

**TRAINING SEMINAR ON  
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**Stage 2:**

**General Requirements for Implementing  
the International Framework on Road Freight Transport**

**JOINT CUSTOMS AND BORDER CROSSING CONTROL PROCESSING IN  
SUPPORT OF TRADE FACILITATION**

***Presentation Summary***

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## Introduction

Since the EUROMED countries have privileged relationships with the EU, they should use the example of the European Customs Union as a source of inspiration for harmonisation and simplification of border crossing and customs procedures even if the template of customs union is not yet applicable as such<sup>1</sup>.

In fact the decision of harmonisation and simplification of border crossing and customs procedures is no longer a choice but a necessity for the economic integration and development of any country involved in free trade and liberalism. Indeed, already in 1996, the G7 countries decided at a summit meeting at Lyons (France) that work should be undertaken to harmonise and simplify customs procedures on an international scale.

Formalities, procedures, and paperwork in international trade arise from the need for both governments and trade operators to monitor and control the movement of goods and the transfer of services, and to safeguard the legitimate interests of all parties. Without cooperation between customs and the business sector, trade facilitation efforts cannot succeed. The systems developed to link shippers, transport operators, port authorities, bankers, insurance companies, customs, consignees, and others in the business of international trade are constantly being adapted to meet changing needs associated in particular with the speed of modern transport, express freight deliveries, and containerisation.

Nevertheless, it is still commonly agreed that extended waiting times at many border posts could be attributed to inadequate border infrastructure, insufficient quality and quantity of technical equipment and materials, poor border design with shortfall of facilities in one area and a surplus in another, complicated procedures focused on centralized control, and multiple border organizations working in isolation. Most users, unfortunately, considered the delays as principally customs-related.

Proposals such as streamlining border functionalities, single window and joint border processing were recognized to be viable options to improve border post performance that merited further consideration.

In principle, the potential benefits to be gained from joint border processing is recognized in terms of enhanced services and the more effective use of border facilities, but there is not a comprehensive understanding of what joint border processing actually involved.

There are currently no joint border posts in operation in the region, so there is a lack of practical experience of the concept. Also, concern could be expressed at the potential implications of such systems on the basis of the existing legal jurisdiction, how the other border organizations would be involved and how such systems would operate in practical operational terms.

The objective of this discussion paper is to address these issues and concerns so as to enable the Customs Authorities in the region to actively consider the possibility of introducing of joint border processing as part of the tools of trade facilitation and simplification of border crossing procedures.

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<sup>1</sup> The main reason is that customs revenues of the EU represent only few percent of the national Budgets since 80% of the foreign trade of the European Member States take place within the European Union in exemption of customs duties and taxes. Also, the customs duties and taxes are collected for a common European budget and are not part of the local national budget. Therefore, whatever the Member State of consumption is, and whatever the Member State in which the payment of customs duties takes place is, there is no direct financial impact on the national Member State budget. This kind of configuration does not exist anywhere else in the world.

## **Objectives and benefits of simplified and uniform procedures as support of the trade facilitation growth**

Over the last 50 years, we have witnessed a tremendous increase in international trade. Today we live in a global marketplace where optimal allocation of resources is a key activity.

Unprecedented developments in transport, such as containerisation, computerization, speed, and just-in-time delivery and other new logistic concepts have enabled companies to cope with the concept of global marketplace, the globalisation of production and the steady rise in the international movements of goods and services within multinational companies (one-third of movements of international goods are intra company transactions). Since duties and tariffs have been reduced and are still in a process of reduction (agreements on tariff dismantlement), border crossing and customs procedures are mentioned increasingly as the main remaining barriers to world trade.

Customs procedures, in spite of the great efforts to simplify and harmonize them, are still the most visible barriers to international trade. At the same time, these procedures remain very important in the context of revenue collection and the protection of society.

### **The concept of joint customs control processing**

#### **The concept of joint customs control processing as part of the trade facilitation standards**

The joint control processing in the different variants, which can be designed and developed, is one of the international standards and best practices of harmonisation and simplification of border crossing procedures. They are formulated around few key points and have to be considered as necessary milestones for the trade facilitation performance.

The first one is the introduction of the Risk analysis Management of control organisation based on selectivity criteria.

