Customs office of departure (if there is no ATT);
- Customs office of departure releases the goods into Customs transit procedure directly at authorized locations (TAD printed/seals affixed by ATT) (if ATT - authorized consignor status is granted) or at Customs office of departure where the goods are presented (TAD printed/seals affixed by ATT) (if there is no ATT);
- With release into Customs transit an electronic information is automatically sent by ACTS to each office of transit/transfer that includes information about intended road/rail and rail/road transfer, as well as to the office destination;
- The goods move under ACTS Customs transit in road transport section to the exit Customs office of transit/transfer at the land (railway) border crossing checkpoint (country A);
- TAD and goods (seals) intact are presented at the exit Customs office of transit/transfer at the land (railway) border crossing checkpoint;
- Transfer from road to rail means of transport (possible options accompanied Ro-Ro, unaccompanied Ro-Ro or Lo-Lo); (Note: Electronic information about intended transfer is available in advance in ACTS. In general, Customs office of transit/transfer allows transfer without authorization or any additional documents if the seals are not broken);
- The Customs at the exit land (railway) border crossing checkpoint may require an exit summary declaration (manifest) / list of wagons to be submitted by the railways (presently such functionality is not supported by ACTS);
- The goods cross the border and move under ACTS Customs transit in railway transport section to the entry Customs office of transit at the land (railway) border crossing checkpoint (country B);
- The Customs office at the entry land (railway) border crossing checkpoint may require an entry summary declaration (manifest) / list of wagons to be submitted by the railways (presently such functionality is not supported by ACTS);
- The goods move under ACTS Customs transit in railway transport section from the entry land (railway) border crossing checkpoint to the authorized inland railway station of transfer (If the MTO/railways are granted with ATT status, it is not necessary for the Customs office of transfer, to be directly located – at the inland railway station of transfer);

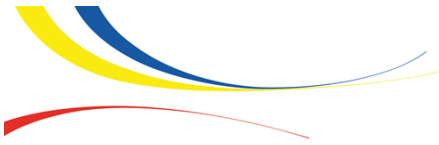


- Transfer from rail to road means of transport (possible options accompanied Ro-Ro, unaccompanied Ro-Ro or Lo-Lo as above) (Note: Electronic information about intended transfer is available in advance in ACTS. In general, the Customs office of transfer allows for the transfer to take place without authorization or any additional documents if the seals are not broken);
- The goods move under ACTS Customs transit in road transport section from the authorized inland railway station of transfer directly to the authorized location(s) (if ATT - authorized consignee status is granted) or to be presented at Customs office of destination (if there is no ATT);
- The Customs transit operation ends when the TAD / intact goods (seals) are delivered at authorized location(s) (if ATT - authorized consignee status is granted) or presented at Customs office of destination (if there is no ATT);
- For the goods released from Customs transit appropriate import clearance is initiated (optionally with AEO simplification) (out of the ACTS scope);
- The ACTS movement is written off (discharged) and the guarantee is released.

When the railway connectivity is provided at seaports it is possible to consider a road/rail/sea/road scenario (see B.2 scenario below). The steps in departure country (e.g. country A) are similar as presented for the scenario B.1 (with only difference that in this case the goods exit the Country A in road transport). The steps in destination country (e.g. country C) are identical as presented earlier for the scenario A1.

Figure 19: Scenario B.2 - Road / Rail / Sea / Road (3 - countries) (Ro-Ro / Lo-Lo)





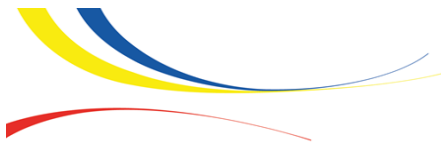
The remaining steps (in country B) include:

- The goods cross the border under ACTS Customs transit in road transport section at the entry Customs office of transit/transfer at the land border crossing checkpoint (country B);
- TAD and goods (seals) intact are presented at the Customs office of transit/transfer;
- Transfer from road to rail means of transport (possible options accompanied Ro-Ro, unaccompanied Ro-Ro or Lo-Lo); (Note: Electronic information about intended transfer is available in advance in ACTS. In general, Customs office of transit/transfer allows transfer without authorization or additional documents if the seals are not broken). The Customs office of transit/transfer may request a list of wagons to be submitted by the railways (presently such functionality not supported by ACTS);
- The goods move under ACTS Customs transit in railway transport section from the entry land border crossing checkpoint to the exit seaport;
- TAD and goods (seals) intact are presented at the Customs office of transit/transfer at seaport;
- Transfer from road to sea means of transport (possible options accompanied Ro-Ro, unaccompanied Ro-Ro or Lo-Lo); (Note: Electronic information about intended transfer is available in advance in ACTS. In general, Customs office of transit/transfer allows transfer without authorization or any additional documents if the seals are not broken);
- The Customs at the exit seaport may require an exit summary declaration (manifest) to be submitted by the shipping company (presently such functionality is not supported by ACTS);
- Customs transit is suspended for the sea transport section and it could resume at the entry seaport, provided that the seals are intact.

C. Road / Sea / Road / Air / Road

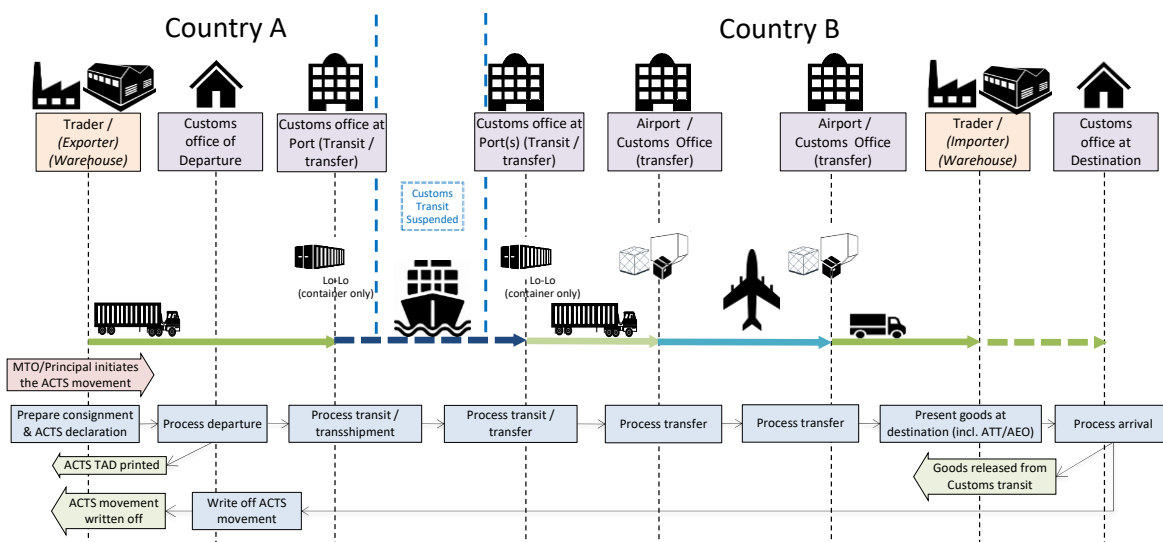
Multimodal transport with an air transport section included could be organized under ACTS in several variations. For example, a road/sea/road/air/road scenario may include movement in two countries only (see B.1 scenario below) or in three countries (e.g. if one of the road transport sections spreads over two countries). It is also possible to exclude sea transport sections or make other variations.

In our example the goods are moving in first two sections (road/sea/road) in intermodal ISO container sealed at departure (identical as presented for the scenario A.1 earlier above for Lo-Lo transport). The following air transport section of the multimodal transport covers the air freight transport between two airports in the same country (e.g. country B). The transfer at the airport of departure from road to air mode of transport is more complex since the ISO container should be unsealed for the packages to be loaded at the aircraft. Therefore, a Customs transit procedure in this scenario it is likely to happen, only if it is possible to keep minimal interactions with the Customs authorities of transfer at the airport of departure (and subsequently at the airport of destination).



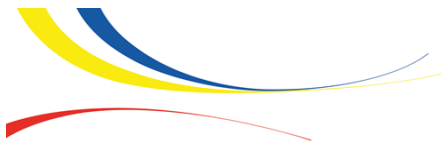
For example, minimal interaction with Customs authorities for the transfer at the airports could be possible only if the packages themselves are already sealed at the Customs office of departure (in country A) and the seals are identified in the Customs transit declaration (and/or TAD). And additionally, if the MTO / airlines are granted with ATT status. In this case the ATT status may enable the MTO / airlines to unseal the ISO container by themselves, load/unload the packages in the air transport section, subsequently load the packages for the last road transport section and use ATT approved special seals. The Customs authorities of transfer at the airport of departure could coordinate the transfer activities with the MTO only with electronic messages, and only in exceptional cases when it is deemed necessary Customs may decide to do physical checks (e.g. of the state of the seals already affixed on the packages). (Note that for such case the Article 22 of the Protocol 7 has to be amended in order to include packages).

C.1 Road / Sea / Road / Air / Road (2 - countries) (Lo-Lo)



The specific steps from arrival at the departure airport (in country B) include:

- Transfer from road to air means of transport at the airport of departure. (Note: Electronic information about intended transfer, number and identification of seals affixed on the packages is available in advance in ACTS. The MTO (with granted ATT status) electronically informs the Customs office of transfer about arrival of the goods and intention to unseal the ISO container. The MTO is automatically authorized to unseal the ISO container and load the packages for air transport after expiry of the time limit which allows Customs to indicate an intention to carry out checks if necessary.
- The goods move under ACTS Customs transit in air transport section from the departure airport to destination airport;
- Transfer from air to road means of transport at the airport of destination. (Note: Electronic information about intended transfer, number and identification of seals affixed on the packages is available in advance in ACTS.



The MTO (with granted ATT status) electronically informs the Customs office of transfer about arrival of the goods and intention to start the last section of road transport under ACTS.

- The MTO (with granted ATT status) is authorized unload already sealed packages from the aircraft, load the packages to road vehicle and use own ATT approved special seals. The ACTS Customs transit movement in last multimodal section could continue automatically after expiry of the time limit which allows Customs to indicate an intention to carry out checks if necessary.
- The goods move under ACTS Customs transit in road transport section from the airport of destination directly to the authorized location(s) (if ATT - authorized consignee status is granted) or to be presented at Customs office of destination (if there is no ATT);
- The Customs transit operation ends when the TAD / intact goods/packages (seals) are delivered at authorized location(s) (if ATT - authorized consignee status is granted). For the goods released from Customs transit appropriate import clearance is initiated (with AEO simplification) (out of the ACTS scope);
- The ACTS movement is written off (discharged) and the guarantee is released.

In Summary:

Customs transit is not necessarily related to any particular type of transport and in could be relevant for all types of transport (e.g. unimodal, combined, intermodal and multimodal).

The AFAMT and national AMS regulations on multimodal transport do not make any references regarding Customs transit.

The AFAFGIT provides general legal framework that could link multimodal transport and Customs transit, since the definition of “transit transport” includes change in the mode of transport and the definition of the “means of transport” incorporates road vehicles, railway rolling stock, sea and inland waterways craft and aircraft.

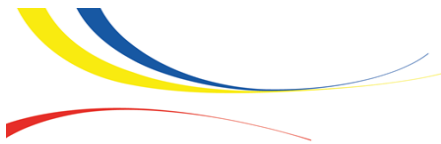
The AFAFGIT does not make any specific references to multimodal transport, however Protocol 1, Protocol 2 and Protocol 7 are general (not specific for road transport) and they could cover multimodal transit.

Amending of Protocol 1 and Protocol 2 is recommended by expanding the routes/designated frontier posts that are relevant for multimodal transport.

Existing legal framework provided by Protocol 7 is sufficient for implementation of multimodal transport only in the case of accompanied Ro-Ro transport (e.g. road/sea etc.)

Amending Article 22 of the Technical Annex of Protocol 7 is recommended to expand other options for multimodal transport (e.g. unaccompanied Ro-Ro, Lo-Lo, packages, etc.).

Specific procedural guidance for implementation of ACTS in a case of multimodal transport has to be developed on ASEAN level and agreed between AMS Customs authorities. The MTO acts as a Principal under ACTS with corresponding rights and responsibilities. The information on other



carriers involved in multimodal transport operations, locations for transfer and sections of transport where they assume their responsibilities, should be available as well.

The national AMS Customs regulations on Protocol 7 implementation have to be in full compliance with AFAFGIT, Protocol 7 and ARISE Plus guidelines (multimodal transport could be included).

Several nationally imposed restrictions by some AMS could make the ACTS system less attractive and potentially jeopardize the full-scale implementation of ACTS (e.g. requirement for 3 country ACTS transit (2 country transit is not allowed), ACTS processing at borders only (inward/outward transit to inland Customs not allowed), difficult implementation of simplifications for ATT/AEO, extensive requirements for production of paper based supporting documents.)

The national AMS Customs transit provisions remain largely unharmonized, thus fragmented national AMS Customs transit procedures are disrupting international transport flows. The ACTS benefits cannot be fully harnessed if there is no high level of legal harmonization between national AMS Customs transit procedures and the ACTS (ACTS could remain marginal).

Preconditions for harmonization of national AMS Customs transit procedures and ACTS:

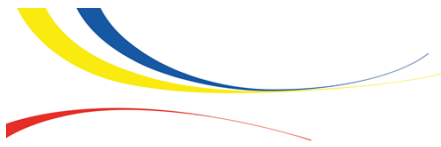
- Clear strategy and political support for harmonization (e.g. ASEAN level declaration)
- Detailed gap analysis (AMS Customs transit legislation – WCO RKC Ann.E1 / Protocol 7)
- Coordinated process for amendments of AMS national Customs transit legislation

Scenarios for multimodal transport under ACTS to be considered:

- Road/Sea/Road (2-country / 3-country) (Ro-Ro / Lo-Lo) (high priority)
 - phase 1 immediate actions for accompanied Ro-Ro implementation (e.g. procedures) (including Brunei Darussalam, Indonesia, Philippines in ACTS)
 - phase 2 expansion for unaccompanied Ro-Ro/Lo-Lo (upon Protocol 7 amendment)
- Road/Sea/River/Road (high-medium priority)
- Road /Rail (/Sea)/Road (medium-low priority)
- Road (/Sea)/(Road)/Air/Road (medium-low priority)

Key elements for successful implementation of scenarios for multimodal transport:

- seamless organization of transfer from one means of transport to another in different modes of transport (new role for Customs office of transfer – with minimum interaction)
- significant progress in capacities to implement simplified procedures (ATT for transit / AEO for import/export)
- harmonization of national AMS legislation and Protocol 7 as far as possible
- addressing present restrictions for implementation of ACTS (2-country transit, inward/outward transit in all AMS to be allowed).



4 Information and Communications Technology Environment

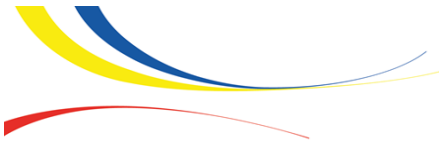
The Information and Communications Technology (ICT) component is a core part of any Customs transit system (national or regional) that enables the Customs transit declaration to be processed as well as various messages regarding the key steps in organization of Customs transit procedure from different Customs offices concerned (e.g. at departure and at destination) to be exchanged.

The national AMS Customs transit systems could process only the part of the journey in each of the respective countries. When the Customs transit is processed by several national AMS Customs transit systems it is very challenging to organize an efficient and seamless Customs transit process in international multimodal transport. The national AMS automated Customs Clearance Systems and their Customs transit components substantially differ. There are various types of national Customs transit declarations and their data elements are not harmonized. The level of automation also differs, and the systems usually are not compatible for cross border electronic information exchange. The separate and heterogenous AMS Customs transit systems do not allow for any sort of regional level processing and do not provide any visibility beyond the borders of one country even when the movements themselves are meant to cross multiple countries.

Table 9: National AMS Automated Customs Clearance Systems and relation to transit

AMS	Automated Customs Clearance System(s)	Customs transit ICT Component (Customs transit declaration)
Brunei Darussalam	Brunei Darussalam E-Customs; BDNSW (Brunei Darussalam National Single Window)	Information on Transit ICT component is not available Declaration supported by evidence of inward manifest. Original invoice and other related information/documents required
Cambodia	ASYCUDA World	E-Customs Transit Management System (not fully integrated with ASYCUDA - Simplified Customs transit declaration - 11 data elements / paper-based copy required)
Indonesia	CEISA (Customs & Excise Information System and Automation)	Information on Transit ICT component is not available
Lao PDR	ASYCUDA World	ASYCUDA (various types of Customs transit declarations e.g. for through transit / transit to-from SEZ) (paper-based / manual discharge)
Malaysia	Customs Information System (SMK)	SMK Customs transit declaration: Borang K8 (electronic) (Parallel K8 Paper-based Info) (Subject to permit/license)
Myanmar	Myanmar Automated Cargo Clearance System (MACCS)(MCIS)	MACCS Transit declaration (electronic) supported by MACCS, but not implemented – pilot only) / Paper-based Customs transit declarations - subject to Customs escort / subject to transit permit (implemented only as an exception)
Philippines	Customs Management System	Customs Management System Transit Single Administrative Document (TSAD) (electronic)
Singapore	TradeNet	TradeNet (Customs transit declaration only for transit through Singapore by Peninsular Malaysian companies)
Thailand	TCES (Thai Customs Electronic System)	TCES Transit Declaration (electronic) Transit cargo movement document (paper-based)
Viet Nam	Viet Nam Automated Cargo Clearance System (VNACCS), (VCIS)	VNACCS Transit Declaration (electronic) (paper-based Customs dossier required)

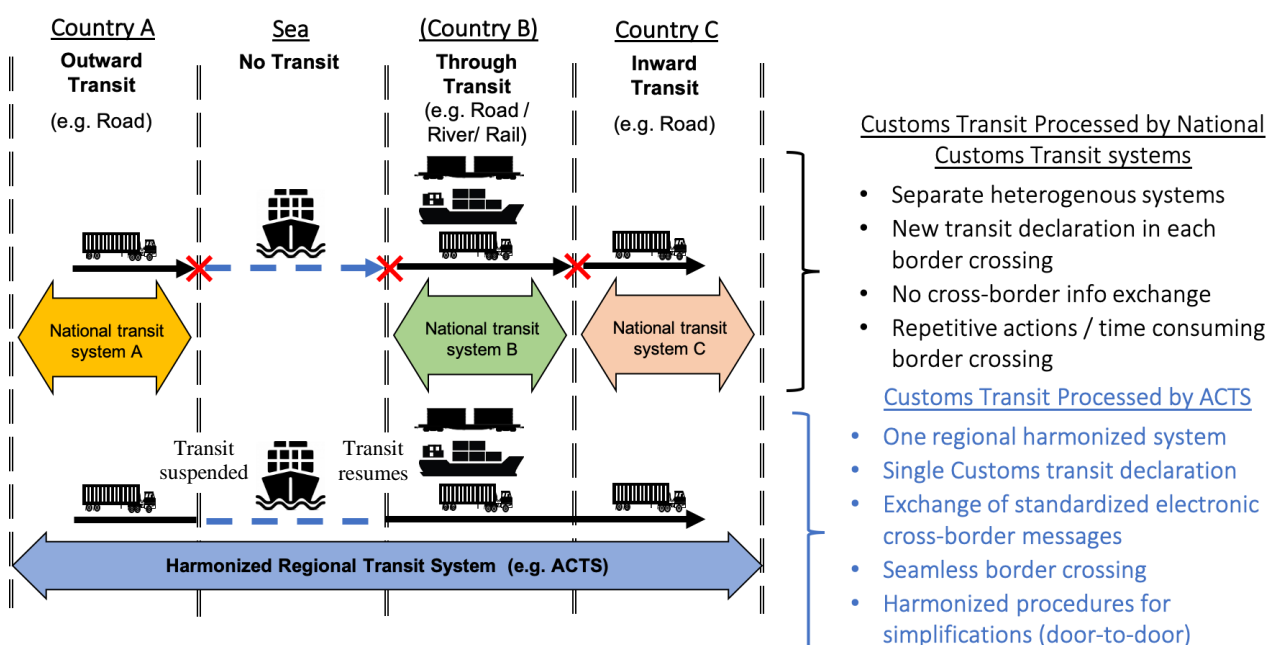
Source: Compiled by author from AMS Customs websites and WCO info

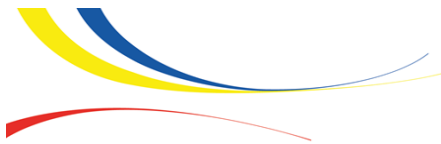


A regional Customs transit system, such as ACTS, could provide more efficient processing of Customs transit in international transport when at least two AMS are included. The ACTS, as regionally developed system, enables more effective management and control of the movement of goods under Customs transit across ASEAN. The ACTS provides fully computerized solution with very high level of automation. The system offers an upgraded solution, in particular for the AMS Customs authorities which still have national systems based on paper-based documents and manual processes. The AMS Customs authorities using ACTS are interconnected into one homogeneous regional distributed system, which enables using a single Customs transit declaration and efficient cross border electronic information exchange.

The availability of advance information and end-to-end tracing of Customs transit movement provides much better visibility and improves monitoring capacity of Customs. That enables seamless organization of border crossing activities and controls, without a need for new Customs transit documents to be produced at the land border checkpoints and ports. The ACTS is not only reducing the need for unnecessary extensive Customs checks when crossing the border, but due to efficient electronic information exchange between the Authorized transit traders (ATT) and Customs, it offers substantial potential simplifications for door-to-door delivery with minimal physical interactions with Customs authorities. The ACTS, which presently can process road transport only, could be easily extended to support Customs transit under regional multimodal transport and connect with AMS national systems. Potentially, the ACTS could be geographically expanded to other international stakeholders that may be interested to improve connectivity with ASEAN economies.

Figure 20: National vs. regional Customs transit processing in international multimodal transport





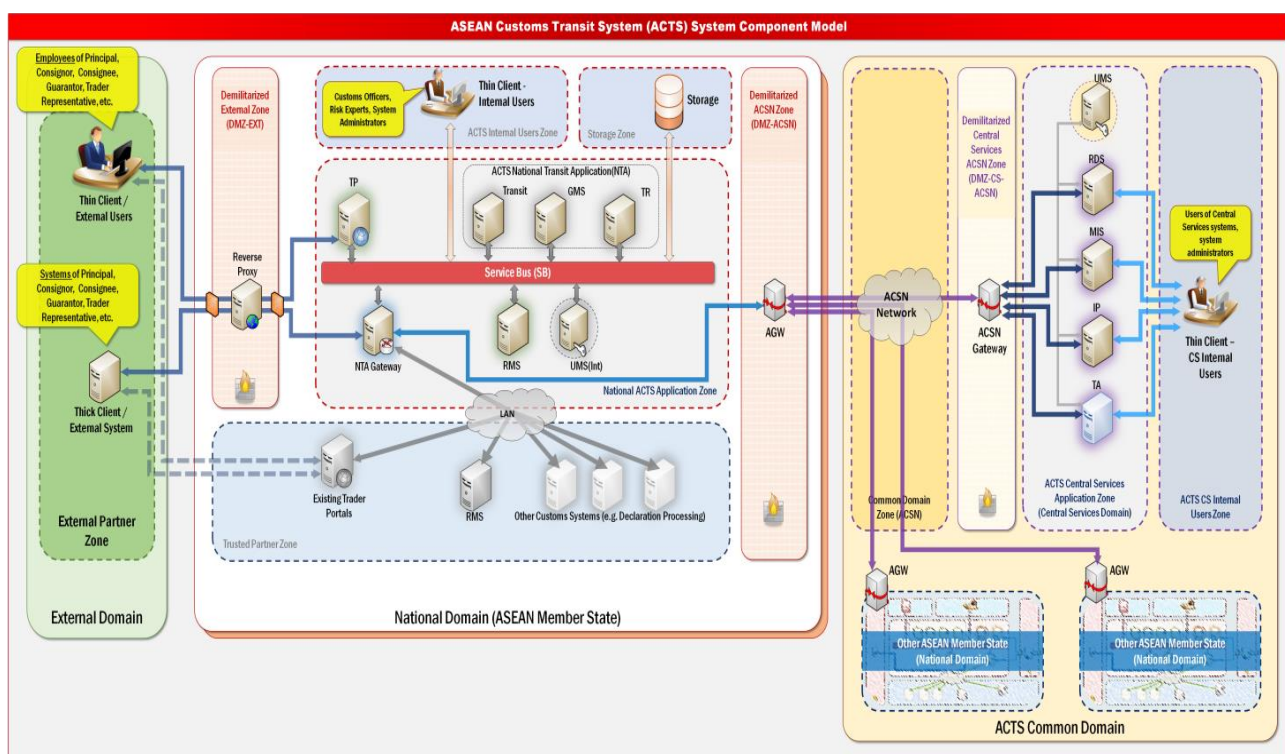
ACTS Technical characteristics

The ACTS is built on a flexible, modular, parametrised architecture with advanced business process workflow engine, rules engine, extendable data model and reliable, secure and confidential electronic message exchange between countries.

The electronic message exchange in ACTS takes place at three domains of responsibility:

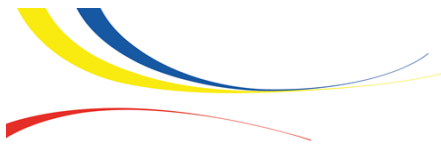
- **External domain:** for interconnection and electronic communication between economic operators (e.g. MTO, principal, consignor, consignee, trader, representative) and the respective national AMS Customs administrations;
- **National domain (AMS):** for interconnection between Customs offices of one country;
- **ACTS common domain:** for interconnection amongst national AMS Customs administrations themselves and the ACTS central level services.

