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Experience of the Port of Valencia in Simplifying Customs Procedures to Improve the Efficiency of Cargo Flows

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Why shall Port and Customs collaborate?

Customs are a fundamental piece in the port activity.

- In fact all commercial Spanish Ports are considered Customs Areas and consequently are subjected to customs security protection.

The performance of the port depends on the performance of Customs, but also the performance of Customs depends on the performance of the port.

- This tighten relationship between Ports and Customs has motivated a strong collaboration between the Port Authority of Valencia and the Valencia Customs Office.

- As a result of this collaboration the Port of Valencia has successfully introduced new more efficient procedures, most of them pioneer in the Spanish Port System and even some of them in Europe.

More efficient procedures in the control of cargo flows have reported important benefits to the port community and the Customs, simplifying the formalities but, at the same time, maintaining or even enhancing the customs control ensuring more secure transport chains.
The explosion of trade in containerized maritime transportation is increasing pressure on the leading sea ports.

Traffic of main global containerized cargo routes (M TEUs 2004)

Asia, particularly China, is leading the growth in cargo flows.

Strong growth in containerized cargo

Highly fragmented industry with a large number of agents

Increased pressure to comply with international security and safety requirements

Need for accurate information for planning and operations

Source: UNCTAD: Review of Maritime Transport; Containerization International

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Main reasons for improving existing procedures and practices

The constant growth in container traffic at the Port of Valencia has resulted in a parallel increase in the volume of container-related services. This growth has been combined with the increased pressure to comply with international security and safety requirements. This change of framework has overloaded manual procedures and practices used to handle these services and revealed how inadequate they were.

This situation has encouraged inefficient control procedures to be shelved and be replaced by other methods in which technological solutions play a key role in identifying areas for improvement.

Ports, as main international trade point nodes in the European economy, have an important role in implementing solutions that can marry security and safety concerns with trade facilitation.

Background

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The framework of collaboration between Customs and Port Authority of Valencia

1.- Single Window Projects

1.1.- Establishment of Single Windows

1.2.- Paperless Controls

2.- Port Community System Projects

2.1.- Paperless Controls

2.2.- Integral Port Customs Area Management

- Discharge Cargo Manifest and its Electronic Data
- Load Cargo Manifest
- Automatic Transshipments
- Cargo Manifest Amendments and its Integral Management
- Electronic Phytosanitary Certificates
- Paperless Import Container Control with Barcodes
- Paperless Export Container Control
- Contingency System for the Paperless Import Container Control
- Notification of Customs Import Authorizations to Container Terminals
- Load Cargo Manifest Management
The Establishment of Single Windows
What is a Single Window?

A Single Window is defined as a facility that allows parties involved in trade and transport to lodge standardized information and documents with a single entry point to fulfill all import, export, and transit-regulatory requirements. If information is electronic, then individual data elements should be submitted once.

Objective
The Single Window aims to expedite and simplify information flows between trade and government and bring meaningful gains to all parties involved in cross-border trade.

Advantages

- Improvement in the availability and management of relevant information among all competent authorities.
- Simplification and speed up of administration formalities.
- Major harmonization and simplification in sharing information between administrations.
- Important cost savings for the administration and trade.
- Improvement of efficiency and control of competent authorities:
  - Optimization of available resources for security and supervision (human and financial).
  - Major reliability of information and enhanced trader compliance.
  - Better control of duties and taxes.
  - Better risk management and improved levels of security.
  - Gains in productivity and competitiveness.
First experience of Single Window in Spanish Ports Discharge Cargo Manifests

The first pilot project of a Single Window between Customs and the Port Authority was concluded in 1992 in the Port of Valencia.

The objective of this project was the establishment of a Single Window for submitting electronically the Discharge Cargo Manifest in the Import Processes for improving Port Authority and Customs management and control activities.

• Spanish Port Authorities require this information to apply Cargo Port Duties:

  **Cargo Port Duty (Spanish Port Law 48/2003)**

  “The taxable item of this duty is the use of basic port infrastructures, associated commercial areas, road and rail accesses and roads and other fixed port equipment”

• Customs require this information to comply with the European Customs Code (at that time Council Regulation EEC 2913/92):

  **Community Customs Code (EC Regulation 648/2005)**

  Article 36a. “Goods brought into the Customs territory of the Community shall be covered by a summary declaration …” “The summary declaration shall be lodged at the customs office of entry …” “The summary declaration shall be lodged before the goods are brought into the customs territory of the Community …”

  Article 36b. “… The summary declaration shall be made using a data processing technique. Commercial, port or transport information may be used, provided that it contains the necessary particulars …”

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The success of this first pilot project of Single Window between Customs and Port Authorities motivated its extension to all the Spanish territory and its integration with the Spanish Customs System.

