# Strengthening Customs Control and Trade facilitation: a Case Study of Sihanoukville International Port

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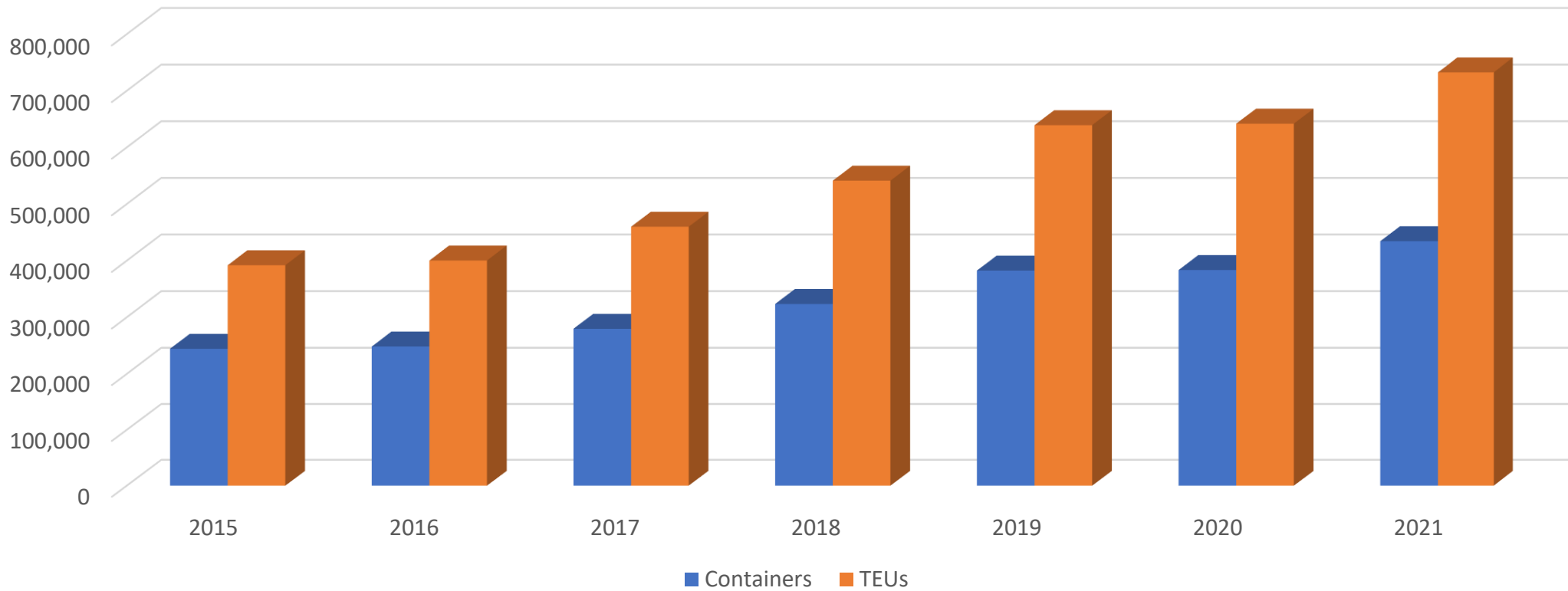
# Content

# Overview

Why Sihanoukville International Port Customs and Excise Branch?

