

Procedural arrangements for international transport and customs clearance operations

- The specification of trade operations
in international transport



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THE EXPLANATION OF PROCEDURAL ARRANGEMENTS FOR INTERNATIONAL TRANSPORT



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Two types of business entities are involved in securing transport operations in international trade (Machková et al., 2010):

➤ **Forwarders**

- They account for approximately four-fifths of the volume of international trade.
- The forwarding function is based on the contractual provision of transport and accompanying logistics services, such as warehousing, inspection services, customs clearance, insurance, packaging, goods signing or collection operations such as forwarding (proof of payment of the purchase price).
- The forwarding contract establishes the legal framework of forwarding activities.

➤ **Carriers**

- It provides transportation by its own means of transport, in its own name, on its own account and on the basis of a contract of carriage of goods.
- Acceptance of cargo for transport is evidenced by waybill, bill of lading *, air waybill, contract of lease and operation of means of transport

Since the way, place and time of the contract of carriage varies from one type of transport to another, the specific content and form of documents also change, but it is based on international contractual arrangements (BusinessInfo 2019).

*It is a security and transport document used for the carriage of cargo by sea. For the owner, the transport document also represents the right of disposal (the right to dispose of the cargo) to the goods specified in the bill of lading.

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The carrier provides transportation by its own means of transport, in its own name, on its own account and on the basis of the Contract of Carriage of Goods. Acceptance of cargo for carriage is evidenced by **these documents: consignment note, bill of lading, air waybill, charter and operation of the means of transport** (charter).

The document always contains mandatory, optional and allowed data (Mulačová and Mulač, 2013):

- **Mandatory data**– the date and place of issue, the name of the consignor, the consignee and the carrier of the consignment, the name of the goods being transported and their weight and volume
- **Optional data**– the amount and maturity of the freight, choice of transport route, information on customs clearance of the consignment
- **Data allowed**– order number

The document is a legitimate document proving the acceptance of the goods for carriage and conclusion of the transport contract. The bill of lading, which is at the same time the document with the right to request the issue of the consignment, can fulfil the legitimacy function in sea, river and combined transport. The carrier is obliged to deliver the consignment only to the person authorized from the bill of lading, if this person presents the bill of lading and confirms on it receipt of the consignment. Being a property right to the goods being transported, it is a negotiable security. (Mulačová and Mulač, 2013)