Figure 21: The ACTS system architecture



Source: Arise Plus

Most of the ACTS components operate on national level, including: National transit application (NTA), Guarantee Management System (GMS), Risk Management System (RMS), Trader Portal (TP), ACSN-Gateway (AGW), Trader Repository (TR) and User Management System (UMS). Some of the ACTS components are managed on central/common level, including Reference Data System (RDS), Management Information System (MIS), Information Portal (IP), User Management System (UMS).



ACTS ICT applications requirements for multimodal transport implementation

General ACTS technical characteristics and architecture could support expansion of the system to cover Customs transit under multimodal transport with some adjustment that have to be made.

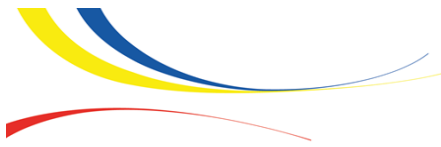
Basic prerequisites for the multimodal transport operators (MTO) to use ACTS include:

- having access to suitable ICT equipment with access to Internet through a web browser of their choice to access the ACTS trader portal. Optionally, MTO could connect their own ICT systems if application interface is developed that enables electronic message exchange between their internal systems and ACTS (in could be considered only for MTO with high number of ACTS Customs transit operations);
- To register with Customs as a principal - ACTS user. Additional information specific for multimodal transport that have to be identified with registration include:
 - intended modes of transport to be used (road, sea, inland water, rail, air);
 - intended locations for transfer from one means of transport to another in different modes of transport that:
 - coincide exit/entry locations at land border checkpoints and ports (transfer/transit locations), and/or
 - are located at inland locations in the Customs territory of the AMS (transfer only locations),
 - list of intended other carriers to be used by modes of transport and the type of contractual relationship (for ATT only).
- To undertake ACTS user training and be aware of the information needed for a valid ACTS transit declaration.

The MTO acting as a principal could initiate Customs transit movement by preparing and submitting a Customs transit declaration using ACTS. The Customs transit declaration is submitted electronically to the Customs office of departure. The ACTS Customs transit declarations have a number of standardized data elements, including guarantee reference number that enables automated check of validity and availability of the guarantee (Note the that simplifications for ATT may include a guarantee waiver – no guarantee needed).

Key specific data groups (elements) to be added / expanded in the Customs transit declaration (IE015 – Declaration data electronic message), relevant for multimodal transport in ACTS include:

- “Transport route” (It is recommended to explore possibility for dividing the route on specific sections where different modes of transport are being used);
- “(Transit) Customs office(s)” (Transit Customs offices could also have a role of transfer Customs office for multimodal transport, therefore a possibility for making distinction when the Customs office has a role of transit/transfer office should be explored);



- “(Transfer) Customs office(s)” (In addition to the Customs offices of transit, it is possible to have Customs offices responsible only for supervision of designated transfer at inland locations (other than land border crossings or ports). The Customs office(s) of transfer has to be identified with the Customs declaration);
- “Transport at departure details” and “Transport crossing border details” already contain information on mode of transport code, nationality and identity of means of transport. Possible changes relevant for multimodal transport in this part include:
 - Mode of transport code (18). The ACTS code list of modes of transport have to be expanded with codes for sea, rail, inland water and air modes of transport; and combinations that identify the active mode of transport (e.g. for Ro-Ro transport powered road vehicle on sea-going vessel, road vehicle on rail wagon etc.)
 - Vehicle registration information should be amended in order to reflect identification/registration all types of means of transport in any mode of transport;
 - Adding details on carriers to be considered in particular in a case of simplifications for MTO recognized as an authorized transit trader (ATT);
- Adding “Transport at transfer details” information is recommended to capture relevant transport details at designated transfer locations;

The transport details (departure/crossing border/transfer) should enable linking each section of the route with corresponding transport means (identification/ registration) and when relevant with the carrier responsible for the transport at that section.

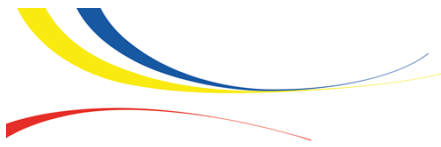
- “Produced documents/certificates” (The document type (13) codes and already include multimodal/combined transport document) (code 760) and document reference details).

Table 10: Means of transport and method of identification

Means of transport	Method of identification
Road Transport	Vehicle registration number (truck and trailer)
Sea and inland waterway transport	Name of vessel
Air transport	Number and date of flight (aircraft’s registration number)
Rail transport	Wagon number

If at the moment of departure, the identity of the means of transport for subsequent sections of the route in multimodal transport is not known, the Customs authorities may allow to leave the identity of the means of transport blank, only if the goods are carried in containers, on condition that the container number is entered in box 31 of the Customs declaration and the identity of the means of transport will be subsequently entered during the transfer.

The Customs transit declaration electronically submitted by the MTO/principal is verified and the information included is automatically validated by the ACTS system. Any inconsistency will be identified, the MTO/principal will be informed, and if necessary, the MTO/principal can make corrections before the declaration is finally accepted. Upon successful validation, the transit declaration is given a unique ACTS Reference Number (ARN) to identify the transit movement.



The transit accompanying document (TAD) is printed out and accompanies the goods from departure to destination. The TAD data should identify the means of transport by each section of the route for different modes of transport. Starting from identification of the means of transport at the Office of departure (e.g. box 13 TAD), to all changes at the designated transit/transfer (or transfer only) locations.

Presently the TAD contains 2 boxes capturing change of conveyance (as en-route event). The same boxes (or additional boxes) could be considered for capturing the transfer in multimodal transport. It should be noted that it is possible to have more than 2 transfer points during Customs transit operation under multimodal transport. Therefore, it is recommended to expand relevant boxes at least up to 4 boxes for transfer/change of conveyance. The change of conveyance data elements should be further expanded to contain information about mode of transport, place of loading (new ASEAN Goods Vehicle Cross Border Permit if relevant). The transfer/change of conveyance data should be automatically linked to transport crossing border details and transport transfer details of Customs transit declaration data.

Based on information available in Customs declaration several messages are automatically created in ACTS by the office of departure to effectively monitor and control transit movements at each border crossing point between departure and arrival at destination. For example, Anticipated Arrival Record (AAR) (IE001 – AAR electronic message) to declared office of destination and Anticipated Transit Record (ATR) (IE050 – ATR electronic message) to the declared offices of transit. If the office of transit has a role of transit/transfer office (for multimodal transport), introducing a new electronic Anticipated Transfer Record (ATF) is recommended. The ATF messages consist of several common data elements (with ATR) on principal, transport route, transport details, etc. (as elaborated above for the IE015 – Declaration data electronic message). Since the ATR and ATF messages have to be sent in parallel and consist of many same data elements, optionally it could be considered to have a combined ATR/ATF message for the offices of transit with transit/transfer role.

The key distinctive characteristics of the new ATF message should be transfer/transshipment data: (e.g. new transport means identity, new transport means nationality, confirmation/endorsement date, intended transfer (endorsement) place etc.). The new ATF message should also be automatically created and electronically transmitted by the office of departure to the declared offices of transfer (other than Customs offices of transit).

The Customs office of transit/transfer (or transfer only), based on ATR and ATF messages, will have information about Customs transit movement well in advance, before the goods arrive at designated location (border crossing / exit or entry port / or transfer only at inland location). Therefore, the Customs officers are able to conduct pre-arrival screening, based on risk analysis and any other relevant information. Subsequently the Customs officers can decide and pre-register their decision whether to check the intended transfer and grant passage. The goods carrier (MTO) shall notify the Customs office of transit/transfer (or transfer only) about arrival of consignment by presenting the TAD. The Customs officer should scan the TAD bar code or key-in the ACTS Reference Number (ARN). The presentation of TAD should also be considered as notification for transfer.

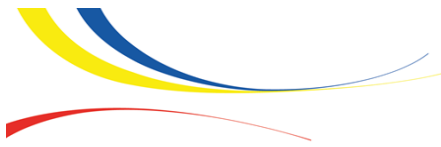
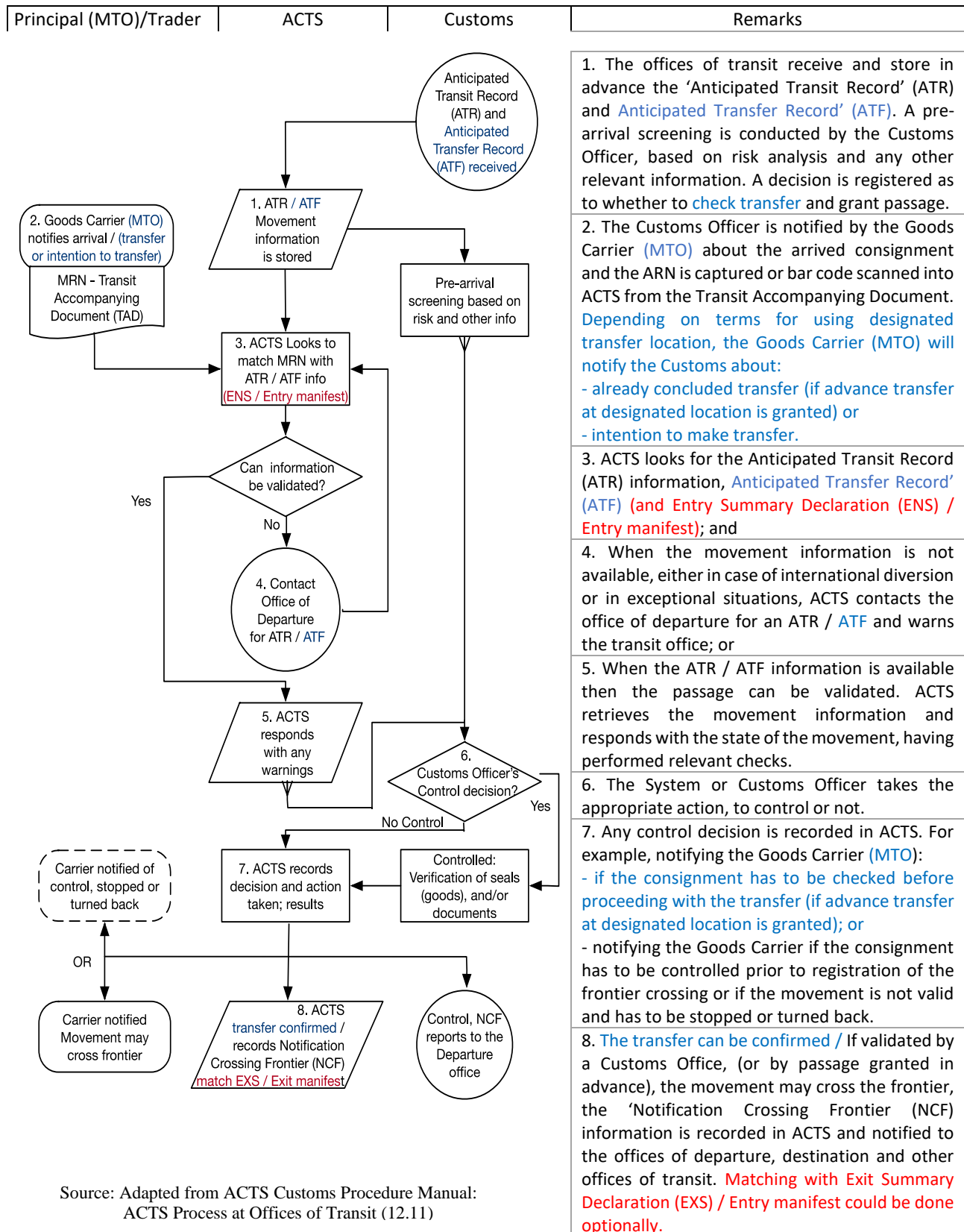
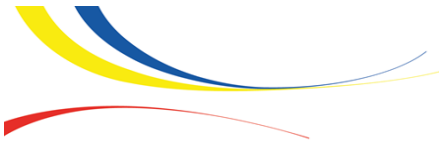


Figure 22: ACTS Process at Offices of Transit / Transfer



Source: Adapted from ACTS Customs Procedure Manual:
ACTS Process at Offices of Transit (12.11)



In order to simplify the process of transfer it should be considered to present the TAD only once:

- before the transfer is conducted (notification on intention to transfer) if the terms for using designated transfer location are more appropriate for such processing. For example, in a case of road/sea transfer at exit seaport (without ATT simplification), the carrier of the road vehicle will present the TAD to the Custom before transfer of the container to the container ship in the area under Customs/Port Authorities supervision; or
- after the transfer is concluded if the terms for using designated transfer location are more appropriate for such processing. For example, in a case of sea/road transfer at entry seaport (without ATT simplification), the carrier of the road vehicle will present the TAD to the Custom after the transfer of the container from the container ship to the road vehicle in the area under Customs/Port Authorities supervision.

The ACTS will match the information linked to the presented TAD and the movement information already stored from the Anticipated Transit Record (ATR) information and Anticipated Transfer Record (ATF) in attempt to automatically validate the information. Additionally, an option to match TAD information with Entry Summary Declaration (ENS) / Entry manifests at entry ports; and Exit Summary Declaration (EXS) / Exit manifests at exit ports could be considered (Note that such functionality presently is not available in ACTS and it will be discussed in more details in next chapter of this study).

When the ATR / ATF information is available and validated, the Customs officers at the office of transit/transfer will make the final decision based on risk analysis and any other relevant information available, whether to check the transfer and make other controls before granting a passage.

After decision not to control is taken, or after the Customs verified that the seals have been intact and no discrepancies are found (including with control on goods and/or documents when necessary), the transfer can be confirmed, and the goods may cross the frontier. The Notification Crossing Frontier (NCF) message (IE118 – NCF electronic message) is sent from the office of transit/transfer to the offices of departure, destination and other offices of transit. It should be noted that the NCF already contains transshipment data elements, therefore it appears is not necessary to introduce a new electronic message for confirmation of transfer (e.g. Notification of transfer (NTF)). In similar way as suggested above, an option to link sending of NCF message with processing of Entry Summary Declaration (ENS) / Entry manifests at entry ports; and Exit Summary Declaration (EXS) / Exit manifests at exit ports could be considered.

In a case of transfer at the Offices of Transfer (other than Offices of Transit), it may be considered to introduce Notification of transfer (NTF) message for transfer confirmation even though such notification may be necessary only when the transfer information differs from the initial Anticipated Transfer Record (ATF). The ACTS could also provide simplifications for MTO with granted Authorized Transit Trader (ATT) status.

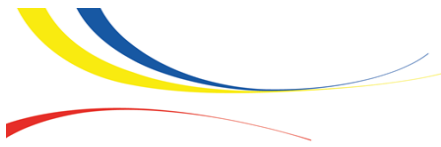
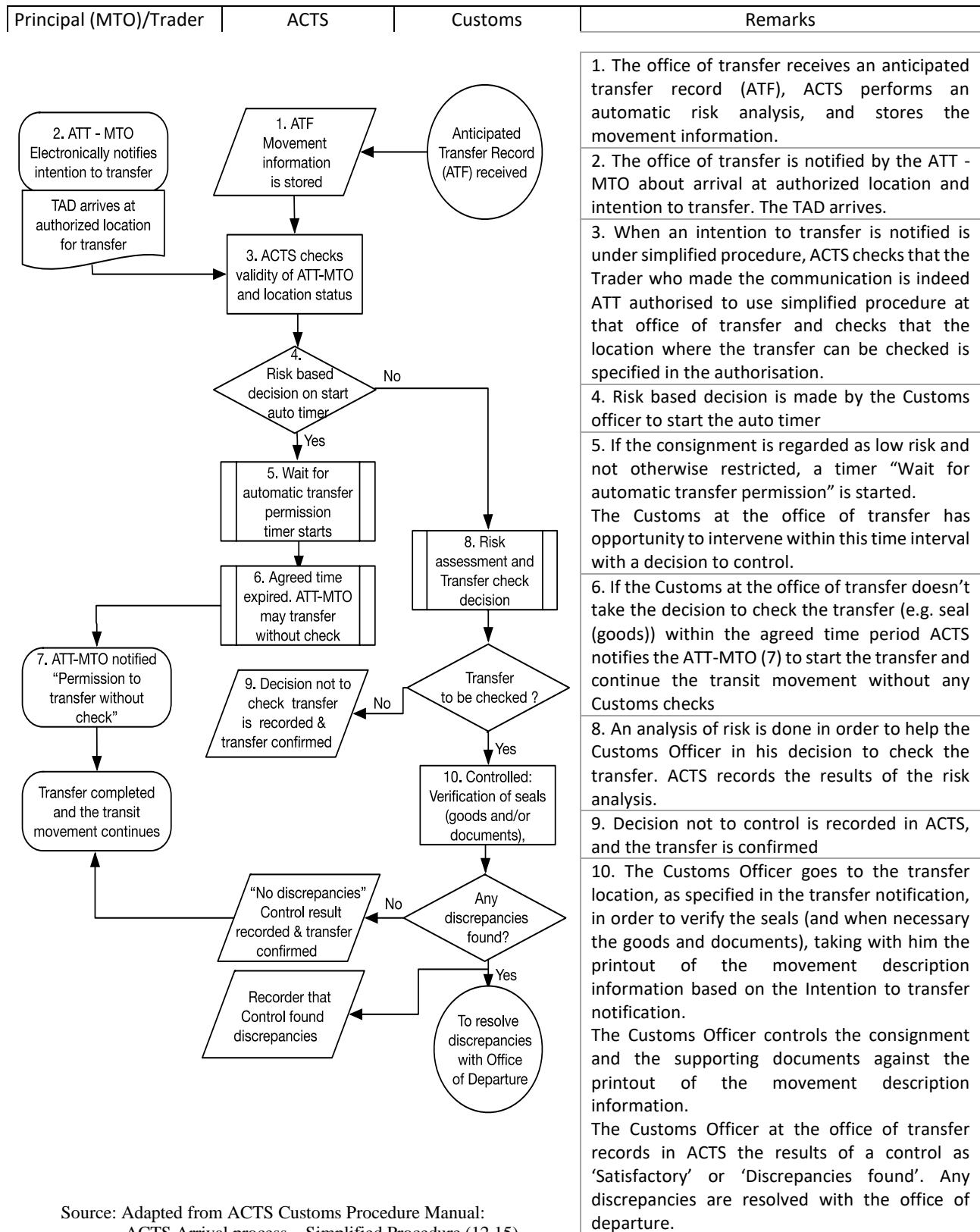
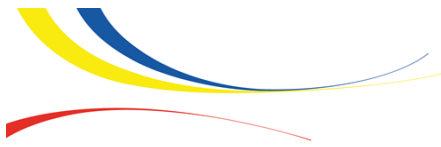


Figure 23: ACTS Process at Offices of Transfer (other than transit) (simplified procedure for ATT)



Source: Adapted from ACTS Customs Procedure Manual:
ACTS Arrival process – Simplified Procedure (12.15)



ATT Simplifications could be offered in the process of transfer as well. For example, the MTO could be an ATT with authorized inland transfer locations (e.g. railway station, river port, airport). Authorized transfer simplifications may enable concluding transfer activities during Customs transit operation without presenting the goods at the Customs office of transfer. When the goods arrive at the designated transfer location (specified in the ATT authorization) the MTO/ATT should immediately inform the Customs office responsible for supervision of transfer (identified in ATT authorization) by new electronic "Intention to transfer" notification message and wait for "transfer permission" message before starting the transfer. If necessary, based on risk assessment, the Customs authorities may take appropriate actions for checking the transfer (see the Figure 23 above).

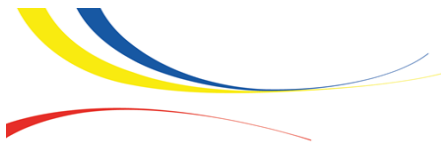
It should also be noted that multiple existing ACTS messages already contain "En Route Event" data group that includes information on transshipment (transfer). We suggest making distinction between transshipment (transfer) which is considered as an incident and it may happen occasionally and the intended transfers which are expected events, scheduled in advance in the case of multimodal transport. This distinction could provide more user-friendly and simplified solutions for processing of transfer/transshipment activities (e.g. predetermined designated transfer locations from drop-down menus, etc.).

The ACTS Customs transit operation ends at the Customs office of destination where the goods and the TAD are presented, or directly at the premises of authorized consignees (ATT). The messages exchanged between Customs office of destination and other Customs offices (e.g. Customs office of departure and Customs office of transit/transfer as well as between Customs office of destination and the authorized consignee (ATT) should also contain the relevant data elements for multimodal transport as discussed above (e.g. transport details and transfer information).

A list of suggested data groups (elements) to be added / expanded in ACTS in order to accommodate multimodal transport is given in Annex 4 of this Study. For suggested changes of data groups elements in the Customs transit declaration and other applicable messages, it is necessary to produce detailed ACTS change requests, make amendments in ACTS functional and technical specifications, implement the changes in ACTS software applications and reflected the changes in ACTS System User Manual.

New potential ACTS functionality for processing of entry/exit summary declarations / (manifests) at entry/exit ports and land border crossings will be discussed in next chapter 5 of this study. Additional ACTS functionalities could also include electronic information exchange between Customs authorities and port authorities to facilitate entry and exit of transport means in the port area, as well as between Customs authorities and other relevant stakeholders to facilitate border crossing and entry/exit into the Customs territory of the country (to be discussed in chapter 6 of this study).

Estimation of costs for implementing suggested changes for expanding ACTS functionalities, training and human resources development, should be done as an additional follow up activity of this study.



ACTS ICT system requirements for multimodal transport implementation

The ACTS was initially designed for use by transport operators with ASEAN Goods Vehicle Cross Border Permit (AGVCBP) where only up to 500 trucks could be authorized in each participating AMS to carry out ACTS transit operations. However, the number of Customs transit operations may increase with expansion of the system to multimodal transport. For example, in road/sea/road scenario with unaccompanied Ro-Ro or Lo-Lo, the Customs transit operation could be organized without AGVCBP (e.g. where the goods in road sections are transported by domestic vehicles between office of departure – office of transfer and subsequently between office of transfer – office of destination).

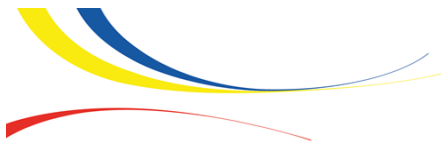
According to the assumptions presented in Chapter 2 of this study in first five years of ACTS implementations the average number of ACTS Customs transit declarations on ASEAN level could reach about 174 thousands (about 10% of total national transit declaration), out of which about 20% or 35 thousand Customs transit declaration could cover multimodal transport. The increase of the number of ACTS Customs transit declaration is expected to be gradual and it may depend on multiple factors (e.g. addressing existing/potential restrictions for implementation of ACTS and primarily as result of possible harmonization of national AMS Customs transit procedures with ACTS – as discussed in Chapter 3 of this study).

Significant increase of transactions under ACTS could be expected if new functionalities are added to ACTS (e.g. for processing of entry/exit summary declarations / (manifests)) or much larger share of total national transit declarations are processed by ACTS in a long run (e.g. due to harmonization of national AMS Customs transit procedures with ACTS).

Anticipated increase of ACTS Customs transit movements (e.g. with expansion of the system to cover multimodal transport; geographical expansion to include all AMS countries; etc.) is expected be reflected with a need for technical upgrades of the ACTS. Estimation of costs for technical upgrades of ACTS should be done as an additional follow up activity of this study.

Presently the ACTS functions as a standalone system and it is not interfaced with other AMS national Customs ICT systems. The transit procedure usually follows national AMS export procedure at departure; and precedes national AMS import procedures at destination. Development of linkages between ACTS and national AMS systems for processing of AMS export/import national procedures could facilitate handling of ACTS and increase security. For example, automated identification (cross check) of previous/following national AMS export/import procedure with regard to ACTS transactions. Existing risk management systems already utilized by AMS Customs authorities could also be linked to ACTS.

If national AMS Customs transit procedures are sufficiently harmonized with ACTS (in a long run) it will be possible to develop a single national AMS IT transit platform with several distinct components that will cover: ACTS national transit application, national AMS transit, and theoretically other sub-regional Customs transit systems (provided that such systems are sufficiently harmonized with ACTS).



Other national AMS government agencies involved in international trade and transport could also have a role in Customs transit (e.g. with regard to different permits, licenses and authorizations that they have issued in accordance with AMS national legislation). Therefore, linkages and interfaces between ACTS and other national systems of other government agencies could be developed, including linkages/ interfaces with national single windows (NSW).

Principals/MTO with high number of ACTS Customs transit operations could benefit from development of application interfaces that connect their own ICT systems with ACTS. Such interfaces could facilitate creation of ACTS electronic messages and reduce possible errors. If such interfaces are operational, the principal/MTO could use its own internal system to pre-populate and create relevant electronic messages (e.g. Customs transit declaration) and automatically exchange such messages with ACTS.

If the ACTS is expanded with new functionalities (such as processing of entry/exit summary declarations / (manifests); pre-arrival information processing), then interfacing of internal systems of stakeholders responsible for submission of such documents / information could be considered as well. That may include shipping companies, airlines, railways, as well as international stakeholders that may have a role in submission of pre-arrival / pre-departure information. With expansion of ACTS to multimodal transport, the port authorities, and other stakeholders operating at ports (seaports, river ports, airports) may become potential partners for interfacing their port community systems with ACTS.

