

Customs

Common Terms in Customs

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| Export | Physically and legally transmitting goods from a the boundaries of a country or national territory. |
| Import | Physically and legally transmitting goods into the boundary of a country or national territory. |
| Reexport | Exportation from a customs territory of goods previously imported into that territory |
| Bonded Storage/Transport | A method of storing or transporting goods that have either already been exported from an national territory, or have yet to be imported. The warehouse or truck are "international grounds." |
| Clearing | The act of lawfully importing goods through a recognised import authority. |
| Agent | Any third party who works on behalf of a contracting party. Most common in customs clearance are "clearing agents" and "forwarding agents." |
| Frustrated | Cargo that is held up and unable to be imported to a country or territory for whatever reason. |
| Demurrage | Fees that accrue from cargo behind held pre-customs. Frustrated cargo can greatly increase demurrage fees. |
| Boundary | The physical edge when entering or leaving a country or national territory. |
| Border | The actual physical crossing point of a boundary. |
| Port of Entry | Port through which goods are imported. |
| Import Fees/Duties/Tariffs | The legally required fees charged by governments to import goods. Each country has vastly different regulations. |
| Exemption | When part or all of the import fees and / or process are exempted for specific goods or organizations, usually in response to extraordinary circumstances. |

Customs and Humanitarian Aid

Any physical good crossing the national boundary or entering the incorporated territory of any country is obliged to go through at least some level of government control procedure and formalities. These formalities are colloquially known as “customs,” however there may be specific agency names for each country in question. Customs regulations in virtually all contexts will apply to all private individuals and legally defined entities within the legal remit of the respective country in question. These legal regulations can have far-reaching implications for violation or failure to comply, including impound and seizure of goods, fines, arrest and detention and full criminal prosecution. Every country will have its own standards and regulations pertaining to import or export of goods related to economic, judicial or cultural mores within the territories in question. Any person or entity operating in any country for any reason must be aware of these regulations and endeavour to be in full compliance with them at all times, even if compliance means following the proper exemption process.

Humanitarian organisations are sometimes at an advantage for the facilitation of customs clearance in emergencies; not only are registered non-profits frequently able to apply for some forms of tax or duty exemption in non-emergency settings, during emergency responses many import regulations on humanitarian responders are waived or loosened by the countries affected by disaster, or adjacent countries to the disaster. The United Nations often assumes the lead role in making appropriate arrangements with governments regarding quick access to emergency supplies as the physical flow of emergency relief supplies is essential in the early days of response. The United Nations through the Office for the Coordination of Humanitarian Affairs (OCHA) has also developed a “Model Agreement” (approved by the Permanent Technical Committee in 1996) with the World Customs Organisation (WCO). The Model Agreement can be adopted by any country, and lay the foundation for the process of exemptions, streamlining paperwork, pre-identification and expedited clearance of certain relief items, and overall smoothing of the import and export process. The Logistics Clusters on behalf of the UN Resident Coordinator (UNRC)/ UN Humanitarian Coordinator (UNHC) may try to leverage these advantages for all humanitarian organisations in an emergency.

Some of the problems encountered by humanitarian organisations during emergencies are:

- Complicated customs procedures causing delays resulting in congestion at port of entry (airports, road borders, seaports) that affect turn-around time for feeder vessels and railway wagons, so affecting the flow of goods.
- High volumes of emergency supplies flowing into a country causing a bottle neck to customs.
- Complex and non-transparent administrative requirements, often pertaining to documentation.
- High costs for processing trade information.
- High level of stress and large number of shipments in a short time, that can lead to errors in documentation and lack of understanding of import requirements.

Role of Customs Authorities

Customs relates to both the import and export of material goods. Import and export were classically limited to the transmission of physical goods across a legally recognised international boundary, however advances in technology and changes to trade policy have also grown to include – in some cases – the electronic transmission of electronic information such as proprietary software and even intellectual property such as manufacturing processes. Import is the transport of physical goods into the incorporated territory country, state, autonomous region, whereas export is the movement and shipment of goods out of said territory. To manage and oversee the legal and controlled import and export process, national authorities

can and will identify and establish one or a limited few numbers of customs authorities which operate in the territory of the country in question and enforce national regulations. Depending on the country, customs authorities can have different names, and exercise different levels of both scrutiny and control.