# Overview
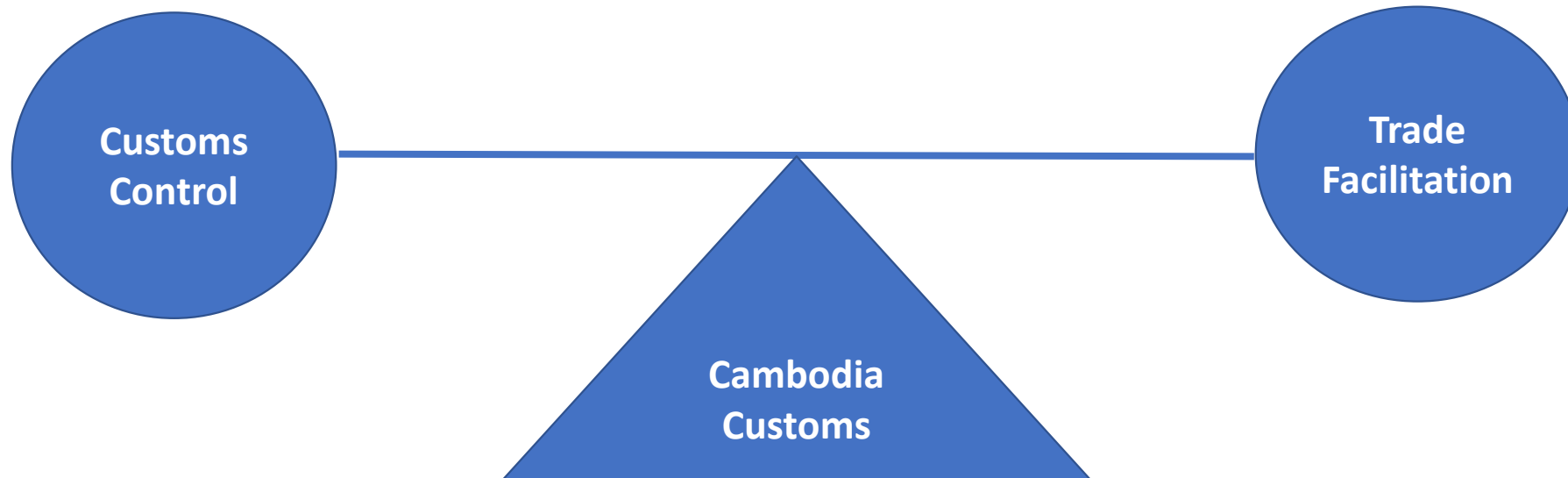


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# Overview

What is the main role of Cambodia Customs?

# Overview

- SIP is facing 3 main challenges: legislative base, application of IT, and Risk Management (RM)

- Cambodia Customs has developed a Strategy for Reform and Modernization every 5 years which consists of general policies and strategic plans to handle the issues facing Cambodia Customs.

- However, it is too broad and generic to solve the challenges facing the SIP Customs and Excise Branch.

# Overview

**Scope**: The paper specifically examines the importation of containerised sea cargo, with a focus on three key areas of regulatory control: legislative base, application of IT, and risk management

**Objectives**:

➤ The paper first discusses relevant provisions of international agreements, standards, and recommendations

➤ it assesses the current domestic law, policies and practices to identify specific challenges facing SIP

➤ It concludes by providing practical recommendations for the GDCE to address existing challenges and thereby enhance customs control and trade facilitation at SIP

# International agreements and standards

The relevant and key international legal frameworks

- Cambodia became a member of the WCO in 2001 and became a contracting party to the Revised Kyoto Convention (RKC) in 2014.

- Cambodia also became a WTO member in 2004. Cambodia is obliged to implement all the WTO agreements including the Trade Facilitation Agreement (TFA) articles.

# International agreements and standards

**Legislative Base**

- the legislative base for pre-arrival processing is an important factor for trade facilitation and customs control as required by Standard 3.25 of the General Annex to the RKC and Article 7.1 of the TFA

- Standard 7.4 of the General Annex to the RKC and Article 10.2 of the TFA suggest a movement to a paperless environment that allows the electronic submission of customs declarations and relevant documents for cross-border trade formalities.