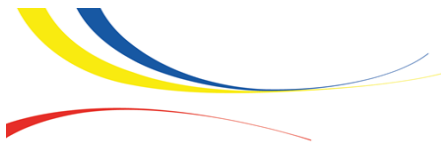
The wide range of possible linkages and interfaces of ACTS (e.g. national AMS Customs ICT systems, NSW, port authorities, and other private sector stakeholders) should be further explored. Based on interest expressed by AMS, potential EU support in development of various interfaces and linkages may be considered. Detailing the scope of such support and estimation of associated costs for support of ACTS interfaces should be done as an additional follow up activity of this study.

Benefits of ACTS electronic / paperless processing of Customs transit

The ACTS as an electronic system for paperless processing of Customs transit, provides significant advantages to traders (including MTO) and Customs authorities.

Main advantages of ACTS for traders (MTO) include:

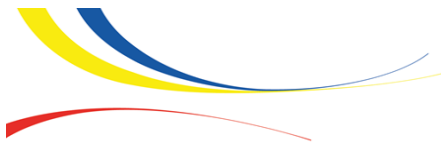
- Minimized costs and reduced unwarranted delays for handling physical documents in the process for preparation and submission of Customs transit declarations – Electronic / paperless solutions provided by ACTS are increasing the efficiency of processing of Customs transit if compared with national transit systems that still rely on paper-based documents / manual procedures;
- Reduced document preparation time and costs for single regional Customs transit declaration that covers all sections of multimodal transport (in comparison with multiple national Customs transit declarations) – Single ACTS Customs transit declaration eliminates the need to produce additional national Customs transit declaration at every border crossing, with or without change of mode of transport;



- Greater flexibility for presenting transit declarations to Customs and more efficient use of human resources – Transit declarations could be sent directly from the offices of traders (24/7), regardless of Customs working hours;
- Improved communication, transparency and predictability – Exchange of electronic messages with Customs in timely manner in each step of Customs transit procedure;
- Reduced costs for unnecessary physical trips to Customs offices and idle waiting time (in particular for declarants/Customs agents) – Exchange of electronic messages with Customs considerably reduces the need for physical interaction with Customs;
- Reduced waiting time at Customs offices (in particular for carriers / MTO) – As result of early decision about checks/controls of goods that could be taken in advance, before arrival of the goods at the Customs offices (departure, transit, transfer, destination). Electronic exchange of Customs declarations and other related messages (e.g. ATR, ATF, AAR) in advance, makes possible for the Customs to analyse the risk and take early decision about checks/controls;
- Reduced delays at borders (cost and time savings for carriers / MTO) – Fewer physical inspections of goods at Customs transit offices and limited need for re-sealing with national Customs seals due to mutual recognition of Customs seals / approved special seals.
- More efficient use of bank guarantee – Discharging of transit procedure with support of electronic messages enables much faster release of guarantee (in comparison with returning paper-based copy of transit document by mail - when relevant for some AMS);
- Further incentives to reliable traders through ATT simplifications (additional cost and time savings) – Possibility to use reduced amount of guarantee or guarantee waiver (No guarantee required), door-to-door delivery without presentation of goods to Customs (e.g. simplification for authorized consignors, authorized consignees);
- Potential to further increase efficiency of Customs transit processing – e.g. by interfacing the internal systems of the traders with ACTS that enables reduction of repeated data entries, reduction of errors and consequently additional time and cost savings;
- Potential to lower transport costs in international trade – due to increased efficiency of transit system, time and cost savings as listed above.

ACTS advantages for Customs authorities include:

- Increased efficiency of Customs transit processing and increased reliability of Customs transit data, through high level of automation, cross referencing of data and automated checks;
- Effective monitoring, tracing and control of transit movements from departure to destination;
- Reduced risk of irregularities during transit movements, and increased prevention of revenue leakages – due to improved reliability of data, reduction of errors, increased capacity for monitoring and control, use of risk analysis module integrated in the system, reduced time for discharge of transit operation;

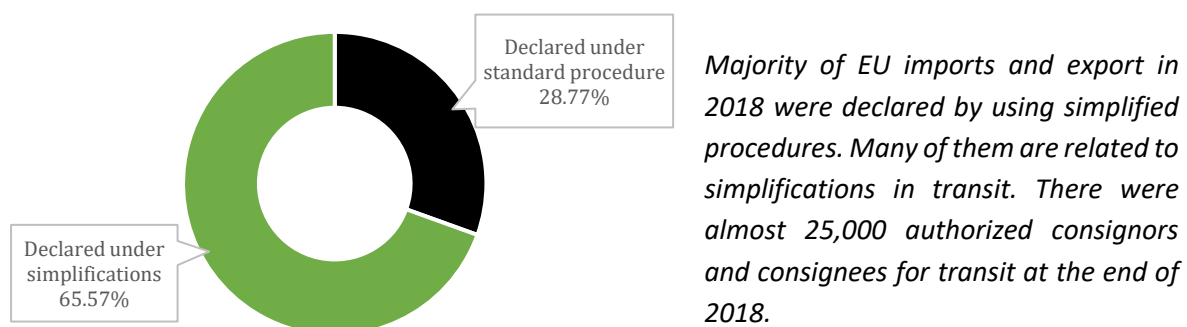


- Time savings due to:
 - o increased efficiency if compared with time consuming paper-based/manual procedures;
 - o reduction of repeated processing (e.g. no need for new national Customs transit declaration to be processed, re-sealing with national Customs seals at borders);
- High standards of safety and security with advance authentication mechanisms and access control;
- Improvement of communication, information sharing and coordination between the AMS Customs authorities;
- Potential to further increase efficiency of Customs transit processing – e.g. by interfacing other Customs ICT systems with ACTS;

With this study is very difficult to quantify the advantages for traders and MTO due to lack of publicly available information. Additional surveys and specific studies are recommended in order to evaluate specific details (e.g. cost of Customs transit declaration and other border crossing costs, potential time savings expressed in hours, etc.). Recommendations with regard to performance measurement are further detailed in Chapter 9 of this study.

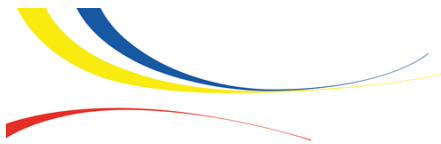
Expected advantages and benefits of ACTS will significantly depend from the manner in which the ACTS is implemented. For example, if existing/potential restrictions for implementation of ACTS are not addressed (e.g. restriction of routes, use of inland Customs offices, two-country transit, reduced use of ATT/AEO simplifications) than the number of ACTS Customs transit operations may be limited and consequently the overall benefits probably will not be tangible.

Figure 24: EU imports/exports declared by simplified procedures (2018)



Source: DG Taxation and Customs Union

The simplifications in transit offered for ATT (e.g. authorized consignors, and authorized consignees) and related import/export simplifications for AEO enable traders to perform Customs procedures more efficiently with reduced administrative burden and costs. Therefore, the estimation of benefits from ACTS should take in account existing and expected shares of transactions organized under simplified procedures in AMS.



In Summary:

The ICT component is a core part of any Customs transit system that enables processing of Customs transit declaration and electronic information exchange of messages in key steps of Customs transit procedure (e.g. between principal/ MTO, Customs offices concerned).

Separate and heterogenous AMS Customs transit systems could process only the part of the journey in each of the respective countries. Level of automation at AMS national IT system differs and they are not compatible for efficient cross border electronic information exchange.

The ACTS, as regionally developed system, enables more effective management and control of the movement of goods in Customs transit across ASEAN. The AMS Customs authorities using ACTS are interconnected into one homogeneous regional distributed system, which enables using a single Customs transit declaration and efficient cross border electronic information exchange.

The ACTS can presently process road transport only; however, it could be easily extended to support Customs transit in regional multimodal transport and connect with AMS national systems.

The electronic message exchange in ACTS takes place in: external domain (between traders and Customs); national domain (between Customs offices in one country) and ACTS common domain (amongst national AMS Customs and ACTS central level services).

ACTS is built on a flexible, modular architecture with advanced business process workflow and reliable, secure and confidential electronic message exchange between countries.

The MTO, registered as a principal could initiate Customs transit movement by preparing and submitting a Customs transit declaration using ACTS.

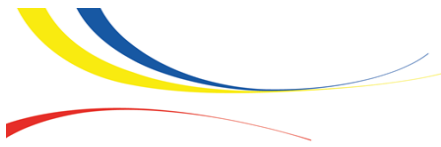
Key specific data groups (elements) to be added / expanded in the Customs transit declaration (other electronic messages), relevant for multimodal transport in ACTS include:

- "Transport route" (specific sections under different modes of transport);
- "(Transit) Customs office" (with role of transit/transfer) and / or "(Transfer) Customs office(s)";
- "Transport at departure details" and "Transport crossing border details" (expanded mode of transport codes, modified identification of transport means, adding details of carriers;
- "Transport at transfer details" (new details) to capture relevant transport details at designated transfer locations and/or modification on the way of processing en route events (transfer/transshipment).

Potential new messages include: Anticipated Transfer Record (ATF), potential changes in Notification Crossing Frontier (NCF) and/or introduce Notification of transfer (NTF) message.

Organization of transfer is the key activity for multimodal transport. AVTS Electronic information exchange in support of this activity should take in account characteristics of processing at entry/exit ports for different modes of transport. Transfer processing could be expanded with linkages/matching with entry/exit summary declarations/(manifests) at ports. Simplifications for transfer for MTO authorized as ATT should be offered.

Estimation of costs for upgrading of ACTS and quantification of numerous ACTS benefits should be done as a follow up activity of this study.



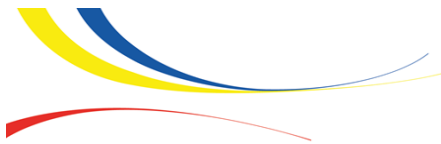
5 Risk Management and Pre-Arrival Processing

Risk management is a cornerstone of modern and efficient Customs operations that provides opportunity for the Customs authorities to deal with increased international trade and transport flows, while keeping appropriate level of control on high-risk consignments. Compliant traders (including MTO) will benefit from risk management, with faster and streamlined clearance (including Customs transit clearance) because the need for extensive Customs control measures could be minimized.

All AMS are implementing risk management in practice, though there are some differences with regard to the approach, scope and level of development of risk management systems. National AMS legislation regarding risk management considerably varies. Some AMS have relatively detailed provisions on risk management in their national Customs laws and implementing provisions (e.g. Viet Nam, Cambodia, Lao PDR), some just briefly mentioned or hint risk management in their laws and regulations (e.g. Philippines, Myanmar, Indonesia) and the rest of them only have internal instructions and guidance on how to organize and implement risk management. It appears that most of the AMS have focused their efforts on implementation of risk management on import and export, while risk assessment on Customs transit and risk assessment on entry/exit processing (manifest / security summary declaration) is not fully developed. An overview of national AMS provisions and brief information on risk management is presented in Annex 5 of this study.

The risks in Customs transit procedure, and particular in Customs transit under multimodal transport has its specific characteristics that have to be addressed (e.g. transfer process) (which may differ from risk assessment of import/export). The main objective of Customs transit is to present the goods at destination as originally declared, and in same state/quantity as presented at departure. Therefore, the general context of the risk in transit is uncertainty of not being able to meet the main Customs transit objective (e.g. goods not being presented at destination at all; or presented differently or in different state/quantity). That uncertainty of Customs transit may pose a threat not only to the revenue, but to national security, protection of society and economy. It should be acknowledged that implementation of risk management is expected to be guided on AMS national level, however some general harmonization and coordination of the scope of risk management in Customs transit could be recommended on ASEAN level.

The ACTS supports the management of risks in transit by having a registered principal (MTO) who takes responsibility for the transit movement from departure to destination. The principal (MTO) provides an appropriate guarantee, covering the maximum potential tax/Customs debt, acceptable to and enforceable in each country of transit (unless a simplification for guarantee waiver – no guarantee is granted for ATT). The goods which are excluded from transit using ACTS, or subject to transit restrictions are predetermined and easily identified in the system. The goods have to be moved within secure vehicles or containers, with approved 'non-tamper' seals, with information about seals exchanged among AMS Customs authorities. The ACTS provides electronic messaging to monitor the transit movement at each way point between departure and destination.

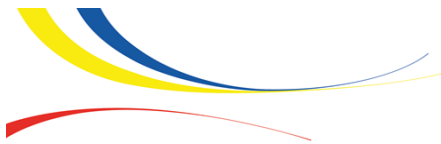


Automated risk management systems are very effective tool for risk management. Such risk management systems use ICT solutions to support analysis and use selectivity criteria. AMS Customs authorities are using different national automated risk management systems/modules and ICT solutions to support analysis and use of selectivity criteria against various sources of information (e.g. national AMS Customs declaration processing data and other internal and external databases and information). For example, ASYCUDA Selectivity module is used in Cambodia and Lao PDR; MACCS/MCIS in Myanmar; VNACCS/VCIS in Viet Nam; and various national risk management ICT solutions in other AMS. It appears that risks management ICT support on national AMS level for Customs transit and entry/exit processing (manifest / summary declaration) is limited.

The ACTS Risk Management System (RMS) is an ACTS supporting system that analyses and evaluates the risk of transit movements in order to assist the Customs officers from departure, through transit/(transfer), up to destination Customs office in making control decisions. In that way the ACTS RMS is contributing to increased efficiency and security of Customs transit procedures. The attributes of ACTS RMS: support by cross-referencing and cross-validation of information available in the system; high level of automation regarding risk rules (based on which assessment shall be executed); and electronic exchange of relevant messages, offer an added value and extension of risk assessment capacities to AMS Customs authorities.

Therefore, the ACTS RMS could be used as an addition to national AMS risk management systems. Depending on individual country decisions the AMS may decide to create a hybrid risk management system without necessary integration of ACTS RMS and AMS national transit risk management system. If the AMS do not have fully developed national ICT solutions for risk management of Customs transit they can fully rely on ACTS RMS. If the AMS already have implemented advanced ICT solutions for risk management of Customs transit and wish to continue using them, they could explore possibilities to interface their existing national risk management system to ACTS (and potentially exclude the use of ACTS RMS).

The risk assessment supported by ACTS RMS is performed whenever Customs transit declaration is submitted (or amended) at the Customs office of departure, as well as whenever Anticipated Arrival Record (AAR) message for the Customs office of destination, and Anticipated Transit Record (ATR) message for the Customs offices of transit are created. Since the AAR and ATR electronic messages are created and sent at the moment when Customs office of departure is releasing the Customs transit movement at departure location, the AAR and ATR messages can serve as a pre-arrival information available well in advance before the goods arrive at the Customs office of destination and Customs offices of transit. Accordingly, the Customs officers at Customs office of destination and Customs offices of transit can adequately analyse the risk in advance and take an early decision about checks and controls to be conducted. As elaborated in previous chapter, for multimodal transport an Anticipated Transfer Record (ATF) message could be created at the same moment of releasing the goods in transit movement at departure and similar risk assessment can take place at Customs office(s) of transfer.



Pre-arrival (pre-departure) processing and Entry / Exit Summary Declaration / Manifest

The requirement for submission of advance electronic information to Customs authorities, in time for adequate risk assessment to take place, is one of the recognized standards that contributes to organization of secure and facilitated movements of international trade.³⁹

In order to organize efficient Customs formalities and reduce delays, it is necessary to have available electronic pre-arrival (or pre-departure) information and conduct risk assessment before arrival (or departure) of transport means at relevant Customs offices. The Customs authorities can use such pre-arrival information in conjunction with other available information (e.g. Customs intelligence) to effectively analyse the risks involved and make decisions on corresponding control measures that will be taken once the goods arrive at their customs territory.⁴⁰

We should make a distinction between two different types of pre-arrival information:

- pre-arrival information in relation to the cargo declaration (e.g. entry/exit manifest and summary declaration) that provide information required by Customs on cargo and transport means that will be brought to the Customs territory, and
- pre-arrival information in relation to goods declaration (export, import or transit customs declaration) for releasing of goods in specific Customs procedures. For example, pre arrival information in a form of AAR, ATR (and potentially ATF) electronic messages in the case of ACTS Customs transit declaration as discussed above.

Box 3: Cargo declaration vs. Goods declaration

“Cargo declaration” means information submitted prior to or on arrival or departure of a means of transport for commercial use that provides the particulars required by the Customs relating to cargo brought to or removed from the Customs territory; (*RKC, Specific Annex A, Chapter 1 - Formalities prior to the lodgement of the Goods declaration Definitions, Definition E1./ F1.*)

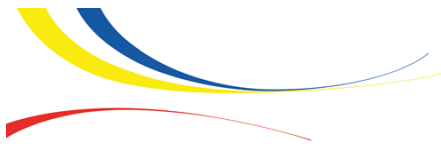
“Goods declaration” means a statement made in the manner prescribed by the Customs, by which the persons concerned indicate the Customs procedure to be applied to the goods and furnish the particulars which the Customs require for its application; (*RKC, General Annex, Chapter 2 – Definitions, Definition E19./F8.*)

Source: WCO Revised Kyoto Convention (RKC)

Depending on national Customs legislation, the requirement for submission of some pre-arrival information in relation to cargo declaration (e.g. entry / exit summary declaration) may be waived where a goods declaration (with all particulars – e.g. security details included) is logged in advance within specified time limits. For example, the ACTS Customs transit declaration in road transport

³⁹ WCO SAFE Framework of Standards, Pillar 1 – Customs-to-Customs, Standard 6 – Advance Electronic Information - The Customs administration should require advance electronic information in time for adequate risk assessment to take place

⁴⁰ The comments made in this part of the chapter regarding “pre-arrival information” may be applicable for “pre-departure information” as well.



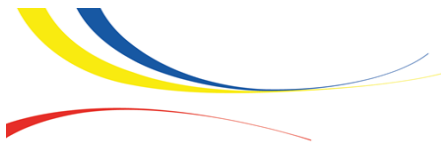
(and related electronic messages) may have all necessary security details included; and the Customs transit declaration details are available at the land border crossings/destination much more in advance than minimum time limits (e.g. 1 hour). Therefore, if the ACTS Customs transit declaration in road transport is submitted, the requirement for submission of additional entry/exit summary declaration could be waived.

However, submission of some pre-arrival information in relation to cargo declaration in other modes of transport (e.g. entry/exit processing in sea, inland water, or air transport) may take place regardless of goods declaration processing, which is in particular relevant for multimodal transport. Therefore, we have to explore all options for pre-arrival information processing in relation to the cargo declaration and variety of requirements that may depend on different modes of transport.

The national AMS Customs legislations substantially varies with regard to requirements for submission of electronic pre-arrival information. Several AMS have legal requirements for compulsory submission of pre-arrival (or pre-departure) information before arrival (or departure) of transport means (e.g. Indonesia requires Inward notice/Customs manifest; Malaysia requires complete manifest/outward manifest; Philippines requires a copy of cargo manifest to be electronically sent, Vietnam requires manifest of incoming (or outgoing) cargos. Some AMS have legal provisions that indicate voluntary submission of pre-arrival (or pre-departure) information (e.g. Brunei Darussalam, Cambodia, Lao PDR). While some AMS indicate implementation of pre-arrival processing without specific national legal provisions (e.g. Singapore, Thailand). Usually, different time limits and conditions for submission of pre-arrival information are given for different modes of transport (sea, air, and sometimes road, rail) however they largely vary from one country to another. An overview of national AMS provisions and brief information on pre-arrival processing is presented in Annex 5 of this study.

There is a large variety of practices of traditional manifest processing (including pre-arrival) in AMS. Some AMS still rely on paper-based manifest processing (e.g. Cambodia, Lao PDR) even though they tested electronic manifest processing options (e.g. ASYCUDA Manifest Module in Cambodia and Lao PDR); some AMS are using basic ICT solutions just for registration purposes, without any capacities for electronic exchange of information, and without risk analysis capacities (e.g. in-house IT system in Lao PDR for road transport document processing). ICT solutions for manifest processing are being used in several AMS (e.g. MACCS e-Manifest module in Myanmar, VNACCS e-Manifest module in Viet Nam and E2M Electronic Manifest in Philippines) however it appears that capacity for risk assessment of pre-arrival information are limited. Other AMS have much more advance ICT systems for manifest processing that may include risk assessment, submission via National Single Window and support for port authorities and related processes (e.g. uCustoms Journey / Manifest module in Malaysia; NSW Manifest solution in Thailand).⁴¹

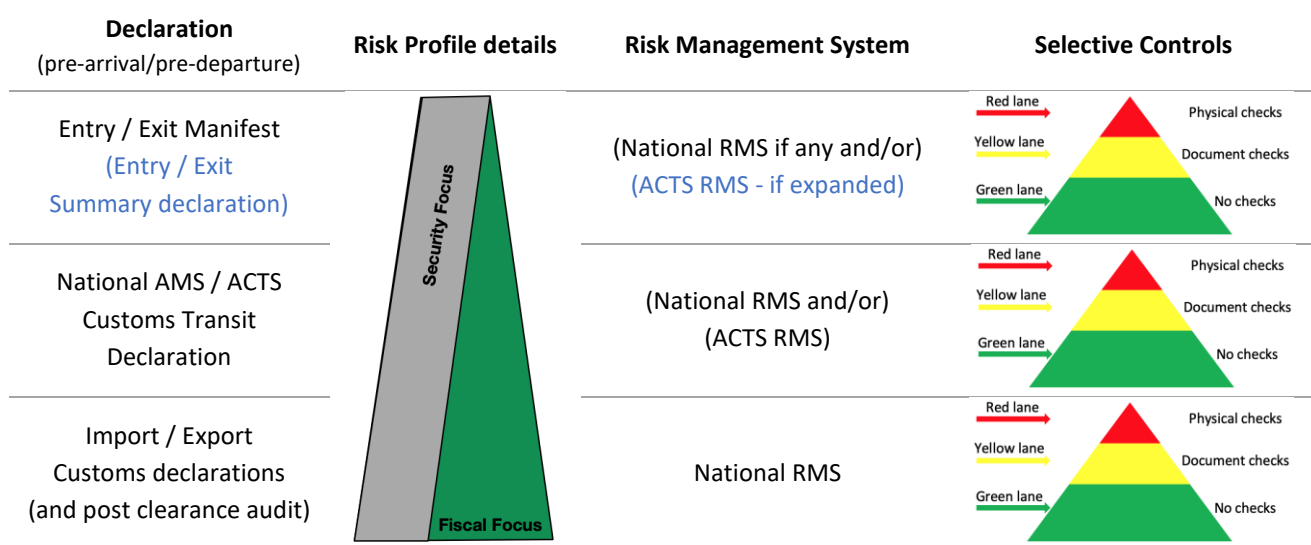
⁴¹ It should be noted that information on manifest processing in Brunei Darussalam, Indonesia and Singapore is not publicly available and not included in this Study.



The ASEAN (2012) Agreement on Customs refers to lodging of goods declaration to Customs authorities through “electronic means to the maximum extent possible” and “endeavour to allow the lodging ... prior to the arrival of goods”.⁴² It should be acknowledged that implementation of pre-arrival processing, in particular for traditional manifest processing, is expected to be guided and regulated mainly on AMS national level. However, some level of harmonization and coordination on ASEAN level with regard to pre-arrival processing, in particular for reasons of safety and security, could be recommended (e.g. with introduction of harmonized security requirements for entry / exit processing based on WCO SAFE FoS).

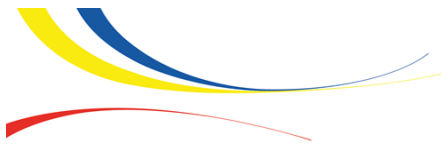
In that direction introduction of new security entry/exit summary declaration in AMS could be considered in harmonized and coordinated manner. Further, more a general common concept on pre-arrival (pre-departure) processing and multilayer risk management could be considered for coordination on ASEAN level. The first layer of risk management could rely on pre-arrival (pre-departure) information in relation to the cargo declaration (e.g. existing traditional manifest processing and newly introduced entry/exit security summary declaration processing).

Figure 25: Possible concept of multilayer risk management in ASEAN



The ACTS and ACTS RMS could be potentially expanded to cover security entry/exit summary declaration processing on coordinated ASEAN level. If additional functionality for entry/exit summary declaration processing is developed under ACTS system, the ACTS RMS could have a much broader role, not only for Customs transit movements (e.g. in multimodal transport) but potentially for all other entry/exit processing if needed (e.g. in import/export). We should highlight that the main focus on risk profile details in pre-arrival processing of entry/exit summary declaration should be on security risks rather than fiscal issues. The focus on fiscal risks progressively increases in subsequent layers, (e.g. moderately for Customs transit and more significantly for import/export clearance and post clearance audit)(see Figure 25 above).

⁴² ASEAN (2012) Agreement on Customs Article 10



The entry/exit summary declarations will not replace traditional entry/exit manifest processing in AMS, which will continue to be lodged in accordance with national AMS Customs legislation (with or without pre-arrival / pre-departure submission). However, the declarants could use some of the entry/exit manifest data to populate summary declarations (provided that such data are compatible, and appropriate interfaces with manifest processing ICT systems are developed). Customs officers could also use their existing national entry/exit manifest ICT solutions for cross referencing with ACTS entry/exit summary declarations modules if interfaces are developed). Further expansion of ACTS to cover entry/exit manifest ICT solutions could be considered only for selected AMS that may specifically request for such functionalities to be added in ACTS.

