

REPORT FROM CUSTOMS WORKING GROUP

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General business sentiment is that there has been noticeable progress in Customs Modernization including improvements in the E-Customs systems and regulatory framework resulting from the 2015 revision to the Law on Customs.

However, Vietnam's ranking in the World Bank's Logistics Performance Index declined from 48th to 64th out of a total of 160 countries from 2014 to 2015.

This decline underscores the importance of taking a broader view of trade facilitation which includes but goes beyond customs reform.

Over 70% of the delays in clearing inbound shipments do not result from customs regulations and procedures but are instead the result of regulations imposed by the various ministries which Customs is required to enforce.

Reducing these delays will require commitment from the highest levels of government whose authority is broad enough to ensure proper coordination among the various government stakeholders while powerful enough to pressure these stakeholders to streamline regulations and procedures impacting cross border trade.

We are thus highly encouraged by the Prime Minister's recent approval of the National Trade Facilitation Committee the objective of which is to help Vietnam comply with its commitments in the in Article 23.2 of the WTO Trade Facilitation Agreement and other international treaties; facilitate cross border trade and enhance national competitiveness.

For such a committee to be truly effective it must include broad representation from the business community including domestic and foreign investors, large corporations and SME's.

The committee should quickly adopt a culture of accountability where specific regulatory or procedural issues are identified, corrected and reported on.

Data collection on clearance times and the causes of clearance delays will identify problem areas and enable the establishment of relevant KPI's relating to clearance times, etc. will contribute to the above.

We hope that the above committee will finally succeed in establishing an efficient National Single Window that has long been advocated.

In the meantime, we request Vietnam's General Department of Customs to consider action on the following issues:

1. **Advanced Ruling:** We acknowledge the recent progress in establishing the Law on Customs which allow for advanced ruling on classification, Country of Origin and Valuation. Documentary requirements for COI and Valuation such as bills of lading and invoices prevent customs rulings from being truly "advanced". We request that GDVC consider Letters from competent parties with photos or other non-transactional evidence

in order that decisions can be made prior to commitments being made by the parties to a transaction.

2. De-minimus: We request Vietnam consider increasing De-minimus requirements on express and postal shipments exempt from duties, taxes and other administrative requirements to VND 10,000,000 for exemption (roughly 450 USD). Changing these levels would enhance customs efficiency as these shipments account for a very small percentage of revenue and yet are labor intensive to process. Hence the trend globally is to increase these levels.. De- minimus values in the US recently increased from 200 USD to 800 USD.