- A guideline to Standard 3.36 of the General Annex to the RKC indicates that the decision regarding the presence of a declarant at the examination of goods is ultimately at the discretion of customs administrations

# International agreements and standards

**IT System**

- Standards 7.1, 7.2, and 9.3 and Transitional standards 3.21 and 6.9 of the RKC and Standard 2.4 in Pillar 2 of SAFE FoS emphasise that a customs administration shall make the best use of IT for a declaration to be lodged electronically to maximise the effectiveness of customs control and speed up customs operations

- Transitional Standard 9.3 of the RKC suggests customs administrations should employ IT to improve the effectiveness of information sharing

- Paragraph 4 of Article 10 of TFA notes that all members need to develop a single window for traders to submit electronic supporting documents through a single entry to all relevant agencies and employ information technology to support the single window

- the WCO published the 'Single Window Compendium' in 2011 and updated it in its 'Compendium on Building a Single Window Environment' in 2017

# International agreements and standards

*Five-stage evolutional roadmap of single window implementation*

# International agreements and standards

**RM Management**

- Standards 6.3 and 6.4 of the General Annex of the RKC and Article 7.4 of the TFA (WTO, 2014) require members to employ an RM system with appropriate risk selectivity criteria to enable Customs to direct resources to high-risk shipments and facilitate low-risk ones

- SAFE FoS also recommends that customs administrations adopt RM to effectively profile and target high-risk goods

- the WCO developed the RM compendium to assist members with the development and implementation of the RM system and framework in their administrations

# International agreements and standards

*Risk management − principles and guidelines*
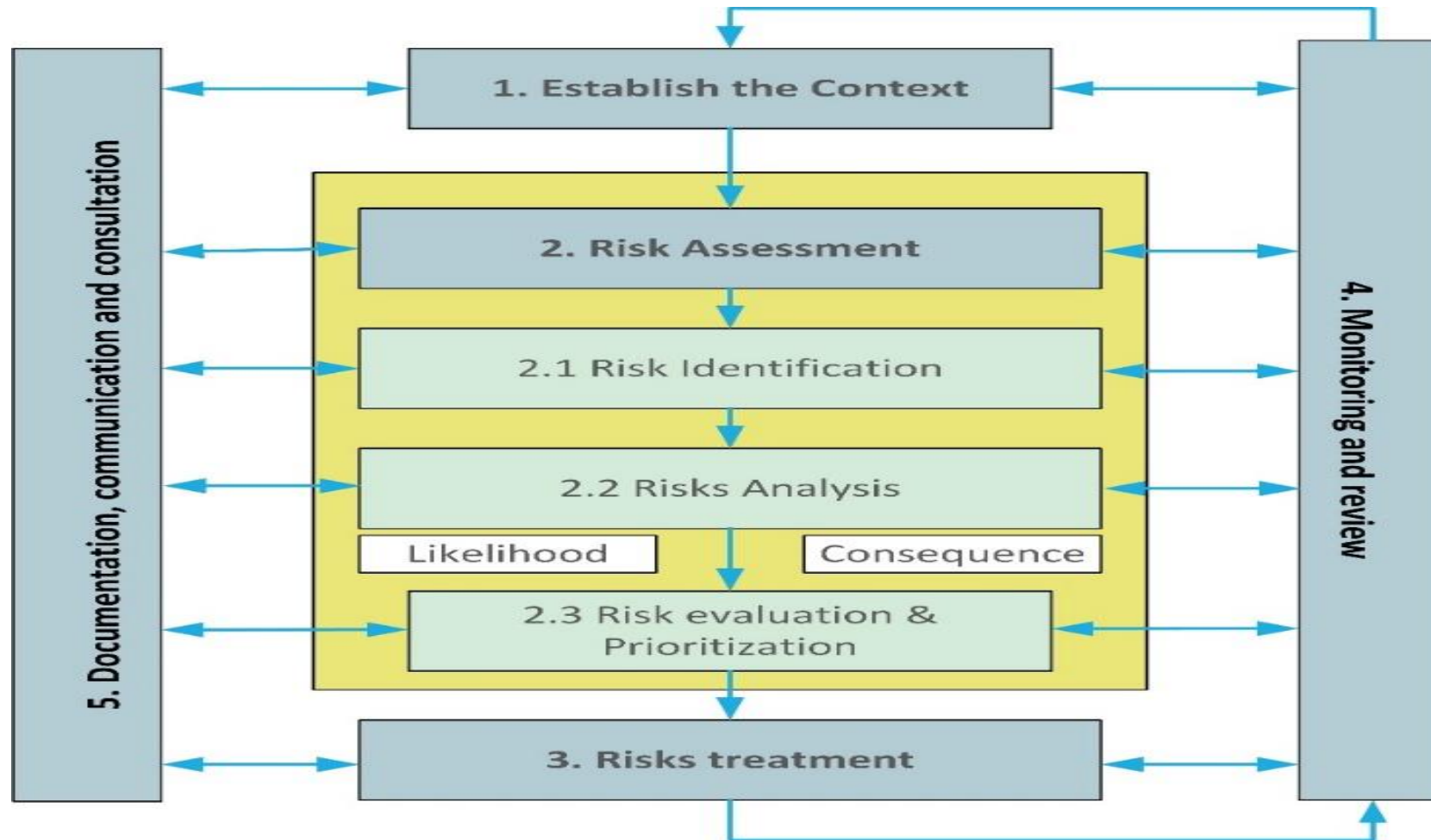
# Current Situation in Cambodia and Challenges