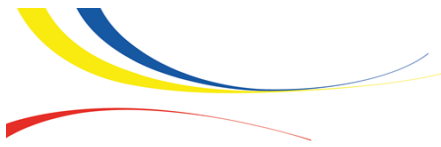
The AMS may decide to create a hybrid risk management system with potential interfaces of existing national AMS risk management systems (e.g. for pre-arrival manifest processing where applicable) and ACTS RMS for newly developed entry/exit summary declaration processing. If the AMS do not have fully developed national ICT solutions for entry/exit processing they can fully rely on newly developed ACTS solutions. If the AMS already have implemented advanced ICT solutions for entry/exit risk management and wish to continue using them, they should explore possibilities to interface their existing national risk management system to ACTS entry/exit summary declaration processing (and potentially exclude the use of ACTS RMS).

Some issues for potential development of the new ACTS functionality for entry/exit summary declaration processing have to be noted:

1. Even though entry/exit summary declaration processing is closely related to Customs transit (in particular for multimodal transport) the scope of entry/exit summary declaration processing for safety and security goes beyond Customs transit and it may include all imports/exports. Therefore, such expansion of ACTS could be considered beyond the scope of AFAFGIT and Protocol 7;
2. The concept for development of new ACTS functionality for entry/exit summary declaration processing should be formally agreed between AMS (e.g. at least in a form of non-binding ASEAN level declaration on intention for harmonization of entry/exit processing at beginning or more formal agreement for actual implementation of the system).

This study recommends considering a harmonized ASEAN level concept of entry/exit processing of pre-arrival (pre-departure) information for reasons of safety and security based on electronic entry/exit summary declaration. This concept could be supported by newly developed ACTS modules. The concept should follow WCO standards and recommendations included in WCO Revised Kyoto Convention, WCO SAFE Framework of Standards (FoS) and WCO Data Model.

The AMS may agree to harmonize national Customs legislation, as far as possible, to a minimum core common details regarding pre-arrival (pre-departure) information in a form of electronic entry/exit summary declaration for reasons of safety and security. National characteristics could be reflected accordingly, provided that they are not conflicted with commonly agreed details.



Coordination between AMS Customs authorities in the field of risk management, and endeavour to harmonize entry/exit processing could also facilitate the process of mutual recognition of Authorized Economic Operator (AEO) schemes on ASEAN level. This approach may provide sufficient compatibility and consistency necessary for implementation of the AMS AEO programmes under a regional umbrella that not only offers maximized facilitation and benefits for AEOs, but also increases safety and security of international supply chain.

The issues to be considered with regard to the concept of entry summary declaration (ENS) / exit summary declaration (EXS) processing include: status of ENS/EXS as a compulsory declaration or voluntary declaration; responsible person(s) to submit ENS/EXS; content and minimum common data elements to be included in ENS/EXS; time-limits for submission of ENS/EXS.

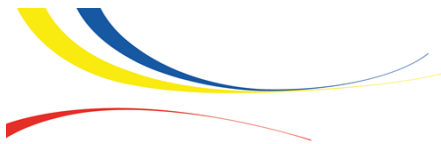
Even though it is recommended to introduce compulsory submission of electronic pre-arrival information in a form of ENS/EXS declaration, voluntary use could be considered in transitional period until necessary legal framework (e.g. harmonized AMS Customs legal provisions) for mandatory submission is provided.

The carrier (which is the person actually transporting goods, or in charge of, or responsible for the operation of the means of transport) is responsible to submit the cargo declaration (directly or through a third party on behalf or instead of the carrier) and to ensure that all goods are included in the cargo declaration.⁴³ For example, a carrier (MTO) or (a third party on behalf or instead of the carrier/MTO e.g. a freight forwarder) could submit ENS/EXS in the ACTS new module to the Customs office of entry/exit. The ENS/EXS have to be submitted in electronic form only. The carrier (MTO) and other third party acting as a declarant (person lodging ENS / EXS in the ACTS new module) should be registered by AMS Customs as economic operator and receive unique identification number (AMS Economic Operator Registration and Identification – AMS EORI number).

In the case of Ro-Ro transport the operator of the active means of transport on which the goods are brought into (taken out of) the Customs territory of the AMS will be responsible for the lodging of ENS (EXS). The carrier (MTO) could choose the level at which ENS/EXS are going to be lodged (e.g. multiple bill of lading (or multimodal transport contracts) with one ENS/EXS; one bill of lading (or multimodal transport contract) with one ENS/EXS; or one ENS/EXS for each container).








It should be noted that requirements for submission of ENS/EXS could be expanded for international transport beyond ASEAN and possibility for submission of ENS/EXS in AMS ACTS ENS/EXS modules should be provided to other non-ASEAN international stakeholders. If the movement of goods is not covered by ACTS Customs transit procedure, then multiple submissions of ENS/EXS in the countries concerned are possible under variety of scenarios depending on different mode / type of transport in international transport movement.

⁴³ As defined by WCO RKC, Specific Annex A, Chapter 1, Standard 4



Upon acceptance of electronic ENS/EXS, the AMS Customs office(s) at exit/entry should validate the ENS/EXS and an ACTS reference number should be issued (ARN).

Table 11: Potential scenarios for submission of ENS/EXS (by various responsible persons)

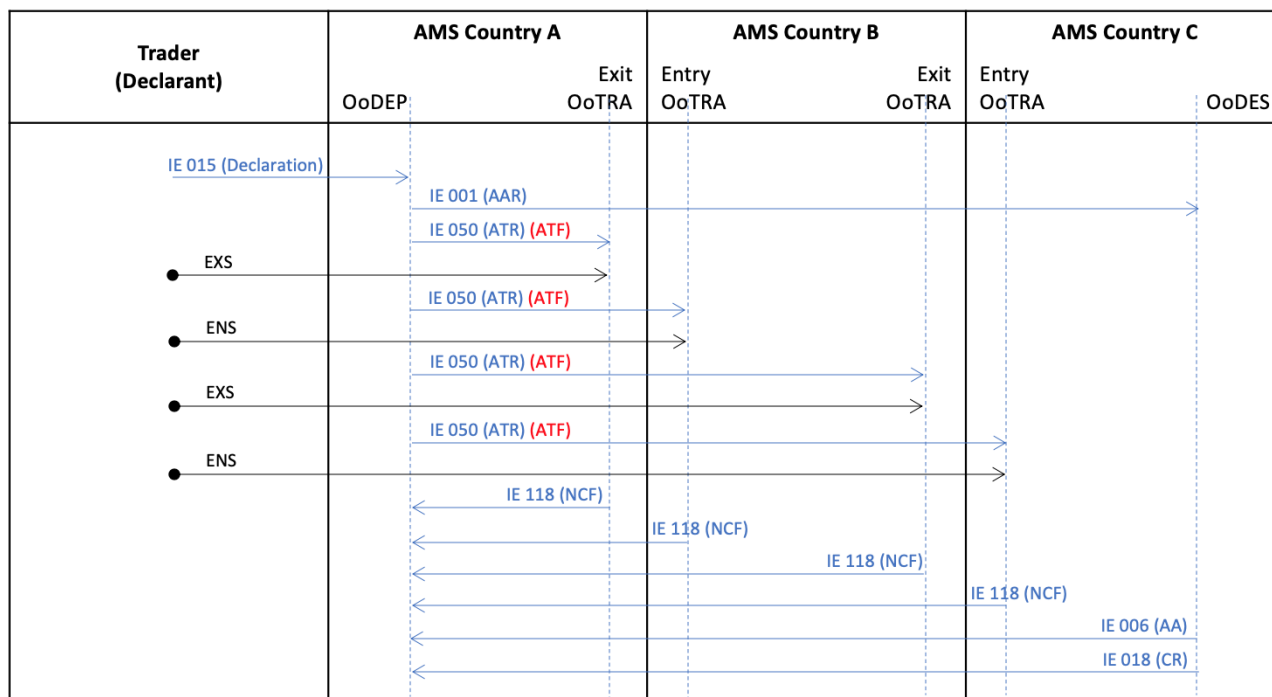
Responsible person by mode/type of transport		Exit (port) Customs office	Entry (port) Customs office
Maritime (River) Carrier (or forwarder / exporter / importer on its behalf)		EXS	ENS
Carrier who issued B/L (for vessel sharing and similar arrangements) (or forwarder/exporter/importer on its behalf)		EXS	ENS
Road transport Carrier (operator of active means of transport on exit/entry) (or forwarder/exporter/importer on its behalf)		EXS	ENS
Railway Carrier (or forwarder / exporter / importer on its behalf)		EXS	ENS
Road transport Carrier (operator of active means of transport on exit/entry) (or forwarder/exporter/importer on its behalf)		EXS	ENS
Road Transport Carrier (or forwarder / exporter / importer on its behalf)		EXS	ENS
Air transport Carrier (or forwarder / exporter / importer on its behalf)		EXS	ENS

For the goods covered by ACTS Customs transit (in particular for multimodal transport) the submission of Customs transit declaration could be organized in parallel with ENS/EXS submission, which could be facilitated since all necessary ENS/EXS could be submitted at once for entire international transport movement. Furthermore, the requirement for submission of separate ENS/EXS could be waived if all necessary details and conditions are going to be embedded and combined with related Customs transit declaration (and electronic messages).

Starting point in ASEAN coordination to determine the minimum common content and data elements of the ENS/EXS in ASEAN could be the maximum data sets for cargo declaration identified with the WCO Data Model. The WCO SAFE FoS, Annex II identifies the data elements that may be required as advance information for security purposes including: carrier(s), countries on-route, transport means (e.g. railway wagons, containers), seal numbers, UCR, place of loading, office of exit, first port of arrival, date and time of arrival, brief cargo description. More details on data elements that may be required as advance information for security purposes are provided in Annex 6.



Figure 26: ENS/EXS and related ACTS Customs transit (messages)



OoDep - Office of Departure / OoTRA - Office of Transit (and possible transfer) / OoDes - Office of Destination

The WCO Data Model also provides recommendation on electronic data messages for cargo declaration and cargo movements including: cargo report import (CRI), advance import cargo declaration (ACRI), cargo report export (CRE) and advance export cargo declaration (ACRE).

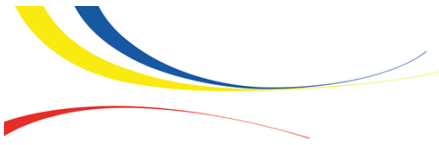
Time limits for lodging of ENS/EXS could vary for different modes of transport and duration of the transportation carrying the goods in AMS Customs territory. The WCO recommends ensuring a minimum level of consistence with regard to time limits and advise Customs authorities not to require advance declaration to be submitted more than the time limits listed in the table 12 below.⁴⁴

Table 12: WCO standers on time limits for submission of electronic advance declaration

Mode / Type of Transport	Time Limit
Maritime Transport	
Containerized cargo	24 hours before loading at port of departure
Bulk/Break bulk	24 hours before arrival at first port in the country of destination
Air Transport	
Short haul	At time of "Wheels Up" of aircraft (actual departure time)
Long haul	4 hours prior to arrival at the first port in the country of destination
Rail Transport	2 hours prior to arrival at the first port in the country
Road Transport	1 hour prior to arrival at the first port in the country

Source: WCO SAFE FoS

⁴⁴ WCO SAFE Framework of Standards, Pillar 1 – Customs-to-Customs, Standard 1 – Integrated Supply Chain Management, 2.1.3. Submission of data, ix. Time limit



Other common time limits could be also considered for specific situations. For example, for short sea shipping with duration of movement of less than 24 hours (e.g. at least 2 hours before arrival at first port in the country) or for short train journey with duration from the last train formation station less than 2 hours (e.g. at least 1 hour prior to arrival at the first port in the country).

Other WCO recommendations with regard to cargo declaration to be considered, include:

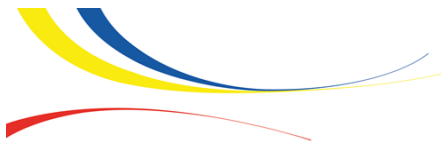
- the Customs should normally accept the cargo declaration as the only required documentation for the production of the goods (*WCO RKC, Specific Annex A, Chapter 1, Recommended Practice 10*);
- information requirements should be limited to that available in carriers' normal documentation (*WCO RKC, Specific Annex A, Chapter 1, Recommended Practice 9*) (e.g. *Multimodal transport contract*);
- for the documents that may be required by Customs it should not be required to contain more than the information necessary to identify the goods and the means of transport (*WCO RKC, Specific Annex A, Chapter 1, Standard 8*).

The carriers (MTO) normally have in their possession the necessary documents/information that may be required for submission of electronic ENS/EXS, and if necessary, they could provide such data to their partners (e.g. forwards, importers, exporters) that may submit the electronic ENS/EXS in their behalf. The carriers (MTO) and other third parties acting as declarant could use their internal IT systems to populate ENS/EXS if the available data is compatible, and if interfaces are developed to link the internal IT systems with the ACTS ENS/EXS new module. By linking the IT systems of declarants and AMS Customs the process for submission of ENS/EXS could be automated and further facilitated.

Since the ENS/EXS are fully electronic pre-arrival declarations the Customs in general should eliminate any requirements for submission of paper-based supporting documents in this phase. The carriers (MTO) may be required to keep any related documents (e.g. B/L, multimodal transport contract) and made available to the Customs only if needed in subsequent targeted Customs checks for specific shipments (e.g. based on risk analysis).

The new ACTS ENS/EXS module should be designed to handle several other electronic messages in addition to submission of ENS/EXS data, including:

- ARN information message, sent from AMS Customs to declarant upon ENS/EXS validation;
- ENS/EXS amendments submitted by declarant and amendment acceptance message from AMS Customs;
- Do Not Load (DNL) message, as a reply from AMS Customs to ENS/EXS for containerized traffic (lodged before loading at the transport means), in the case when safety and security requirements are not fulfilled;



- Arrival (Departure) notification message, that provides identification of all ENS/EXS lodged for the inactive means of transport (e.g. containers/trailers on a vessel, railway wagons), (e.g. a list of all ARNs for the ENS/EXSs covering inactive means of transport); complemented with a list of all ARNs for the ENS/EXS or active means of transport (if any) (e.g. trucks on a vessel in accompanied Ro-Ro transport);
- Diversion notification messages etc.

We should also make a difference between entry / exit summary declarations (ENS/EXS) for the reasons of safety and security (discussed above) and summary declaration (manifest) for temporary storage. The processing of summary declaration for temporary storage is expected to continue to be processed under national AMS Cargo modules (not to be covered with initial version of the new ACTS ENS/EXS module). However, if some AMS express their interest, adding such functionality could be additionally considered.

Possible development of a new ACTS ENS/EXS module represents a significant task. Therefore, it is necessary for AMS to first consider the general concept (as presented in this study), and subsequently a comprehensive feasibility study on development of ACTS ENS/EXS modules may be conducted in line with the guidance provided by AMS.

In Summary:

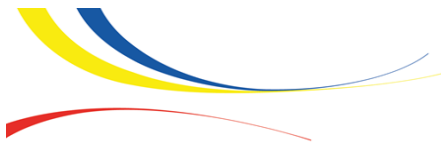
Risk management is a cornerstone of modern and efficient Customs operations that enables appropriate level of Customs control to be conducted and facilitate the clearance for compliant traders.

All AMS are implementing risk management in practice however national approaches to risk management considerably vary. It appears that AMS are more focused on implementation of risk management on import/export, while risk assessment on Customs transit and entry/exit formalities are not fully developed.

Even though implementation of risk management is expected to be guided on AMS national level, some general harmonization and coordination of the scope of risk management in Customs transit and entry/exit control could be recommended on ASEAN level.

The ACTS provides ASEAN level solution for management of risk in Customs transit that could cover multimodal transport as well. The ACTS risk management system (RMS) could complement different national AMS RMSs in use. Due to the modular structure of ACTS RMS the AMS may decide to create different variations of hybrid RMSs as may be appropriate.

Having timely advance electronic information is a key requirement for adequate risk assessment, that contributes to efficient organization of secure and facilitated movement of international trade. One of the ACTS advantages is the fact that the system already provides advance electronic information for Customs transit from departure to destination.



The national AMS Customs legislation substantially differs with regard to requirements for submission of pre-arrival (pre-departure) information and it mainly include traditional entry/exit manifests. The solutions for manifest processing in AMS differ as well (from paper-based, ICT for registration purposes only, to more advanced systems that may include risk assessment submission through National Single Window and support/interfaces with systems of port authorities).

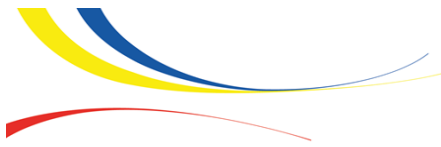
Even though implementation of pre-arrival processing is expected to be guided on AMS national level, some level of harmonization and coordination on ASEAN level with regard to pre-arrival processing, in particular for reasons of safety and security, is recommended.

Introduction of new security entry/exit summary declaration (ENS/EXS) in AMS could be considered in harmonized and coordinated manner. Further, more a general ASEAN concept on pre-arrival (pre-departure) processing and multilayer risk management could be considered. The first layer of entry/exit risk management could rely on pre-arrival (pre-departure) information in relation to the existing traditional manifest processing (entirely on national level) and newly introduced ENS/EXS processing (harmonized on ASEAN level).

The ACTS and ACTS RMS could be potentially expanded to cover security ENS/EXS declaration processing however, the scope of entry/exit control for safety and security goes beyond Customs transit and it may include all imports/exports. Therefore, such expansion of ACTS could be considered beyond the scope of AFAFGIT and Protocol 7. The concept for development of new ACTS functionality for entry/exit control processing should be formally agreed between AMS.

This study recommends to consider a harmonized ASEAN level concept of entry/exit control processing based on pre-arrival (pre-departure) information for reasons of safety and security based on ENS/EXS that includes following details: status of ENS/EXS as a compulsory declaration (recommended) or voluntary declaration (transitional until legal framework is established); responsible person(s) to submit ENS/EXS; content and minimum common data elements to be included in ENS/EXS; time-limits for submission of ENS/EXS. The concept should follow WCO standards and recommendations included in WCO Revised Kyoto Convention, WCO SAFE Framework of Standards (FoS) and WCO Data Model. National characteristics could be reflected accordingly provided that they are not conflicted with commonly agreed details.

Introduction of multimodal transport in ACTS could increase the capacity for adequate risk management and maximize the opportunities for increased security and facilitation by covering door to door supply chain management on integrated manner across ASEAN and beyond. Coordination between AMS Customs authorities in the field of risk management and endeavour to harmonize entry/exit processing could also facilitate the process of mutual recognition of Authorized Economic Operator (AEO) schemes on ASEAN level.



6 Coordinated Border Management and Infrastructure

International trade and transport are organized in complex environment that includes variety of stakeholders from private and public sector, which could be directly or indirectly involved in international transit movements. The Customs authorities with their responsibilities to control cross-border movement are only one of the regulatory authorities taking a part in border management. Regulatory requirements (other than Customs), include: immigration; transport and traffic rights; sanitary, veterinary and phytosanitary protection; public safety and security; protection of the environment, intellectual property etc.

The Customs and some of the other government authorities (OGA) are physically present at border crossings/ports to enforce compliance with the regulatory requirements in their responsibility (e.g. border police and immigration authorities; and in some instances, transport authorities; sanitary, veterinary and phytosanitary inspections; other specialized inspections). The OGA, which usually are not present at the border crossings/ports, coordinate the enforcement of their specific regulatory responsibilities with the Customs (or other OGA) present at the border crossings/ports. In both cases efficient coordination mechanism is needed among Customs and OGA to secure implementation of regulatory requirements and facilitate the movement across the borders.

International organizations such as WTO and WCO provide guidance and recommendations for development of Coordinated Border Management to Customs and OGA within the same country, as well as across borders. Multiple instruments that could assist the countries in creation of specific solutions for Coordinated Border Management are available from WCO and UN agencies.

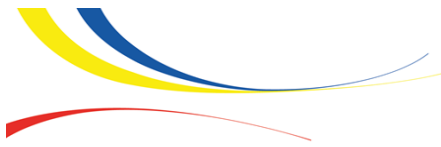
Table 13: Provisions from International Instruments on Coordinated Border Management

A Member shall ensure that its authorities and agencies responsible for border controls and procedures dealing with the importation, exportation and transit of goods cooperate with one another and coordinate their activities in order to facilitate trade. *(WTO TFA Art.8(1))*

If the goods must be inspected by other competent authorities and the Customs also schedules an examination, the Customs shall ensure that the inspections are co-ordinated and, if possible, carried out at the same time. *(WCO RKC GA Transitional Standard 3.35.)*

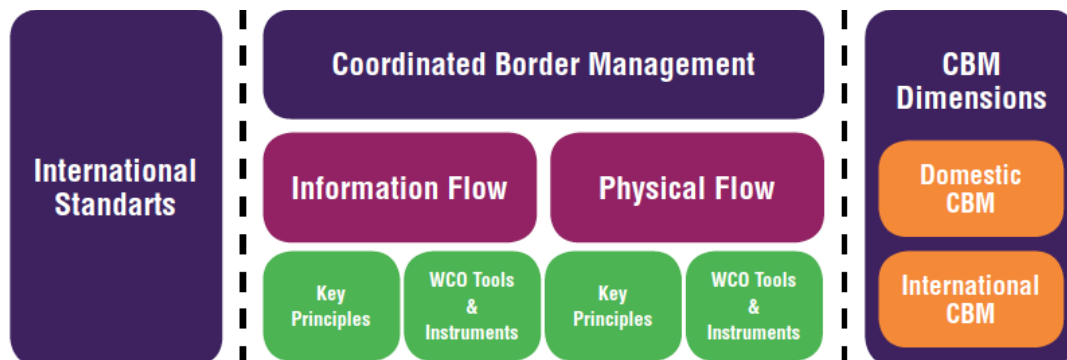
Governments should foster mutual cooperation between their Customs administration and other competent government agencies. *(WCO SAFE FoS - Pillar 3 - Customs to Other Government and Inter-Government Agencies 2.1. Standard 1 - Mutual Cooperation)*

Governments should foster mutual cooperation between Customs administrations and other competent government agencies involved with supply chain security across borders or within a Customs Union *(WCO SAFE FoS - Pillar 3 - Customs to Other Government and Inter-Government Agencies 2.6. Standard 6 - Mutual Cooperation)*



The WCO Coordinated Border Management concept promotes coordination among Customs and OGA on both domestic and international level following two dimensions of information and physical flow. The two dimensions are interconnected. Achievement of efficient electronic information exchange should supports seamless physical flow of goods, while compliance with regulatory requirements is effectively provided.

Figure 27: WCO Coordinated Border Management Dimensions

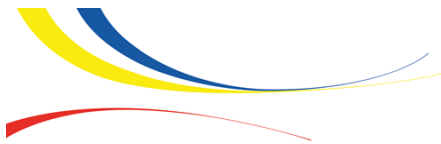


Source: WCO, 2015, Coordinated Border Management Compendium (Fig.3.5-p.10)

The WCO Coordinated Border Management concept is based on key principles set by internationally recognized standards that include: regulatory transparency; streamlined information submission; information sharing; streamlined checks and clearance; congestion management; improved utilization of manpower, infrastructure and equipment. The WCO tools and instruments supporting Coordinated Border Management include WCO Coordinated Border Management Compendium, Revised Kyoto Convention, WCO SAFE Framework of Standards, WCO Data Model, WCO Time Release Study.

The solutions developed for Coordinated Border Management differ from country to country since each of them endeavours to increase the efficiency of border management while taking into consideration particular circumstances in its country. The AMS have introduced various national frameworks for inter-agency coordination, and different solutions for Coordinated Border Management were where Customs and OGA coordinate their activities.

The ACTS fits well in the Coordinated Border Management concept. The ACTS provides efficient electronic information exchange among participating AMS Customs authorities from departure to destination. The Customs authorities electronically exchange Customs transit declaration and numerous related Customs transit messages (e.g. control results). Other government authorities directly involved in ACTS include transport authorities, which issue ASEAN Goods Vehicle Cross Border Permit (AGVCBP) for road transport. However, the information on AGVCBP presently is shared in non-automated manner (e.g. by e-mail in excel file) from the transport authorities to Customs. Since the information on AGVCBP is included in ACTS and Customs transit declaration the control of AGVCBP is facilitated. In several AMS, where transport authorities are not present at the border crossing checkpoints, the Customs authorities are responsible for control of AGVCBP in behalf of transport authorities.



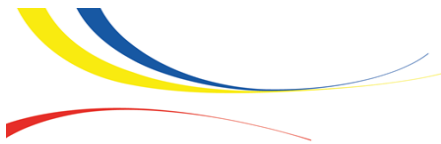
Potential expansion of ACTS is already considered with introduction of a new ACTS Transport Management (and Monitoring) Module that could automate submission of AGVCBP and introduce other functionalities for electronic information exchange between Customs and transport authorities (e.g. electronic messages to facilitate control of cabotage and time limits for movement of foreign trucks in the country). The new ACTS Transport Management (and Monitoring) Module could be applicable not only for ACTS, but for all other international road transport movements in AMS (e.g. under bilateral arrangements).