A ministerial order in 1995 established the summary declaration model for maritime traffic and formalized the collaboration channels between the Spanish Tributary Agency and Ports of the State.

“The demands of the involved sectors in accelerate the clearance of cargo in the maritime customs requires the modernization and simplification of the formalities. With this objective:

• The summary declaration model is adapted to simplify the customs automatization.

• It is developed the possibility of presenting and accepting this declaration by Electronic Data Interchange (EDI) using, to this end, normalized messages. This possibility has been included in article 4 bis of Regulation (EC) 2453/93.

• It is authorized to lodge this declaration before the vessel arrival.

At the same time, and with the objective previously mentioned, the appropriate channels of collaboration have been established between the Spanish Tributary Agency (AEAT) and Ports of the State to create a Single Window System, in the maritime premises, for the lodging of the summary declaration which will have effect to both Administrations.

In summary, the Public Entity Ports of the State will act as a collaborator of the AEAT, in charge of the reception of the summary declarations, lodged in paper as well as in EDI, and submitting this declarations electronically to Customs.”
Customs controls in import operations are made when the truck leaves the port at the cross-border police controls.
Paperless Controls: Container Export Controls

Customs controls in export operations are made before the containers are loaded on the vessel when it is in the container yard.
Paperless Controls:
The establishment of the Paperless Import Clearance

The channels of collaboration between Customs and Port Authorities have allowed new high added value procedures that have enabled a more efficient goods customs clearance.

Paperless Import Customs Clearance procedures allow more efficient controls using the same human resources and offer significant advantages to the transport operator, as for example, the exemption of presenting the physical customs document.

Main advantages:
• Streamlines the goods departure from the port customs area.
• Simplifies the customs authorization by the cross-border police.
• Avoids errors and delays.
• Enables the logistic operator to take anticipated decisions.
• It uses barcode technology to check the departure authorizations and its recording.
• It has successfully been applied to import containers as well as to non-containerized cargo.

Key Points of the System:
• Automatic cargo clearance capabilities through the combination of the summary declaration data with the import SADs data.
• Structured declaration of container numbers in the electronic import SAD.
• Weight and pieces balance control in non-containerised paperless import clearance.
• Dedicated applications of the Tributary Agency (Customs) to check the Import Paperless Clearance through printed barcodes.
• Computer connected to the private network of Customs in the Customs Check Points.
The Port Community System support of Customs Procedures

A Port Community System is an open INFOSTRUCTURE that enables a secure and efficient flow of information among all the agents in the port community (public or private).

A PCS improves the quality of the port activity and saves important resources (human, financial, infrastructures, ...) through a tighten coordination of activities, a straight sharing of information and, consequently, an optimized planning of operations.

valenciaportpcs.net has allowed to extend the concept of Single Window for its use by the private sector of the port community with the objective of simplifying all commercial and operational transactions as well as coordinating the operations in the container transport flows.
Solving existing weaknesses of the Paperless Import Clearance Procedure

Paperless Import Clearance Procedure Weakness

Communication failures between customs check points and customs’ system originated serious problems in the departure of import containers. This situation was hindering the benefits of the LSP procedure and caused important congestions at the port.

The solution of this problem was achieved in MATAARI Interreg IIIB project, with the definition of a contingency plan and development of related ICT tools to enable the authorization checking even in these circumstances.

The reception and storing of customs’ authorizations in the valenciaportpcs.net system has been a key element to solve this important weakness in the Paperless Import Clearance Procedure.

A new functionality for communicating the authorizations to container terminals was also created. This new functionality has allowed to minimize incidents in the departures and maintain the same control of container departure with less cross-border police effectives.
The Paperless Export Clearance of Containers

The Paperless Export Control has been initiated in Valencia on 19th November 2007.

The Paperless Export Clearance of Containers is the first system of these characteristics that is operative in Spain.

This system is reporting important benefits to shipping agents, cross-border police and customs.

What is the Paperless Export Clearance of Containers?

It is a Customs Procedure defined in the Port of Valencia to simplify the documentation that the shipping agents shall present to the cross-border police for the required control of containers before loading.

With the use of this procedure, shipping agents are not required to present the original customs authorization documents whenever this authorizations are able to be checked electronically by the cross-border police.