

Time Release Studies (TRS) are a particular trade facilitation tool utilized to quantify the average time for goods to clear through Customs, whose adoption – inspired to similar initiatives undertaken by the USA and Japan Customs<sup>1</sup> – is recommended since 1994 by the World Customs Organization (WCO).

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# TRS the efficiency of the customs clearance process

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In particular, TRS enable Customs administrations to measure, and break up into separate phases, the time required from the arrival of goods in the importing Country to their release, identifying bottlenecks, delays and constraints, and implementing corrective actions, aimed at improving the efficiency of the entire clearance process<sup>2</sup>.

Time-release data obtained through TRS allow the creation of detailed diagnostics of the time taken to process goods, as well as calculating the different clearance times for each type of merchandise, country of origin, customs procedure, at the various ports, airports and land borders

through which goods may enter.

Additionally, measuring the time taken for the release of goods, in view of improving the efficiency of customs clearance, addresses the concerns of traders regarding delays in obtaining goods, as it enhances the predictability of controls, which is one of the principles of the International Convention on the Simplification and Harmonization of Customs procedures - Revised Kyoto Convention.

This is why the results of the TRS need to be disclosed to the trading community using the web and other appropriate media. Economic operators, in the “just-in-time” era need, today more

than ever, to have timely and detailed information on clearance times, so that they can properly plan their logistics and distribution activities<sup>3</sup>.

Furthermore, TRS are useful to monitor and evaluate the impact of customs reforms, as the comparison of the results of different studies allows Customs to assess precisely the effects of procedures or measures implemented. It is also possible to compare the release times for goods among multiple countries, provided that the methodology adopted to calculate such times across countries in question is identical.

To this end, the WCO developed in 2002 special guidelines to

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<sup>1</sup> Both Japan and US customs adopted their first TRS on February 1991, to measure the time employed by customs and other governmental agencies to carry out inspections on goods. The Government of Japan in particular, has been able to reduce clearance times, from arrival of cargo to release of goods, by almost two third within 15 years.

<sup>2</sup> The WCO Revised Kyoto Convention (General Annex Chapter 2), defines customs clearance as the accomplishment of all formalities necessary to allow goods to enter for home use, to be exported or to be placed under another customs procedure, whilst “release” means (General Annex Chapter 2), the activity whereby customs authorities make goods undergoing clearance at the disposal of the person concerned. Traditionally, customs authorities do not release goods until all formalities related to the transaction are completed and duties and taxes due are paid. Sometimes, however, the final clearance can be delayed for a number of reasons, such as problems with goods classification and valuation, missing documents, or appeal process against decision (UNCTAD Trust Fund for Trade Facilitation Negotiations, Technical Note No. 19, “Separating release from clearance procedures”, Rev. 2, July 2008)..

<sup>3</sup> It should also be noted that the measurement of the time required to release goods has become, to date, the main criterion by which the international trading community assesses the effectiveness of a Customs administration, being a true indicator of the performance of Customs.

measure release times<sup>4</sup> and in 2005 - jointly with the World Bank - a TRS Software which is fully compatible with the various IT systems currently adopted by Customs worldwide.

WCO's TRS guidelines describe the process that imports go through from the time of their arrival to their release, through a definite and a precise sequence of phases that can be aggregated into 7 main steps:

#### 1. Arrival of the goods

Indicates the date and time of the arrival of the means of transport conveying the goods at importation or under customs control.

#### 2. Unloading of the goods

Measures the period of time elapsed between the beginning and the end of unloading of the goods from the means of transport that brought them to the customs territory.

#### 3. Delivery to temporary storage facilities or areas where goods are normally placed before they are assigned to a Customs-approved treatment or use

Measures the time from the arrival to the removal of goods from the temporary storage location.

#### 4) Lodgment and acceptance of the declaration

Identifies the date and time from the lodgment of the customs declaration at the competent Customs office to its acceptance.

#### 5) Inspections

Identifies the time from the beginning to the end of the examination process carried out on the customs declaration and accompanying documents - documentary control - on goods - physical control - or on the means of transport conveying the goods<sup>5</sup>, both by Customs and other regulatory agencies - such as health, phyto-sanitary, veterinary, agricultural authorities.

#### 6) Release of goods by Customs

Indicates the date and time at which release of goods is granted by Customs. It should be noted that in the case of advanced declaration or release - e.g. pre-clearing - the date and time of release may precede the date and time of arrival.

#### 7) Removal of goods

Identifies the date and time when the goods leave the area of customs control, in order to be put at disposal of the person concerned.