In the case of multimodal transport under ACTS coordination with transport authorities responsible for other modes of transport should be considered (e.g. permits/certificates for vessels, traffic control etc.) If the AMS already have systems that cover electronic processing of transport permits/certificates, then linkages and interfaces with ACTS expanded for multimodal transport could be considered. Linkages or interfaces between such existing AMS system (where available) and ACTS could be considered. Such linkages and interfaces could enable cross checks for potentially expanded ACTS that supports multimodal transport. The AMS without advanced systems for electronic processing of transport permits/certificates, may consider the possibility for expending ACTS and evaluate the need for development of new potential ACTS Transport Management Module(s) (applicable for all modes of transport).

Another area of coordination of between Customs and OGA under ACTS is implementation of AMS regulation for prohibited and restricted goods. The ACTS already provides easy identification of prohibited and restricted goods in AMS, through Reference Data System (RDS) of ACTS Central Services. The lists of prohibited and restricted goods are maintained by AMS (in coordination between Customs and the Ministries/OGA concerned). The AMS lists of prohibited and restricted goods are communicated to ACTS Central Management Team to process them in RDS.

The permits/licences (issued by OGA) for identified restricted goods under ACTS could be controlled by Customs authorities on behalf of partner OGA. However, presently the submission of such permits/licenses is not automated (paper-based document submission, or manual electronic upload, expected to be available with new updates of ACTS).

To further facilitate the process for submission of permits/licenses for restricted goods, it should be considered to develop linkages of ACTS with OGA electronic systems or linkages/interfaces with AMS national single window facilities. The single window facilities are considered as important part of Coordinated Border Management. Many AMS have already developed national single windows, while some AMS are in the process of development (or expanding) of such facilities. The national AMS Customs declaration processing systems are usually interfaced with national AMS single windows. In that direction development of interfaces between national ACTS applications and national AMS should be considered as one of the priorities for further development of ACTS.



Other aspects of Coordinated Border Management include sharing of infrastructure, facilities and equipment between Customs and OGA, conducting control in behalf of other regularity agency and joint inspections (on national level) or single stop inspections (SSI) (on cross-border level). The Customs and OGA could further cooperate regarding joint risk management and joint use of non-intrusive inspection equipment.

The SSI modality for facilitation of border crossing formalities is already implemented at Dansavanh (Lao PDR) - Lao Bao (Viet Nam) border crossing. The SSI enables conducting joint and near-simultaneous physical inspections at the country of entry by the competent authorities (Customs and OGA) of both exit and entry countries. The infrastructure for Common Control Area (CCA) at the country of entry has been developed. The SSI eliminates the need for stop for Customs and OGA formalities at the country of exit. Further expansion of SSI modality at other ACTS border crossing points should be encouraged.

The ACTS could work well under cooperation mechanism established for SSI. In order to process ACTS, it is necessary to provide IT infrastructure (computers with access to Internet) for exit Customs authorities (and OGA) located at neighbouring entry country. Further facilitation of ACTS processing at SSI locations could also be considered if the neighbouring countries agree that only one electronic processing of ACTS transit movement at the CCA is sufficient (e.g. by the Customs of the entry Country) since there is only one stop of the truck at the border and a joint inspection at CCA. In this case, a single notification of crossing frontier (NCF) could be accepted by both Customs authorities.

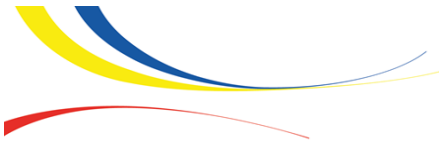
Transfer locations for multimodal transport should have adequate infrastructure for access of different modes of transport (e.g. road and railway access to ports) and they have to be well equipped for efficient reloading equipment (e.g. with gantry cranes and other reloading equipment). The status of infrastructure necessary for multimodal transport at key potential ACTS transfer locations and the need for further development and investment should be evaluated as a follow up activity of this study.

In Summary:

Coordinated Border Management promotes coordination among Customs and other government authorities (OGA) with regard to efficient electronic information exchange, secure implementation of regulatory requirements and facilitation of movements across borders.

WCO and WTO tools and instruments provide support for development of Coordinated Border Management. Practical solutions for implementation of this concept differ from country to country, due to adjustments made, while taking into consideration particular circumstances in each country.

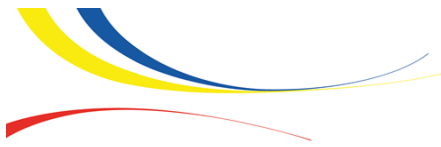
ACTS is compatible with the Coordinated Border Management concept because it provides efficient electronic information exchange on Customs transit among participating AMS Customs authorities from departure to destination. The ACTS implies coordination and cooperation between Customs and transport authorities (regarding ASEAN Goods Vehicle Cross Border Permit – AGVCBP) and between Customs and OGA responsible for issuing various certificates/permits for restricted goods.



It is recommended to consider options for automation of interactions between Customs authorities, transport authorities and OGA under ACTS, by developing new ACTS Transport Management (and Monitoring) Module and/or developing interfaces and linkages between corresponding IT systems of OGA and/or AMS national single windows.

Other aspects of Coordinated Border Management such as sharing of infrastructure, facilities and equipment between Customs and OGA, conducting control in behalf of other regulatory agency and joint inspections (on national level) or single stop inspections (SSI) (on cross-border level) are applicable for Customs transit procedures under ACTS.

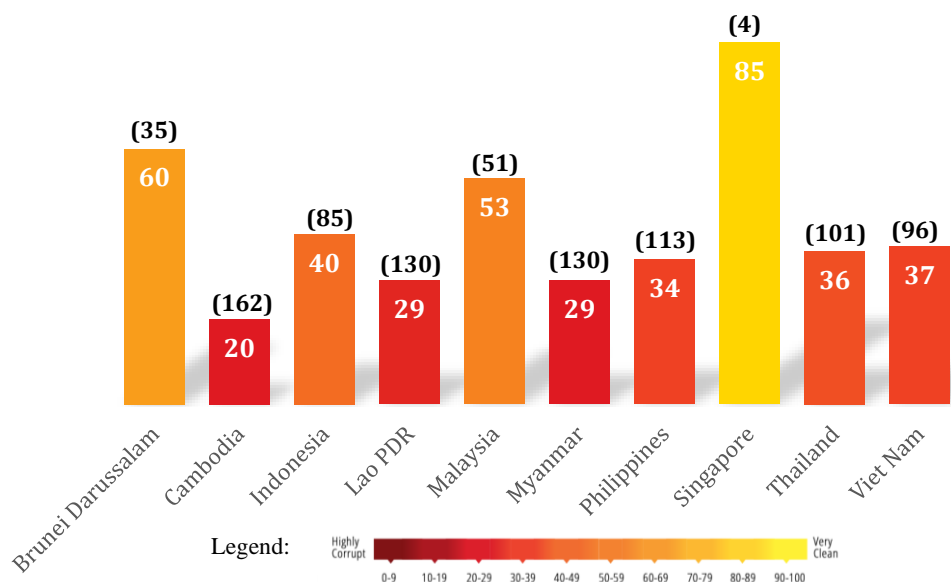
Key transfer locations at AMS for implementation of multimodal transport under ACTS have to be identified. The status and potential need for further development of infrastructure to support efficient multimodal transport operations under ACTS at key transfer locations should be evaluated as a follow up activity of this study (e.g. access of different modes and transport and availability of equipment for efficient reloading at key transfer locations).



7 Transparency and Anti-Corruption

Corruption in public sector is considered as one of the biggest impediments for economic development, security and safety in emerging and developing countries, however this issue is very relevant for all societies around the world. Many ASEAN countries are facing challenges in tackling corruption in public sector, that among other include Customs and OGA involved in border crossing formalities. According to the Transparency International Corruption Perception Index for 2019, only Singapore is scoring very high (85, ranking 4 among 180 countries worldwide), while the scores of other AMS are ranging from upper part (Brunei Darussalam - 60), mid part (Malaysia - 53) to lower range of the scale (where 100 score is very clean and 0 is highly corrupt).

Figure 28: Country Corruption Perception Score (Rank) (2019)



Source: Transparency International, Corruption Perception Index 2019

Corruption at borders is considered one of the key problematic factors, in particular for import. If compared with other selected factors (e.g. tariffs and non-tariff barriers, burdensome import procedures, domestic technical requirements and standards etc.), the corruption at borders was regarded as most prominent problematic factor in Cambodia and Indonesia, and very significant factor in all other AMS except in Singapore (where the corruption is considered only as negligible problematic factor)(see the figure 29 below).⁴⁵

The ASEAN and AMS have recognized well the need to work on improvement of transparency and anti-corruption. The AMS Customs authorities should continue their endeavours to improve their integrity activities, including design and implementation of systems / control mechanisms that reduce opportunities for corruption and increase capacities for detecting unethical behaviour.

⁴⁵ Based on World Economic Forum (WEF) the Global Enabling Trade Report 2016 data which are compiled from World Economic Forum, Executive Opinion Survey 2015. Only the data Myanmar are taken from the WEF the Global Enabling Trade Report 2016. Data on Brunei Darussalam are not available.

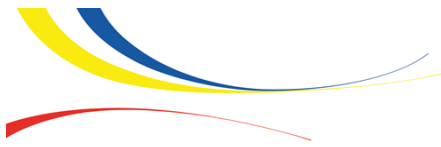
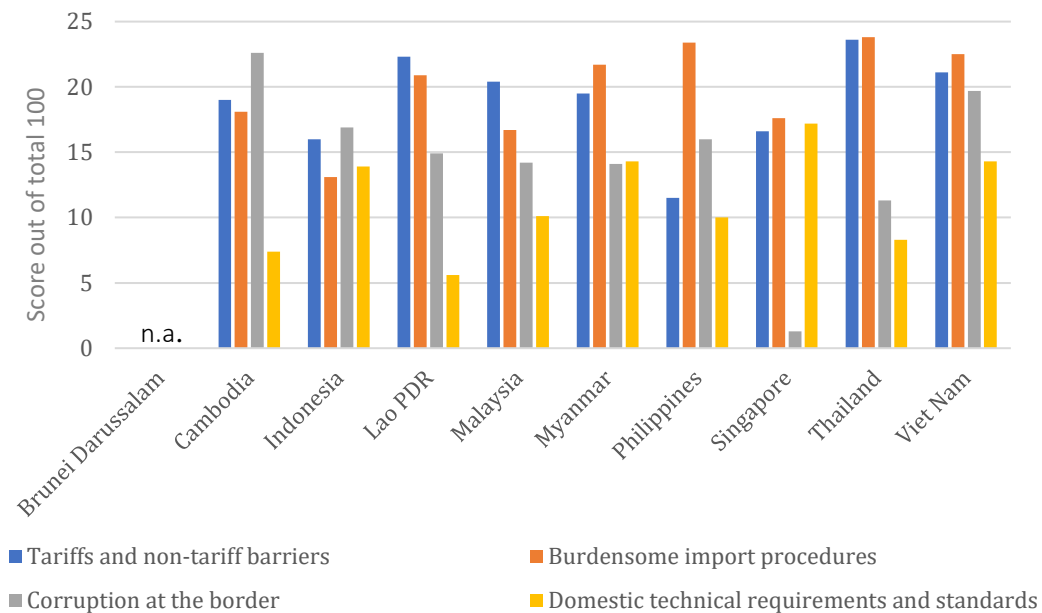


Figure 29: Selected problematic factors for importing



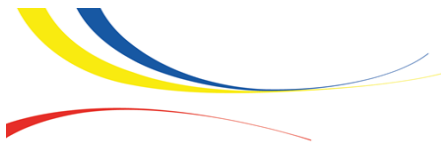
Source: World Economic Forum / The Global Enabling Trade Report 2016 (for Myanmar 2014)

The United Nations (UN) and WCO provide instruments and recommendations for development of integrity such as: United Nations (2003) Convention against Corruption (UNCAC), WCO (1993/2003) Revised Arusha Declaration, WCO (2014) Revised Integrity Development Guide, WCO Model Code of Ethics and Conduct and WCO (2015) Guide to Corruption Risk Mapping. Those instruments offer valuable guidance to Customs and OGA on increasing transparency and strengthening anticorruption measures.

Automation is one of the key factors in any Customs integrity programme. In addition to improved efficiency and effectiveness of Customs functions, automation represents a powerful tool against corruption that enables:

- Removing of many opportunities for corruption;
- Increased level of accountability;
- Audit trail for later monitoring and review of administrative decisions;
- Minimized opportunity for the inappropriate exercise of official discretion;
- Minimized face to face contacts between clients and Customs officers for any physical handling.⁴⁶

⁴⁶ Based on WCO (1993/2003) Revised Arusha Declaration (point 4)



The ACTS is sophisticated automated tool for processing of Customs transit that entirely fulfils all recognized attributes of automation against corruption. The ACTS covers entire Customs transit movement from the country of departure, through country/countries of transit, up to the country of destination. Therefore, the ACTS eliminates the loopholes that exist if processing is done individually, on fragmented way by multiple unconnected national electronic processing systems of each AMS Customs. Expanding the ACTS for multimodal transport further fortifies the benefits of automation since the system could cover entire door to door transport movements.

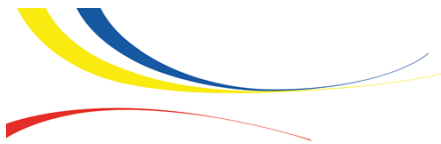
Having a single Customs transit declaration for entire Customs transit movement (multimodal transport included) has multiple benefits with regard to removing of opportunities for corruption. Single submission of ACTS Customs declaration at the country of departure, eliminates the need to create and submit new Customs transit declarations at borders (or at ports in the case of multimodal transport), which means reduced interactions with Customs and eliminated (or significantly reduced) contacts between Customs brokers and Customs officers at the borders (ports). Single Customs transit declaration eliminates possibilities for any discrepancies between information available at country of departure, transit or destination. Furthermore, the ACTS enables easy detection of many related elements to the Customs transit declaration (e.g. having valid ASEAN Goods Vehicle Cross Border Permit, valid and sufficient Bank Guarantee).

The ACTS is essentially designed as paperless Customs clearance system that minimizes routine requirements for physical presentation of documents to Customs. The ACTS increases possibilities for electronic data submission and minimizes the need for physical handling of paper-based documents. That significantly minimizes face to face contacts between stakeholders in ACTS Customs transit operations and Customs officers. When simplifications are granted for Authorized Transit Traders (ATT) under ACTS, such face to face contacts could be entirely eliminated and fully replaced with electronic exchange of corresponding messages.

The stakeholders in ACTS are preregistered and identified. Electronic trail is recorded in each step of processing of Customs transit operation, e.g. submission of electronic customs transit declaration by declarant, acceptance of Customs transit declarations by Customs office of departure, release of goods in Customs transit procedure, crossing the borders and arrival at destination. Multiple electronic messages exchanged during ACTS Customs transit operation provide transparency in organization of Customs transit on regional level and increase the level of accountability.

Risk assessment module which is included in ACTS, not only increases the efficiency of Customs controls, but also reduces the opportunities for inappropriate Customs discretion. Control results from departure, transit and destination are recorded in the ACTS which enables audit trail and review of administrative decisions if needed.

Notwithstanding all benefits of automation, we should have in mind that the automated systems are still operated by people and entire range of Customs formalities cannot be automated (e.g. physical checking of Customs seals, some physical controls of goods will remain). Ultimately having



ethical Customs will always be an essential part of conducting efficient Customs transit formalities even if sophisticated electronic Customs transit system, like ACTS, is employed.

Automation is only one of the factors to be addressed in order to build an ethical Customs. If there are persisting issues with regard to integrity, then many of the efforts for improvement of transit systems including automation, could still be significantly undermined. Therefore, the AMS and Customs authorities, should put integrity issues, continuous training, and organizational improvements (e.g. strengthening of internal audit) high on their modernization agenda.

In Summary:

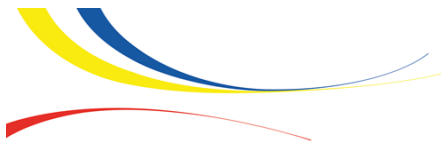
Many ASEAN countries are facing challenges in tackling corruption in public sector that among other include Customs and OGA involved in border crossing formalities. Corruption at borders is considered one of the key problematic factors in particular for import.

The AMS are encouraged to follow the guidance provided by UN and WCO instruments and recommendations on increasing transparency and strengthening anticorruption measures (including automation).

Automation is one of the key factors in any Customs integrity programme. ACTS is sophisticated automated tool for processing of Customs transit that entirely fulfils all recognized attributes of automation against corruption. That includes removing opportunities for corruption, increased accountability, providing audit trail, minimized opportunity for exercising inappropriate official discretion and minimized face to face contacts.

The ACTS, as a regionally designed Customs transit system (potentially expanded to cover multimodal transport), could further fortify the benefits of automation since the system could cover entire door to door transport movements. The ACTS eliminates the loopholes that exist if processing of international transport is done individually, on fragmented way by multiple unconnected national electronic processing systems of each AMS Customs authority.

In addition to automation (e.g. provided by ACTS) the AMS are encouraged to continue their endeavours to build an ethical Customs by putting integrity issues, continuous training, and organizational improvements (e.g. strengthening of internal audit) high on their modernization agenda.



8 Partnership with Business

International transit environment includes large number of participants from business sector (e.g. exporters/consignors, carriers, freight forwarders, Customs agents/brokers, banks/guarantors, insurance companies, importers/consignees). If the ACTS is further expanded to include multimodal transport additional stakeholders from private sector will be included (e.g. multimodal transport operators, carriers in maritime/river/air/railway transport, service operators at ports, airports, operators of container terminals, warehouses and other logistics services providers, etc.). Coordination and communication challenges for involvement of all stakeholders concerned in international Customs transit could be substantial. Therefore, it is essential to develop effective Customs - Business partnership mechanisms on both ASEAN level and national AMS level.

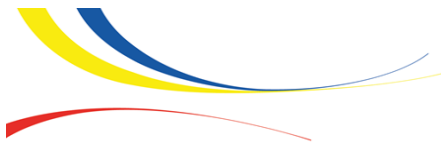
In order to address coordination and communication challenges for involvement of all stakeholders concerned, the AMS Customs authorities (preparing for ACTS implementation and potential expansion of ACTS to include multimodal transport), should endeavour to reach out to large number of relevant participants from business sector as early as possible (e.g. in the processes of designing of potential ACTS expansion) and to maximize the efforts for close cooperation in the final process of implementation.

The AMS Customs authorities should clearly present to the business sector stakeholders the ACTS objectives, benefits and requirements of the system with respect to separate interest of different specific groups of participants. Receiving feedback from business sector stakeholders can be useful for potential improvements of the system that reflects the business sector needs (e.g. suitable multimodal transport corridors to be included in ACTS) and avoid potential impediments that could setback effective implementation of the system.

Using effective Customs - Business partnership mechanisms on both ASEAN level and national AMS level, the Customs authorities should endeavour to quantify the clear benefits from the use of ACTS over existing Customs formalities. Possible cost savings from introduction of ACTS should be carefully explored (e.g. with Time/Costs Distance analysis on specific multimodal corridors), well documented and widely presented to the business community.

The AMS have introduced various business partnership schemes (e.g. AEO, Best Trader programme, Secure Trade Partnership programme). The AMS business partnership schemes vary in scope (e.g. Customs transit and specific security provisions are not included in some AMS) and range (e.g. from preparatory activities for introduction such programme (e.g. in Myanmar), various degrees in implementation status in different AMS, up to well-developed programmes in some of them).

The ACTS, and in particular potentially expanded ACTS to cover security entry/exit summary declaration processing (as suggested in Chapter 5 of this Study), is a tool that supports implementation of business partnership schemes (e.g. AEO). If the ACTS is further expanded to cover multimodal transport it could cover even more processes and stakeholders in international trade



supply chain and serve as a more efficient tool for the purposes of business partnership schemes (e.g. AEO). Cooperation between the AMS under a regional ACTS could facilitate the process for introduction of mutual recognition arrangements under AEO programmes of different AMS.

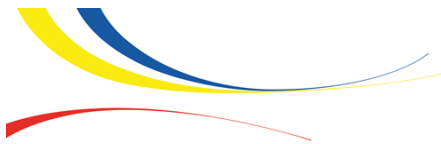
The WCO SAFE FoS, in particular Pillar 2 Customs-to-Business, provides guidance and recommendations for development of business partnership schemes based on standards for partnership, security, authorization, technology, communication and facilitation. That includes self-assessment process measured against pre-determined security standards and best practices, incorporating pre-determined security best practices (e.g. authorized and controlled access to facilities, conveyances, loading docks and cargo areas), reconciling the information and documentation, use of modern technology and ICT systems. The procedures under ACTS are compatible with the WCO standards, however for practical implementation further guidance on security provisions of AEO programme has to be given and fully incorporated in national AMS Customs formalities.

In implementation of ACTS, it is particularly important to enable wide usage of simplifications for compliant traders and principals under authorized transit trader (ATT) and authorized economic operator (AEO) schemes. That may include guarantee waiver (no bank guarantee required), authorized consignor and authorized consignee simplifications that provide clearance directly at premises of traders with minimal interaction with Customs authorities. Without actual potential to use the obvious advantages that ACTS is offering, the traders may not be interested to implement new systems, particularly where joining the systems requires investment in new skills.

Continuous awareness activities and training programmes on ACTS implementation have to be provided for business community. Those activities should strengthen cooperation between Customs, transport authorities and OGA with the stakeholders from business sector and encourage the business community to join the efforts for implementation of ACTS (potentially expanded for multimodal transport). However, some of the business sector stakeholders may show resistance to introduction of ACTS (with or without multimodal transport included) due to their vested interests in keeping existing separate Customs transit systems on national level.

For example, with introduction of ACTS overall time and costs of the Customs transit could be reduced since the need for services of domestic freight forwarders / Customs agents at transit/transfer locations will be reduced or eliminated. Despite the overall benefits that the system provides for international trade, the particular providers of such service is expected to be affected, and potential issues should be addressed. It could be expected that sometimes the Customs requirements and business sector expectations may be opposite and conflicting. Even in such cases of diverging interests an open dialog between Customs/transport/OGA and business sector could help managing potential issues and setting consistent national (or ASEAN level) policies.

Various public-private coordinative mechanisms are already in place in AMS such as National Transit and Transport Coordination Committees (NTTCC). At AMS national level, the representatives of



various associations of transporters, exporters, importers, manufacturers, Customs brokers and freight forwarders are often engaged in public private consultations. The NTTCC are the primary national level forums where the ACTS issues should be discussed on national AMS level. Other national coordinative mechanisms could be developed as well.

Since the ACTS is ASEAN solution it is also important to have efficient ASEAN level coordination between ASEAN Customs bodies (e.g. ASEAN Directors-General of Customs (DGs of Customs), Customs Procedures and Trade Facilitation Working Group (CPTFWG)) and ASEAN private sector associations (e.g. ASEAN Business Advisory Council (ASEAN-BAC), ASEAN Federation of Forwarders Association (AFFA), ASEAN Ports Association (APA), EU-ASEAN Business Council (EU-ABC) etc.)

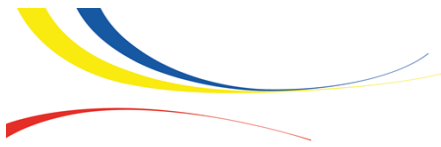
The coordination at national and/or ASEAN level with regard to ACTS (including potential expansion to multimodal transport) may result in various specific activities initiated and agreed (e.g. discussion on concept for expansion of ACTS as per this study, development of ACTS awareness and training programmes, improvements in organization of ACTS formalities, introduction of security programmes and wider use of simplifications in ACTS, support in development of interfaces and linkages between ACTS and ICT systems of private sector stakeholders, port community systems etc.). Potential support by the EU could be considered for such specific activities as per AMS request.

The standards and recommendations from international arrangements such as WCO Revised Kyoto Convention, WTO Agreement on Trade Facilitation and WCO Customs-Business Partnership Guidance could support the AMS endeavours to increase the efficiency of Customs partnership with business.

The WCO recognizes multiple challenges in Customs-Business partnership initiatives that have to be addressed, such as creation of constructive engagement atmosphere; changing cultural outlook of Customs towards business and vice versa; developing ownership of joint programmes and believing in the advantages of the process; finding the way to demonstrate the impact of the consultation outcomes; ensuring proactive and positive response from consultation process; development of problem solving approach; ensuring diverse and effective representation of businesses; providing adequate capacity, skills and resources.

To address the challenges in create welcoming environment for Customs-Business partnership initiatives, the WCO recommends to keep open and two way communication; to maintain transparency by providing clear and mutually agreed information and feedback processes; to collaborate by seeking mutually beneficial outcomes where feasible; to be inclusive as far as possible by recognizing, understanding and involving all stakeholders; to be innovative in anticipating changes and developing potential solutions; to build engagement in a manner that fosters mutual understanding and trust; and to clearly understand the responsibilities of all parties included.

The advanced pillar on Customs-Business partnership may include: co-creation of policies and programmes; development of centres of excellence and expertise; signing MoUs with specific business sectors; expanding partnership to include transport and OGA; fostering international and regional level engagement; joint development of IT systems; running joint border process



observatory; using private sector experts in Customs and Customs secondments to the private sector; planning and conducting joint trainings and joint integrity observatory.⁴⁷

In Summary:

Coordination and communication challenges for involvement of all stakeholders concerned in international Customs transit could be substantial. If the ACTS is further expanded to include multimodal transport additional stakeholders from the private sector will be included (e.g. multimodal transport operators, carriers in maritime/river/air/railway transport, service operators at ports, airports, operators of container terminals, warehouses etc.).

