



Tax Talk

FRCS Introduces Fast Freight Initiatives

Last week we discussed in detail the Fast Freight initiative implemented by the Fiji Revenue and Customs Service (FRCS) as part of its Customs modernization plan and the benefit it has brought it with.

This week we will look at how it has benefited the Customs Agents and Fast Freight Forwarders and most importantly our customers- you.

Fast Freight Clearance allows FRCS to clear consignment on air and is ready for delivery upon arrival. It further allows efficient and effective risk profiling from a wide spectrum of risk and at the same time reduces release time and lowers the transaction costs.

Fast freight clearance allows FRCS, time for better human resource allocation particularly in areas of risk management in order to do effective profiling and targeting, which increases revenue and improves compliance with laws and regulations. Furthermore, it gives us an opportunity to improve collaboration between traders and agents and at the same time improve efficiently.

The World Customs Organization tools and instruments are utilized to streamline Customs processes and best practices from developed countries are adapted. Fiji is a member of the World Trade Organization and has ratified to the Trade Facilitation Agreement which means a lot more emphasis is given on legitimate trade facilitation while at the same time managing risks.

The early days

Before the introduction of Fast Freight Initiatives, Customs Officers used to prepare Customs entries for every item coming in through air freight. These items are high quantity but of low value which does not add any value to the clearance process since there are no duties and taxes charged if the value is less than \$400.00 FJD and is meant for personal use. It was not only time consuming which delayed the overall clearance process but also caused unnecessary hassle for the importer.

The Fast Freight Clearance initiative was piloted at the DHL Fiji Nadi office and proved to be very successful. Apart from DHL, Fedex, UPS and TNT are also

benefitting from this initiative. In the coming months, plans are also in pipeline to extend this initiative to Parcel Post.

Testimony from DHL

This week we will look at how the Fast Freight Initiative has benefited a leading courier company- DHL.

As the world's leading international express logistics company, DHL has always been in the forefront when it comes to improving international trade. DHL has been involved in a number of pilot programs with the Customs authorities in Australia, New Zealand and at home in Fiji. In Fiji, DHL was selected to pilot the post payment system, an improvement that allows a 24-hour clearance service.

DHL has also been chosen as the pilot company for the most recent Fast Freight Clearance (FFC) process from FRCS.

Better quality service

"This Fast Freight Clearance process now allows for a better quality and more efficient service, not only for the end customers but also for the customs agents. In a service industry offering express service is very critical and the FFC process allows for this," Senior Manager Operations Fiji and Pacific Islands Mr. Nilesh Chand said.

"The customer expectation nowadays is for the fastest receipt time once the shipment has been ordered or paid for from abroad. The Fast Freight Clearance process allows for a systematic pre-clearance process. This means that the shipment is cleared by the time the shipment arrives into Fiji, the necessary customs charges are calculated, if any, and customers are advised of the charges in advance. The customers' than make payment arrangements and shipment is delivered by close of business the next day," said Mr. Chand.

"The Fast Freight Clearance process now also allows for paperless trade. This is not only helping save the environment but also assists the customs agents in an efficiently storing data, a major requirement for FRCS. With DHL, the shipment paperwork is available as soon as shipments are picked up from the Shipper. With Fast Freight Clearance process, we can now electronically transfer the data which allows for a faster clearance process and in turn the customers receive their shipment faster."

"Some months back, only approximately 40% of the shipments were pre-cleared, meaning 40% of the shipments arriving into the country would possibly get

delivered the next day. With Fast Freight Clearance process, this pre-clearance can rise up to 70%, thus a majority of shipments gets delivered on or before time. This is the customer expectation!”

FRCS on the right track

DHL Senior Manager Operations Fiji and Pacific Islands Mr. Nilesh Chand also stated that with neighboring big countries, this pre-clearance rate is as high as 95%. Fiji is on the right track of improvement. The Fast Freight Clearance process also allows for ease of usage. Companies now do not need to have dedicated space for their customs officers to assess the shipments for customs clearance. This can now be done from home or anywhere as long as the officer has an internet connection. Whilst this is something that countries like Australia and New Zealand practice, it will take some time for companies in Fiji to apply the same, which in turn could possibly result in a smaller office size and lower facility cost.

“With the introduction of the Fast Freight Clearance process, and with DHL being the pilot, our customers have found the turnaround time very positive. With DHL being the preferred supplier for express logistics in most online trade shops, our customers now receive the shipments faster than before”.

“This has also enabled DHL in getting closer to the Asia Pacific benchmark of clearing and delivering shipments faster to its customers. DHL’s involvement with FRCS has been very engaging. With the intent of improving trade in and out of Fiji and connecting Fiji to the world, we are glad that DHL has been chosen to pilot not just the Fast Freight Clearance process but previous other systems and we look forward to doing the same in the years to come”, Mr. Chand said.

For more information please contact us in info@frcs.org.fj