Overview of Trade Facilitation Initiatives in Saudi Customs

Oct 2018
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• Improved Clearance Program
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Saudi Customs Strategy Overview
Saudi Customs Strategy revolves around **three Pillars and four Enablers**…

“To be the first in region that provides remarkable customs services to become a global logistics hub”

- **Strategic Pillars**
  - Revenue Realization
  - Contribute to security and cultural protection
  - Prioritize customer centricity and trade facilitation

- **Strategic Enablers**
  - Achievement of organizational excellence
  - Enhancement of the Risk Management’s effectiveness and efficiency
  - Infrastructure improvement and operations’ digitization
  - Enhance the organization, manage the change and communicate internally
… With **18 Programs** mapped to Pillars and Enablers

“To be the first in region that provides remarkable customs services to become a global logistics hub”
Improved Clearance Program (ICP)

- Overview of ICP for Seaports Imports
- Overview of ICP for Seaports Exports
Overview of Improved Clearance Program for Seaports Imports
The ICP is based on two main pillars: Pre-arrival electronic submission and Completing inspection within 24 hours.
The Improved Clearance Program introduces various radical changes over **five dimensions**

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<td>• Accept English Manifest at initiation</td>
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<td>• Establish systematic linkage with operators &amp; government entities</td>
<td>• Increase customs operations working hours</td>
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**Business Environment**

- **Process Re-engineering**
  - Motivate advance initiation of the clearance process (Pre-arrival processing)
  - Activate working in parallel mechanism

**Automation**

- Usage of tablets for manual inspection
- Introduce notification system

**Transparency and Accountability**

- Establish KPIs & SLA agreements
- Introduce escalation mechanism
- Published HS tariff codes in Customs website

**Resource Deployment**

- Increase customs operations working hours
- Establish X-ray analytics unified rooms
Changes introduced in Saudi Customs business environment shows that we have **limited the required documents to only two**

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<td><strong>Import</strong></td>
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<td>Document</td>
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</tr>
<tr>
<td>1 Bill of Lading</td>
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<td>2 Invoice</td>
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<td>3 Delivery Order</td>
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<td>4 Certificate of Origin</td>
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<td>5 Proof of payment</td>
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<td>6 Certificate of Conformity</td>
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<td>7 Exit gate permit</td>
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<td>8 Packing list</td>
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<td>9 Commercial permit</td>
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<td>10 Commercial Register</td>
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<tr>
<td>11 Customs Declaration</td>
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<td>12 Broker Authorization</td>
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Overview of Improved Clearance Program for Seaports Exports
Overview of Improved Clearance Program for Seaports Exports

Prior vessel arrival

Shipping agents uploads Manifest
Custom Broker files declaration

Manifest uploading
Declaration filing
Receiving and reviewing compliance

Clearance type?

Direct Clearance

Specialized Sections

External Entities

Processing time not exceeding 6 hours from containers gate-in

- 24 Hrs.
Final Clearance

Manual Inspection

Inspection Section

Movement to Operator’s yard
Preparation of containers for loading

0 Hrs.
Vessel departure

Manual Clearance
Offloading and handling

Inspection
Payment & Pickup

Payment & Pickup
Single Window
Overview of FASAH single window platform

www.FASAH.sa

FASAH operates through 3 main systems that allow it to serve the Import and Export Ecosystem.

- Clearance Portal
- Entity Integration
- Online Services

FASAH integrates over 25+ entities that play a role in Import and Export ecosystem. Major players being SFDA, MEWA and others.

FASAH offers a range of 100+ online services to a wide range of Import and Export beneficiaries.

Key Services:
- Manifest Submission
- Declaration creation and submittal
- Single Payment Portal
- MASAR Tracking System

Key Beneficiaries:
- Importers and Exporters
- Shipping Agents
- Port Operators
- Public Sector
- Clearing Agents (Brokers)
This service allows stakeholders to track by Containers and/or Bill of Lading for all modes (Sea, Air, Land)…
This service allows all interested parties and public to view customs data, which enables transparency and clarity...

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Bonded Zones
Key additional services included in bonded zones

Support local Exports
Allowing export shipments into the bonded zone and proceeding with the customs procedure without defining a final destination

Value Added Services
Including labelling, packaging, branding, etc.