An established customs authority or authorities are by definition the only government agencies mandated to take full control of trade imports and exports, however this distinction can be blurry or not fully respected in times of emergency or civil unrest. Agencies or persons operating attempting to import or export anything for any reason should be aware of who the relevant authorities are, and where responsibilities start and end.

As a direct extension of a national authority, a customs office through proactive enforcement:

- Protects the environment, and public safety, health and morality by barring international trade in illegal substances and materials e.g. narcotic substances, arms and ammunition, endangered animal species, hazardous wastes, and expired, counterfeit or sub-standard goods.
- Represents the political, economic and security interests of and takes legal direction from the central authority of the country, state or semi-autonomous region into and out of which goods flow.
- Generates revenue through collection and enforcement of trade tariffs.
- Liaises with other law enforcement agencies nationally and internationally to prevent trans-border crimes e.g. movement of drugs, stolen motor vehicles and smuggled goods.
- Enhances voluntary trader compliance through quality client service.
- Facilitates legitimate trade.

In its efforts to achieve, respond effectively and efficiently to the aforementioned challenges and reduce the gap between expected needs and limited resources, a given customs authority has to strategically train and inform customs authority employees, and collect and compile trade statistics and data. Customs administrations all over the world generally apply similar procedures and processes, and speed of clearance depends largely on what controls are required by legislation and the degree to which information and communication technology is applied.

Duties and Taxes Exemption

In addition to enforcing national laws as regulated by the authorities of each country in question, customs authorities are also charged with the collection of duties and tariffs. The nature and types of these costs are variable from country to country, and are developed by national authorities to raise revenue off key economic activities, protect national industries, and even prevent spread of sensitive or security related items. Import and export duties are typically governed what are called “schedules”; duty/tariff schedules are typically accompanied by national legislation and are widely published and made available to commercial entities and transporters. These schedules are typically updated on a regular basis, and it is the duty of any agency or person importing or exporting anything to understand and adhere to these regulations.

Customs authorities may also collect certain fees and levies upon importation, based on agency basis, such as:

- Import declaration fees - on imported products.
- Revenue stamps - for certain transaction documents which, by law, require affixing of stamps.

- Petroleum development levy - on petroleum products.
- Registration fees - for first time importers.

The decision of exempting the goods imported into a country or territory for humanitarian purposes, from the payment of duties and other taxes, is entirely the decision of the country's authorities. At the on-set of an emergency, especially a rapid on-set emergency, there may be ad-hoc pieces of legislation from national authorities that impact the importation or duty process, ideally waiving duties or significantly easing the importation process. Because of their ad-hoc nature, these changes usually lack detailed instructions on the practical implementation. The absence of guidelines on how to apply ad-hoc legislation is due to the fact that most countries are not ready for emergencies in the specific area of customs.

Whether a specific donated item or commodities can be imported into a country without any tax payment depends on the local government's decisions about:

- National humanitarian aid import policy.
- Goods qualified under that policy.
- Actors granted with tax-free status.

It is essential that donors and decision-making organisations at origin are aware about the implication of taxes on operating costs as they develop their response strategies.

