

## **Customs services: Policy recommendations**

***Draft for discussion***

12<sup>th</sup> of November 2013



## SEV promotes consultation with key stakeholders

### Exporters



### Business Associations



Chambers of bilateral  
trade relations

## SEV promotes industry networking

### *Logistics Network (supported by SEV)*

#### 3PLs

- Cargo Group Logistics
- DHL Express Hellas
- Diakinisis
- Goldair Cargo
- Kuehne-Nagel
- Masterlink
- MAVE
- Medfrigo
- Metron Logistics
- PCDC (Cosco)
- Sarmed
- Schenker
- Trade Logistics (Fourlis)
- TRAINOSE
- Tsirikos Transport
- EEL
- University of Piraeus

#### SHIPPERS

- AB Vassilopoulos
- Barilla Hellas
- Beiersdorf Hellas
- Boehringer Ingelheim Ellas
- Coral
- Friesland Campina
- GlaxoSmithKline
- Herbalife International Greece
- Inter IKEA Systems
- Jotis
- Marinopoulos
- PEZA Union
- Plaisio Computers
- Procter & Gamble Hellas
- Sanofi-Aventis
- Shelman Wood Processing
- Viexal (Viohalco group)

SEV is a full member of the Steering Committee for International Trade Facilitation

SEV is a full member of the Permanent Logistics Committee

### Admin barriers observatory



### Trade facilitation roadmap is yet to be implemented

- ~2.300 customs officers (~0,35% of public sector) vs France : 0,27% and Singapore : 450
  - Inefficient task allocation typically results to lack of resources. Lack of training
  - Delays : 19 days and \$1.115 vs 10 days and \$1.028 per container (OECD 2012)
  - Extended working hours do not apply yet to peripheral Customs offices
- € 23,4m per officer vs France : €31,5m, Ireland: €30,3m, Singapore: €450m, Finland: €24m
- GR customs professionals : ~8.500 or 1/1,4 exporters vs FR: 1 /10 exporters. USA: 11.000

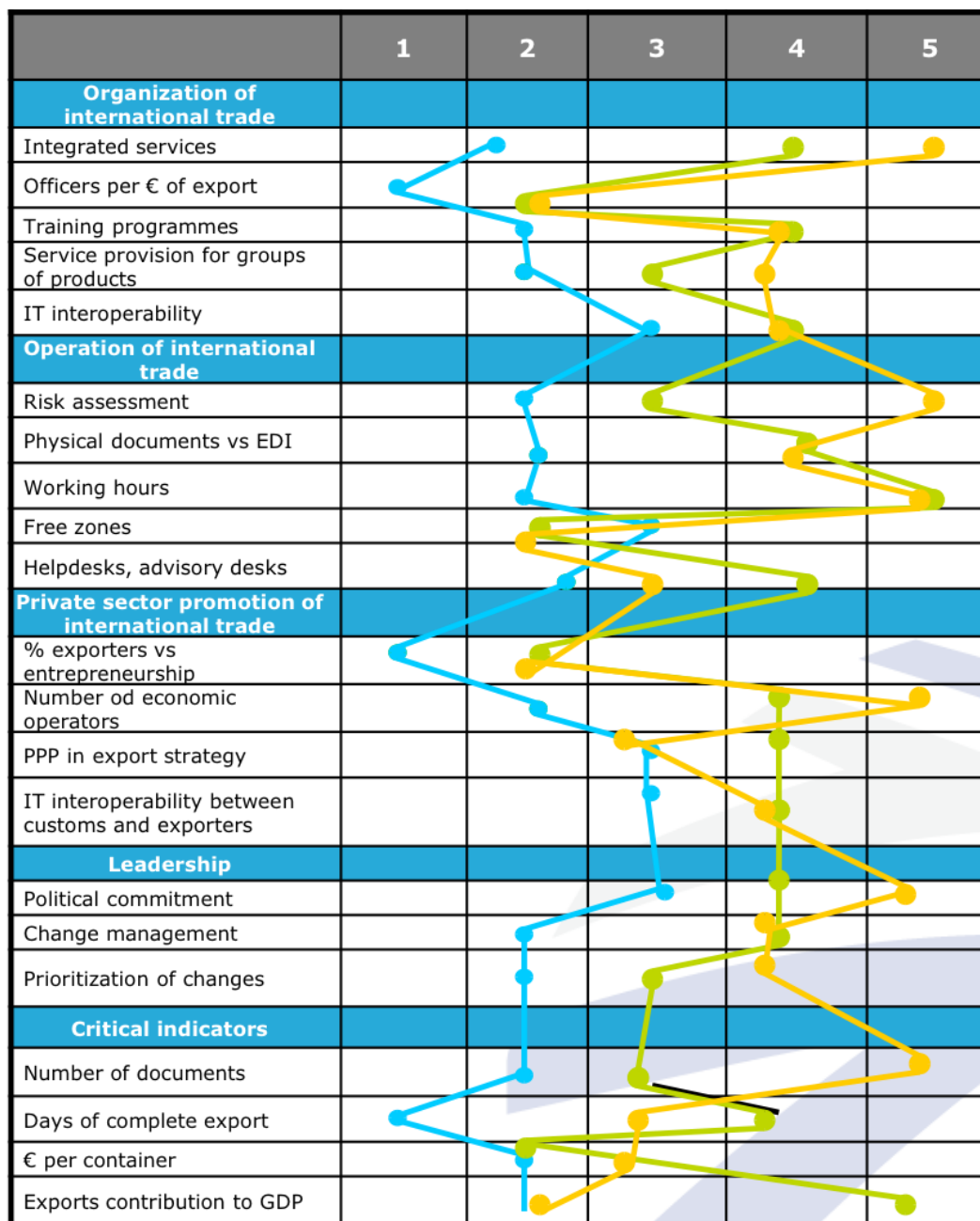
- Task Force (April 2012) reported that :
  - Up to 150 documents to export agri-products and 8-10 visits to certify documents
  - >90% physical export document audits (in practice) vs 5% EU average (in practice)
  - >10% chemical export checks (100% for olive products) vs 1% EU average
  - Outdated risk management (4 digits) leads to excessive controls