The second one is a wide use of the principle of control performed by customs after the release of goods. Usually this would imply the verification of the accounting elements of the trader company under the form of a post Release Audit.

Another one is the differentiated approach of the traders according to the granted confidence level. That means the introduction of simplest rules and methodology of customs clearance for the persons and traders by fair behaviour, absence of violation, prove of reputation and financial guarantee.

An important one concerns the interaction and partner relationships between customs and the trade community requiring the customs procedures to take into consideration the needs of trade and business in all types of customs affairs questions.

Eventually, the principle of the single windows mainly suggest that all the border crossing bodies represented at the clearance point be located in a single common pace. The advantage would be that documentation and information circulate between bodies instead of the declaring circulate to each of them. It is important that the concept of single-window is considered as it is designed to accompany single-stop inspection to expedite cross-border clearance of goods. Single-window promotes the coordination of the procedures of the various border organizations within an integrated border management system. Single Window service enables companies involved in cross border trade to lodge standardized information and documents with a single entry point allowing parties to fulfil all import, export, and transit-related regulatory requirements in one go. By expediting and simplifying information flows between trade and government, single window brings substantial gains to all parties involved in cross border trade.

The efficiency of such a concept relates definitely on the capacity of data and harmonised uniform documentation sharing between first of all between national bodies and then with the border crossing organisation of the neighbour country.

Then, the principle of joint processing is to reduce the number of stops incurred in a cross border movement by combining the activities of both countries border organizations at either a single common location or at a single location in each direction (juxtaposed facilities).

The concept of a One Stop Joint Border Crossing point implies not only a single administrative location for the bodies represented at both sides of the border but also the introduction of a single border point for both countries formalities located on one side of the physical border. Joint Customs Control/One Stop Inspection enables customs of neighbouring countries to carry out inspection simultaneously (sequential or almost simultaneously) at the border on a site that is located in the territory of either country.

**Whilst it is possible to have joint processing of Customs in isolation, in practice the benefits of joint processing are unlikely to be achieved unless the joint processing also involves all the major border organizations. However, Customs are the main organization at the borders in terms of processing times and they can act as the promoter of joint processing.**

#### Benefits and constraints

In a first step, the most beneficial benefits and impacts of implementation of the concept of joint border crossing processing relate to:

- Enhancement of border performance
- Lower infrastructure and operational costs

**Concerning the Enhanced Border Performance**, with joint processing, even if the current border procedures remained unchanged, the border transit speeds would improve using a single processing location for the following reasons:

- The time taken to transit between the both sides control zones with the associated exit and entry gate checks would be eliminated;
- It would be possible to have a continuous flow processing “production line” for passenger traffic, thus reducing the inherent delays in non-flow techniques;
- A single stop for freight traffic where all administrative processes could be undertaken at a single location, thus reducing times parking and continual moving of heavy transport/trains.

**Concerning financial Costs**, the border infrastructure is expensive both in terms of the physical infrastructure – processing and administrative buildings, road and parking areas and utilities - and technical equipment – scanners, weighbridges and ICT. An additional problem in the region is that the majority of border crossings tend to be in remote locations, distant from major conurbations. This means such border development is more expensive than normal, both in terms of capital and operating costs.

In a second step, the Constraints that countries should evaluate to introduce joint processing relates to the following points:

- Compliance with international standards and Conventions.
- Legal constraints,
- Infrastructure constraints,
- Operational processing constraints.

## **Compliance with international standards and Conventions**

The legal force in promoting joint customs processing is the collection of international agreements relating to the simplification of customs procedures and the harmonization of border controls and Compliance **with International Conventions**. The most important is the *International Convention on the Simplification and Harmonization of Customs Procedures*, also known as the "Kyoto Convention", and its revised version known as the "Revised Kyoto Convention", which provides the international benchmark for reform and modernization of Customs, including the introduction of joint customs controls.