The customs authorities might not qualify every single entity as “of public interest” or “charitable” and grant the duty waived privilege associated with it. Humanitarian organisations dealing with local counterparts, must make sure that the local counterpart receiving the goods is a registered duty-free entity, and if local exemption is required, that their counterpart is the one taking care of the application for duty exemption and supplying all required documentation. For that purpose, the local counterpart must have the capacity to know the procedures, focal points and regulations within their administration, in order to lodge the application correctly. If they have not got this specific knowledge (what commodities are prohibited or restricted, quotas, etc.) or are just not familiarised with the requirements and paperwork, it is useful to ask advice at local ministries, other NGOs already operating, customs brokers, and tax experts. There are certain items globally that tend to cause more scrutiny than others, and may require special certification. Though regulations are country specific, exporters and importers should pay close attention to the following categories when planning response activities:

- Medicines and medical equipment – Countries tend to maintain an essential medicines list which denotes what may be restricted
- Vehicles and vehicle/machine parts – Regulations on vehicles may be used to protect local markets
- Communications equipment – Radios, satellite phones, VSAT, or even basic computers and smart phones
- Dual use items – Any item that could have perceived military uses, such as bullet proof vests or remote detection equipment
- Alcohol and tobacco products

There is a common misconception that exempted goods/materials are free from customs formalities. As any other type of cargo, all the relevant operations must be carried out by the persons concerned and by customs in order to comply with the customs law. Every shipment must be documented, and in the case of the exempted goods/material, this includes an additional requirement, which is the certification or proof of its status as exempted.

Entities Involved

As goods flow out and into countries, there are a number of parties who may come into contact with or be involved with the handling and clearance process. A non-exhaustive list of parties who may be involved with customs import and export are:

Shipper – Any individual or legal entity who is coordinating, paying and/or legally acting as the owner of goods moved from one point to another.

Consignee – Any individual or legal entity who receiving a shipment. For international shipments, consignees must be legally registered in the country of reception, and are ultimately responsible for the paperwork, legality and reception of cargo. A consignee and a shipper can be the same entity. Cargo is legally in the name of the consignee, however depending on the contractual shipping arrangements, a third party may pay customs authorities directly for fees and duties, and may even pick up cargo at points of entry into a country.

Notify Party – Any individual or legal entity who is notified once an international shipment has arrived. Notify parties can be the consignee, or they can be identified third parties responsible for the clearance process. Notify parties don't need to be legally registered in any country, but should be in contacted with the consignee.

Customs Brokers / Clearing Agents– Clearing agents and brokers are individual or entities who facilitate the movement of goods through the customs process. Usually, they are private for-profit service providers who have some form of accreditation to facilitate customs in specific locations and contexts. Brokers and agents should be very familiar with customs procedures and spell out all paperwork needs. They also usually work on commission or for fees.

Independent Inspection Companies – Companies who conduct, visual, physical and even laboratory testing of incoming cargoes. Inspection companies are usually legally separate from the national authorities, and agencies undergoing clearance usually are expected to pay for inspection costs.

Ground Handling Agents – Companies or entities that are tasked with moving cargoes on and off vessels, and around customs facilities. Costs for ground handling may be built into contracts, or directly billed towards the clearance process.

Freight Forwarders – Depending on the terms of the transport contract, freight forwarders may be directly responsible for customs clearance, acting as clearing agent.

Customs Authorities – Agents and direct representatives of the respective customs authorities in question. Depending on the contexts, customs officials may be heavily involved with every step of the process, or may outsource the process to other third parties. Customs authorities will have ultimate say on the process and legality of imported and exported goods.

Other respective governmental authorities and departments – Many government agencies might play a part in the import and export process, depending on the item, the circumstance or the parties involved, these entities might include the Ministries of Health, Agriculture, Ministry of Foreign Affairs, Ministry of Finance, Disaster Mitigation unit/office, Ministry of Communication, Military and Civil defense, or other involved parties.

Common Concepts in Customs

Harmonised Customs Procedures - Though regulations vary from country to country, there has been an effort to develop a standard nomenclature and numbering convention led by the [World Customs Organization the \(WCO\)](#). The more than 200 member states of the WCO have agreed on what is called a Harmonised Commodity Description and Coding Systems, or frequently referred to as the Harmonised System (HS) for short. The HS process has also been adopted and backed by the United Nations, through the Kyoto Convention or International Convention on the Simplification and Harmonisation of Customs Procedures ([Annex J, Chapter 5, specifically deals with relief consignments](#)). Last updated in 2017, the HS codes allow customs authorities and exporters/importers support clearance of goods through simplified and harmonised customs procedures, thus facilitating international trade. Shippers can learn more about the HS process and look up HS codes for specific products on the [WCO's online system](#).