The AMS Customs authorities (preparing for ACTS implementation and potential expansion of ACTS to include multimodal transport) should endeavour to reach out to large number of relevant participants from business sector as early as possible and improve coordination and cooperation.

Customs authorities should endeavour to quantify the clear benefits for the private sector from the use of ACTS over existing Customs formalities. Possible cost savings from introduction of ACTS should be carefully explored (e.g. with Time/Costs Distance analysis on specific multimodal corridors).

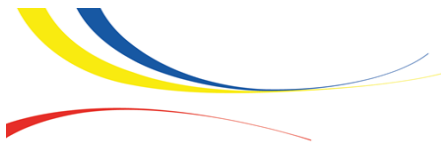
In implementation of ACTS, it is particularly important to enable wide usage of simplifications for compliant traders and principals under authorized transit trader (ATT) and authorized economic operator (AEO) schemes. The ACTS, and in particular potentially expanded ACTS to cover security entry/exit summary declaration processing (as suggested in Chapter 5 of this Study), is a tool that supports implementation of business partnership schemes (e.g. AEO simplifications).

The NTTCC are the primary national level forums where the ACTS issues should be discussed on national AMS level. Other national coordinative mechanisms could be developed as well. Since the ACTS is an ASEAN solution it is also important to have efficient ASEAN level coordination between ASEAN Customs/transport bodies and ASEAN private sector associations.

The AMS are encouraged to follow the guidance provided by WCO and other international instruments on development of efficient partnership with business sector.

The coordination at national AMS and/or ASEAN level with regard to ACTS (including potential expansion to multimodal transport) may result in various specific activities initiated and agreed such as discussion on the concept for expansion of ACTS, awareness and training programmes, improvements in organization of ACTS formalities, introduction of security programmes and wider use of simplifications in ACTS, support in development of interfaces and linkages between ACTS and ICT systems of private sector stakeholders, port community systems etc.

⁴⁷ Based on WCO (2015) Customs-Business Partnership Guidance



9 Performance Measurement

The AMS Customs administration have put in place their national monitoring and evaluation mechanisms which include different strategic and operational key performance indicators (KPI). The KPI include traditional indicators such as: revenue collected, investigated offences, physical inspections as well as some trade facilitation related indicators. Presently there are no indications about national AMS KPI indicators related to implementation of ACTS. ASEAN level performance indicators have been developed as well such as ASEAN Customs Strategic Actions Plan – Key Performance Indicators (SAP-KPIs) (2016 – 2025) and ASEAN Seamless Trade Facilitation Indicators (2017). ASEAN level indicators are not publicly available, and it is not clear if they include indicators relevant for implementation of ACTS.

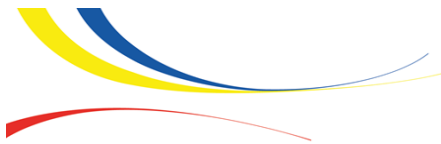
Performance measurement and monitoring of Customs transit in ASEAN is fragmented, incomplete and not harmonized. Introducing harmonized performance measurement and monitoring mechanisms relevant for implementation of ACTS is necessary in order to assess the present situation and to evaluate the effects of ACTS implementation (including potential expansion to cover multimodal transport).

Collection of data relevant for international Customs transit is challenging because information is not always easily available. Some global performance data such as World Bank logistics performance index (LPI) can provide relevant evaluation of overall logistics performance and efficiency of Customs clearance, however they are not sufficiently detailed to evaluate the effects of introduction of new Customs transit systems such as ACTS and to capture details on the effects from potential ACTS expansion to cover multimodal transport.

The main KPI relevant for international transport and Customs transit include:

- Costs, for transport services and all additional fees and charges along the route,
- Time, as a total time to move the goods from departure to the final destination and intermediate times, in particular the time spent at border crossings and ports, and
- Reliability, that allows easy planning of transport and Customs transit operations and high level of certainty that the operations will be completed according to the estimated time and costs.

Multiple tools are available to AMS to strengthen their performance measurement mechanisms with KPI relevant for ACTS. That includes the WCO Time Release Study, UN ESCAP Time/Cost Distance methodology, UN ESCAP Cross-border Transport Performance Indicators. Some of the AMS already have experience with conducting performance assessment based on WCO Time Release Study, and exercises based on UN ESCAP Time/Cost Distance methodology, however such activities are presently not related to implementation of ACTS.



Box 4: WCO Time Release Study

The WCO Time Release Study (TRS) is a tool for performance measurement of actual time required for release and/or clearance of goods. The TRS is applicable for all modes of transport, including multimodal transport.

The TRS measures the actual time required from the arrival of goods to their physical release at border crossings and ports (e.g. release to Customs transit procedure or release in next import procedure after termination of Customs transit).

The TRS enables assessment of the efficiency and effectiveness of each actor in the flow process of cargo (e.g. Customs, OGA and other stakeholders such as MTO, carriers, freight forwarders, Customs brokers, traders etc.). It identifies bottlenecks affecting the release of goods and produces empirical evidence for re-engineering of existing procedures and improvement of border process efficiency in a periodic manner.

The TRS could be implemented at a multilateral/regional level (e.g. on ASEAN level for implementation of ACTS). The TRS methodology is based on four phases: Preparation of the Study; Collection and recording of data; Analysis of data and conclusions and Monitoring and evaluation.

The WCO provides detailed guidance for TRS implementation.⁴⁸ The WCO TRS Guide includes explanations on the outline of the TRS for each phase and each step that has to be taken and discuss various options for modifications. The TRS could be treated as ongoing program for continuous improvement.

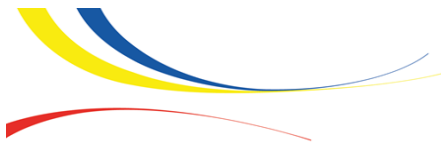
Source: based on WCO Time Release Study

This Study recommends introduction performance indicators and monitoring mechanism relevant for ACTS implementation, which includes potential expansion of ACTS to cover multimodal transport. The recommended process for introduction of the ACTS monitoring mechanism could be organized through several stages.

First, the AMS should define joint objectives of the ACTS related monitoring mechanism. That may include assessment of effectiveness of ACTS, comparative analysis with other Customs transit systems (national/bilateral), introduction of further improvements and expansions of the ACTS.

Second, the AMS should agree on key elements and methodology to be used under ACTS performance monitoring mechanism. That may include identification of detailed KPI relevant to ACTS implementation, the level of coordination on ASEAN level, stakeholders to be involved, key transport (multimodal) corridors to be included, and tools to be used (e.g. WCO Time Release Study and/or UN ESCAP Time/Cost Distance methodology, other relevant surveys).

⁴⁸ WCO, 2018, Guide to Measure the Time Required for the Release of Goods (Version 3). Available at: http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/facilitation/instruments-and-tools/tools/time-release-study/time_release_study.pdf?db=web



Box 5: Potential KPI relevant for ACTS Implementation

KPI Group 1 - Traffic (for key selected corridors)

- Number of international transport operations (Customs transit operations) along key selected corridors (by mode of transport);
- Number of multimodal transport operations along key selected corridors (and number of authorized MTO);
- Volume of cargo transported along key selected corridors (tonnes / container TEU / tonne-km) (by mode of transport) (for multimodal transport).

KPI Group 2 - Time (for key selected corridors)

- Running time (hours) (intermodal/multimodal);
- Speed without delay / Speed with delay;
- Time to clear the border crossing / port (breakdown of time by Customs, OGA, Port handling etc. and idle time);
- Reasons for delays (to be identified in categories and per cent of occurrence);
- Punctuality (per cent of operations meeting scheduled time).

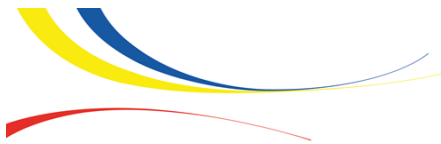
KPI Group 3 - Cost (for key selected corridors)

- Average transport costs;
- Costs incurred at border crossings / ports (intermodal/multimodal);
- Average cost per transfer in multimodal transport.

KPI Group 4 - Customs / OGA facilitation

- Number of Customs transit declarations (per category: national, ACTS, other and per type: electronic only, electronic and paper-based; paper-based only);
- Use of NSW for Customs transit (categories and number of transactions);
- Number of Authorized Transit Traders and Authorized Economic Operators;
- Percent of simplified Customs declarations (submitted by ATT and AEO) out of overall number of Customs declarations;
- Customs declaration selected for physical inspection (per cent);
- Irregularities detected (number and per cent relative to the physical inspections);
- Perception of corruption.

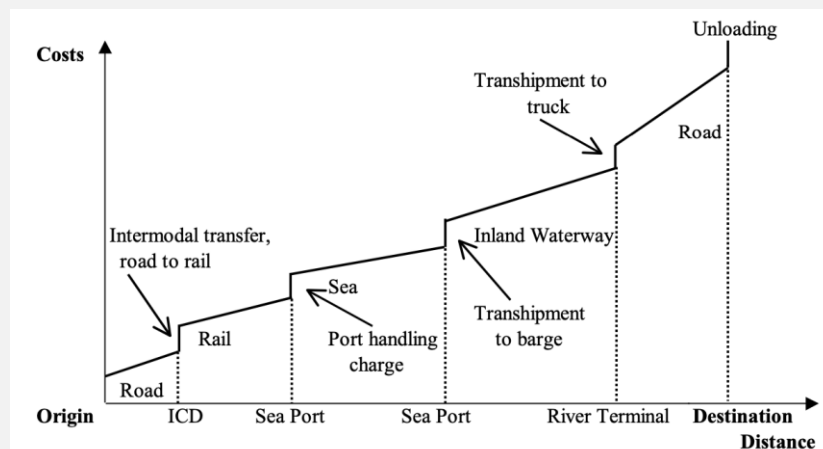
Having a clear KPI definition and common understanding on data related to the KPI is necessary in order to facilitate data collection, enable comparison with previous/next findings and avoid misinterpretation among different AMS.



Box 6: UN ESCAP Time/Cost Distance methodology

The UN ESCAP Time/Cost-Distance (TCD) methodology is a simple assessment tool that can be utilized to measure and evaluate corridor performance.⁴⁹ The TCD methodology is based on recording and tracking information on costs, time and distance of physical movement of cargoes from origin to destination. Multimodal transport operators / carriers involved in TCD exercise capture the information on cost, time and distance along the specified sections of the corridor during transport operation.

The result of data collection with TCD methodology is a graphical representation of cost and time data associated with transport processes (distance is represented on x-axis against either cumulative time or cumulative cost shown on y-axis).



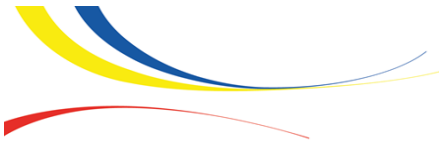
Source: UN ESCAP

The analysis based on TCD methodology could be used as a tool in evaluation of efficiency of Customs transit operations along the selected ACTS corridors. The TCD methodology could be used for comparative analysis of different Customs transit systems (e.g. national AMS Customs transit and ACTS) along same corridor or comparative analysis in relation with other competing routes.

The TCD methodology could enable identification of inefficiencies and bottlenecks along the corridor by analysis of every section along the route. The TCD methodology may include a detailed break-down of cost and time spent, associated with border crossings and port operations as well as Customs and OGA formalities.

Once the AMS define the objectives of the ACTS performance monitoring mechanism and agree on key elements and methodology to be used (e.g. a list of KPI relevant for ACTS implementation, combination of WCO TRS and UN ESCAP TCD), then they may proceed with preparation for implementation of ACTS monitoring mechanism. The preparation may include: selection of actual data collection locations and data collection periods, evaluation of costs and providing funding, building capacity for monitoring and evaluation teams, development or familiarization with tools

⁴⁹ More information available at ESCAP website: <http://www.unescap.org/resources/timecost-distance-methodology>



and systems for collection and data analysis, outreach activities for all stakeholders involved in order to build awareness and ensure support in implementation of ACTS performance monitoring mechanism.

Implementation of ACTS performance monitoring mechanism is the last phase in this process that includes actual collection of data (e.g. executing surveys, interviews, time release studies); analysis of the collected data against KPI; preparation of reports with recommendations in accordance with objectives set for the monitoring mechanism; and monitoring and evaluation of entire process.

Introducing of well-designed ACTS performance monitoring mechanism could support improvements of ACTS, including potential expansion of the ACTS to cover multimodal transport. Potential support by the EU in the process of design, preparation and implementation of ACTS performance monitoring mechanism should be considered.

In Summary:

There is no indication that national AMS Customs monitoring and evaluation mechanisms and/or ASEAN level performance indicators include ACTS related performance monitoring and indicators. Performance monitoring on Customs transit in ASEAN is fragmented, incomplete and not harmonized.

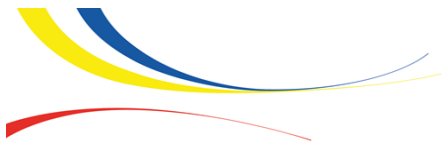
It is recommended to introduce ACTS related performance monitoring system in order to assess the present situation and to evaluate the effects of ACTS implementation (including potential expansion to cover multimodal transport).

Main KPI relevant for international transport and Customs transit include costs, time, and reliability.

The AMS are encouraged to use the available tools such as WCO Time Release Study, UN ESCAP Time/Cost Distance methodology to strengthen their performance monitoring mechanisms (in particular with regard to ACTS implementation).

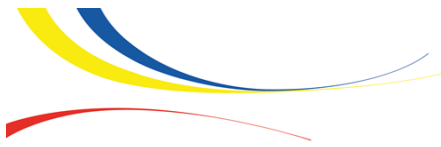
The recommended concept for introduction of ACTS related performance monitoring system includes several stages: defining joint objectives, agreement on key elements (e.g. detailed KPI), methodologies and tools to be used (e.g. WCO Time Release Study and/or UN ESCAP Time/Cost Distance methodology, other relevant surveys); preparation for implementation; and actual implementation of ACTS related performance monitoring system.

Well-designed ACTS performance monitoring mechanism could support improvements of ACTS including potential expansion of the ACTS to cover multimodal transport.



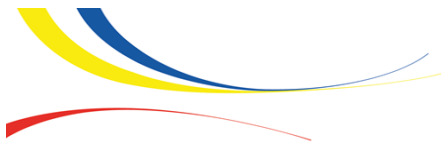
10 Conclusions and Recommendations

- 10.1 In conclusion, it is recommended that AMS should consider making a decision to expand ACTS in order to support multimodal transport. This is because the full potential of Customs transit in ASEAN will be implemented only with a harmonized concept that ACTS provides. The ACTS is a solution that could overcome fragmented national AMS Customs transit procedures, with improved efficiency of clearance at borders (and potentially at ports) and common options for facilitation of Customs transit, including simplifications for door-to-door services.
- 10.2 It is also concluded that the ACTS as a concept could support implementation of AFAMT and act as a catalyst to enhance the efficiency of Customs processing of multimodal operations. This could include, for example allowing two country transit (currently disagreed by AMS under AFAFGIT), and an increase in the number of available transit routes and Customs offices. Other restrictions on ACTS implementation should be addressed, in particular those that could make the ACTS system less attractive and potentially jeopardize the full-scale implementation of ACTS (e.g. potential outward/inward transit restrictions on permitted places of departure and destination to be lifted, making distinction between transit and import restrictions). Currently there are differences in AMS capacities to actually implement simplified Customs transit procedures and Authorised Economic Operator (AEO) simplifications, which this proposal could serve to rectify. Conditions for regular use of simplifications for authorized transit traders (ATT) and AEO should be created.
- 10.3 The ACTS is a voluntary system; however it is recommended that AMS consider making the system compulsory in future, to address the need to effectively facilitate multi-modal transport. In order to proceed with ACTS expansion, it is necessary to have a clear ASEAN level strategy on harmonization of relevant Customs transit procedures in ASEAN. If AMS Customs authorities decide to proceed with harmonization of Customs transit at ASEAN level, then ACTS should not be considered optional but as a mandatory central catalyst for the facilitation of multimodal transport in ASEAN. An ASEAN strategy for harmonization of national AMS Customs transit systems on ASEAN level (based on ACTS concept) could be agreed (e.g. by declaration and/or agreement) upon comprehensive analysis on national AMS Customs transit systems (from legal, procedural and ICT perspective). Ultimately national AMS Customs transit legislation/instructions should be amended to provide harmonization (as far as possible) with WCO RKC Annex E1 and Protocol 7 of AFAFGIT on Customs transit. (potential support by the EU to be considered)
- 10.4 It is recommended to develop a harmonized ASEAN level concept (strategy) on pre-arrival (pre-departure) processing and multilayer risk management (for all entries/exits regardless if Customs transit is included). The concept has to be formally agreed by AMS with ASEAN level legal framework (declaration/agreement) and accordingly national AMS Customs



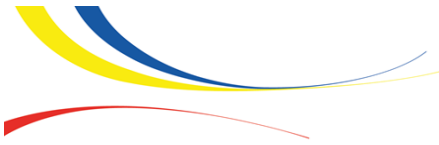
legislation should be amended. ICT support could be provided by development of new ACTS functionality with modules that cover entry/exit processing of security Entry/Exit Summary Declaration (ENS/EXS). A comprehensive feasibility study on development of ACTS ENS/EXS modules to be conducted in line with the guidance provided by AMS (including estimation of costs for development of new ACTS modules and technical upgrade). Potentially, further expansion for traditional entry/exit manifest processing (and temporary storage) could be considered only for the AMS that may request such functionalities to be added in ACTS. (potential support by the EU to be considered)

- 10.5 It is recommended that options are considered for automation of interactions between Customs authorities, transport authorities and OGA under ACTS, by developing a new ACTS Transport Management (and Monitoring) Module and/or developing interfaces and linkages between corresponding IT systems of OGA and/or AMS national single windows. The new ACTS Transport Management (and Monitoring) Module should automate submission of AGVCBP (as already planned) and potentially could be expanded for other modes of transport (e.g. permits/certificates for vessels, etc.). Support for development of interfaces with national AMS single windows, port community systems etc. (potential support by the EU may be considered only if there are specific requests from some AMS).
- 10.6 In order to address coordination and communication challenges for involvement of all stakeholder concerned, the AMS Customs authorities (preparing for ACTS implementation and potential expansion of ACTS to include multimodal transport) should endeavour to reach out to large number of relevant participants from business sector, as early as possible. If the ACTS is further expanded to include multimodal transport, additional stakeholders from the private sector will be included (e.g. multimodal transport operators, carriers in maritime/river/air/railway transport, service operators at ports, airports, operators of container terminals, warehouses etc.). Activities for support of cooperation with business sector may include (e.g. outreach activities for discussion of the concept of ACTS expansion, ACTS awareness and training programmes, improvement of ACTS formalities, introduction of security programmes and wider use of simplifications, support for development of interfaces and linkages between ACTS and ICT systems of private stakeholders, port community systems etc.) (potential support by the EU to be considered as per AMS request)
- 10.7 It is recommended that an ACTS related performance monitoring system is introduced in order to assess the current situation and to evaluate the effects of ACTS implementation (including potential expansion to cover multimodal transport). The AMS are encouraged to use the available tools such as WCO Time Release Study and UN ESCAP Time/Cost Distance methodology to strengthen their performance monitoring mechanisms (in particular with regard to ACTS implementation). The key elements of the concept for introduction of ACTS related performance monitoring system are presented in this study (e.g. defining joint objectives, agreement on detailed Key Performance Indicators (KPI), methodologies and

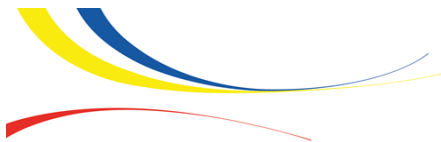


tools to be used, preparation for implementation, and actual implementation of ACTS related performance monitoring system). The ACTS related monitoring mechanism should be agreed on ASEAN level. (potential support by the EU in the process of design, preparation and implementation of ACTS monitoring mechanism to be considered).

- 10.8 It is recommended that ASEAN organizes a formal Survey with multimodal transport operators, as well as national freight forwarders associations in AMS to gather relevant data and estimates on multimodal transport in ASEAN. A concept note and a draft questionnaire to be developed as an initial activity. (potential support by the EU to be considered).
- 10.9 It is recommended that a formal Survey should be organized with AMS Customs authorities to gather relevant data on Customs transit including the number of Customs transit declarations by Customs declaration type (e.g. for different types of Customs transit declarations used for national/international Customs transit, outward/through/inward transit, transit to/from free zones, simplified transit for authorized consignors/consignees etc.) as well as Customs transit declarations by mode of transport (e.g. road, rail, river, sea, air). A concept note and a draft questionnaire to be developed as an initial activity. (potential support by the EU to be considered)
- 10.10 A comprehensive modelling study should be conducted on multimodal transport traffic and Customs transit in ASEAN, which in addition to more precise estimation of baseline values, will make well supported projections on future trends e.g. up to 2050. (potential support by the EU to be considered)
- 10.11 Amendments should be developed of AFAFGIT Protocol 1, Protocol 2, and Protocol 7 (Article 22 of Technical Annex) and potentially other articles to provide a legal framework for implementation of expanded ACTS that covers multimodal transport. (potential support by the EU to be considered)
- 10.12 It is recommended that amendments and expansion should be carried out of the existing ACTS Transit Manual and other procedural guidance for implementation of ACTS to include multimodal transport.
- 10.13 The costs should be estimated for implementing suggested changes for expanding ACTS functionalities to cover multimodal transport (in particular for ICT component), training and human resources development. Estimation of costs for technical upgrades of ACTS should be done as well. (potential support by the EU to be considered)
- 10.14 Specific ACTS change requests should be made to support multimodal transport, making amendments to ACTS functional and technical specifications; implementation to be completed of the changes in ACTS software applications, which should also be reflected the changes in the ACTS System User Manual.



- 10.15 A study should be carried out on status and potential need for further development of infrastructure to support efficient multimodal transport operations under ACTS at key transfer locations (e.g. access of different modes and transport and availability of equipment for efficient reloading at key transfer locations).
- 10.16 Automation is one of the key factors in any Customs integrity programme. The ACTS is sophisticated automated tool for processing of Customs transit that entirely fulfils all recognized attributes of automation against corruption. Integrity Development Activities at AMS level should be continued (potential support by the EU to be considered as per AMS request).