THE SPECIFICATION OF INTERNATIONAL TRANSPORT TYPES

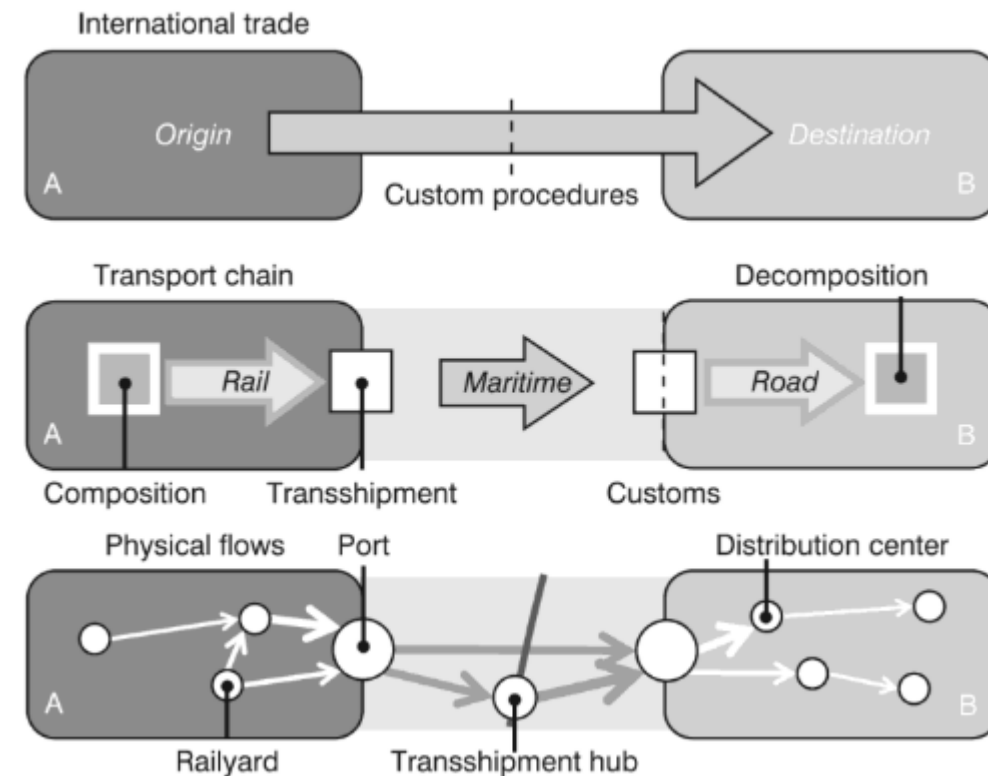


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Several transport sectors participate in ensuring international transport. About half of all global trade takes place between locations that are more than 3,000 km apart. Because of this geography, most international freight movements involve several modes, since it is impossible to have physical continuity in freight flows.

Transport chains must thus be established to service these flows, reinforcing the importance of intermodal transportation modes and terminals at strategic locations. The physical realization of international trade requires a **transport chain that is a series of logistical activities organizing modes and terminals, such as railway, maritime and road transportation systems**, and thus the continuity along the supply chain through a set of stages along an intermodal transport chain. In the operational reality of modes and terminals, international trade is a series of physical flows that may not necessarily use the most direct path, but the path of least resistance (see Figure 1) (Rodrigue et al., 2016)

Figure 1: Visualisation of international trade, transportation chains and flows



Source: Rodrigue, 2012

THE SPECIFICATION OF INTERNATIONAL TRANSPORT TYPES



Among the numerous transport modes, two are specifically concerned with international trade (Rodrigue et al., 2016):

➤ **Ports and maritime shipping**

The importance of maritime transportation in global freight trade is unmistakable, particularly in terms of tonnage, as it handles about 90 percent of the global trade. Thus, globalization is the realm of maritime shipping, with containerized shipping at the forefront of the process. The global maritime transport system is composed of a series of major gateways granting access to major production and consumption regions. Between those gateways are major hubs acting as points of interconnection and transshipment between systems of maritime circulation.

➤ **Airports and air transport**

Although in terms of tonnage air transportation carries an insignificant amount of freight (0.2 percent of total tonnage) compared with maritime transportation, its importance in terms of the total value is much more significant: 15 percent of the value of global trade. International air freight is about 70 times more valuable than its maritime counterpart and about 30 times more valuable than freight carried overland, which is linked with the types of goods it transports. The location of freight airports corresponds to high-technology manufacturing clusters as well as intermediary locations where freight planes are refuelled and/or cargo is transhipped.

THE SPECIFICATION OF INTERNATIONAL TRANSPORT TYPES



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Road and railway modes tend to occupy a more marginal portion of international transportation, since they are above all modes for national or regional transport services. Their importance is focused on their role in the first and last miles of global distribution.

Freight is mainly brought to port and airport terminals by trucking or rail. There are, however, notable exceptions in the role of overland transportation in international trade. A substantial share of the NAFTA trade between Canada, United States and Mexico is supported by trucking, as well as a large share of the Western European trade. In spite of this, these exchanges are a priori regional by definition, although intermodal transportation confers a more complex setting in the interpretation of the geographical scale of these flows. (Rodrigue et al., 2016)

From the point of view of the Czech Republic as a landlocked country, **rail and road transport** is the most important. Since the bulk of its business is with neighbouring countries, overall transport costs are relatively low. At the same time, the volume and commodity structure of trade allows for a relatively uniform utilization of means of transport for exports and imports. (Mulačová and Mulač, 2013)

Rail Transport



Rail transport is suitable for larger volumes of goods, especially if the company has a siding connection. It is more costly, slower and costly. Its volume in the Czech Republic and in the EU countries is constantly decreasing. (Mulačová and Mulač, 2013)