HS codes are six digits long, and are derived directly from the WCO's classification system, however many countries use eight or even ten digits to accommodate both regional and national legislation. The structure of the HS codes is derived from:

| Chapter | Heading | Sub Heading | Region Specific Codes | Country Specific Codes |
|-----------|----------|--------------------------------|-----------------------|------------------------|
| 94 | 04 | 21 | 00 | 00 |
| Furniture | Mattress | Of cellular rubber or plastics | Region Specific | Country Specific |

HS codes can be searched for and identified using the [HS Code Lookup Tool](#).

International Commercial Terms (Incoterms) – In the customs process Incoterms denote at what physical point cargo may be delivered to and who bears the responsibility for clearing customs. Incoterms range from the importer having to do all the work regarding transport and clearance (FCA) all the way to carriers clearing customs on behalf of the receiving agency and delivering to a named place inside the country (DDP). For information on international trade, see International [Commercial Terms used in international contracts of sale](#).

Bonded Storage / Transport – a bonded storage facility is any facility that holds cargo that has not yet been cleared for import into a country, or cargo that has been pre-cleared for export from a country. In real terms, the inside of a bonded facility “international territory” for any cargo stored there. Bonded facilities are usually highly regulated and guarded, and penalties for removing cargo from a bonded facility without proper clearance can be very high. As cargo is imported into a country, usually customs authorities keep cargo in a bonded facility of some kind prior to clearing customs. Third party companies may also maintain bonded facilities if they have special arrangements with their respective customs authorities, or they operate in some kind free trade zone.

Any time cargo in a bonded facility must be moved from one place to another without

undergoing proper clearance, it must be transported with 'bonded transport.' The concept of bonded transport is the same as bonded storage – the items are not technically cleared for import, nor have duties been paid on them and as such bonded transport is highly regulated.

Demurrage – Demurrage is the accrual of fees on any cargo items that are left in the holding of a customs authority or air/port side operation after a pre-defined time. Cargo that arrives via air/sea/land border is usually given a specific period of time to undergo clearance without additional charge. The duration of the free of charge period and the daily/hourly rates varies location to location, and is negotiated between the national authorities, the company/authority authorised to run the air/seaport, handling agents, and the transport companies. Demurrage accrued from air and railway shipping typically begins with 1-3 days, while demurrage accrued from sea shipping can start as late as two weeks after arrival. Importers should be aware of what their demurrage rates can be, as long-term delays can lead to significant costs.

Reexport – any time a cargo is imported into a country and then shipped again to another third country, it is defined as a "reexport." Importers and exporters of goods must be aware of how reexports impact their operations. Governments may have import/export restrictions on specific goods coming from or going to specific countries, either through regional politics or binding international sections. Many governments view a reexported item as the same as coming from its original country, even if it passed through a different country in-between. Unwitting importers may accidentally import/export banned commodities, which can have legal and financial repercussions on both the consignee and the shipper.

Frustrated Cargo - Any shipment or cargo undergoing the customs procedure that is stopped and prevented from release for any reason. Frustrated cargo could be held up due to improper documentation, failure to meet payment, and attempted import of regulated or banned goods, and usually requires further disposition instructions or additional paperwork.

HS Code Lookup Tool

General Customs Process

Prior to importing goods, agencies should conduct a thorough analysis of all customs guidelines and requirements, including any restrictions and the necessary documentation. Clearing agents/customs brokers and national authorities can help guide importers on the steps and documentation required. In emergencies where a national Logistics Cluster is activated, participating members can also share import relevant information as needed. In any situation – emergency or not – there should be a clear understanding of what steps are required and a clear plan of how to move.

It should be noted that this process *may* be altered in the face of rapid-onset emergencies, but not *always*.