Annexes

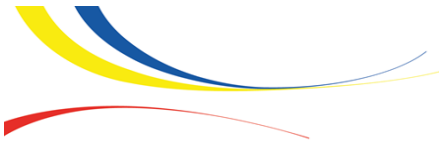
Annex 1 - ASEAN Member States Customs Legislation

(relevant for Customs transit)

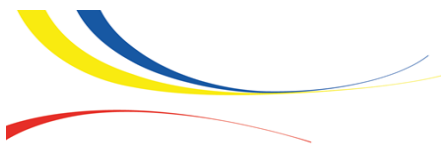
Brunei Darussalam	
Legislation	Available at:
Customs Order, 2006 (S39/06)	https://www.mofe.gov.bn/SiteAssets/Customs/Legislation/CUSTOMS%20ORDER,%202006.pdf
Customs (Customs Transit) Rules, 2006	http://www.agc.gov.bn/AGC%20Images/LOB/Order/ABC/C/Custom%20Order,%202006/Customs%20(Customs%20Transit)%20Rules,%202006.pdf
Cambodia	
Legislation	Available at:
Law on Customs (2007)	http://www.customs.gov.kh/wp-content/uploads/2015/10/Customs-Law-and-Regulations-EN-GDCE.pdf
Prakas No. 508 on Customs Transit (2008)	http://www.customs.gov.kh/wp-content/uploads/2015/10/Customs-Law-and-Regulations-EN-GDCE.pdf
Prakas No. 106 on Customs Temporary Storage	http://www.customs.gov.kh/wp-content/uploads/2015/10/Customs-Law-and-Regulations-EN-GDCE.pdf
Prakas No. 107 on Reporting, Movement, Storage and Transportation of exported goods (2008);	http://www.customs.gov.kh/wp-content/uploads/2015/10/Customs-Law-and-Regulations-EN-GDCE.pdf
Prakas No. 572 on Reporting of Goods When Entered the Customs Territory of the Kingdom of Cambodia (2010);	http://www.customs.gov.kh/wp-content/uploads/2015/10/Customs-Law-and-Regulations-EN-GDCE.pdf
Prakas No. 1447 on Provision and Procedure of Customs Declaration (2007)	http://www.customs.gov.kh/wp-content/uploads/2015/10/Customs-Law-and-Regulations-EN-GDCE.pdf
Prakas No 452 MEF on High Compliant Trader Incentive Mechanism (2013)	
Instruction No. 1090 on the Implementation of Customs Transit Procedures (2008);	http://www.customs.gov.kh/wp-content/uploads/2015/10/Customs-Law-and-Regulations-EN-GDCE.pdf
GDCE Handbook on Customs Clearance (2015)	http://www.customs.gov.kh/wp-content/uploads/2015/10/Handbook-on-Customs-Clearance-EN-Final-Oct-19.pdf
Indonesia	
Legislation	Available at:
Customs Act Number 10/1995 (as amended with Customs Act No 17/2006)	http://www.vertic.org/media/National%20Legislation/Indonesia/ID_2006%20amendment%20to_Customs_Law_10_1995.pdf
Lao PDR	
Legislation	Available at:
Customs Law No: 04/NA, December 2011 (as amended with Customs Law 57/NA Dec 2014)	http://www.laotradeportal.gov.la/kcfinder/upload/files/Customs%20Law%20(2012-final).pdf
Instruction on Electronic Customs Declaration (No: 00097/CD, January 2017)	http://www.laotradeportal.gov.la/kcfinder/upload/files/2017_MOF_00097_EN_G.pdf
Administrative Guidance No. 06893/CD May 2013 on Issuance of Guarantee for Release of Goods by Using IM8 Regime.	http://laotradeportal.gov.la/kcfinder/upload/files/Notification%20of%20Customs%20No%2006893%20(Ok).pdf
Official Letter No. 1242/CD April 2010, on International transit of goods	http://www.laotradeportal.gov.la/kcfinder/upload/files/Official_Letter_CD_No._%201242_CD-Eng.pdf
MOIC-DIMEX, Guide to Import and Export (2012)	http://www.laotradeportal.gov.la/kcfinder/upload/files/Import-Export%20Guide%20(EN)%20v1.0.pdf
Malaysia	
Legislation	Available at:
Customs Act 1967 (Act 235) (as amended)	http://www.mytradelink.gov.my/documents/10179/0/Customs-act
Customs Regulations 2019	http://www.customs.gov.my/en/pg/pg_gazz/Customs%20Regulation/CUSTOMS%20REGULATIONS%202019.pdf
Myanmar	
Legislation	Available at:
Sea Customs Act (SCA)	https://www.customs.gov.mm/pdf/Sea%20Customs%20Act%20(27.7.2015).pdf



(1878 as last modified in 2018)	https://www.customs.gov.mm/pdf/2018%20Sea%20Customs%20Act%20(English%20Version)(2).pdf
Land Customs Act (LCA) (1924 as last modified in 2015)	https://www.customs.gov.mm/pdf/The%20Land%20Customs%20Act%20(27.7.2015)-1.pdf
Philippines	
Legislation	Available at:
Republic Act (RA) No. 10863, Customs Modernization and Tariff Act (CMTA) (May 2016)	https://www.dof.gov.ph/download/customs-modernization-and-tariff-act-ra-10863/?wpdmdl=16779&refresh=5e7f2e532b9421585393235
Rules and Regulations for Customs Transit in the Customs Territory (CAO 15-2019)	https://www.dof.gov.ph/download/rules-and-regulations-for-customs-transit-in-the-customs-territory-2/?wpdmdl=24812&refresh=5e7f2e52eefb21585393234
Transshipment of Goods (CAO 12-2019)	https://www.dof.gov.ph/download/transshipment-of-goods/?wpdmdl=24810&refresh=5e7f2e52f0fd1585393234
Rules and Regulations on the Admission Movement and Withdrawal of Goods in Free Zones (CAO-11-2019)	https://www.dof.gov.ph/download/rules-and-regulations-on-the-admission-movement-and-withdrawal-of-goods-in-free-zones-cao-11-2019/?wpdmdl=24674&refresh=5e7f31d69aa741585394134
Policies on Admission, Movement, and Re-exportation of Containers at the Seaports (CAO 8-2019)	https://www.dof.gov.ph/download/policies-on-admission-movement-and-re-exportation-of-containers-at-the-seaports-cao-8-2019/?wpdmdl=24671&refresh=5e7f31d6a0e7d1585394134
Pre-Lodgement Control Order and Alert Order (CAO-07-2019)	https://www.dof.gov.ph/download/pre-lodgement-control-order-and-alert-order-cao-07-2019/?wpdmdl=24214&refresh=5e7f31d6a1bff1585394134
Marking of Imported Goods and Containers (CAO-02-2019)	https://www.dof.gov.ph/download/markings-of-imported-goods-and-containers/?wpdmdl=22876&refresh=5e7f3290a9a751585394320
Establishment of Authorized Economic Operators (AEO) Program (CAO-5-2017)	https://www.dof.gov.ph/download/establishment-of-authorized-economic-operators-aeo-program-cao-5-2017/?wpdmdl=20183&refresh=5e7f363d759e51585395261
Singapore	
Legislation	Available at:
Customs Act (Chapter 70) (Original Enactment: 44/60) (Rev. 2009)	https://sso.agc.gov.sg/Act/CA1960
Customs Regulations (Rg2) (G.N. S 261/1979) (Rev. 2009)	https://sso.agc.gov.sg/SL/CA1960-RG2?DocDate=20170220
Customs (Container) Regulations (Rg1) (G.N.S 6/1975) (Rev. 2002)	https://sso.agc.gov.sg/SL/CA1960-RG1?DocDate=20131010
Customs (Customs Airports) Regulations (Rg4) (G.N.S 181/1982) (Rev. 2002)	https://sso.agc.gov.sg/SL/CA1960-RG4?DocDate=20121218
Customs (Miscellaneous Fees and Rates) Regulations 2012 (No. S 634)	https://sso.agc.gov.sg/SL/CA1960-S634-2012?DocDate=20131010
Regulation of Imports and Exports Act (Ch 272a)	https://sso.agc.gov.sg/Act/RIEA1995
Thailand	
Legislation	Available at:
Customs Act B.E. 2560 (2017)	http://www.customs.go.th/data_files/a48902e107a80bbfc83d38742957569.pdf
Viet Nam	
Legislation	Available at:
Law on Customs no.54/2014/QH13 - Customs Law (2014)	https://www.customs.gov.vn/Lists/EnglishDocuments/ViewDetails.aspx?ID=1208&language=en-US
Decree no.08/2015/ND-CP providing specific provisions and guidance on enforcement of the customs law on customs procedures, examination, supervision and control procedures	https://www.customs.gov.vn/Lists/EnglishDocuments/ViewDetails.aspx?ID=1201&language=en-US
Circular on Customs Procedures, Customs Supervision and Inspection, Export Tax, Import Tax, and Tax Administration Applied to Ex/Im Goods 38/2015)	https://www.customs.gov.vn/Lists/EnglishDocuments/ViewDetails.aspx?ID=1202&language=en-US
Circular No. 196/2012/TT-BTC of November 15, 2012, providing e-customs procedures for commercial imports and exports	https://www.customs.gov.vn/Lists/EnglishDocuments/ViewDetails.aspx?ID=1158&language=en-US
Circular No. 186/2012/TT-BTC of November 2, 2012, stipulating declaration and declaration appendix forms	https://www.customs.gov.vn/Lists/EnglishDocuments/ViewDetails.aspx?ID=1156&language=en-US



for goods in transit and the printing, issuance, management and use of declarations and appendices	
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Annex 2 - National AMS definitions on (Customs) transit

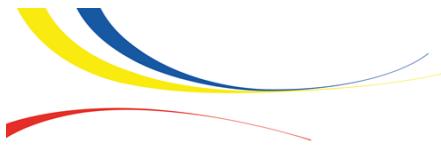
Brunei Darussalam	
Legislation	Customs transit (definition / interpretation)
Customs Order, 2006 (S39/06) Article 2 (1)	" customs transit operations " means the transport of goods from the office of departure to the office of destination under customs transit;
Customs (Customs Transit) Rules, 2006, Article 3	" customs transit " means the customs procedure under which goods in transit are transported under customs control from one customs office to another within Brunei Darussalam;
Cambodia	
Legislation	Customs transit (definition / interpretation)
Law on Customs (2007) Article 9	Transit is the customs procedure under which goods are transported under Customs control from one customs office to another. Direct Transport is the international transport of goods from the country of origin to the country of destination without passing through another country, unless this transit is necessitated by geographic or logistical reasons, and provided that the goods are not subject to trade or use and operations except loading, unloading or operations necessary to keep the goods in good condition while in the transit country.
Prakas No. 508 on Customs Transit (2008) Praka 2	International transit is the transport of cargo from a customs office of entry into the Customs Territory of the Kingdom of Cambodia to a customs office of exit from the Customs Territory and where such transport is a part of a complete journey beginning and terminating beyond the frontier of the Customs Territory. National transit is the transport of cargo: - from the customs office of entry to another customs office or authorized customs clearance premise in the Customs Territory of the Kingdom of Cambodia - from a customs office or authorized customs clearance premise in the Customs Territory to a customs office of exit, or - from one Customs office or authorized customs clearance premise to another Customs office or authorized customs clearance premise in the Customs Territory.
Indonesia	
Legislation	Customs transit (definition / interpretation)
Customs Act Number 10/1995 (as amended with Customs Act No 17/2006) Article 11 (2)	<i>Definition on Customs transit is not provided</i> Transportation of goods within the Customs Territory shall be declared by using the Customs Declaration, as long as it concerns with: a. imported goods from the Temporary Storage or the Bonded Storage destined to another Temporary Storage or Bonded Storage; b. imported goods transitted and/or transshipped; c. exported goods in transitted and/or transshipped, d. goods of the Customs Territory transported through a location outside the Customs Territory.
Lao PDR	
Legislation	Customs transit (definition / interpretation)
Customs Law No: 04/NA, December 2011 (as amended with Customs Law 57/NA December 2014) Article 34	<i>Definition on Customs transit is not provided</i> Goods that are subject to documentation for movement are goods for which customs duties and other obligations have not been paid, duty free goods, goods imported under investment promotion policy and goods that are moved within the warehouse regime.
Malaysia	
Legislation	Customs transit (definition / interpretation)
Customs Act 1967 (Act 235) (as amended)	" transit " means the movement of goods— (a) between two or more customs offices in Malaysia; or (b) from a customs office in any country to a customs office in Malaysia (including goods on transshipment) for the sole purpose of being carried out to another country;



Customs Regulations 2019	<p>“regional transit” means movement of goods by land across the territory of one or more contracting parties under ASEAN Framework Agreement on Facilitation of Goods in Transit (AFAFGIT)—</p> <p>(a) from a customs office in Malaysia to a customs office in another country; or</p> <p>(b) from a customs office in another country through Malaysia to a customs office in another country.</p>
Myanmar	
Legislation	Customs transit (definition / interpretation)
Sea Customs Act (SCA) (1878 as last modified in 2018) (128 and 208)	<p><i>Definition on Customs transit is not provided</i></p> <p>In the ports of Yangon, Mawlamyine, Sittwe, and such other ports as the [Director-General of Customs] may from time to time, by notification in the Gazette, direct in this behalf, the [Competent Customs Official] may, on application by the owner of any goods imported into such port, and specially and distinctly manifested at the time of importation as for transshipment to some other customs or foreign port, grant leave to tranship the same without payment of the duty (if any) leviable at the port of transshipment, and without any security or bond for the due arrival and entry of the goods at the port of destination.</p> <p>The provisions of this Act shall be applicable to the matters relating to transit trade on importation and exportation of goods.</p>
Land Customs Act (LCA) (1924 as modified in 2015)	<p><i>Definition on Customs transit is not provided</i></p> <p><i>(transit, transport, movement under customs control is not regulated)</i></p>
Philippines	
Legislation	Customs transit (definition / interpretation)
Republic Act (RA) No. 10863, Customs Modernization and Tariff Act (CMTA) (30 May 2016) Sec 102 (rr) and Sec 600	<p>Transit refers to the customs procedure under which goods, in its original form, are transported under customs control from one customs office to another, or to a free zone;</p> <p>Customs transit within the customs territory shall be allowed for goods except those intended for consumption, to be transported as follows:</p> <p>(a) From port of entry to another port of entry as exit point for outright exportation;</p> <p>(b) From port of entry to another port of entry or inland customs office;</p> <p>(c) From inland customs office to a port of entry as exit point for outright exportation; and</p> <p>(d) From one port of entry or inland customs office to another port of entry or inland customs office.</p> <p>A transit permit is required for goods transported under customs transit. However, transfer of goods in customs transit from one means of transport to another shall be allowed: Provided, that any customs seal or fastening is not broken or tampered.</p>
Rules and Regulations for Customs Transit in the Customs Territory (CAO 15-2019) Sec 3 (3.9)	Customs Transit Operation – shall refer to the transport of Goods from an Office of Departure to an Office of Destination under Customs Transit
Singapore	
Legislation	Customs transit (definition / interpretation)
Customs Act (Chapter 70) (Original Enactment: 44/60) (Rev. 2009) Art 3	“in transit” means taken out or sent from any country and brought into Singapore by land, sea or air (whether or not landed or transhipped in Singapore) for the sole purpose of being carried to another country either by the same or another conveyance;
Thailand	
Legislation	Customs transit (definition / interpretation)
Customs Act B.E. 2560 (2017)	“Transit” means a transportation of goods through the Kingdom from a customs house of entry to a customs house of exit under customs control where the beginning and the termination of such transportation are outside the Kingdom, with or without change of vehicle, storage, breaking bulk for a transportation purpose or change in a mode of transport. There shall be no use of goods in transit for any purpose or action with a commercial benefit in connection with such goods in the Kingdom;

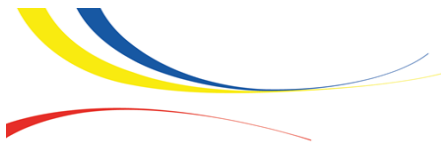


Viet Nam	
Legislation	Customs transit (definition / interpretation)
Law on Customs no.54/2014/QH13 - Customs Law (2014) Art 64(1)	Definition on Customs transit is not provided Goods transported under customs supervision include goods in transit and goods transported from one border gate to another.
Decree no.08/2015/ND-CP providing specific provisions and guidance on enforcement of the customs law on customs procedures, examination, supervision and control procedures – Art.43 (1)	Customs declaration required by customs procedures that in-transit cargos must be followed shall be carried out at the customs office located at the first port of call and the last port of departure

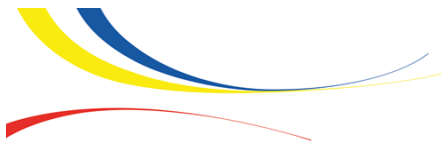


Annex 3 - ACTS Suggested data groups to be added/expanded

	Data Group	Description	Status	Messages related
1.	Transport route	To be divided on sections for different mode of transport	expanded	IE001-AAR IE003-AAR Response IE013-Declaration Amendment IE015-Declaration Data IE029-Released for Transit IE050-ATR IE051-No Release for Transit IE0115-ATR Response IEXXX-ATF (Anticipated transfer record)
2.	(Transit) Customs office	To make distinction between transit only customs office and transit/transfer office (e.g. at border crossing/port).		IE001-AAR IE003-AAR Response IE013-Declaration Amendment IE015-Declaration Data IE029-Released for Transit IE050-ATR IE051-No Release for Transit IE0115-ATR Response IEXXX-ATF (Anticipated transfer record)
3.	(Transfer) Customs office	New role for Customs office for supervision of and transfer. To make distinction between: - transit/transfer customs office (e.g. at border crossing/port) and - transfer office (only) (e.g. inland)	new	IE001-AAR IE003-AAR Response IE013-Declaration Amendment IE015-Declaration Data IE029-Released for Transit IE050-ATR IE051-No Release for Transit IE0115-ATR Response IEXXX-ATF (Anticipated transfer record)
4.	Transport at departure details	<ul style="list-style-type: none"> - Mode of transport code (18) to be expanded with codes for sea, rail, inland water and air modes of transport; - Vehicle registration information to be amended in order to reflect identification/registration all types of means of transport in any mode of transport - Details on carriers to be added (for ATT in particular) 	expanded	IE001-AAR IE003-AAR Response IE013-Declaration Amendment IE015-Declaration Data IE018-Destination Control Res. IE029-Released for Transit IE043-Unloading Permission IE044-Unloading Remarks IE050-ATR IE051-No Release for Transit IE0115-ATR Response IEXXX-ATF (Anticipated transfer record)
4	Transport crossing border details	<ul style="list-style-type: none"> - Mode of transport code (18) to be expanded with codes for sea, rail, inland water and air modes of transport; - Identity of means of transport to reflect identification/registration all types of 	expanded	IE001-AAR IE003-AAR Response IE013-Declaration Amendment IE015-Declaration Data IE029-Released for Transit IE050-ATR



	Data Group	Description	Status	Messages related
		<p>means of transport in any mode of transport</p> <ul style="list-style-type: none"> - Details on carriers to be added (for ATT in particular) - place of transfer (designated transfer location) (new to be added) 		<p>IE051-No Release for Transit IE0115-ATR Response IEXXX-ATF (Anticipated transfer record)</p>
5.	Transport at transfer details (option)	<ul style="list-style-type: none"> - New transport mode at transfer - Identity of new means of transport at transfer location - Nationality of means of transport at transfer location - Place of transfer (designated transfer location) - Details on carriers to be added (for ATT in particular) <p>(all types of means of transport in any mode of transport)</p>	new	<p>IE001-AAR IE003-AAR Response IE013-Declaration Amendment IE015-Declaration Data IE029-Released for Transit IE050-ATR IE051-No Release for Transit IE0115-ATR Response IEXXX-ATF (Anticipated transfer record)</p>
6.	Transfer / Transshipment (option)	<p>Expand existing transshipment data (that cover ad-hock en-route events with transfer / transshipment that includes transfers scheduled in advance.</p> <ul style="list-style-type: none"> - new transport mode at transfer - identity of new means of transport at transfer location; - Nationality of means of transport at transfer location - confirmation/endorsement date, - intended transfer (endorsement) place (designated transfer location) - etc. 	expanded	<p>IE007-Arrival notification IE018-Destination Control Res. IE118-NCF (+confirmation of transfer) IEXXX-ATF (Anticipated transfer record) IEXXX-NTF (?) (Notification of transfer) IEXXX-Intention to transfer IEXXX-Transfer permission</p>

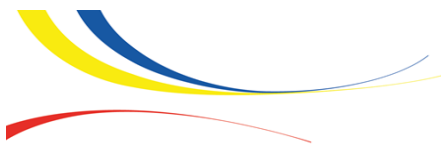


Annex 4 - National AMS provisions / information on risk management and pre-arrival processing

Brunei Darussalam	
Legislation / Info	Risk Management
General Info – Customs website	Implemented risk profiling and duty payment prior to the submission of Customs Declaration (legal provisions not available / ICT details not available)
Legislation / Info	Pre-arrival Processing / Summary Declaration / Manifest
Customs Order, 2006 (S39/06) Articles 50, 54	<ul style="list-style-type: none"> - Inward manifest (before arrival or within 24 hours after arrival) - Outward manifest (within 48 hours of departure) - Responsibility for submission (master, owner of agent of the vessel)
Manifest processing info	Details on processing (ICT) not available
Cambodia	
Legislation / Info	Risk Management
Anukret No. 21 / 2006 on Trade Facilitation Through Risk Management Articles 6 and 15	<p>Based on risk profiles and administrative guidelines developed under the direction of the Inter-Agency Coordination Group, Customs and Excise Department (CED) will:</p> <ol style="list-style-type: none"> 1. Release goods 2. Undertake specific actions (e.g. further documentary checks, scanning or physical inspection) where it is within their mandate and competency to do so; or 3. Convey details information of goods to other specialized agencies to consider the need for additional information, for CED to be able to undertake inspection on their behalf or for other specific actions. <p>All relevant agencies are to develop and adopt risk based operating procedures relating to the importation, exportation, transportation and storage of goods in accordance with the following principles: Only goods that have been identified as high risk shall be selected for inspection. The inspection shall not be conducted beyond the need for confirming or refuting the initial assessment ...</p>
Prakas 1447/2007 on Customs Declaration Provision and Procedures Appendix B (3)	<p>SAD Processing Lanes:</p> <p>When the SAD is completely and satisfactorily checked, the customs officer requests the system to assess the SAD. Using risk management criteria, the automated system assigns the processing Lane for the Declaration as below:</p> <ul style="list-style-type: none"> -RED Lane: The SAD must be scrutinized (checked against documents) and the goods physically inspected prior to re-routing of the SAD to GREEN and assessment by Customs (manual assessment). - YELLOW Lane: The SADs must be scrutinized (checked against the documents) prior to re-routing to GREEN and assessment by Customs (manual assessment). - GREEN Lane: The SAD is automatically assessed and a clearance document issued. The hardcopy SADs may be subject to post-clearance documentary check/auditing. - BLUE Lane: The SAD is given the same treatment as for GREEN Lane and with specific reasons subject to post-clearance audit. <p>In the case of Red and Yellow selected declarations, Customs verifies the exact selection criteria that caused the declaration to be selected. The computer will show any special requirements which must be checked such as import license requirement, history of smuggling, goods to be sampled, etc. The SAD is assigned for documentary examination. If a RED Lane is selected the SAD is assigned to a customs officer for physical inspection.</p>
Risk Management ICT support (GDCE meetings info June 2018)	Use of ASYCUDA Selectivity module on import and export customs declarations (from 2008). The Customs Risk Management Data System (CRMDS) that supports risk management was developed in 2011 as a stand-alone IT system.



Legislation / Info	Pre-arrival Processing / Summary Declaration / Manifest
Anukret No. 21 / 2006 on Trade Facilitation Through Risk Management Article 15 (4)	4. Pre-arrival screening and clearance shall be implemented where traders have the ability to provide relevant documents prior to the arrival of goods - (optional)
Prakas 1447/2007 on Customs Declaration Provision and Procedures Praka 2	Customs declarations may be submitted prior to the arrival of goods at customs offices if prior approval is granted by Customs – (subject to prior approval)
Prakas 572/2010 on Reporting of Goods When Entered the Customs Territory of The Kingdom of Cambodia Praka 3, 8, 9, 12, 22	<p>The report of goods to customs is to be made through a summary customs declaration when goods enter the customs territory.</p> <p>Goods that arrive by sea or other waterway shall be recorded in the vessel manifest (or the general cargo list) that is to be carried on board the vessel.</p> <p>Upon arrival in the coastal zone of the customs territory the captain of a vessel must immediately, upon request:</p> <ul style="list-style-type: none"> - Provide the original of the manifest to the competent customs officer who will affix an entry visa stating 'no amendment'. - Provide one copy of the manifest and related documents to the customs officer. <p>Within 24 hours of the vessel's arrival at the port, the captain must present the following documents to customs:</p> <ol style="list-style-type: none"> 1. The vessel report, 2. Cargo manifest (as summary declaration), ... <p>Upon request by customs, the cargo manifest shall be provided prior to the arrival of the vessel. When available, and upon request by Customs, the cargo manifest shall be provided to Customs in electronic format.</p>
Summary Declaration / Manifest processing info (info from meetings with GDCE June 2018)	The manifests in Sihanoukville Port are submitted only in paper-based form. In 2012 e-manifest pilot project was launched in Phnom-Penh Port by using ASYCUDA manifest module. The shipping agents had to submit in ASYCUDA the electronic manifest as well as paper-based manifest with supporting documents to the local customs office. The electronic form of the manifest could be submitted before arrival of the vessel; however, it has to be validated upon arrival of the ship.
Indonesia	
Legislation / Info	Risk Management
Customs Act Number 10/1995 (as amended with Customs Act No 17/2006) Article 3 (3)	The inspection (document inspection and goods inspection on import goods) is conducted selectively (based on risks attached to goods and importer)
Risk Management ICT	ICT details not available
Legislation / Info	Pre-arrival Processing / Summary Declaration / Manifest
Customs Act Number 10/1995 (as amended with Customs Act No 17/2006) Article 7A, 9A	<p>Transporter whose transportation vehicle will arrive from (depart to) outside customs area; or ... must convey inward notice to customs office of port of destination before arrival of transportation vehicle, except land transportation vehicle (submit customs manifest on the goods transported before departure of transportation vehicle).</p> <p>Transporter whose transportation vehicle arrives from outside customs area ... must deliver customs manifest on goods transported before unloading. In case it does not immediately unload the goods, the obligation to deliver customs manifest is implemented: a. Within not later than twenty-four (24) hours since arrival of transportation vehicle, for sea transportation vehicles; b. Within not later than eight (8) hours since arrival of transportation vehicle, for air transportation vehicles; or c. Upon arrival of transportation vehicle, for land transportation vehicles.</p>
Manifest processing info	Details on processing (ICT) not available