- GOV stakeholders: 10 Ministries and 30 Departments (TF 2012). No central help desk
- Working group for (pilot) new customs offices reported (April 2013) that 52% of exporters find that working hours do not meet their business needs
- Emphasis in ex ante checks (>90% audits) results to increased bureaucracy
- ICISnet still partially operational

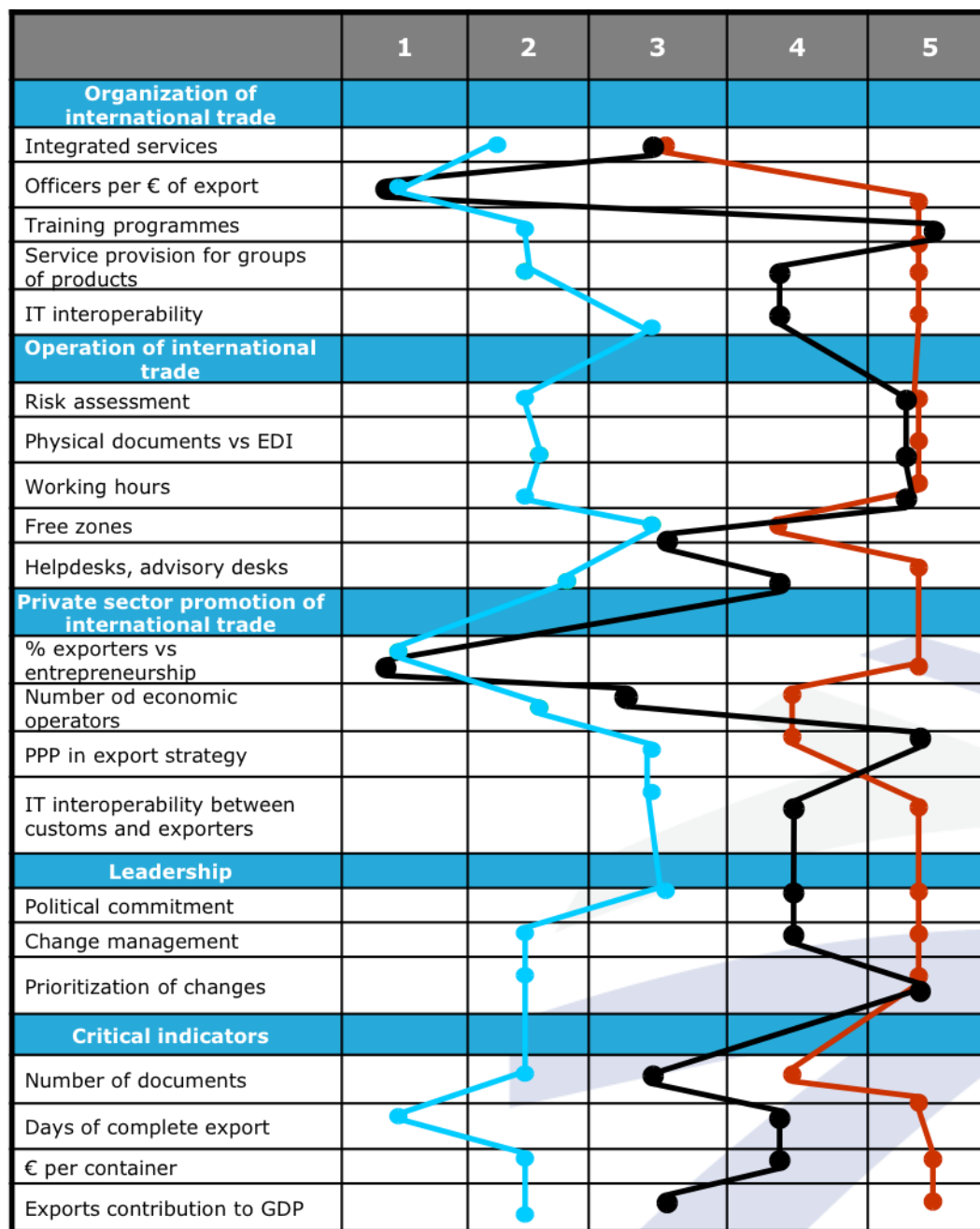
### Trade facilitation roadmap is yet to be implemented