Overall, each of the seven these phases aim to collectively measure the period of time from arrival of cargo into border control areas - ports/airports/land borders - until its physical release by Customs authorities and placement at the disposal of the operator. Slight differences that occur in the above sequence of events, may can be related to country-specific situations and to the type of imported goods.

Customs administrations,

which are member to the WCO, have adapted TRS to their clearance procedures, organizational structure and according to the distribution of competences with other agencies in the "chain" of controls on imported/exported goods. The above indicate sequence of phases can also be modified to properly measure the time necessary for the clearance after the payment of duties and taxes when the latter is subsequent to the release of goods. In some countries, such as Japan, TRS are complemented by further surveys conducted with the aid of particular categories of trade operators - e.g. customs brokers - to verify that TRS findings correspond to the real clearance times. The aim is to identify further causes of delays and costs overruns concerning particular goods, or points of entry of the customs territory, and developing the necessary corrective measures<sup>6</sup>.

The procedure of drafting TRS can be divided into three main phases:

1) Preparation: this aims to define the scope and methodology of the study in exact terms. The Customs administration must decide which parties will be involved in the project - e.g. trade operators, customs brokers, banks, Pre-Shipment Inspection companies - establishing a Working Group responsible for the

<sup>4</sup> See, WCO "Guide to measure the time required for the release of goods" (2002), available at: [http://www.wcoomd.org/files/1.%20Public%20files/PDFandDocuments/Procedures%20and%20Facilitation/Time\\_Release%20\\_Study\\_ENG.pdf](http://www.wcoomd.org/files/1.%20Public%20files/PDFandDocuments/Procedures%20and%20Facilitation/Time_Release%20_Study_ENG.pdf)

<sup>5</sup> This kind of control is generally performed through X-Ray Scanners and other non-intrusive inspection equipment.

<sup>6</sup> T. Matsumoto, S.H. Lee, "Regional Best Practice on Time Release Study", WCO Regional Office for Capacity Building, October 2007.

overall project and adopting special Terms of Reference that clearly define what result is expected from each one of the members<sup>7</sup>. A list of the functions and responsibilities of the Working Group appears in Appendix 1 to the WCO Guide to measure the time required for the release of goods.

2) Planning and methodology: Customs must decide the kind of data necessary for compiling the TRS, and how to capture these (e.g. information extracted from customs declarations, surveys conducted among companies<sup>8</sup>, etc.), designing a form for data collection, issuing guidelines for data entry and defining the actions necessary to ensure uniform implementation of the study.

3) Analysis of data and conclusions: periodical analysis of gathered data is typically carried out through special software and

automated procedures that are usually integrated into the IT system of Customs. Manual analysis of data is realistically only manageable where the total number of consignments is relatively small. If the software is not built into the system, the times for each clearance phase can be entered into a separate computer program for analysis. The results obtained from this analysis can be further scrutinized to ascertain if they meet the requirements of the administration and/or the expectations of the stakeholders/clients, and if appropriate, to suggest possible improvement measures. At the end of this process, the Working Group must draft a final report of the study, with recommendations for improvement in the clearance system. A template of the final report is attached in Appendix 4 of the WCO Guide to measure the

time required for the release of goods.

The results of the study should be made available to all participating and relevant parties to stimulate any further action-oriented debate and communicated to the operators. A post-study test/survey can be developed by Customs to verify the correctness of the results of the study.

In conclusion, TRS provide a valuable tool for both government authorities and the private sector to identify and eradicate all those factors and procedures hampering or slowing down international exchanges. For traders and logistics providers, in particular, TRS data is valuable to estimate transit time from origin to destination, as this directly impacts pipeline and buffer stocks holdings, as well as scheduling of deliveries.

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<sup>7</sup> The participation of Customs brokers, trade operators, banks and other agencies (such as Health, Agriculture, etc.) is deemed by the WCO necessary for the success of a comprehensive study. The participation of customs brokers and other trade operators, in particular, is highly recommended in order to ascertain the time for the entire clearance chain, i.e. from the time of arrival of the goods in the port/airport/land border to the time they are physically removed from the customs area. To this end, they should be incorporated into the Working Group responsible for the overall project.

<sup>8</sup> Such data are generally less reliable, as they reflect subjective opinions about time release rather than objective tools of measurements. One example of this method of collecting information is the "World Business Environment Survey" of the World Bank, that utilize a large-scale survey (based on a questionnaire) of more than 10000 firms, to obtain time-release data.



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