Rail transport is used to transport cargo, which can take the form of (BusinessInfo, 2019):

- **Wagons** where at least one separate wagon is required for each carriage
- **Single consignments** limited by volume or weight. The individual consignments are assembled by means of a collection service in such a quantity that their expedition is economically and logistically effective, they are transported together
- **Express consignments**, which are limited to a weight of 15 kg, are transported at the same time as the transport of persons
- **Container shipments**
- **Combined carriage** allowing for example transport of road vehicles on railway wagons (ROLA)

Proof of receipt of goods for carriage and conclusion of the contract of carriage is the SMGS railway consignment note, which is issued for wagon consignments separately for each wagon, for single consignments or express consignments for each consignment.

Road Transport

Road transport is Europe's fastest-growing but also the most problematic type of transport. Thanks to its speed, high mobility and availability, it successfully competes especially with rail transport, in some cases also with air transport. The main factors that adversely affect the development of road transport are environmental harmfulness and disturbance of the environment, low throughput of the main road and distribution network and the associated high accident rate and strong competitive environment among carriers. (Mulačová and Mulač, 2013)

In this area we distinguish these main forms of transport (BusinessInfo, 2019):

- **Piece (collection service)**, in which the individual consignments are assembled according to their volume, quantity and character so that the transport was economically and logistically efficient, the prices of freight are determined on the basis of fixed transport tariffs
- **“All-truck”**, which takes the form of time or travel character and its prices are contractual.

The main factors that adversely affect the development of road transport are **environmental harmfulness and environmental degradation, low throughput of the main road and motorway network** and the associated **high accident rate and strong competitive environment** between carriers. Among other reasons, direct or hidden restrictive restrictions (e.g. consolidation) are accepted in road transport from EU countries to candidate countries. Another problem is the fact that road transport is in some cases operated by economically weak entities, which sometimes are not able to bear enough responsibility for the consignment. Therefore, liability insurance is a suitable tool for preventing risks arising from the liability of a road carrier. (BusinessInfo, 2019)

Sea and River Transport



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It is the most important type of transport in international trade operated by shippers (Mulačová and Mulač, 2013). Ship-owners are economically very powerful entities that are grouped into conference liners (BusinessInfo, 2019). Advantages of this type of transport are low costs, high capacity, disadvantage of being bound to climatic conditions and weather, longer transport time and necessity of transfer to other means of transport (Mulačová and Mulač, 2013).

Vessels used for the carriage of goods shall be broken down by route, size and type of cargo carried as follows (Machková et al., 2009):

- **Dry cargo vessels** – intended for the carriage of packages, container vessels or bulk carriers
- **Tankers** – which are used mainly for oil transport.

The operation of maritime transport is subject to infrastructure and sufficient seaport capacity. The largest and most important ports in the world today are the Asian ports (Hong Kong, Singapore, Shanghai, Shenzhen, Busan), Los Angeles, and the European ports Rotterdam, Hamburg and Antwerp.

The certificate of acceptance of goods for maritime transport is a bill of lading, which is also a disposable security. (Mulačová and Mulač, 2013)

If there are no obvious defects during the acceptance check, the bill of lading remains “clean”. Since the bill of lading, on the whole, credibly certifies the impeccable external condition of the shipment, it is also easier to sell than the bill of lading is unclear. The bill of lading is, however, also a **document with the right to request the issue of the consignment**. The carrier is obliged to deliver the consignment to the person authorized under the bill of lading if the person submits the bill of lading and confirms receipt of the consignment on it. The bill of lading may be on the bearer, in the name of a person or on his or her behalf.

Rights in respect of the bill of lading are transferred when the document is issued (BusinessInfo, 2019):

- On the order of the authorized person - completed or unlisted endorsement
- In the name of the beneficiary - according to the provisions on assignment of receivables bearer - by his physical handover
- The carrier is always obliged to state in the bill of lading
- Name and registered office of the transporter - legal person or name and residence of the transporter - natural person
- The name and address of the consignor - legal person or the name and residence of the consignor - natural person
- Identification of the goods transported (including weight and volume)
- Indication of the beneficiary, i.e. whether it was issued to the bearer, the name of the beneficiary or his order
- Place (port) of departure and destination
- Place and date of issue of the bill of lading and identification of the statutory representative of the carrier

The bill of lading is usually issued in **several counterparts**, which must be individually marked. When all counterparts are used together, it is a so-called '**full set**' of bill of lading. After the consignment has been issued to an authorized person for one counterpart, the other counterparts shall cease to be valid.