- Various duties and levies increase the cost of imports unreasonably. Typical examples :
    - A levy of 0,15% is applied on all imports (even zero-duty codes)
    - An extra 0,50% on imports with duty
    - Admin costs with no apparent return (e.g. ΔETE, stamp duties, etc)
  - VAT: Paid on all imports, disregarding any credit balance (which asks for a separate application). Major delays in refund, offsets, etc.
- 
- ~5+25 authorized economic operators only due to limited benefits
    - Initial investment : ~ €30.000 for SMEs
    - Roadmap objective: 50 by 12/2013 vs France: 850 Ireland: 95 Finland: 58
  - Limited use of simplified procedures (although active since 1990)
    - Limited ICISnet support
    - Circulars missing (e.g. imports)
    - They exclude tax-free imports that are done under any regime. This limits severely their potential usefulness for exporters under the current VAT regulations (wherein VAT is practically never returned or returned with huge delays to exporting companies)
  - Unrealistic requests: Personal guarantee of the representatives of the company is demanded (i.e. personal property) in cases of EUR1 / T1.

	1	2	3	4	5
<b>Organization of international trade</b>					
Integrated services					
Officers per € of export					
Training programmes					
Service provision for groups of products					
IT interoperability					
<b>Operation of international trade</b>					
Risk assessment					
Physical documents vs EDI					
Working hours					
Free zones					
Helpdesks, advisory desks					
<b>Private sector promotion of international trade</b>					
% exporters vs entrepreneurship					
Number of economic operators					
PPP in export strategy					
IT interoperability between customs and exporters					
<b>Leadership</b>					
Political commitment					
Change management					
Prioritization of changes					
<b>Critical indicators</b>					
Number of documents					
Days of complete export					
€ per container					
Exports contribution to GDP					



