

Technical note on the WTO Trade Facilitation Agreement

Article 7.1: Pre-arrival processing

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CHAPTER 7 MAKING RELEASE OF GOODS MORE EFFICIENT

Pre-arrival processing: Article 7.1

Traditionally, documents for the clearance of imported goods are submitted to customs after the arrival of vessels and processing of documents begins when the goods are already at the port. However, this normally entails long delays, which translate into higher trade costs and loss of competitiveness.

Article 7.1 binds WTO Members to adopt or maintain procedures allowing the submission of documents, including manifests, prior to the arrival of goods. Customs and other departments at the port can complete processing of documents for release of goods on arrival, where possible.

Members shall adopt procedures to allow the submission of import documentation and other required information prior to the arrival of goods.

The measure

ARTICLE 7	RELEASE AND CLEARANCE OF GOODS
1	Pre-Arrival Processing
1.1	Each Member shall adopt or maintain procedures allowing for the submission of import documentation and other required information, including manifests, in order to begin processing prior to the arrival of goods with a view to expediting the release of goods upon arrival.
1.2	Each Member shall, as appropriate, provide for advance lodging of documents in electronic format for pre-arrival processing of such documents.

Understanding the measure

What is covered?

Scope

WTO Members must adopt or maintain procedures to allow pre-arrival submission of the following documents to enable authorities to release goods on arrival:

- Import documentation;
- Other required information pertaining to the trade transaction;
- Manifests.

Core obligation

All Members are required to set up or keep in place a mechanism that allows traders to submit import documents and other required information ahead of arrival of goods at the port of entry to enable a quicker release of goods on arrival.

Electronic advance lodging of documents

This measure also requires WTO Members to set up a mechanism for the advance lodging of import documents in an electronic format. However, this mandatory provision is mitigated by the use of the words 'as appropriate' to allow some degree of flexibility in implementation.

What is not covered?

WTO Members are not required to establish a separate functional unit with dedicated staff to handle pre-arrival processing. The measure does not affect in any way a Member's right to examine, seize, detain, confiscate or deal with goods in any manner. Although not specifically provided for in the measure, Members may also require additional import documents and data necessary or useful for the purpose of risk management.

Benefits and opportunities for stakeholders

Advance lodging of import documents in electronic format reduces delays at border crossings and entry points for the release of goods. Economic operators – especially SMEs – can save time on customs clearance and release, and minimize risks and costs. For example, storage and insurance fees will be reduced as a direct consequence of pre-arrival processing of documentation.

Reduced bottlenecks at the points of entry will make government agencies more productive and encourage a public mindset of efficiency. The advance electronic lodging of documents will also facilitate risk management systems (see Article 7.4) and implementation of the single window system (see Article 10.4).

Implementation

Implementation checklist

The following checklist may be used to estimate the level of compliance with the measure:

- There is a national implementation framework that allows the submission of import documents, manifests and other information required by customs or other border agencies to begin processing documents prior to arrival.
- The legislation, if considered appropriate, may allow electronic submission of goods declarations and required supporting documents.
- The established procedures of customs and other border agencies for pre-arrival processing ensure that such pre-arrival declarations are actually processed.

Preparing a national implementation plan

The following template may be used as the basis for a national implementation plan:

Implementation sequence	Actions suggested
	Preparatory phase
	Determine whether a national legal and administrative mechanism exists to facilitate implementation of advance submission of documents and information to customs and other agencies.
	If one or various mechanisms exist, determine its characteristics and scope of action.
	If there is no existing mechanism, analyse the country's needs and decide which administrative body can ensure coordination and implementation of this measure.
	Set-up phase
	If necessary, adopt a legal and administrative framework to implement the measure.
	If required, analyse and change existing workflows and business processes to allow submission of documents in advance, and, if considered appropriate, in an electronic format.
	Allocate appropriate financial and human resources to the administrative body and mechanism responsible for implementation.
	Undertake publicity to inform all traders and stakeholders about the benefits and requirements of the new system.
Management and follow-up phase	
Monitor and evaluate procedures to ensure compliance with the obligation.	
	Periodically review and implement modification or upgrades to the electronic mechanism, where applicable.
Average time for implementation	Two years.
Leading implementation agency	Customs is most commonly chosen as the leading implementation agency.

Key challenges

As pre-arrival processing is best applied in a partial or fully automated environment in customs administrations and other agencies, lack of standardized documents in electronic format will represent a challenge. Inadequate funds and skills to train government staff to implement this measure is a risk. Lack of or poor inter-agency coordination can also lead to challenges, as a large number of agencies need to work together to ensure all the required information and documents for each agency can be presented and processed ahead of arrival of the goods.

Key factors for success

An appropriate legal framework and an automated system which enables customs authorities to receive the required information and documents in an electronic format is a key factor for success. Sufficient allocation of funds for system management and staff training is also essential.

Box 1: International best practices for pre-arrival processing of goods

Nigeria and Japan offer two excellent examples of how advance examination of import documents and information is carried out in a timely and efficient manner without investing too many resources.

The **Nigeria Customs Service** allows the advance processing of clearance documents through a tripod software system – the Nigeria Integrated Customs Information System – introduced by an Act in October 2010. It includes:

- E-manifest: shipping companies are required to send manifests to the Nigeria Customs Service server electronically before arrival of ship or aircraft;
- E-declaration: traders can make a self-declaration of imports through Direct Trader Input, an automated facility that interfaces with the Nigeria Customs Service server. This platform works 24,7;
- E-payment: electronic payment of custom duties is required and includes an electronic remittance to the Central Bank of Nigeria and electronic reconciliation of payments to the Federation Accounts (Nigerian government financial system). Confirmation of e-payment allows the trader to make an electronic request for release of goods from customs control.

Expanded facilities such as cyber cafés support the electronic transmission of documents by traders. In addition, training courses for the trading community and clearing agents on automation, e-procedures and improved documentation facilitates fast issuance of risk assessment reports.

Since 1991, **Japan** has enabled the pre-arrival examination of trade documents using existing facilities with minimal costs for legislation and training. The pre-arrival processing can be applied to all types of imported cargo and usually consists of the following steps:

- Importers can submit a pre-arrival declaration to customs, using the same form as a general import declaration form;
- Importers can submit a pre-arrival declaration at any time after the bill of lading (or airway bill for air cargo) is issued, and after the foreign exchange rate for the scheduled date of import declaration is announced;
- When the cargo arrives and all requirements are met for the import declaration under customs law, importers inform customs of their intention for a formal import declaration, together with all the necessary items or documents with a deferred submission at the time of pre-arrival declaration;
- After confirmation, customs treat the pre-arrival declaration as a formal import declaration and provide an immediate import permit as long as physical examination is not required.

Source: UNECE Trade Facilitation Implementation Guide. Available at <http://tfig.unece.org/contents/case-studies.htm>