



MANAGEMENT COMMITTEE
Revised Kyoto Convention
6th Session

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Brussels, 19 February 2009

AMENDMENTS TO THE REVISED KYOTO CONVENTION (GUIDELINES)

National practices in respect of “Release and Clearance of goods”

SECRETARIAT NOTE

Item III on Agenda

1. Background

1. At its 5th Meeting in November 2008, the Management Committee considered a request by India concerning the procedures applied by Members for the release and clearance of goods (see document PO0026). In particular, clarification was sought regarding the steps covered by the release of goods and the steps covered by the clearance of goods.
2. The outcome of the discussion was that the Committee was in favour of providing further guidance (Guidelines) in the form of national practices in respect of release and clearance, and invited Members to submit such examples to the Secretariat. In this connection, the Secretariat has received contributions from Canada and Japan which are reproduced in the Annex to this document.
3. The **Management Committee is invited to approve** these national practices as new Guidelines and identify the most suitable location for them in the RKC. On this latter point, document PO0026 identifies the main provisions of the General Annex which are relevant (such as Standards 3.40 to 3.43).

Canada Border Service Agency and the Release Process

The CBSA strives to balance our commitment to ensure the safety and security of Canadians while facilitating the growth of Canada's trade economy. For fiscal year 2007, for example, total commercial releases numbered approximately 12,800,000 for total levies of duties and taxes of approximately Can. \$27 Billion.

The balance of pre-arrival risk requirements with the facilitation of trade is achieved via several pre-approved release programs available to trade-chain partners. In order to discuss the CBSA's commercial release process, it is necessary to speak briefly about steps that occur prior to – and post – release. Namely, that under ACI, Advance Commercial Information requirements, pre-arrival data is required and report is required. Mandatory pre-arrival data enables the CBSA to identify threats to health, safety and security prior to the arrival of the goods to Canada – thus allowing the border service officers to focus on other trade related requirements. Post release, there are certain accounting processes that are integral to the importation of commercial goods into Canada. Therefore, although the focus of this document is on the release processes these additional steps will be discussed briefly, as well.

Pre-arrival data is required

All goods imported into Canada must be reported.

Currently, we require the mandatory pre-arrival electronic report of cargo, conveyance and supplemental data by air and marine carriers. As well, legislation governing the ACI program will be amended to support the Government of Canada's strategy to strengthen security and facilitate trade by requiring the advance provision of information to better target high-risk shipments while streamlining the entry of low-risk shipments. The ACI program introduces more effective risk management processes and tools to identify threats to our health, safety and security prior to the arrival of cargo and conveyances in Canada.

Specific time frames exist for the earliest allowable submission of release requests based on mode of transport and service options.

Release of the shipment

There are several methods which facilitate release of commercial goods;

- Release with full accounting and payment (paper option)- this includes Form B3 which is considered to be a final accounting document upon which duties and taxes are assessed;
- Release on minimum documentation (RMD) and PARS (Pre-Arrival Review System) (paper or EDI option);
- G7 Import One Step Release on Full Documentation (EDI option);
- MRS (machine release: an automated method used to facilitate release): For the month of November 2008, for example, MRS processed approximately 880,500 release requests. MRS allows for processing of profiles based on commodity (H.S. code), country of origin, and optionally, associated clients (brokers/carriers). Excluded from eligibility are first time and infrequent importers, OGD and program commodities such as alcohol, tobacco and firearms, as well as source countries for contraband.

The CBSA has recently mandated the electronic submission of release requests (with a few specific exceptions) in the Agency's ongoing efforts to improve efficiency by reducing the number of paper releases. All release transactions which contain 100 lines or less must be transmitted electronically. As a result, the agency has seen a steady increase in the number of requests being submitted electronically. In November 2007, 89% of all requests were submitted electronically. This has favourably impacted the speed with which the CBSA can review and release commercial goods.

More on Methods used for Release

Release on Minimum Documentation (RMD)

Unless the CBSA examines the shipment, we will release the shipment under RMD when the importer or broker presents a completed cargo control document (not required if electronic), any import permits or health certificates, and in most cases, two copies of a properly completed invoice.

