



Customs moves into single manifest submission and direct port delivery to facilitate and ease trade cost

The COVID-19 pandemic has had significant impact on our lives. It has changed our lives in ways that we never imagined. One thing, however, has become very clear is the continued importance of global trade and the initiatives supporting the smooth flow of goods across borders, especially essential goods to areas where they are most needed.

In an unprecedented global health crisis, trade is essential to save lives and livelihoods; and international co-operation is needed to keep trade flowing. In the midst of significant uncertainty, there is a definite need to boost confidence in trade and global markets, keep supply chains flowing and think beyond the immediate.

Trade Facilitation

Trade facilitation is extremely vital as the benefits are immense. It allows better access for businesses to resources from abroad and supports greater participation in global value chains. Countries, where goods are imported and exported smoothly, quickly and in a reliable manner are more attractive for foreign investors seeking to offer lower prices, higher quality products as well as a greater array of goods.

Trade facilitation helps reduce overall trade costs and increase economic welfare, in particular for developing and emerging economies like Fiji.

However, to support trade facilitation there is a need to streamline and simplify the technical and legal procedures for products entering or leaving a country to be traded internationally. Trade facilitation covers the full spectrum of border procedures, from the electronic exchange of data about a shipment, to the simplification and harmonization of trade documents, to the possibility to appeal administrative decisions by border agencies.

Ease of Doing Business

The Doing Business project, which has wide international credibility and serves as a marker for governments to attract foreign investment and business opportunities, gauges 190 countries on 10 topics, each consisting of several indicators. Under the "**Trading Across Borders**" category, the indicator registers, among others, the time and costs associated with the logistics processes for exporting and importing goods.

The Ease of doing business index ranks countries against each other based on how the regulatory environment is conducive to business operation stronger protections of property rights. Economies with a high rank (1 to 20) have simpler and more friendly regulations for businesses.

According to World Bank (The World Bank Group, 2020) economies are ranked for the ease of doing business, from 1–190. With Fiji being the rank holder at 102 needs to continuously

modernise its processes with smart and quick actions. A high ease of doing business ranking means the regulatory environment is more conducive to the starting and operation of a local firm.

Doing Business 2020 Trading Across Borders Score for imports are;

Time to import: Border Compliance 87.9 / Cost to import: Border Compliance 73.3

Time to import: Documentary Compliance 86.3 / Cost to import: Documentary compliance 91.8

For this, finished goods and raw materials have to reach their destinations faster. One of the suggested approaches by which goods or cargo could reach the end user or the manufacturing-processing unit faster is by clearing them out of the Ports as quickly as possible. That is by reducing dwell time and transaction cost. Hence it is toward this end that the Direct Port Delivery system was initiated by the Fiji Revenue and Customs Services (FRCS) for our major ports and terminals to extend this facility at their ports.

How FRCS Is Enhancing Trade Facilitation and Ease of Doing Business in Fiji

For ease-of-doing-business, FRCS intends to decrease dwell times at the port with speedier cargo clearance and reduce logistics costs via the elimination of so-called intermediaries in the supply chain ecosystem.

We have initiated the Direct Port Delivery (DPD) system for our major ports and terminals.

In the past, import containers were sent with under bond cargo movements from Port to Port for a couple of days after they were unloaded from a container vessel.

Further, depending on the completion of import procedures and clearances with shipping lines, custom house agents, customs, consignees and Container Freights Stations (CFS) operators, the cargo was then delivered to the end user after an average dwell time and cost as above.

With DPD, importers can avoid these obstacles and import containers can be delivered to the end user directly from the Port. The DPD system evolved mainly to improve the time and cost cycles on the import side as our export cycles are in tandem with the global parameters. Ports and CFSs need to remain facilitator and the Customs can do better in terms of providing a more secure environment for trade.

Major Changes

With effect from 1st August 2020 the following changes on import manifest registration procedures have been made:

All inward cargo manifest will now be registered at the first port of call, irrespective the port of delivery and this include all Master waybills and House waybills. Cargo agents are to ensure that all house bills attached to the master bills;

Shipping and Cargo agents at the port of delivery to create a master bill of lading for their cargo using the format OFFICE CODE.AGENT'S SUFFIX e.g. LTKA. LST (For trading as Lautoka Sea Transport cargo) and link to the single inward manifest; and

Cargo clearance can be done from any office using the format below:

Year + space + manifest number e.g. (2020 23) if manifest from same office.

Office + space + Year + manifest number e.g. (SUVA 2020 23) if manifest from other office.

This concept is to promote direct port delivery rather than transferring cargo under bond to other port and await the formal Customs clearance. Customs agents and importers will benefit and be able to lodge and have the formal clearance processed from their operating port.

FRCS intends to minimise and eliminate unnecessary intervention in administering the transfer of under bond cargo to other port for clearance. This initiative is to support traders facilitate the clearance of imported goods and minimize their operating cost of doing business.

Some of the process improvements include:

Eliminate Single Administration Document (SAD) IM8 Transshipment measures;

Eliminate SAD T1 under bond manifest generation by Customs officer at port of departure;

Facilitate clearance as Brokers/Traders from any local office can clear manifest registered at either first port of call;

Under bond movement for Cargo that has been selected for intervention;

Payment of customs duty can be made at any FRCS Office

Goods are properly accounted for;

Assist in advance cargo targeting with enhanced manifest profile based selectivity and targeting.

Benefits to the Trade

Benefits of the Direct Port Delivery are vast including:

Reduction in the final transit time of import consignments

Reduction in logistics costs

Reduction in inventory storage costs

Reduction/saving on container detention charges applied by shipping lines

Availability of 24*7 import consignment clearance facility.

Small differences in the time and cost to trade can determine [whether or not a country participates in global value chains](#). In this respect, the World Trade Organization's (WTO) [Trade Facilitation Agreement](#) (TFA), which came into force on February 22, 2017, is a landmark achievement given its comprehensive coverage of the issues around cutting red tape and promoting efficiency and transparency, as well as the fact that it is the first multilateral agreement since the establishment of the WTO in 1995.

With its focus on customer-oriented approach, the world today has united to be a customer's market place. In order for countries and businesses to be competitive and put their customer's needs first, time and cost savings have to be made as ultimate offerings. Fiji as a developing economy is now transforming in to a free market place and every customer or service provider needs to have the option of working with those they choose to. Ports and Shipping/Customs broker should remain facilitator and Customs can do better in terms of providing a more secure environment for trade with the initiatives on supply chain security management. Direct Port Delivery requires a strong commitment from all stakeholders to champion the initiative to create greater synergies in reducing time and cost.

For more information, please email us on info@frcs.org.fj.