Upstream Planning

As the need for international shipments develops, there are key steps that any organisation or entity initiating shipping will need to undergo. Response organisations acting as exporters/shippers will need to take key actions to obtain information and coordinate shipments:

Data Required from Requestor/Receiver

- Receive specific information about the required shipment – Quantities, specific item types, required dates, and more.
 - Clarify import/export regulations into and out of the countries relating to the shipment.
 - Identify delivery terms, Incoterms and which parties are responsible for what stage of the customs process.
 - Identify all documentation needs with the receiver and provide advanced copies to the consignee or customs agent before the shipment.
 - If budgets are signed off by either or both parties, communicate potential costs for clearance and shipping.
 - Establish viable transport methods (air, sea, road, rail) and identify delivery locations and dates.
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Shipment Preparation and Organization

- Work with vendors to properly identify HS codes, and fulfil all documentation, packaging and labelling needs.
 - Understand national and international regulations surrounding both regulated or banned goods, and legalities around countries of origin/destination.
 - Include physical copies of all required customs clearance documentation with the shipment.
 - Ensure all required documentation is available, and (where available) double check physical cargo so that items, quantities, and dimensions match documentation.
 - Solicit, identify and contract with a transporter, freight forwarder or other certified entity familiar with customs.
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Strategies for Emergency Response Organisations

- Work with respective program and operations teams to identify routine response activities and pre-define cargo that will likely be used in response activities.
 - For propositioned stock, it is possible to pre-identify HS codes, shipping documentation needs, and screen against country level import regulations (example – WHO approved medicines list).
 - Solicit and identify third party vendors who can rapidly provide the specific products required for response, and make agreements that include documentation and labelling needs.
 - Develop agreements with forwarding agents and shipping agents to provide rapid transport service and information on customs and infrastructure bottlenecks.
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Downstream Planning

An organisation or an entity acting as importer or consignee intending to receive a shipment should also take steps to properly prepare and identify needs.

Defining the Importation Process

- Any organisation used as a consignee for any shipment must be legally registered in the country of importation. The registration process varies from country to country.
 - Wherever possible consignees should avoid listing single individuals as consignee, or using abbreviated or acronyms for agencies as consignee names.
 - If necessary, solicit and enlist the services of a clearing agent/company that is duly registered and licensed by the customs authorities to process the import documentation through customs.
 - Work with national authorities (customs, health, bureau of standards, border security) and/or contracted clearing agent to identify import regulations and requirements and share with the exporter/shipper.
 - Work with national authorities and/or contracted clearing agent to understand all tariffs, duties, fees and possible exemptions.
 - Define with the exporter/shipper the Incoterms and limits of responsibilities with the forwarder and/or contracted transporter.
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Preparing to Receive Shipments

- If the importer/consignee is also the requester, the importer/consignee should endeavour to provide as much information on the required cargo to the exporter/shipper as possible.
 - Prepare for receipt, storage and inspection of the consignments in country.
 - Understand the entry points and bottle necks associated with customs clearance.
 - Have all documentation ready before consignment arrives.
 - Expedite clearances where possible by pre-clearing using advanced copies of documentation.
 - Track shipment and know when it arrives in country to avoid demurrage or lost cargo.
 - Pre-identify transport to remove cargo from customs, ideally planned around the size of the shipment. Have adequate storage or downstream deliveries planned as well.
 - As soon as consignment arrives, arrange for inspection and clear the consignments through customs.
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Possible Customs Specific Regulations for Importation

- Temporary importation for use of items and re-exportation at a later date.
 - Provisional customs release pending perfection of the documentation at a later pre-defined date, e.g. pending exemption letter, certain permits.
 - Entry of re-exported cargo.
 - Entry of transit cargo, under security bonds.
 - Re-importation of cargo after temporary exportation for repair of maintenance.
 - Seizure and destruction of prohibited cargo.
 - Customs penalties/fines for incorrect declaration by consignees or their appointed clearing agents.
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**Strategies for
Emergency
Response
Organisations**

- Liaise with programming and operational teams to assess needs, and use assessment outcomes to validate needs.
 - If possible, apply for authorities and waivers for the exports and the imports.
 - Attempt to expedite exemptions. Where exemptions are already given, immediately authorise shipment of consignments ensuring all the correct paperwork is in place and that the shipping instructions are appropriate.
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Documentation

The import process usually requires specific, and at times substantial documentation.