By using RMD, importers can fast-track the release of commercial goods by accounting for and paying for shipments after we release them. To take advantage of this privilege, the importer or broker must have posted an approved amount of security with the CBSA. An importer or broker who wants goods released before final accounting must provide the following interim accounting information to the CBSA;

- a) a cargo control document
- b) a commercial invoice containing the following information: the vendor's name and address, the consignees' name and address, the purchaser's name and address, the importer's BN, the unit of measure and quantity of goods, the value of the goods and currency of settlement, detailed description of the goods, the 10-digit harmonized system code, country of origin of the goods, number of invoice pages, and transaction number in bar-coded format , any permits, licences, certificates and authorizations required by other government departments or agencies

The CBSA has established service standards for the processing of import documentation. We aim to process release requests that are complete, accurate and that do not require examination of goods or review of permits, using RMD within the following time frames:

- Electronic Data Interchange (EDI) 45 minutes
- EDI Machine Release 5 minutes
- Paper 2 hours

The CBSA offers other service options to further speed up the processing and release of goods, such as Line Release and PARS (Pre-Arrival Review System). PARS allows importers and brokers to submit RMD information to the CBSA for review and processing before the goods arrive in Canada: thus accelerating the release or referral for examination process when the goods arrive in Canada.

Import permits, health certificates and other forms required by other government departments (OGDs)

Many commercial goods are subject to the requirements of other federal government departments and may need permits, certificates, and examinations. The CBSA administers the legislation on behalf of these departments, and in so doing, we verify the permits or conduct inspections on behalf of the other federal departments, and detain the goods, if necessary. Some departments already have an OGD EDI interface with the CBSA in order to facilitate the examination and permit requirements of some commodities. Consequently, importers and brokers can electronically transmit requests for permits to some OGD's. It is anticipated that the OGD Single Window, currently being developed, will allow for the electronic interface of all OGD permit and licensing requirements.

Accounting

The importer or broker has to present a final accounting package to the CBSA no later than five business days after the goods are released. In order to further facilitate the flow of goods, the CBSA allows approved clients to assess any duties and taxes that are owing after the goods have been imported into Canada.

Customs Self Assessment

The Customs Self Assessment (CSA) program is designed for low-risk, pre-approved importers, carriers and registered drivers. To take advantage of the program, CSA-approved importers and carriers must use a registered driver to carry CSA-eligible goods into Canada in the highway mode.

The CSA program simplifies many of the import border requirements so that low-risk shipments can be processed more quickly and efficiently at the border, saving businesses time and money.

It also allows the CBSA to better focus its resources on identifying high-risk shipments that pose a potential threat to the health, safety or economic well-being of Canadians.

Participants are prescreened and importers maintain profiles of goods and trade chain partners (i.e. they advise CBSA electronically when they contract to a new party) are cleared at the border on presentation of three data elements, the importer number, the carrier number and the driver number. Goods are actually released when delivered to the importer. The importer self assesses duties and taxes and provides trade statistical information on a consolidated basis.

Example of national practice regarding “release of goods” and “clearance” (JAPAN)

1. The Simplified Customs Declaration System

The Simplified Customs Declaration System has been introduced as a system of AEO program. With this system, an importer who has been approved, in advance, by a director general of regional Customs as the importer fitted with a system of cargo security and compliance, will be able to use the system, which makes it possible for the importer to get a permit for import to have goods released prior to filing a declaration for customs duty payment, by separating the import declarations and duty payment declarations, conditioned on a guarantee of compliance with the law. (This permit would mean “release of goods” in the context of the RKC.)

A form for declaration for customs duty payment shall be completed for each import permits received during a one-month period ,or an aggregated form for all import permits received during a one-month, and shall be submitted to the customs office where the importer declared the release of goods or its regional headquarters, by the last day of the following month. (The accomplishment of Customs’ confirmation on the duty payment would mean “clearance” in the context of the RKC.)

Benefit of the Simplified Customs Declaration System

The Simplified Customs Declaration System makes it possible to release goods before filing a declaration for customs duty payment, while simplifying and raising the efficiency of declaration procedures. Consequently, there will be greater convenience for the importer, such as a reduction in cost, as it will be possible to receive imported goods more quickly and smoothly.

2. Normal Procedure for Import

In normal procedure for import, any person wishing to import goods must declare them (foreign goods) to the customs office and obtain an import permit after necessary inspection of the goods concerned and payment of customs duty and excise tax including both national and local ones, when applicable. Upon receiving import declaration, which also serves as declaration for customs duty payment, the customs office carries out document reviews and necessary inspections, and in general, permits the importation after confirming the payment of taxes such as customs duties. (Therefore, “release of goods” and “clearance” occur coincidentally.)