Product Assembly
Allowing deposit and importation of parts and assembling it in the bonded zones

Transshipment
Allowing entry of transshipment containers into the bonded zones

Foreign Investor
The ability to store goods in the bonded zone without the need of a local commercial registration for the foreign investor

Bonded Corridors
Connecting bonded zones with other customs port (land, sea and air)
Bonded Zone spread across Saudi Arabia

- Active Bonded Zones
  - Dammam
  - Jeddah

- Inactive Bonded Zones
  - Rabegh*

*to be Activated by 2020
Authorized Economic Operator (AEO) program
Overview of AEO

What is the Authorized Economic Operator Program?

A program based on the concept of partnership between customs and business enterprises that enhances the security of the global supply chain, while providing more benefits to facilitate trade.

SAFE Framework

It is a global standard and is also part of the SAFE Framework published by the World Customs Organization since 2005.

Kyoto Convention

It is one of the components of Kyoto Convention that was published by WTO for Trade Facilitation on February 2017.

AEO Beneficiaries

The program offers many benefits to commercial enterprise that are authorized based on their compliance with number of criteria.

- Exporters
- Distributors
- Couriers
- Shipping Agents
- Importers
- Clearing Agents
## Overview of AEO Requirements

### Compliance
- Demonstrated Compliance, Not have committed, over 3 years an infringement/offence as defined in national legislation
- Have not committed significant customs violations over the past 3 years

### Financial Standing
- No current financial insolvency
- Fulfillment of customs clearance financial commitments
- Proof of ability to repay future financial service

### Records Archiving
- Providing an electronic system suitable for keeping track of electronic records and documents
- Application of general accounting principles that comply with national regulations and procedures
- Availability of records and documents for customs post clearance audit

### Security requirement
- Availability of internal risk assessment mechanism
- Ensure the safety of buildings and facilities
- Regulation and control of entry and exit of buildings and facilities

### General Requirements
- Policy for continuous training for the staff
- Policy for self-audit of businesses
- Provides an IT security policy
Overview of AEO Benefits

**Procedural Benefits**
- Dedicated fast lane at the border
- Advanced ruling
- Possibility to clear goods prior to arrival
- Possibility to have the goods released before payment.
- Prioritized declaration processing
- Reduced risk and reduced inspections.
- Prioritized inspections
- Possibility for Customs and OGA inspections at location suggested by the AEO
- (Virtual) customs warehouse

**Administrative Benefits**
- Dedicated Key Account Manager coordinating with Customs and OGA
- Service outside normal office hours free of charge
- Prioritized when applying for Customs or OGA authorizations
- Not required to present supporting documents for release of goods

**Financial Benefits**
- Exempted from paying administrative fees and charges (i.e. application fee, annual fee for customs warehouse etc)
- AEO are preferential partners for PPP and outsourcing opportunities.

**Other Benefits**
- Member of the AEO Customs Consultative Group
- MRA benefits
- Publish Name of Members on Customs website
- Marketing package including use of AEO logo.
- Access to industry information from Customs.
Overview of AEO Timeline

- **May 2017**: Project Start
- **July 2017**: Approval of AEO policy
- **Sept 2017**: Finalization of program design and announcement
- **Nov 2017**: Approval of first AEO company
- **Dec 2017**: Official Program launch
- **Nov 2018**: First mutual recognition agreement (MRA)
- **2018**: 75 AEO’s, 1 MRAs
- **2019**: 300 AEO’s, 5 MRAs
- **2020**: 500 AEO’s, 8 MRAs
- **2021**: 150 AEO’s, 3 MRAs
- **2022**: 400 AEO’s, 7 MRAs
Other Initiatives
Other Initiatives

**Advanced Ruling**
- Q4 2018 for AEO
- Q1 2019 for all
- Classifications (Phase 1)
- Expand to Origin and Value

**Revised Brokerage Bylaws**
- Previously restricted to Saudi individuals
- Expanded to corporates and logistics players
- Door to Door service including brokerage for your preferred freight forwarder

**Restriction Process Streamlining**
- Streamline Restriction Process
- Review required documentations
- Pre-arrival Processing
- Increase transparency
- Automate through single window (Fasah.sa)
Thank you

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1918
ksaCustoms

customs.gov.sa