● France: 3,70  
 ● Ireland: 3,52  
 ● Greece: 2,14



● Singapore : 4,61

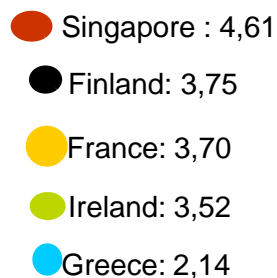
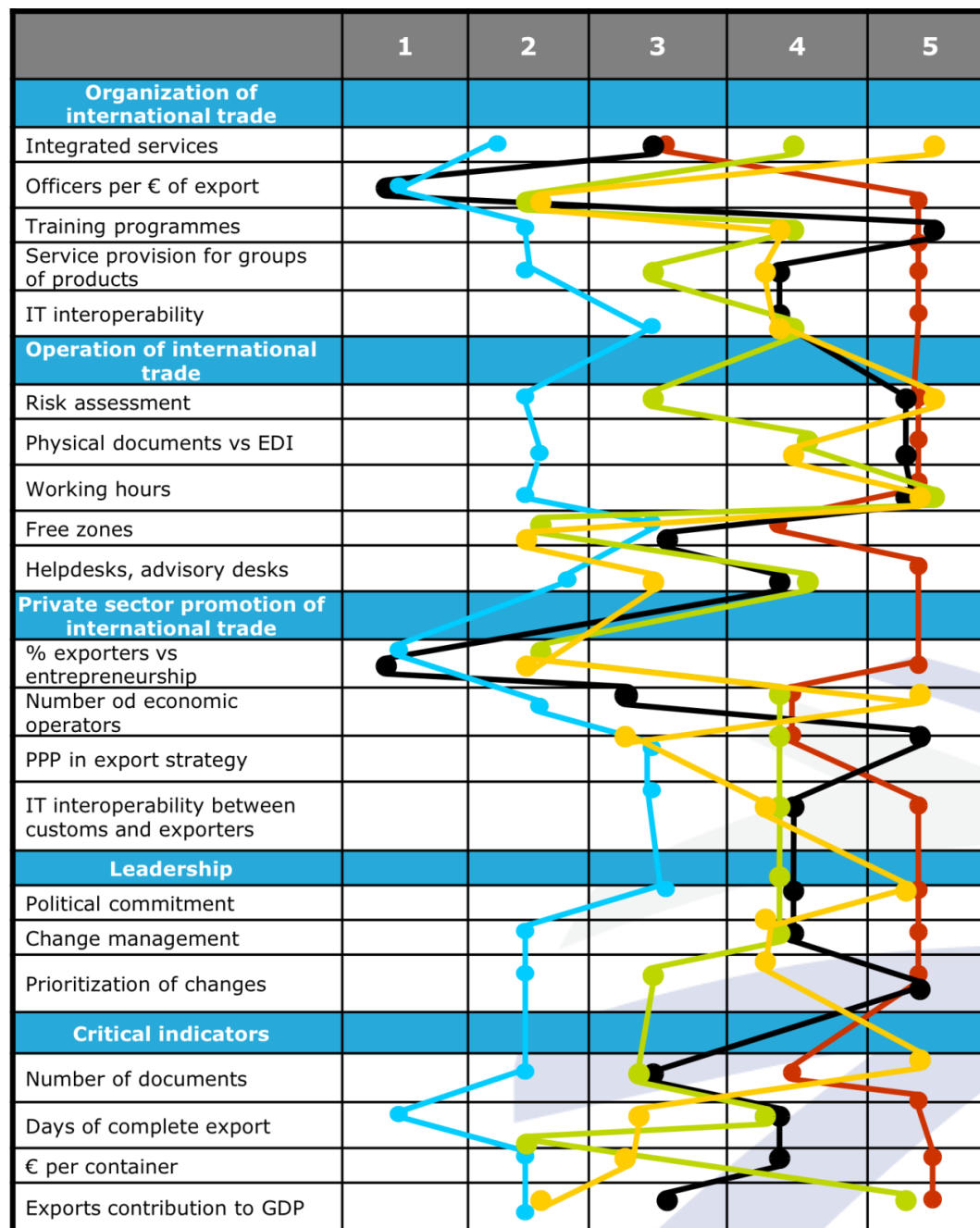
● Finland: 3,75

● France: 3,70

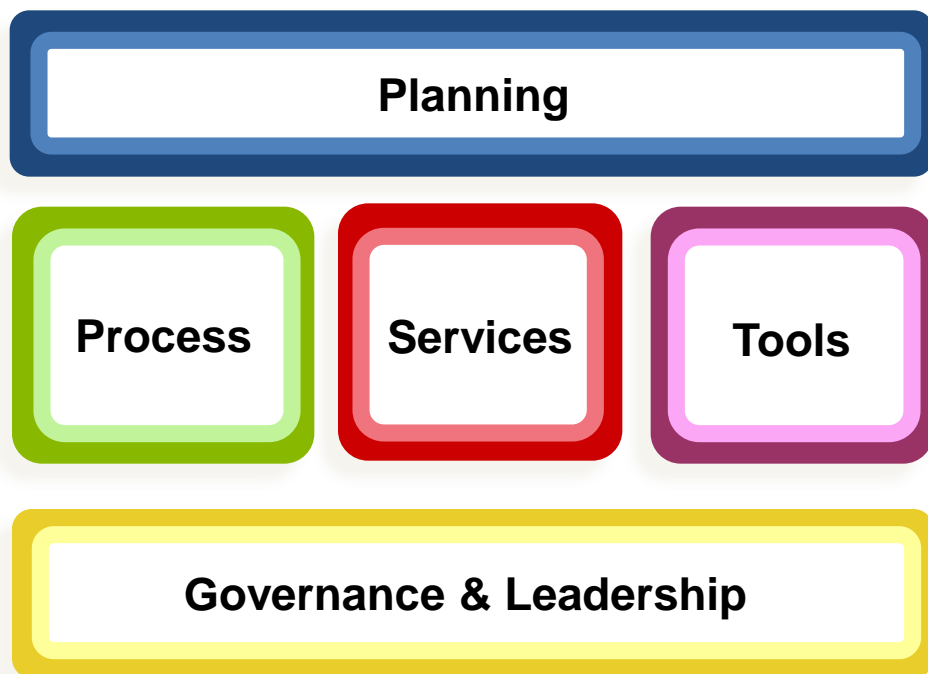
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### Customer-centric orientation Less is More – Out is In (a.k.a. Limousine)