Air Transport



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Overall, the volume of air transport of traded goods is very low as it is used only for selected commodities, such as **computers, medicines, perishable food and raw materials, flowers or art objects**. Its advantage is speed and safety, disadvantage especially high cost and dependence on weather (Mulačová and Mulač, 2013).

Uniform conditions of carriage of the **International Air Transport Association (IATA)**, of which Czech Airlines has been a member since 1927, apply to the implementation of international regular air transport. Receipt of the shipment by the conditions of carriage IATA is certified through the **air waybill (AWB)**, which is also a document proving the conclusion of the contract. It contains basic information about the consignment transported: sender and consignee designation, place of dispatch and destination, contents, value, weight and volume, in the case of liner and airline designation, allowing the consignment to be traced throughout the transport route. The principle of **free agreement between the consignor and the consignee** applies to the payment of freight, the obligation to pay the freight is indicated in the consignment note.

Air transport is generally realized as (BusinessInfo, 2019):

- **Regular services** (additional loading, consolidation), in which piece goods are delivered to standard passenger lines
- **Irregular (charter)**, in which the cargo space of the entire means of transport is rented, regardless of its load

Combined Transportation



The definition of combined transport varies considerably between countries. In the Czech Republic, this term includes transport that **uses at least two transport branches to move cargo, or even a means of transport**. In some cases, this transport is realized on the basis of a single transport document and is then referred to as the multimodal transport. The basic purpose of combined transport is to ensure the physical transfer of the object of transport from “house to house” using a single carrier

The main advantages of this type of transport are (BusinessInfo, 2019):

- **Reducing the risk** of damage or loss of shipment saving on transport and handling costs
- Possibility of using **standardized packaging**
- The use of **unified means of transport**

Combined transport is usually not organized by the carriers themselves, but by specialized business entities - operators (**multimodal transport operators** - MTO). These entities not only provide transport, but also operate road, rail and container transshipments and terminals (container yards), carry out collection and distribution of consignments (consolidation), rent special returnable containers (containers).

Combined Transportation



Combined transports include these forms : (BusinessInfo, 2019):

- using **Lo-Lo technology** (lift on – lift off) – this is technology of vertical handling of transport units
- using **Ro-Ro technology** (roll on – roll off) – this is technology for horizontal handling of transport units
- using **Ro-La technology** – these is technology of combining both of the above-mentioned methods of handling the transport units (horizontal and vertical)

Combined transport can be organized as a so-called accompanied transport, in which the subject of transport is not only cargo but also means of transport. A typical example of accompanying transport is Ro-La (Rollende Landstrasse = Rolling Road), where complete trucks are transported on railway wagons. They also organize so-called unaccompanied transport, including transport of containers, semi-trailers, pallets, etc. It is obvious that unaccompanied transport is less mobile than accompanying transport, but it is also economically more advantageous in most cases.

Regarding the type of means of transport used, combined transport is operated by operators in all possible variants, e.g. rail and road, river and sea, sea and air and others.

The conclusion of a contract of carriage in multimodal transport is certified by the following documents:

- **Through B/L** (continuous bill of lading) - a document that covers multiple transport sections implemented using maritime transport in various combinations with another mode of transport. It is issued by a freight forwarder and replaces the consignment note in the logistics chain.
- **Multimodal Transport Bill of Lading FIATA** - it may be issued only by a forwarder who is a member of the FIATA (International Federation of Associations of Transitaires and Assimilés) and insures his liability to the extent indicated in the bill of lading. This document covers the entire transport section, comprising at least two types of transport. The freight forwarder assumes responsibility for carrying out the entire combined transport to the same extent as the carrier.

