

CUSTOMS AND INTERNATIONAL TRADE COMPLIANCE FORUM

Custom automation help or hindrance?

Customs work is now on a gradual course to move from manual form filling to data dissemination.

Many of us will remember many false starts along this road over the last 20 years and may therefore be sceptical about whether or not this may happen but I can assure you that the change is already under way and is gathering pace in a way that will affect everyone who seeks to move goods across borders be they exporters, importers, freight forwarders, customs brokers, warehouses, hauliers or any other type of business associated with international trade.

The biggest promise of this swap from form filling (even if it is an on-line form that you can email to the relevant authorities) is the idea that data should be made available to all the relevant authorities in one place and then be automatically disseminated from there to whoever needs it. I doubt anyone would deny that this would be a big improvement over the situation today!

However, much must happen before that data is gathered and entered. Automation in this area is already under way with many commercial organisations in the freight and customs area offering 'portals' of one sort or another for their clients (the exporters and importers) to type in information and/or upload documents such as the export invoice which will be used to complete customs declarations. The idea being that is all the client has to do to get their goods through customs either as imports or exports. Some even offer to take that information/document and use it to complete the customs declaration in the foreign country.

There used to be a saying 'garbage in – garbage out' that was applied to the earliest of computer applications. Have we moved away from this?

We can only say yes in the complex field of customs work if, and only if, the people supplying the original data and documents to such automation systems not only have the correct data but also understand how it is to be used. Sadly at the moment in many, many cases this is not the reality.

Take customs valuation for imports as an example. Many are encouraged to believe that is the value for the goods on the export invoice and if this is uploaded to the 'automated system' offered by their freight agent or customs broker then they have fulfilled their legal liabilities. This is not necessarily true as the customs value for import is a calculated value which must include a long list of value elements if they

apply to a particular shipment. Not all value elements apply to all shipments for example there may not be any royalty payments or demurrage payments to include.

However, many of the value elements will never (and should not) appear on the export invoice, they have to be manually added to the invoice total. If this were not enough there is also a long list of value elements that can be removed from the value on the invoice. The final calculated figure can be very different to that figure on the export invoice and only the importer has the information to make the calculation. The higher the figure used the more import duty will need to be paid so it is important to get these additions and deductions right.

If all you do is upload an export invoice who is making this calculation for you? Or is the invoice value being taken as the calculated value potentially leaving the importer with a legal liability to correct the customs declaration after it has been made? This is just one element of a customs declaration.

A lack of knowledge amongst importers and exporters regarding customs work and in some cases what might be false promises based on over simplification from the automation providers is still leaving us with the 'garbage in – garbage out' situation which leaves many companies with legal liabilities and exposure to fines they may not even be aware of in a variety of countries. We are at the dawn of the new customs data age – education and training will ensure that the new systems are an enormous help rather than being a poorly understood liability that will lead to additional work once the goods have moved.

Make sure you take advantage of information and training accredited by CILT so that you receive help rather than challenges from the age of data dissemination for customs.

Susan Morley FCILT
Chair, CILT Customs and International Trade Compliance Forum.