In emergencies, the authorities will usually ask for originals or copies of the following documents:

- **[Commercial / Proforma Invoice](#)** – Indicates an overview of the contents of the shipment and the party responsible for procuring / paying for the cargo. Invoices typically list a total cargo cost which can be used for customs duty purposes. Many humanitarian agencies prefer to use self-generated proforma invoices to specifically indicate that the cargo will be used for humanitarian aid.
- **[Packing List](#)** – Should be detailed and accurate enough that customs officials don't need to inspect every item. Packing lists are typically far more detailed than invoices when shipments have a large number of line items.
- **[Bill of Lading](#) / [Airway Bill](#) / [Rail Waybill](#) / [Trucking Waybill](#).**

Other Import documentation often required:

- **Letter/Certificate of Donations and/or Humanitarian Goods**- Many agencies will include self made letters of humanitarian intent or donation to help facilitate the customs exemption process.
- **Proof of duty exemption** - May be required at the time of clearance, usually a registered humanitarian agency should be able to obtain some form of letter from the relevant tax revenue authority. A letter may be required for every import, however.
- **Certificates of Origin (COO)** - Usually generated and certified by the manufacturer, but can be done by the sending agency if required. Some countries have strict source origin requirements.
- **Certificates of Inspection (COI)** - COIs are usually associated with regulated commodities that may be consumed by humans - example: Medication - or may have adverse effects on human health - example: flammable plastic shelter material. COIs typically require certification from an outside laboratory testing facility, certified to test the specific chemical properties of the items in question.
- **Certificates of Conformity (COC)** - COCs are used to confirm that products meet or exceed a certain industry standard, and require inspection by outside testing and certifying companies.
- **Phytosanitary Certificates** - Certification attesting that imported plant based material meets the sanitary requirements of the country in question, usually from an outside laboratory.
- Special handling instructions ([dangerous goods](#), [cold chain](#), [drugs](#), food).

Port of Entry Procedures

Most large seaports and international airports have the capacity to carrying out customs inspections, storage and clearance on site. For customs clearance to be official, there will need to be offices designated to the relevant customs authority and space for storage of goods undergoing customs.

The main formalities connected with the handling of goods by authorities in the export or import trade are as follows:

1. Before any cargo is has a copy of the cargo manifest/packing list and BOL/AWB must be delivered to the relevant customs and port/airport authorities.
2. When cargo is discharged and offloaded from the ship/aircraft, it will be counted by a designated agent on the ground.
3. Wharfage and/or ground handling fees at the prescribed rates is levied on all goods arrived.
4. Goods not removed from the custody of the customs authorities within the free storage period allowed are charged rent at the prescribed demurrage rate.
5. Demurrage will be charged on any un-manifested cargo not removed within the prescribed time after delivery.
6. Failure to cover demurrage fees may ultimately result in cargo being sold at public auction.
7. Demurrage fees may be waived in cases of:
 1. Goods arriving in a damaged condition for which a claim is made against the carrier, some extension of free time may be allowed to enable a survey of the damaged cargo to be made.
 2. Goods damaged subsequent to offloading and for which an "Application for Survey" has been received by the port authorities.
 3. Goods are detained by the customs authorities for special examination, chemical tests, etc.
 4. Removal of goods is delayed due to no fault or negligence on the part of the importers.
8. Areas used for the offloaded and storage of imported goods must be declared as Customs Areas under a Customs Act, and usually are bonded, highly secure facilities.
9. Storage of hazardous cargo will be permitted only in locations specially designated for that purpose.
10. Examination of cargo by Customs will be permitted only if the consignee or clearing agent produces to the port authorities the delivery order issued by the shipping agent together with the Bill of Entry prepared on behalf of the consignee.