## Legal Framework

- Law on Customs was adopted in 2007: Article 51 of LoC (RGC, 2007) requires all stakeholders involved in import or export transactions to keep hard copies of all relevant documents, records, and trading information, as well as information recorded in the electronic system.

- Under the provisions of Article 54 of the RGC (2007) and Sub Decree No.109MEF.PRK on Management of Unclaimed Goods (MEF, 2008), customs officers cannot inspect any goods without owners or their authorised representatives being present

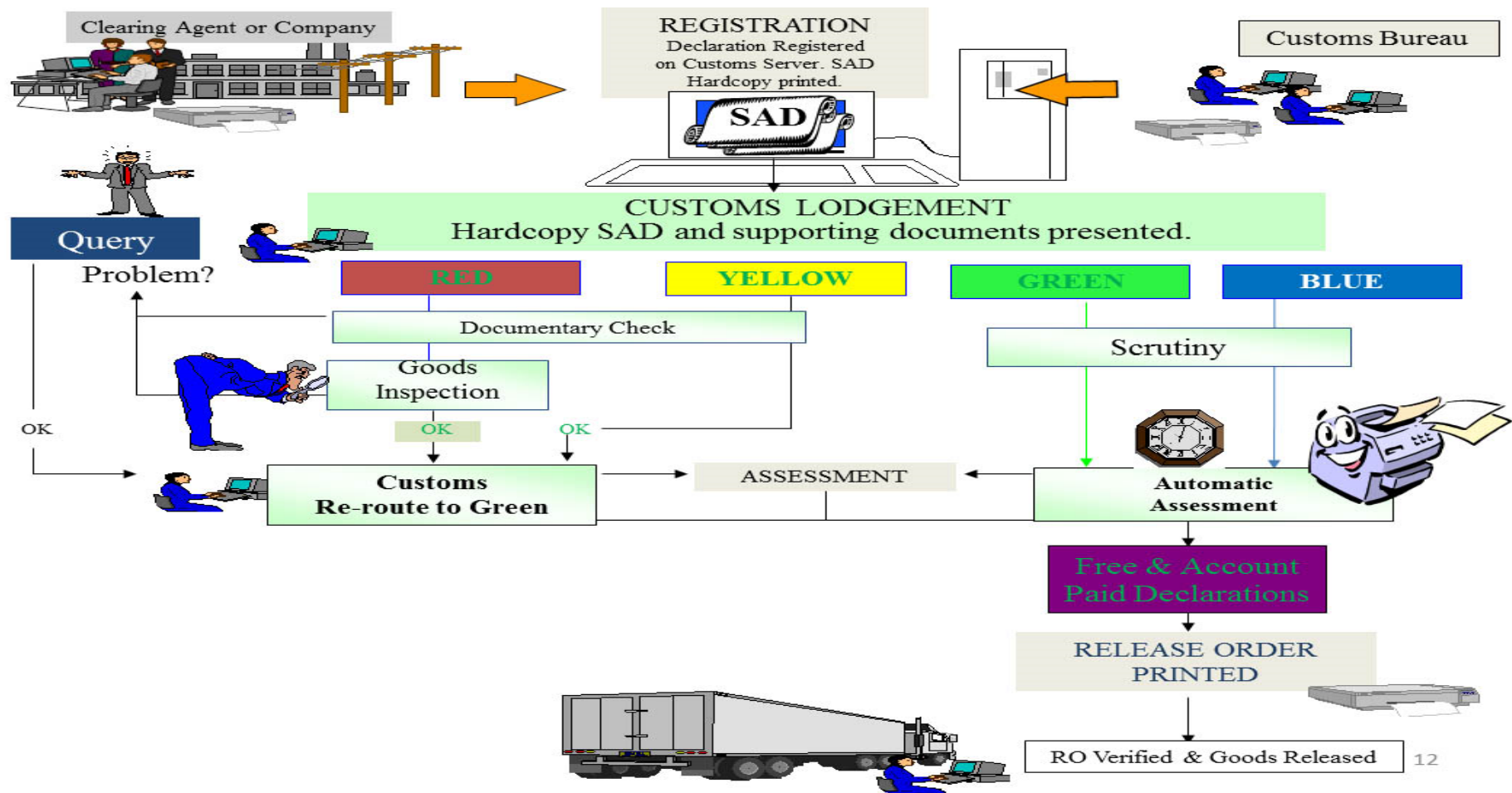- There is no legal framework to enable Pre-arrival processing