The issue of joint processing is specifically addressed as it follows:

### *“3.4 Transitional Standard*

*At common border crossings, the Customs administrations concerned shall, whenever possible, operate joint controls.*

### *3.5 Transitional Standard*

*Where the Customs intend to establish a new Customs office or to convert an existing office to a common border crossing, they shall, wherever possible, co-operate with the neighboring Customs to establish a juxtaposed Customs office to facilitate joint controls”.*

*“The customs controls of the exporting administration are conducted at the same time as the customs formalities of the importing administration (or near simultaneously) by officers from both customs administrations; and*

The customs controls are conducted within a common area where customs offices of both administrations are established, whether in separate buildings or in a single facility.”

The *International Convention on the Harmonization of Frontier Controls of Goods, 1982 (Harmonization Convention, 1982)* contains more specific operational guidelines regarding facilitation measures that countries may introduce at common borders. It provides the following proposals:

*"Whenever a common inland frontier is crossed, the Contracting Parties concerned shall take appropriate measures, whenever possible, to facilitate the passage of the goods, and they shall, in particular:*

*Endeavor to arrange for the joint control of goods and documents, through the provision of shared facilities.*

## **Legal Constraints**

The legal aspects of joint processing that require Customs officials from both countries to execute the control process for import and export goods at the same time (or nearly simultaneously) within a common area is often cited as the key constraint by Customs administrations. This is because of perceptions that existing Customs legislation would not permit Customs officials to operate outside their own territory in an other State. As a result, the different Customs administrations are not empowered with the appropriate authority to perform such functions, unless new laws permit them to do so were provided.

Many of the countries that have undertaken joint Customs controls, or are preparing to do so, have faced this situation. While the political systems of these countries vary, each country has recognized that national laws have to be adjusted to incorporate new provisions that accommodate Customs functions to be performed extra-territorially. Hence, an enabling

legislative framework is necessary to facilitate this change. This legal framework rests on a foundation comprising the following:

An international (or bilateral) agreement on joint controls between two or more states sharing a common border; and

Adequate national legislation supporting the implementation of joint controls, either primary or secondary

The provisions that would be necessary for enabling legislation in support of joint customs control would cover, but are not limited to, the following:

- *Territoriality definition,*
- *Establishment of Customs Facilities ,*
- *Powers and Duties of Customs Officials,*
- *Immunities and Privileges,*
- *Institutional Arrangement,*
- *Litigation, offences and penalties,*
- *Regulations.*

**Whilst the emphasis is on Customs, similar checks will need to be undertaken in respect of the other border organizations. In practical terms, the other key authority is the Border Police/Guard. It is considered that if both Customs and Border Police legislation allows joint processing the other organizations would easily follow.**

#### ***Infrastructure, equipment and information and communication technologies***

The process of joint Customs control in a common area means that implementation of such a concept would require countries to adapt their present border crossing facilities in a suitable manner to support joint operations. Straddling facilities may be appropriate under conditions where the topography is suitable, there is no division of the border by a security zone etc.

The three major infrastructure constraints are considered to be as follows:

- Border distance;
- Architecture and Border Post Design; and
- Utilities and Information and Communication Technologies.

#### *Border distance*

The potential for joint operation is greatest the closer the two national customs control zones are to each other. Indeed, the ultimate is where they interface each other over the border enabling a straddling facility to be developed.

#### *Architecture and Border Post Design*

There would be a requirement to make adjustments to these in order to introduce joint processing regimes with both countries border organizations together, related to infrastructures, social rules, dissimilarity required adjustments...

#### *Utilities/Communications*

Access to reliable supplies of electricity and communication is sometimes difficult. The implementation of joint processing places a greater reliance on the need for power and

communications. This is especially true in relation to communications because of the increased need for data transfer if the full benefits of joint processing are to be achieved.

Other than in a situation where a new border crossing is to be opened, the border crossings within the Region are already established and countries have made investments in national border facilities. The choice of location of a joint customs control post must be related to a prior assessment survey aiming at defining the most appropriate existing border crossing site to be adjusted and transformed into a juxtaposed or one stop inspection post.

### ***Operational Processing Constraints***

The implementation of joint Customs controls within a common zone will require decisions by the Customs administrations of both countries with regard to the management and operation of facilities. There are operational choices to be made with respect to a shared versus separate facility or a combination of both (comprising separate offices with shared inspection bays). The appropriate arrangement would depend on the degree of cooperation between the two Customs administrations, but operational efficiency should be a primary consideration.