The most widespread type of combined transport is transport using internationally standardized units - containers as packaging. The containers are used in standard sizes such as 20 feet to carry cargo weighing up to 21,850 kg and a volume of 33.15 m³, or 40 feet to carry cargo weighing up to 26,680 kg and a volume of 67.70 m³. In addition to commonly used containers, a number of others are also used, modified according to the nature of the goods being transported.

Container transport is organized in these two forms:

- **Less than container load (LCL)** - consignments whose volume or weight is not sufficient for the economical use of the entire cargo area of the container
- **Full container load (FCL)**

Pipeline transport of oil and natural gas

Special types of transport can also be used for the transport of goods or raw materials in international trade. These include, in particular, pipeline transport of oil and natural gas, which, although requiring very high initial investments, is not subject to climatic influences and allows the continuous transfer of large volumes of commodities. In addition to pipelines leading directly from the mining areas, pipelines are being built from terminals in large ports. (Mulačová and Mulač, 2013)

Postal and courier transport

Another type of transport, whose importance is growing especially in connection with the development of e-commerce, is postal and courier transport. By postal contract, the service provider undertakes to deliver the consignments to the designated person under specified conditions and in a specified manner. He is entitled to remuneration for this service, which is set according to postage tariffs. (Mulačová and Mulač, 2013)

Courier services can be for express delivery of smaller volumes and weights or business documents. Their advantages are high speed and coverage of the transport section, i.e. pickup from sender to recipient. The courier service also provides standard accompanying services - customs clearance, personal delivery and more. These advantages are made possible by the balanced means available. The legal framework for the provision of courier services may be reserved by a forwarding or commission agreement. The list of monitored persons is also monitored by chance and is remarkably similar to the air waybill. Shipments are usually signed with a numeric code, and newly with radio frequency identification, which can track their position. (BusinessInfo, 2018)

External Economic Relations of the EU

EU trade is divided into two components (Mulačová and Mulač, 2013):

➤ **Intra-EU trade** (discussed at last lecture)

- intra-trade, where approximately two thirds of the EU's external trade is taking place

➤ **Trade with non-member countries**

- extra trade includes the remaining one third of the volume of trade

As regards the non-member countries, which are referred to as third countries, the European Union as a whole applies a common commercial policy, which includes in particular common procedures:

- Setting common customs tariffs for imports into the EU
- Trade liberalization against third countries
- Trade protection measures in the EU internal market
- Conclusion of international and association agreements

Customs policy obliges individual Member States:

- to **use the Common Customs Tariff** named as TARIC, which is a binding tariff measure for each of them,
- to **respect trade and economic cooperation agreements** concluded by the Union, including the principles for the application of tariff preferences, and to apply **anti-dumping measures** in accordance with GATT / WTO provisions, as well as respect their application.

Quantitative restrictions (quotas) are also a current instrument of trade policy, which represent the maximum limits for the possible export or import of goods or services, expressed in quantity or value units.

