

Facilitation of Cross-Border Paperless Trade by e-customs System

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Korea Customs
Service

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Who We are

- ❖ Korea's e-customs system, UNI-PASS, since 1974
 - EDI-Based Paperless in 1994, 4th Generation in 2016
 - It automates and digitizes all customs functions
 - : im-export clearance, risk management, post-audit, single window, etc.
 - It links customs to shippers, airlines, forwarders, traders, and regulatory authorities



Unified, Universal, Unique system

Fast and Efficient Clearance Service (PASS = To Clear)

Who We are

- ❖ Developing e-customs systems with 16 countries

Asia	Africa	LAC
6 countries including Tajikistan, Uzbekistan, Mongolia, Nepal	6 countries including Tanzania, Cameroon, Ethiopia, Ghana, Algeria	Dominican Republic, Guatemala, Ecuador, Paraguay

- ❖ Conducting BPR projects for customs modernization with 42 countries
- ❖ Follow-up projects to establish UNI-PASS system through ODA projects
: Capacity Building, Grant(ODA) project

Why We Need Paperless Trade

- ❖ Most countries have e-customs systems in place and operation.
- ❖ With expanded FTAs, C/Os are exchanged and preferential tariff rates are applied.
- ❖ Cross-border trade moves through hub ports/airports and land routes (railway, truck).
- ❖ Agricultural, fishery, livestock: Requires quarantine approval certificates and fast movements

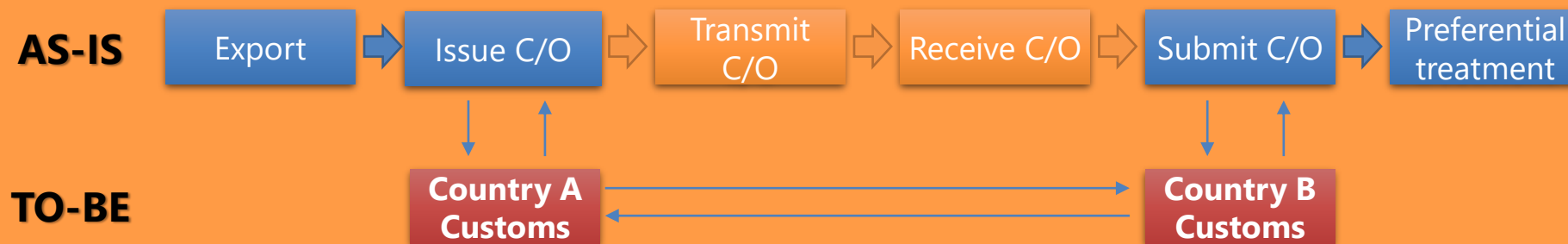
Benefits - Establishment of e-customs System

- ❖ UNI-PASS, Average clearance time
: decreased from 2nd Gen. 9.6days(2003) to 4th Gen. 1.5days(2017)
- ❖ Ghana's e-customs systems, ICUMS, being modelled on UNI-PASS
: increased customs duty revenue 27.6% in 2020-2021
: decreased demurrage cost by 75% from 2017 to 2021
- ❖ Tanzania's e-customs systems, TANCIS, being modelled on UNI-PASS in 2012
: increased customs duty revenue 29.2% on an annual average from 2013 to 2016

Benefits – Korea's FTA Implementation

- ❖ Signed 21 FTAs with 59 countries, including the US, the EU, China, and India
- ❖ Exchanging e-C/Os with four countries: China(Dec. 2016), Indonesia(Mar. 2020), Vietnam, and India
 - Direct Customs-Customs C/O exchange, prevention of forgery
 - Mitigated C/O authenticity issue with China: 80 cases in 2016 → 13 cases in 2020

< Concept of Electronic Origin Data Exchange System >



Benefits – Exchange of Intra-EAC Trade Data

- ❖ Single Customs Territory (SCT) representatively promotes intra-EAC trade.
 - Applied to intra-region im/export and transit cargo (in Sep. 2014), using a single declaration document
 - Tanzania established a cargo data exchange system (in 2014 based on Korea's UNI-PASS).
 - Manifest information is transmitted to neighboring countries so that they can produce customs declarations using the transmitted information for bonded transport in the region.
 - 7 Members: Burundi, DR Congo, Kenya, Rwanda, South Sudan, Uganda, Tanzania

Benefits – Exchange of Intra-EAC Trade Data

- ❖ Import clearance time from the ports of Kenya and Tanzania reduced from 21 days and 18 days, to 6 days and 3 days respectively. Transport cost reduced from USD 3,100 to USD 1,025.
- Removed duplicate trade procedures at the time of border crossing (inspections only at the country of destination)
- Eliminated risks of tax evasion by exchanging information on tax payment and security deposit.

Conclusion

- ❖ Paperless trade facilitation brings benefits of time and cost reduction in im/export clearance, increased trade, and increased revenues.
 - Benefits were found in Korea, other countries, and with FTAs and regional economic communities.
 - It is estimated that Korea's export volume increased by over 3%, export costs decreased by 9%, and import costs decreased by 8% (UN ESCAP REPORT, June 2014).
 - Efforts are needed to mutually recognize electronic documents through an agreement, and to establish individual e-trade systems in participating countries.