The implementation of joint processing will require more difficult decisions in addressing the current border processing constraints – complex procedures, duplication of inspection and examination, too many organizations etc. Joint Customs control conducted through a common control area will require positive decisions on the type of inspection/examination process, particularly where there is a choice between **simultaneous and sequential** (or near simultaneous) inspection. In respect of freight, the former is more consistent with the principle of single-stop inspection but the latter is also acceptable though not as preferable from the point of view of fast border clearance. Both methods and global performance indicators critically depend on standardized Customs documents, harmonized inspection procedures (e.g., streamlined processes, reduced routine inspections through adoption of risk based methods) and coordination of working hours.

It is recognized that the constraints indicated in this section are significant and lead to the current concerns by Customs on implementing joint processing. However, it is not considered that these constraints are insurmountable, as is proved by the ability of certain European countries to introduce such processing like.

### **Methodology Guideline**

- ***Creation of the National and Bilateral Joint Customs and Border Crossing Consultative Working Groups***

A joint border crossing working group has to be established in both countries and should enact under the scope of responsibilities of a Bilateral border crossing Working Group. Each of them gathers the representatives of each border crossing bodies present at the border as well as the diplomatic representations. Very rapidly, those working groups should become Joint customs and border crossing consultative Commissions in charge of developing, maintaining and evaluating the performance of trade facilitation at the joint border crossing points. Procedures and organisation have to evolve according to the requirements of the economic operators engaged in the trends of the international trade.

- ***Assessment Survey and analysis***

Considering the introduction of joint processing, the following factors must be taken into consideration like existing Infrastructure, current Procedures, topography of the site/area, nature of the traffic – road/rail, passenger, freight, volumes and peaking factors, risk factors – country, users, goods etc. and demands for reciprocal treatment/facilities.

- ***Legal requirements***

Must be considered the requirements for adjustment and amendments of institutional legislation (usually at the Parliamentary or Presidential Level), the bilateral Agreement of establishment of the joint border crossing control posts, the Customs Code and its provisions of application. The ultimate legal work would concern the drafting of daily routine joint border crossing procedures.

- ***Infrastructure, Equipment and ICT Requirements***

The efficiency of the joint border crossing control processing largely depends on the quality of infrastructure and equipment available at the joint border crossing control posts. Elements such as lanes separation, shelters, facilities architecture, utilities installation and sharing, as well as the level of control equipment available (X Ray scanners, weighing machines, radiation detectors...)are of utmost importance.

Information and communication Technologies are an essential aspect of the joint border crossing control processing configuration. There should not be any break of the data information flow between border crossing bodies and then between partner countries.

The concept's efficiency depends on the level of data sharing between bodies and between partner countries (examples of export data systematically transferred as import data Russia / Kazakhstan, USA/UK, Passports or freight cargo scanning devices data sharing...). Eventually requirement of interfaces between customs automated system in both countries have to be considered given that the differences between customs automated systems are not an obstacles for data sharing and synergy between both countries administrations.

- ***Operational processing and procedures requirements***

The operational processing and procedures requirements mainly deal with the necessary reengineering of control and administrative procedures including between others:

- Elimination of multiple controls between border bodies
- Elimination of duplicated documentation and data information
- Standardisation, harmonisation of customs, transport, commercial and technical documents
- Simplification of procedures introducing the risk analysis and selectivity criteria based controls, due diligence and facilitated procedures for reliable operators
- Sequential or simultaneous controls
- As far as possible reduce the number of border crossing bodies present at the border (customs and border guards should be able to act in the name of other administrations)
- No more double ledger/computerised registration
- Establishment of a single payment point  
Introduction of an Integrated Border Management based on RAM, PRA, Simplified procedures by guarantees...

It is also related to the optimisation of the joint processing organisation dealing with the harmonisation of working hours, the ad equation of social legislations, the organisation of living conditions for the staff.

- ***Financial and Investment Appraisal***

All along the evolution of the joint border crossing control posts, financial and investment appraisal have to be carried out. Sourcing the necessary funds to finance the necessary development and upgrades of the infrastructures, the equipments and the facilities as well as the level of knowledge can be found through the international financial institutions and donors, private hedge funds or national public and private sources.