#### Key objectives

- Shift from physical to process checks
- Shift to «certified» transactions
- Reduce «in-customs» transactions & increase «in-house» operations
- Shift to ex post checks
- Introduce integrated & differentiated services
- Implement paperless transactions
- Improve rate «€ exports / customs officers»

#### A national exports strategy

- Re-establish the Greek export base
- Maintain & promote the international competitiveness of «export champions»

## Less is More – Out is In

- **Recommendation 1: Increase number of authorized economic operators**

- **By expanding the scope**

- Actual reduction of physical controls and documents checks. Target to <1% for physical checks
- (automatic) Lower risk assessment . Target to <1% checks
- Combined certification to follow simplified customs procedures (which allows direct shipment from point of origin to point of destination)
- Combined certification to issue certificate of origin
- Combined certification as a Certified Exporter of AgriProducts
- Priority in checks and audits (circular still pending)
- Place of checks: Extend selection to several suitable locations for all goods
- Identification as a «trusted» exporter throughout government agencies (e.g. VAT refund <90 days, MoDef, MFA, MoAgr, priority in EU funds, etc)
- Establish agreements with third countries to be identified as a «trusted» exporter
- Expedite pending circulars on AEO, SP, etc

- **By providing incentives**

- Reduce guarantees further (e.g. customs savings, temp location, tax warehouses, etc)
- (short term) Revise certification (financial) criteria during crisis (similarly to EU projects)
- Introduce incentives using EU funds
- Paperless transactions. Target to >80% e-processes

## Less is More – Out is In

### • Recommendation 2: Increase «in-house» flexibility

- Allow common tax warehouses to increase economies of scale (especially at 3PLs) and assist small exporters to reduce cost
- Redesign risk assessment to maintain EU average (in practice)
  - Apply 8-digit analysis
  - Shift to sampling and finding
- Automate proper risk reduction in cases of import / export certificates
- Incentives to follow simplified procedures and «in-house» clearance (e.g. coupled with AEO)

### • Recommendation 3: Revisit levies, duties and admin costs and/or present their benefit

- Eliminate levies (e.g. 0,15% on all imports, 0,5% on imports with duties, etc) with no actual return to exports
- Eliminate ΔETE, stamp duties, etc
- Allocation of Energy Tax (still unclear how to identify beholden with regards sales on energy, natural gas, etc)
- Eliminate personal guarantees, introduce corporate guarantees

## Less is More – Out is In

### • **Recommendation 4: Establish an integrated & one-stop-authority**

- Custom duties, declarations, certificates, VAT, etc to be handled by a single authority (similar to the REVENUE in Ireland, TULL in Finland, etc)
- Offset VAT. Efficient use of VAT credit / debit portfolio
- Offset Energy Tax and other import taxes
- Offset import VAT on fuel with exports
- Offset VAT with exports outside EU
  
- Concurrent VAT and duties identification leads to increased cash flow without compromising customs process, tax collection, etc
- Combined and better allocation of tax and customs HR (especially in major exports)
- Expedite various committees (e.g. amounts unduly / wrongly paid)

## Less is More – Out is In

- **Recommendation 5: Differentiate service provision**

- Establish groups according to size, frequency, certificates, goods, etc

- **Swim lane approach - Partners:**

- Analogous to Tax Office for large enterprises
- Request necessary set of certificates but set risk assessment to Low
- Establish the role of Account Manager with increased control over the certified process instead of physical checks
- Full EDI. Shift to ex post controls (following EC 253/2003)
- Priority handling of shipments
- Option to schedule in advance extended working hours