For cargo arriving by air:

- Larger airports usually provide facilities inside designated Customs Areas for transit cargo to be de-consolidated and consolidated with local export cargo.

For arriving by sea:

- In the case of containerised cargo, containers may be unstuffed in the port area before the cargo is presented for examination by Customs. Alternatively, containers may be taken to an inland container depot, or warehouse, or factory of the consignee where they are unstuffed and delivered to the consignee after completing Customs formalities.
- Carting or transporting of export cargo, if it is Break Bulk, is permitted at the berth where the ship is ready to load. In the case of containerised cargo, carting is permitted to the location assigned to the shipping line by the port authority.
- Like imports, exports attract demurrage after the expiry of free time but port authorities

sometimes waive this charge in the case of special cargo. Ports may defer acceptance of export cargo if there is a delay in the arrival of the vessel.

- When export cargo is taken to an inland clearance depot, Customs formalities are completed there and the cargo is stuffed into containers, which are then brought to the port for direct loading onto the ship. The same procedure may also be followed if containers are stuffed at the factory or warehouse of the shipper.

When planning arrival of cargo, it is extremely important to know if customs is an option, especially in post rapid-onset emergencies. There may be instances where planes or boats may be physically able to arrive at a seaport or airport, but not actually able to legally import goods.

Clearing Goods

The following steps detail the process through which cargo is handled and inspected by customs after arrival and offloading:

1. All imported cargo must be offloaded at a designated Customs port and should not be removed from customs control without written permission of the customs authorities.
2. Before permission is given to remove goods from customs control, the owner or agent acting on the owner's behalf is required to submit documentation as required by law, in the prescribed form to enable customs authorities to examine the goods. The specific cargo details must match across all documents.
3. When goods are destined for bonded warehousing, application for permission to warehouse those goods and a bond must accompany the documentation.
4. Customs authorities are empowered to examine all imported goods. The examination may be physical (visual inspection, counting, weighing, measuring, chemical test, etc.) or documentary (involving examination of relevant documents such as invoices, bankers' notes, insurance policies and forms listing the quantity and description of goods).
5. If goods are dutiable, either customs tariffs must be paid at the time or the importer must give a bond to guarantee payment of the duty.
6. If goods are not removed within the prescribed period after the arrival of the importing vessel or aircraft, they are liable to be sold at public auction by the port authorities who will recover from the sale proceeds all charges due to them, including customs duty.
7. Customs authorities are entitled to recover from the importer any shortfall in duty levied or erroneous refund of customs duty, in accordance with prescribed procedures and laws.
8. In cases where import licenses are required, customs authorities will check the legality of the imported goods against those licenses.
9. Once the local customs authority has deemed all paperwork and payment sufficient, the consignee or consignee's acting agent will be able to pick up cargo from the designated cargo facility.

Customs authorities will use paper copies of all associated documentations - and depending on the context and the capacity of the customs authority, electronic copies - to identify cargo going through the physical inspection process.

If the importer or the customs broker acting on their behalf fails to obtain paperwork by the time customs clearance should begin, the submission procedure will be delayed, and the release of cargo will be delayed or not happen at all. The consequences of frustrated cargo result in delays in the delivery to beneficiaries, or additional costs such as demurrage. Within a short period of time, large amounts fees can accumulate for which the receiver is held accountable.