The Current Trends of Extra-EU Trade



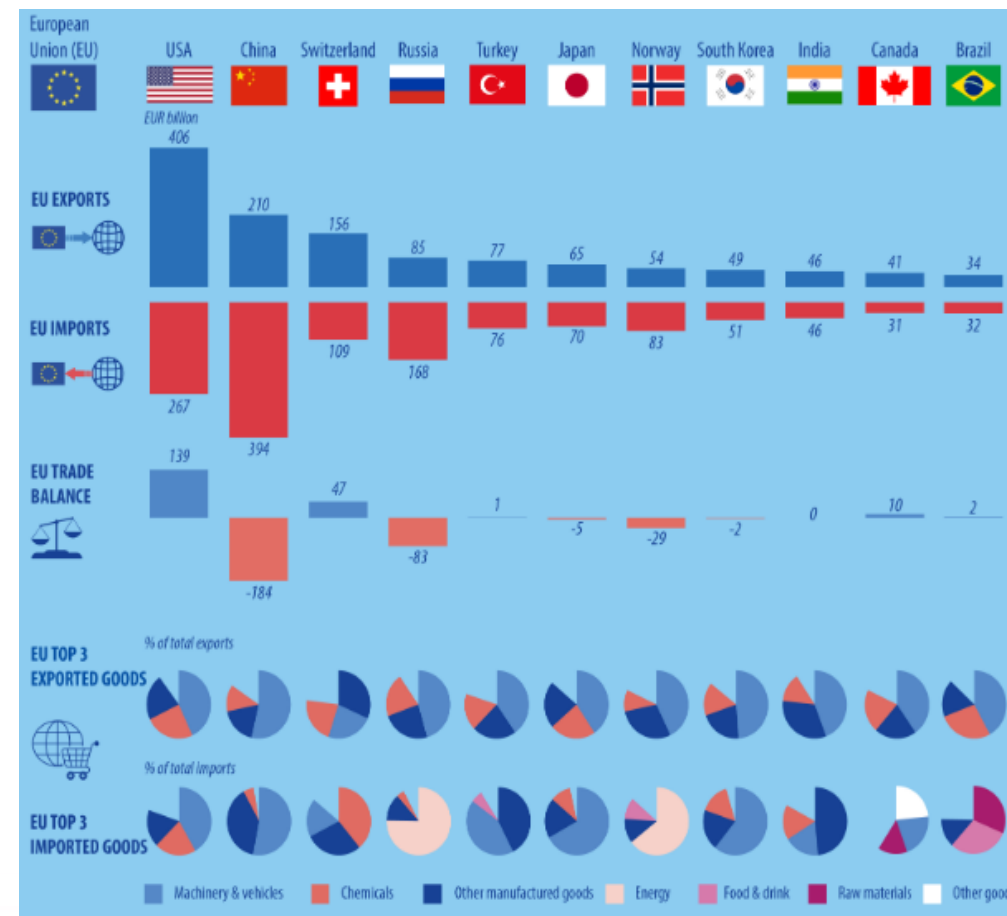
International trade - especially the size and evolution of imports and exports - is an important **indicator of the performance of the European Union (EU) economy**, showing how it interacts with other countries and its position.

In 2017, the EU-28, the United States and China recorded by far the world's highest trade in goods values. Together, these countries accounted for around 45 % of both global exports and imports of goods. Over the last two decades, the EU grew from 15 to 28 Member States, thus increasing the size of its common market but also becoming a more important competitor on the world stage. The growth in EU trade, however, should not be considered as a mechanical effect of these enlargements; in fact, every **enlargement increases the number of traders within the EU block, while reducing the number of partners outside the block.**

EU imports grew faster than exports and consequently the trade balance fell from EUR + 22 billion in 2017 to **EUR - 25 billion in 2018.**

The main destination for EU exports in 2018 was **Asia** accounting for about one third of the total, followed by **North America** (28 %) and **other European countries** (22 %).

Figure 2: International trade in goods



Source: Eurostat, 2018

EXPLANATION OF CUSTOMS CLEARANCE



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Customs clearance is the act of **passing goods through customs so that they can enter or leave the country**. For successful customs clearance it is important to prepare and present the documents needed to facilitate export or import to the country, the representation of the exporter / importer at customs control, assessment of duty, payment of customs duties and the acceptance of cargo from customs duties together with the documents.

Customs clearance is now also performed electronically. **Electronic customs clearance** is a collective term for a set of technical and software means that enable the processing of customs documents in electronic form in accordance with applicable laws and regulations of the customs administration (Hana et al., 2014). Although customs clearance time has been reduced, the period between the arrival of goods in port and their exit is often still excessively long because of the time needed for other procedures, including health, safety, and quality controls, and because of slow port operations.