- **Swim lane approach - Key / typical exporters with limited certification:**

- Full EDI
- Shift to ex post controls (following EC 253/2003)
- Timely handling of shipments
- Incentives to increase level of certification / authorization

- **Swim lane approach - SMEs and ad hoc exporters**

- Establish Help Desk to assist with documentation
- Incentives to shift to EDI

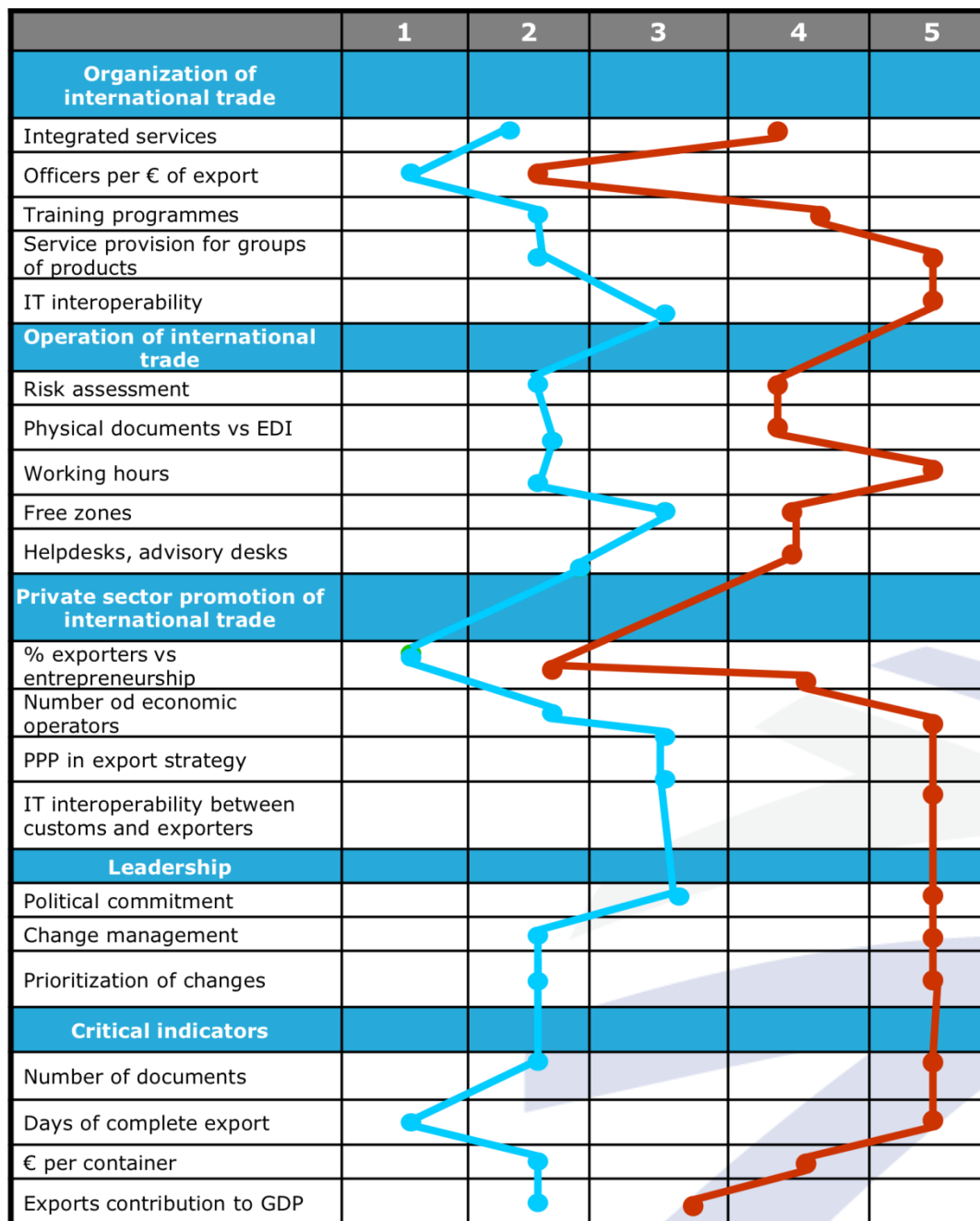
## Less is More – Out is In

- **Recommendation 6: Skills & profession**

- Introduce life long learning initiatives (e.g. Customs Schools)
- Open professions

- **Recommendation 7: Expedite implementation of IT tools**

- Expedite implementation of «single window», ICISnet. etc







## **For further info**

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