**IT system Available to SIP Customs and Excise Branch**

➢ASYCUDA world

➢E-customs

➢Manifest system

➢Port EDI

➢National Single Window is at phase 2

# Current Situation in Cambodia and Challenges

Flowchart of SADs Process via ASYCUDA World in Cambodia

# Current Situation in Cambodia and Challenges

## Manifest System

## Risk Management Implementation

- Risk management has been implemented Since 2006

- Recently the RM system was migrated into the ASYCUDA world

- Regional risk management team

- Container Control Unit is a special team that is responsible for profiling and targeting high-risk consignments, was created under the Framework of the UNODC-WCO Container Control Program

# Current Situation in Cambodia and Challenges

*Process flow of Container Control Unit to target high-risk consignments for examination*
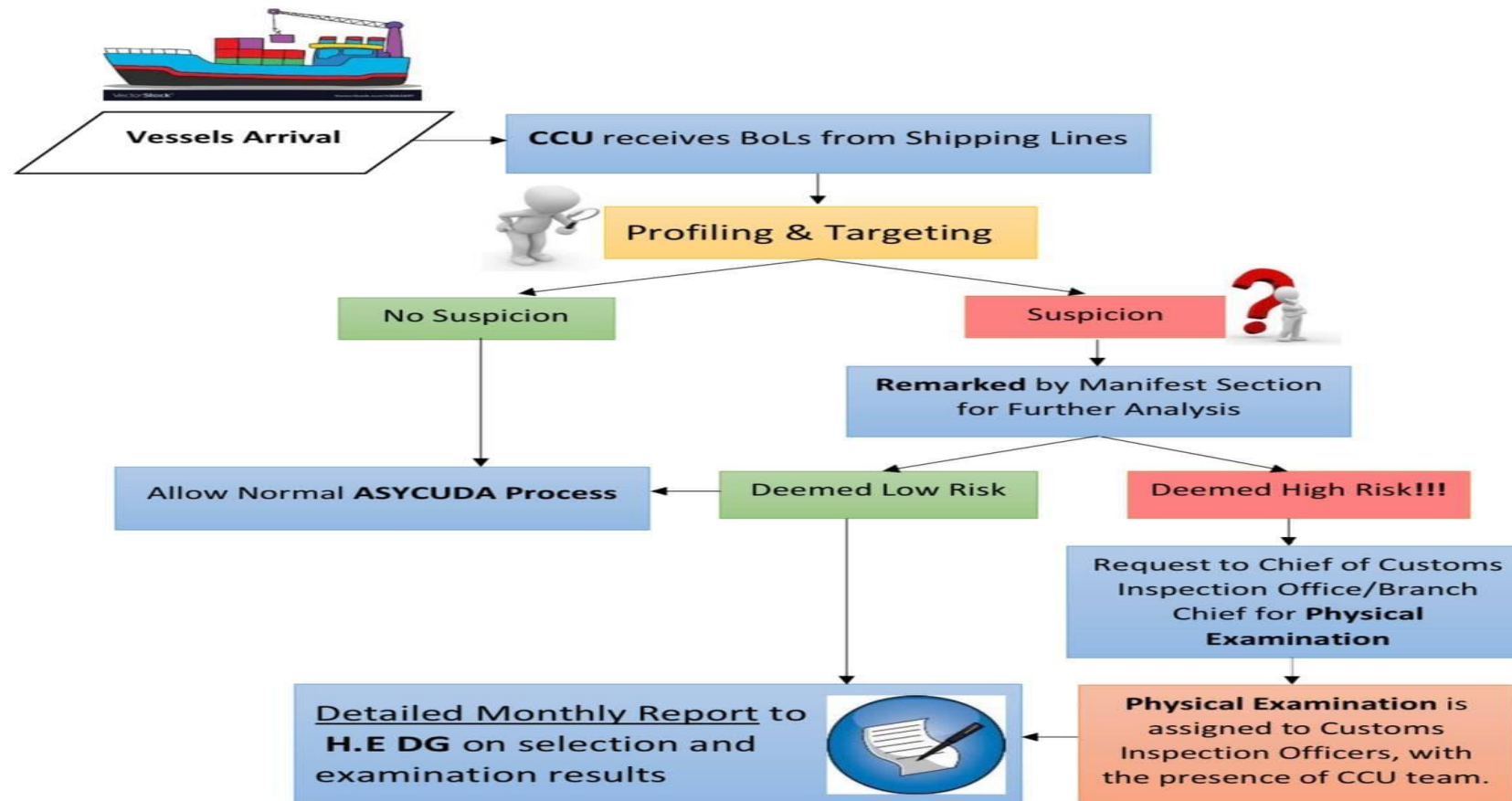
# Recommendations

The GDCE should consider the following proposals to enhance customs control and trade facilitation at SIP:

- the development of a digital gate control system to exercise control over all shipments entering and leaving the port 24/7 and to reduce congestion at the gates

- the implementation of an electronic manifest to effectively control manifest data, speed up the clearance process, support pre-arrival processing, and enable automated profiling and targeting

- the integration or linking all available IT systems of SIP Customs and Excise Branch

- the examination of possibilities for Customs to link with the port authority, as part of the NSW, and to share necessary information

- the enhancement of cooperation between RMO and SIP Customs and Excise Branch to share results and risk information

- an increase in the awareness and understanding of frontline officers regarding RM

# Recommendations

- development of risk profiles and indicators specifically for SIP Customs and Excise Branch, with the cooperation of the CCU team

- the examination of/updating of risk profiles and indicators regularly to keep up with emerging trends.

To support the implementation of the above recommendations, the GDCE should consider proposing an amendment to the LoC to address the following:

- allowing the acceptance of electronic customs declarations and supporting documents without the requirement for paper-based documents (Standard 7.4 of the General Annex to the RKC and Article 10.2 of the TFA).

- inserting a new provision to support pre-arrival processing (Standard 3.25 of the General Annex to the RKC and Article 7.1 of the TFA).

- providing the GDCE with appropriate legislative powers to enable inspection of high-risk consignments with or without the presence of the traders or their representatives (Standard 3.36 of the General Annex to the RKC).

# Thank you!