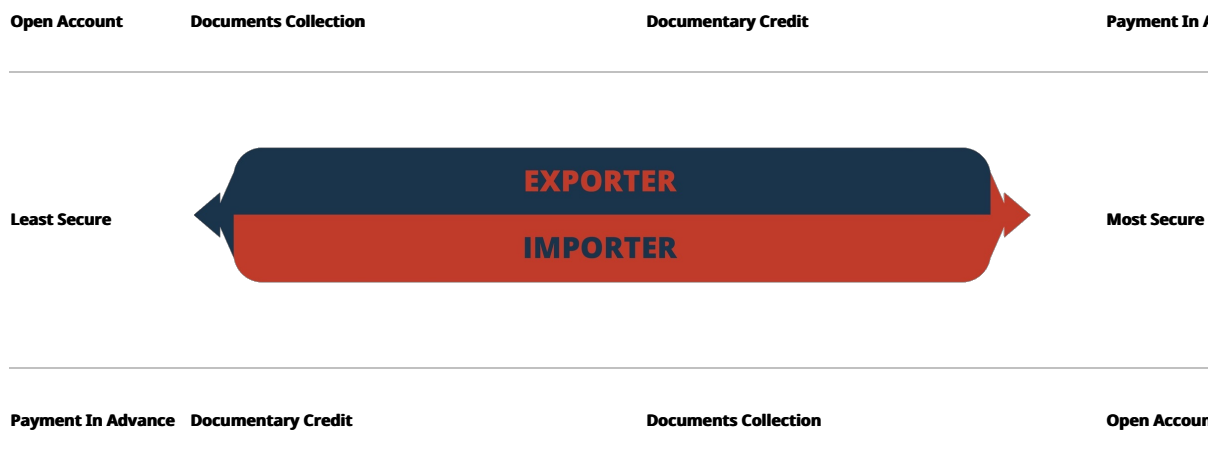
Methods of Payment in Import/Export

Letters of Credit (LC) - A letter of credit is an undertaking by a bank to make a payment to a named beneficiary within a specified time, against the presentation of documents which comply strictly with the terms of the LC. The parties to a LC are usually a beneficiary who is to receive the money, the issuing bank of whom the applicant is a client, and the advising bank of whom the beneficiary is a client. Almost all LCs are irrevocable, they cannot be amended or cancelled without prior agreement of the beneficiary, the issuing bank and the confirming bank, if any. Typically, the documents a beneficiary has to present in order to receive payment include a commercial invoice, international waybill of some kind, and insurance documents. However, the list and form of documents is open to interpretation and negotiation, and there might be requirements to present documents issued by a neutral third party evidencing the quality of the goods shipped, or their place of origin.

Electronic funds transfer (EFT) - An EFT refers to the computer-based systems used to perform financial transactions electronically. Most governments and customs authorities will prefer EFTs, and usually have a designated bank account for all deposits. A government managed bank account has the advantage of enabling transparent monitoring of funds transfer,.

Cash Payment - In very rare circumstances, customs authorities will request cash payments. Though it is becoming less common, cash based payments can occur, especially in the aftermath of rapid onset natural disasters. Wherever possible, cash payments customs clearance should be avoided as they are hard to trace and may lead to fraud. If a cash payment for customs is required, organisations should request a receipt in full, detailing what each individual fee was for and the official within the customs authority with whom the transaction occurred.

Order of Payments and Risk



- **Payment in Advance** - All import duties, fees and handling charges are paid in advance. In the event there are changes to the items, quantities or the overall anticipated fees are incorrect, the entity paying up front bears additional risk. If payment in advance is required, importers should try to use a letter of credit.
- **Documentary Credit** - The technical term for letter of credit.
- **Documentary Collections** - Instruction from an exporter (seller or supplier) to a remitting bank, normally the exporter's local bank, to collect payment immediately or at a future date from an importer (buyer) against delivery of the relevant commercial documents.

Documentary collections function like a letter of credit, however the burden of documentation and values are supplied by the seller/exporter. Importers should still monitor these communications to ensure agreed upon costs are still being used.

- **Open Account** - An agreement between an importer and an exporter whereby goods are supplied on the understanding that payment will be effected at an agreed future date. Payment can be made after goods have been imported. This method is used when there is a high level of trust between exporters and importers.

Customs Tools and Resources

Templates and Tools

References

- Country specific customs information can be found at the Global Logistics Cluster, [Logistics Cluster Assessment \(LCA\)](#) country pages.
- [Customs Model Agreement Between UN and State](#)
- [Kyoto Convention. Cp. 5 Annex J - Relief Consignments](#)