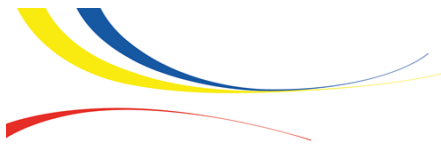
Lao PDR	
Legislation / Info	Risk Management
Customs Law No: 04/NA, December 2011 (as amended) Article 16, 17	<p>Customs risk management is the application of a Custom Administration mechanism to analyze and select information for customs control that aims to ensure the facilitation of imports, exports, transit, movement and inspection of goods by applying risk management principles.</p> <p>Customs risk management principles are as follows:</p> <ol style="list-style-type: none"> 1. Apply risk management measures effectively throughout the customs territory and in all customs activities; 2. Collect information within the Customs Administration and from other relevant sectors to be used for analysis and selection of the management of risk effectively; 3. Issue regulations on risk management and develop standards of risk management in parallel with implementing customs control and management effectively;
Risk Management ICT	ASYCUDA Selectivity module
Legislation / Info	Pre-arrival Processing / Summary Declaration / Manifest
Customs Law No: 04/NA, December 2011 (as amended) Article 19, 29, 36, 72	<p>When the goods arrive at the Customs border checkpoint, the declarant or the transport service provider shall implement the following procedures:</p> <ol style="list-style-type: none"> 1. Submission of manifest or declaration according to prescribed forms by Customs within twenty-four hours; ... <p>To facilitate the import and export of goods, the declarant may declare details of goods before the arrival of goods at customs checkpoints and shall apply the following procedures:</p> <ol style="list-style-type: none"> 1. The declarant is eligible to make pre-arrival clearance within seven (7) working days prior to the arrival of goods at the customs checkpoints and shall prepare sufficient documentation ... 2. The payment of customs duties and other obligations shall take place at the time the goods arrive at the customs checkpoint ... <p>The transporter or declarant who transports goods across an international border and through the territory of the Lao PDR shall be approved by the relevant government authorities and the Customs Administration as follows: ...</p> <ol style="list-style-type: none"> 2. The transporter of goods shall submit the relevant manifest to the Customs Administration; ... <p>Before loading or unloading goods from a boat, the transporting boat for goods along border rivers shall stop/park at the port where the customs checkpoint is located, except for the case of emergency. In such case, the owner of the boat shall present the boat registration paper and manifest of the goods to the Customs Authorities for examination. During navigation or after arriving at the port or if there is inspection of the boat on the navigating route, the owner of the boat shall present the boat registration paper and manifest of the goods to the Customs Authorities for examination regardless of whether such boat is transporting goods and passengers.</p>
Manifest processing info (info from meetings with Lao Customs July 2018)	<p>IT system for processing transport documents was piloted (e.g. at Friendship Bridge I). The truck drivers submit the transport documents (manifest) and supporting documents (e.g. invoice, packing list) in paper-based form to the Customs officers in charge. The Customs officers have to key-in the information in the Transport document management IT system. This in-house developed IT system is not interfaced with ASYCUDA. In this step there is no new document created. The transport documents are stamped by Customs and a reference number is written on them.</p> <p>The ASYCUDA manifest module was piloted at the airport however in general it is not used for processing of transport documents.</p>
Malaysia	
Legislation / Info	Risk Management
Malaysia Customs (questionnaire 2014)	Risk Management System implemented (legal provisions not available)
Risk Management ICT	uCustoms, Risk Management System (pre-arrival tactical risk management included)



Legislation / Info	Pre-arrival Processing / Summary Declaration / Manifest
Customs Act 1967 (Act 235) (as amended) Articles 52 – 62, (Manifest) Articles 78B (declaration)	<p>The master or agent of every vessel, other than a local craft, arriving in any customs port shall, (leaving any customs port shall) not less than twenty-four hours before its arrival (departure), or such period as the Director General may determine, whichever is lesser, present to the proper officer of customs at the customs office a true and complete (outward) manifest of the whole cargo of the vessel in the national language or English language, in the prescribed form, and certified by such master or agent. ...</p> <p>...The pilot or agent of every aircraft arriving at a customs airport (leaving any customs airport) shall, not less than two hours before its arrival (departure) or such period as the Director General may determine, whichever is lesser, present to the proper officer of customs at the customs office a true and complete (outward) manifest of the whole cargo of the aircraft in the national language or English language, in the prescribed form, and certified by such pilot or agent....</p> <p>...The station-master at the place of import or export of goods by rail and at the customs station to which goods are consigned, shall produce to the proper officer of customs the railway invoice or waybill or any other document approved by the Director General, as the case may be, in respect of such goods...</p> <p>...any importer of dutiable goods may make a declaration, personally or by his agent, to the proper officer of customs before arrival of the goods to be imported subject to such conditions as determined by the Director General.</p>
Customs Regulations 2019 Art. 9-11 Third Schedule (Annex) Forms	<p>...in the case of goods imported or to be exported, submit an inward or outward manifest, as the case may be, in Form Customs No. 4</p> <p>... in the case of goods for transshipment, a transshipment manifest in Form Customs No. 5 (airway bill)</p>
Manifest processing info (Customs website)	<p>uCustoms – Journey / Manifest. <i>(the forwarding company's representative can check Journey and Manifest information online submitted by the Shipping Agent or Importer, and the information can be used to submit declarations in uCustoms online at their respective premises. Modules involved in the Pilot Live including the Cargo Module and ending with Release Module, in which the Gate Pass (GP) or Vehicle Entry Pass (VEP) is generated and can used for the release of goods at the exit of the Port.)</i></p>
Myanmar	
Legislation / Info	Risk Management
Sea Customs Act (SCA) (1878 as last modified in 2018) (194)	The Director-General of Customs may issue the notification related to the customs procedures which are based on the international customs standard procedure called —Risk Management.
Risk Management ICT support (info from meetings with Customs July 2018)	<p>MACCS/MCIS Selectivity module for implementation of risk management and assigning appropriate level of Customs intervention (e.g. green, yellow or red channel); (implemented in Yangon (2016) area and Myawaddy border crossing with TH (2018))</p> <p>MCIS - management of risk profiles and risk criteria for Customs clearance</p>
Legislation / Info	Pre-arrival Processing / Summary Declaration / Manifest
Sea Customs Act (SCA) (1878 as last modified in 2018) Art. 53 – 63, 158-160	<p>The Director-General of Customs may,..., fix a place in any river or port, beyond which no conveyance arriving shall pass until a manifest has been delivered to the pilot, officer of Customs or other person duly authorized to receive the same.</p> <p>If, in any river or port wherein a place has been fixed by the Director-General of Customs under this section, the master of any conveyance arriving remains outside or below the place so fixed, such master shall, nevertheless, within twenty-four hours after the conveyance anchors deliver a manifest to the pilot, officer of Customs or other person authorized to receive the same.</p> <p>Every application for port-clearance shall be made by the master at least twenty-four hours before the intended departure of the [conveyance].</p> <p>The master shall at the time of applying for port- clearance:</p> <p>(a) deliver to the Competent Customs Official a manifest in duplicate, in such form as may from time to time be prescribed by the Director-General of Customs], signed by such master, specifying all goods to be exported in the conveyance ...</p>



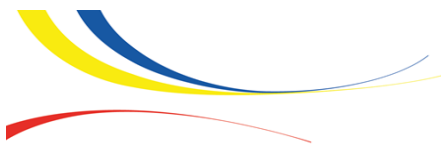
	<p>Before any coasting-vessel departs from the port of lading, or, when there are more ports of lading than one, the first port of lading the master shall fill in, sign and deliver to the Competent Customs Official a manifest in duplicate, containing a true specification of all goods to be carried in such conveyance, in such form, and accompanied by such shipping bills or other documents, as may from time to time be prescribed by the Director-General of Customs...</p> <p>Within twenty-four hours after the arrival of any coasting-vessel at any customs-port, whether intermediate or final, and before any goods are there discharged, the manifest, together with the other documents referred to in section 158, shall be delivered to the Competent Customs Official, who shall note on the manifest the date of delivery...</p>
Pre-arrival clearance info (info from meetings with Customs July 2018)	<p>Some functions of pre-arrival clearance of customs declarations are already enabled with MACCS/MCIS and operational for preliminary import declarations. Customs declaration can be also submitted in advance before arrival of the goods as a preliminary declaration. Automated system checking of the preliminary declaration could be done, after arrival of goods and submission of the manifest the status will be changed from preliminary declaration to formal declaration.</p> <p>(legal provisions not available)</p>
Manifest processing info (info from meetings with Customs July 2018)	<p>Shipping agencies submit manifest in MACCS e-Manifest module. Only electronic form of the manifest is submitted to the Customs. The e-Manifest module allows matching of cargo information and goods declarations and provides information about cargo status. The e-manifest is not a subject to risk management.</p>
Philippines	
Legislation / Info	Risk Management
RA No. 10863, Customs Modernization and Tariff Act (CMTA) (2016) Sec 301	In the application of customs control, the Bureau shall employ audit-based controls and risk management systems, use automation to the fullest extent possible, and adopt a compliance measurement strategy to support risk management.
Risk Management ICT	<p>Implemented Risk Management System</p> <p>(Program/module <i>embedded in the E2M through ASYCUDA version</i> which classifies the electronic import entries according to its appropriate processing channel (Red, Yellow, Green) based on the parameters encoded in advance)</p>
Legislation / Info	Pre-arrival Processing / Summary Declaration / Manifest
<p>Republic Act (RA) No. 10863, Customs Modernization and Tariff Act (CMTA) (30 May 2016) Sec 409 (Advance lodgement and clearance) 1201-1225 (Carriers, Vessels and Aircrafts)</p>	<p>The Bureau may provide for the lodgement and clearance of goods declaration and supporting documents prior to the arrival of the goods under such terms and conditions as may be provided by rules and regulations to be promulgated under this Act.</p> <p>Upon entry of a vessel engaged in foreign trade, the master thereof shall present the following certified documents to the customs boarding officers:(a) The vessel's general declaration;(b) The original manifest of all cargoes destined for the port, to be returned with the endorsement of the boarding officers;...</p> <p>...Every vessel from a foreign port must have on board a complete manifest of all its cargoes...</p> <p>...A true and complete copy of the <i>cargo manifest shall be electronically sent in advance</i> by the <i>shipping company, NVOCC, freight forwarder, cargo consolidator, or their agents</i> within the cut- off <i>period as may be determined by the Bureau before the arrival</i> of the carrying vessel at the port of entry. Upon arrival of the carrying vessel, the shipping company, NVOCC, freight forwarder, cargo consolidator, or their agents shall provide <i>two (2) hard copies of the cargo manifest</i> to the Bureau...</p> <p>...Before a clearance shall be granted to any vessel bound to a foreign port, the master or the agent thereof shall present to the District Collector the following properly authenticated documents: ... (b) Three (3) copies of the <i>manifest of export cargo</i>, one of which, upon certification by the customs officer as to the correctness of the copy, shall be returned to the master; ...</p>



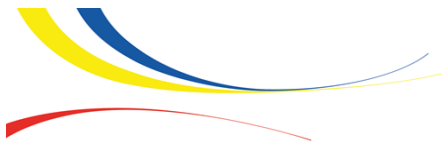
<p>CAO, 2016, Vessel and Aircraft Supervision and Control System</p> <p>5.1.1 Advanced Notice of Arrival (NOA) with Estimated Time of Arrival (ETA)</p> <p>5.1.2. Advance Submission of Cargo Declaration, Inward Foreign Manifest (IFM), and Consolidated Cargo Manifest (CCM)</p> <p>7.1.2 (Aircrafts)</p> <p>+</p> <p>CAO No. 01-2016 Advance Cargo Declaration, Inward Foreign Manifest and Consolidated Cargo Manifest Rule</p>	<p>The authorized agent or representative of any vessel engaged in foreign trade entering any of the Philippine ports of entry shall notify in writing the District Collector through a NOA submitted to the Piers and Inspection Division (PID) or its equivalent office of the vessel's intended arrival and all other particulars at least twenty-four (24) hours in advance.</p> <p>Upon receipt of the NOA, the authorized customs officer shall enter the ETA and other relevant details of the vessel into the Advanced Electronic Manifest System.</p> <p>A true and complete copy of the cargo manifest shall be electronically sent in advance by the shipping company, NVOCC, freight forwarder, cargo consolidator, or their authorized agents within the following cut-off period before the arrival of the carrying vessel at the port of entry: a) If the transit time is more than seventy-two (72) hours, the cargo declaration, IFM, and CCM must be electronically submitted to the Bureau within thirty-six (36) hours from the time of arrival of the vessel; or b) If the transit time is seventy-two (72) hours and below, the cargo declaration, IFM, and CCM must be electronically submitted to the Bureau within twenty-four (24) hours from the time of arrival of the vessel.</p> <p>A true and complete copy of the cargo manifest shall be electronically sent in advance by the airline, air express operator, air freight forwarder and de-consolidator within the following cut-off period before the arrival of the aircraft at the port of entry. a) If the port of loading is in Asia, the submission of the e-IFM must be one (1) hour before arrival of the aircraft; and b) If the port of loading is other than Asia, the submission of the e-IFM must be four (4) hours before the aircraft arrival.</p> <p>The cut-off time for the submission of the e-CCM are as follows: c) If the e-IFM is submitted by the cut-off time, the cut-off time for e-CCM submission by the airlines, air express operators, air freight forwarders and de-consolidators in the customs system shall one hour after the aircraft's arrival. d) If the e-IFM is submitted late, the e-CCM shall be accepted without penalty provided that the submission in the customs system shall not exceed twenty-four (24) hours after the e- IFM is registered by the Office of the Deputy Collector for Operations...</p>
Manifest processing info	Mandatory Submission of Electronic Manifest in the E2M
Singapore	
Legislation / Info	Risk Management
Singapore Customs (questionnaire 2014)	Risk Management implemented (legal provisions not available)
Risk Management ICT (questionnaire 2014)	Both Immigration and Checkpoint Authority (ICA) and Customs will screen the same declaration though their respective targeting systems. A final decision will be imposed on a shipment following the reconciliation of inputs from both systems. The decision will be routed to ICA officers performing cargo clearance.
Legislation / Info	Pre-arrival Processing / Summary Declaration / Manifest
<p>Customs Act (Chapter 70) (Original Enactment: 44/60) (Rev. 2009)</p> <p>Articles 39, 41</p>	<p>The master, owner or agent of every vessel and the pilot, owner or agent of every aircraft arriving in Singapore, and the station-master at the customs station along the railway on the arrival of every train, shall, within 24 hours after the arrival of the vessel, aircraft or train, or within such further period as the Director-General may in his discretion allow, furnish to the proper officer of customs at the customs office designated by the Director-General: (a) a full and correct inward manifest, certified by the master, pilot, owner, agent or station-master, containing full particulars as to the quantities, marks and description of goods brought into Singapore; ...</p> <p>Within 48 hours of the departure of every vessel, aircraft or train or within such further period as the Director-General may in his discretion allow, the owner or agent of the vessel or aircraft or the station-master at the customs station along the railway shall furnish to the proper officer of customs at the customs office designated by the Director-General: (a) a full and correct outward manifest of all goods exported thereon, or which have been taken aboard the vessel or aircraft as sea or air stores;</p>



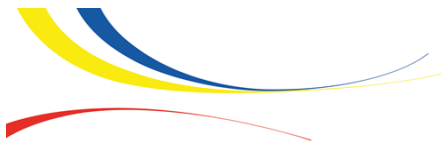
Pre-arrival / Manifest processing info (questionnaire 2014)	Implemented pre-arrival/pre-departure information, (legal provisions not available – ICT details not available).
Thailand	
Legislation / Info	Risk Management
Thai Customs (questionnaire 2014)	No legal provisions in the Customs Act (2017) (Customs' Order no. 275/ 2007: Guidelines to manage and develop Central and Local Profile; General Customs' Order no.14/2008: Implementing Risk Management techniques of revised Kyoto Convention for more efficiency in taxes and duties collection; Customs' Notification no. 55/2008: Taking care of data record and submit documents concerned to The Customs Department to be useful to Risk management and Compliance Management' implementation; Customs' Circular Notice No. 454/2008: Amendment Customs code of practices in accordance with the implementation of Central and Local Profile' guidelines; Customs' Circular Notice No. 455/Enhancement of efficiency in Risk Management Implementation; Customs' Circular Notices No. 456/2008: Development of computer system for more efficiency of Risk Management Implementation.
Risk Management ICT (questionnaire 2014 and Customs presentation 2016)	Profile Risk Management module of Thai Customs Electronic System (TCES) is Computerized Profiling System to identify risk levels as "high risk" (red) and "low risk" (green) applying to both fiscal risk and safety and security risk. The system indicates risk levels by using the importation and exportation manifest data, shipments data, goods details, and related information
Legislation / Info	Pre-arrival Processing / Summary Declaration / Manifest
Customs Act B.E. 2560 (2017), Sec 64, 71, 72, 80, 82, 185 94, 96, 97 (aircrafts)	No legal provisions on pre-arrival / pre-departure processing in the Customs Act When any vessel enters into the Kingdom, ..., a master of a vessel shall provide and submit a due report, a manifest and a vessel registration to a customs officer... Any vessel leaving the Kingdom from a customs house port, ... shall be granted an outward clearance certificate. A master of a vessel shall have a duty to provide a due report and submit a manifest to a customs officer...
Pre-arrival / Manifest processing info (Customs presentations 2015, 2016)	Ship agent submits electronically pre-arrival manifest at least 6 hours prior to arrival of the vessel to the port. NSW enables single submission of Import Manifest data. Ship owners, ship agents and container owners could use NSW services to submit the Import manifest only once and then the system automatically transfer relevant data to three different authorities (Port Authorities, Marine Department and Customs authorities) Risk assessment by utilizing pre-arrival cargo manifest; electronic exchange of advance notice of released cargo before arrival of the vessel or high-risk cargo for inspection; Importer/Customs broker submit import declaration at least 2 hours prior to arrival of the vessel to the port
Viet Nam	
Legislation / Infor	Risk Management
Law on Customs no.54/2014/QH13 - Customs Law (2014), Articles 4, 16, 17 (31, 32, 38, 59, 78, 93)	Risk management means the application of a system of technical measures and processes by customs to identify, assess and classify risks to serve as a basis for rational allocation of resources to effectively inspect, supervise and support other customs operations. (Art.4 (18)) Risk means a possible failure to observe the laws on customs in the export, import and transit of goods; and the exit, entry and transit of means of transport. (Art.4 (19)) Customs inspection and supervision shall be conducted on the basis of risk management application in order to ensure effective and efficient state administration of customs and to facilitate import, export, exit, entry and transit activities. (Art.16 (2)) Customs shall apply the risk management for decision on customs inspection and supervision of goods and means of transport; support the prevention and combat of smuggling and illegal cross-border transportation of goods. (Art.17 (1))



	<p>Risk management applicable in customs operations covers the collection and processing of customs information; development of criteria for and assessment of law compliance by the customs declarant, and classification of risks; and implementation of appropriate customs management measures. (Art.17 (2))</p> <p>Customs shall manage and apply the system of operational information so that it can automatically integrate and process data to serve the application of risk management in customs operations. (Art.17 (3))</p> <p>The Minister of Finance shall set criteria for assessment of law compliance by the customs declarant, classification of risks and application of risk management in customs operations. (Art.17 (4))</p>
Decree no.08/2015/ND-CP providing specific provisions and guidance on enforcement of the customs law on customs procedures, examination, supervision and control procedures Articles 13-15	<p>Customs authorities shall carry out their customs supervision and inspection, post-clearance audit, inspection and other professional approaches on the basis of aggregating and dealing with the results of evaluating customs declarant's compliance with laws and classifying risk levels...</p> <p>Classifying levels of risk incurred from export, import, exit, entry or transit shall be carried out on the basis of the degree of customs declarant's compliance with laws.</p> <p>In the process of risk level classification, customs authorities shall consider related factors such as: a) Managerial and tax policies applied to exports, imports, in-transit goods, outgoing, incoming and in-transit transports, baggage that inbound, outbound and in-transit persons carry; b) Nature and attributes of cargos, baggage and transports; c) Frequency, nature and severity of violation pertaining to cargos, baggage and transports; d) Origin of exports, imports or in-transit cargos; dd) Route and mode of transportation of cargos and baggage; e) Other factors relating to export, import, entry, exit or transit activities.</p> <p>Customs authorities shall evaluate and classify risks imposed on customs declarants, export, import, exit, entry or transit according to different levels in order to apply proper measures for customs examination, supervision and inspection.</p>
Risk Management ICT	<p>VNACCS/VCIS Selectivity module for implementation of risk management and assigning appropriate level of Customs intervention (e.g. green, yellow or red channel);</p> <p>VCIS - management of risk profiles and risk criteria for Customs clearance</p>
Legislation / Info	Pre-arrival Processing / Summary Declaration / Manifest
Law on Customs no.54/2014/QH13 - Customs Law (2014), Articles 25, 69	<p>The time limit for submission of customs declaration forms is prescribed as follows: a) For exported goods, customs declaration forms shall be submitted after goods are transported to places notified by the customs declarant and at least 4 hours before the exit of means of transport; for exported goods delivered by express delivery services, customs declaration forms shall be submitted at least 2 hours before the exit of means of transport; b) For imported goods, customs declaration forms shall be submitted before goods arrive at border gates or within 30 days from the arrival date of goods at border gates;</p> <p>When carrying out customs procedures for means of transport, owners and drivers of means of transport or persons authorized by owners of means of transport shall make customs declaration; submit or produce bills of lading for carrying out customs procedures; supply information and documents related to goods and items on means of transport....</p> <p>...Time limits for declaration and submission of customs declaration form and relevant documents are prescribed as follows: a) For means of transport in transit, immediately after their arrival at the first entry border gate and before they go through the last border gate for exit; b) For seagoing means of transport on entry, within 2 hours after the port authorities announce that these means of transport have arrived at the places for pilot embarkation; for seagoing means of transport on exit, within 1 hour before they exit; c) For air means of transport on exit or entry, immediately after their arrival at the border-gate and before carriers stop carrying out procedures for receiving exported goods and passengers on exit; d) For railway, land and river way means of</p>



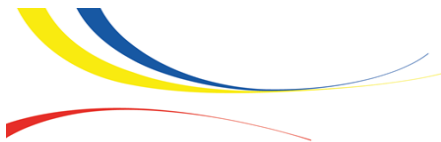
	transport on exit or entry, immediately after their arrival at the first entry border gate and before they go through the last border-gate for exit...
Decree no.08/2015/ND-CP providing specific provisions and guidance on enforcement of the customs law on customs procedures, examination, supervision and control procedures Articles 61-73	<p>Customs procedures, customs supervision and inspection procedures for incoming, outgoing or in-transit:</p> <p><u>Aircraft</u> - a) Manifest of incoming (outgoing) air cargos which is applicable to cargos aircraft; b) Information about the secondary airway bill of lading for incoming cargos which is applicable to cargos aircraft; ... (Not later than 03 hours prior to the landing of incoming aircraft at Vietnam's first airport in terms of 3-hour flights; or Not later than 30 minutes prior to the landing of aircraft at Vietnam's first airport in terms of below-3-hour flights).</p> <p><u>Ships</u> - a) General declaration; b) Manifest of incoming (outgoing) seaway cargos which is applicable to cargo ships; c) Information about the secondary seaway bill of lading for incoming cargos which is applicable to cargo ships; ... (Not later than 12 hours before the proposed time when ships arrive at ports within below-5-day shipping time; Not later than 24 hours before the proposed time when ships arrive at ports within other shipping time; 01 hour at the latest before departure)</p> <p><u>Intermodal Trans</u> - a) Intermodal freight transfer document; b) Bill of lading; c) Manifest of incoming (outgoing) cargos unloaded off intermodal trains (Immediately after trains arrive at international intermodal rail terminals at borders or those located at inland areas; for outgoing trains - not later than 01 hour for freight trains before they arrive at international intermodal rail terminals at inland areas or those located at borders)</p>
Manifest processing info (Questionnaire 2014)	Implemented E-manifest for sea cargo under VNACCS. However, the capacity of risk assessment of sea cargo pre-arrival based on advance information is limited.



Annex 5 - Data Elements of Cargo Declaration that may be required as advance information for security purposes

No	WCO ID	Name	Description
1a	R012	Carrier identification	To identify a party providing the transport of goods between named points
1b	R011	Carrier – name	Name [and address] of party providing the transport of goods between named points
2	064	Country(ies) of routing, coded	Identification of a country through which goods or passengers are routed between the country of original departure and final destination
3a	159	Equipment Identification number	Marks (letters and/or numbers) which identify equipment e.g. unit load device
3b	152	Equipment size and type identification	Code specifying the characteristics, i.e. size and type of a piece of transport equipment
4	165	Seal number	The identification number of a seal affixed to a piece of transport equipment
5	016	UCR	Unique number assigned to goods being subject to cross border transactions
6a	L010	Place of loading, coded	To identify a seaport, airport, freight terminal, rail station or other place at which goods are loaded onto the means of transport being used for their carriage.
6b	L009	Place of loading	Name of a seaport, airport, freight terminal, rail station or other place at which goods are loaded onto the means of transport being used for their carriage
7a	T005	Identification of means of transport crossing the border	Name to identify the means of transport used in crossing the border
7b	T014	Nationality of means of transport crossing the border, coded	Nationality of the active means of transport used in crossing the border, coded.
8	149	Conveyance reference number	To identify a journey of a means of transport, for example voyage number, flight number, trip number
9	098	Transport charges method of payment, coded	Code specifying the payment method for transport charges
10	G005	Office of exit, coded	To identify the regulatory office at which the goods leave or are intended to leave the customs territory of dispatch
11	085	First port of arrival, coded	To identify the first arrival location. This would be a port for sea, airport for air and border post for land crossing.
12	172	Date and time of arrival at first port of arrival in Customs territory	Date and time / scheduled date and time of arrival of means of transport at first border post, coded
13	138	Brief cargo description	Plain language description of the cargo of a means of transport, in general terms only

Source: based on WCO, 2015, Annex II to the Safe Framework of Standards



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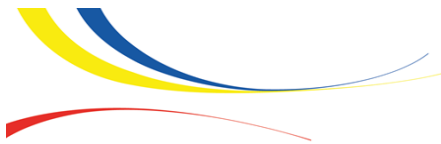
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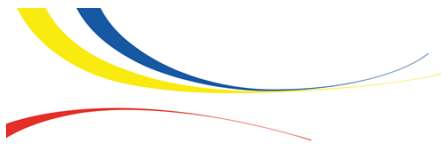
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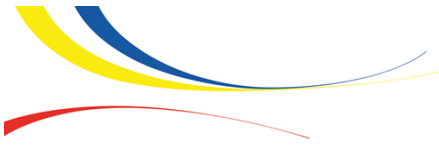
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