The customs procedure shall be initiated on the basis of the **declaration of the declarant accepted by the customs office**. The customs declaration shall normally be made in writing or electronically. A customs declaration is used in the European Union for the purposes of lodging a customs declaration. The person making the declaration is called a **declarant**. The declarant may appoint a **representative person** for customs clearance. The appointment of a representative is appropriate where the importer is not sufficiently staffed and professionally equipped to carry out the customs proceedings himself. The basic instrument of practical implementation of the **Customs Code is the Customs Tariff**. It includes, in particular, the **conventional duty rates and the GATT General Agreement on Tariffs and Trade**. By assessing customs duties, taxes and applying other commercial policy measures, the customs procedure is terminated and the goods are placed under the proposed **customs procedure (regimes)**. (Veber and Srpová, 2012)

THE SPECIFICATION OF CUSTOMS TARIFF



The customs tariff is a document enacted in accordance with customs law and the import and export duty of goods is determined **based on the classification (of such goods in the tariff) and origin.** (David, 2013)

The basic concept and purpose of the customs tariff is **to detail every item, commodity or manufactured article which will be imported into a country and to assign to it an ad valorem import duty percentage rate.** The percentage rate in this context mean a percentage rate of import duty based on the value of the goods concerned. Every country throughout the world has a customs tariff, but in some cases, there is a common customs tariff in a trading bloc such as the European Union or the South American MERCOSUR. In both of these cases, there is a common customs tariff for each bloc as they both comprise a customs union (a customs tariff common to all Member States). In the case of the NAFTA (Canada, the United States and Mexico, a free trade area exists between all three Member States, but each country retains its own national customs tariff and import duty rates which vary from country to country. In the case of the European Union, the tariff encompasses the Brussels nomenclature. The structure of the main body of the tariff details all the tariff commodity codes, and separates them in accordance with the worldwide Harmonised System, approved by the World Trade Organisation. (Rowbotham, 2013)

In European Union the **common customs tariff** include the sum of all Community provisions fixing import and export duties and duty exemptions with regard to specific goods, including agricultural, anti-dumping and preferential duties, tariff quotas and tariff suspensions (European Commission, 2019)

THE ROLE OF THE INTEGRATED TARIFF OF THE EUROPEAN UNION (TARIC)

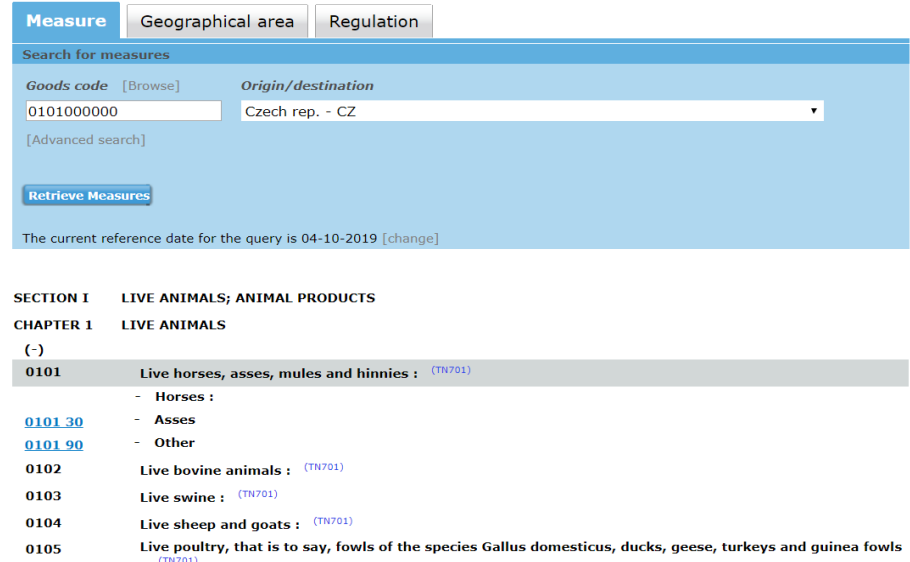
TARIC is a multilingual database integrating all measures relating to EU customs tariff, commercial and agricultural legislation. Integrating and coding these measures facilitates their uniform application by all Member States and gives all economic operators a clear view of measures to be taken when importing goods into the EU or exporting goods from the EU. It also makes it possible to collect EU-wide statistics for the concerned measures. Daily transmissions of TARIC data via an electronic network guarantee immediate and correct information for the national administrations of the Member States, who use this data mainly to feed their national systems for customs clearance, with the goal of maximising automatic customs clearance. (TARIC, 2019)

TARIC benefits are:

- **Customs Tariff, Commercial and agricultural Legislation**
- **Multilingual**
- **Uniform use by all Member States**
- **Daily updated**

The portal does not contain information on **national charges**, such as **VAT and excise duties**, or **European directives**

Figure 3: TARIC application



The screenshot shows the TARIC application interface. At the top, there are tabs for 'Measure', 'Geographical area', and 'Regulation'. Below this is a search bar with the text 'Search for measures'. There are two input fields: 'Goods code' with a '[Browse]' link and 'Origin/destination' with a dropdown menu. The 'Goods code' field contains '0101000000' and the 'Origin/destination' dropdown is set to 'Czech rep. - CZ'. There is a link for '[Advanced search]' and a 'Retrieve Measures' button. Below the search bar, it says 'The current reference date for the query is 04-10-2019 [change]'. The search results are displayed in a list format:

SECTION I	LIVE ANIMALS; ANIMAL PRODUCTS
CHAPTER 1	LIVE ANIMALS
(-)	
0101	Live horses, asses, mules and hinnies : (TN701)
	- Horses :
0101_30	- Asses
0101_90	- Other
0102	Live bovine animals : (TN701)
0103	Live swine : (TN701)
0104	Live sheep and goats : (TN701)
0105	Live poultry, that is to say, fowls of the species Gallus domesticus, ducks, geese, turkeys and guinea fowls : (TN701)

THE SPECIFICATION PROCEDURES OF EXAMINATION OF THE GOODS ORIGIN AND CUSTOM REGIMES



Customs Decisions System (CDS) in EU

The system is based upon an IT architecture containing both national and EU common components. The system is used for all **applications and decisions which may have an impact in more than one Member State**, and for any subsequent event which may affect the original application or decision. Some Member States use CDS also to manage their national customs decisions, i.e. which have only a national impact, whilst other Member States will deploy their national customs decisions system.

- Economic operators wishing to submit an application have to connect to the EU Trader Portal, a single electronic access point deployed at EU level for accessing the Customs Decisions System.
- Economic operators need to possess an EORI number and the appropriate roles assigned to access the system (customs decisions consultative profile, administrative profile, executive profile). In order to obtain an EORI number and role, economic operators need to contact the competent authority for EORI registration in the country where the customs decision application will be submitted.

It is important for the applicant to define where the authorisation should be valid (BusinessInfo,2019):

- 1) **Single Member State** or **national decisions** will only affect and be valid in the Member State to which the application is addressed and no other Member States are involved.
- 2) **Multi-Member States decisions** potentially affect (can be valid) in several, or all, Member States. In the system, the applicant must indicate the relevant choice in the mandatory data field "geographical validity".

Code 1 = Application or authorisation valid in all Member States

Code 2 = Application or authorisation limited to certain MS

Code 3 = Application or authorisation limited to one Member State

THE SPECIFICATION PROCEDURES OF EXAMINATION OF THE GOODS ORIGIN AND CUSTOM REGIMES



Economic Operators Identification and Registration system (EORI)

To be able to carry out commercial activities related to importing and exporting goods (in the role of a consignee, declarant or representative), business operators have to register in the Economic Operators Identification and Registration system. At the end of 2017 there were 5.6 million entities registered so far in the EORI system.

Businesses and people wishing to trade must use the EORI number as an identification number in all customs procedures when exchanging information with Customs administrations.

Having one common type of identification number across the EU is more efficient, both for economic operators and customs authorities.

Customs declaration

A customs declaration is an official document that lists and gives details of goods that are being imported or exported. In legal terms, a customs declaration is the act whereby a person indicates the wish to place goods under a given customs procedure. This legal procedure is described in the Union Customs Code.

There are two types of custom regimes:

- 1) Free-circulation regime** – in the case of intra-Community trade in EU, only value added tax is paid. VAT legislation is laid out by the national regulations of individual countries implementing the common EC VAT Directive. VAT is a revenue source for their national budgets as well as EU budget.
- 2) Authorised Economic Operator (AEO) regime**

THE SPECIFICATION PROCEDURES OF EXAMINATION OF THE GOODS ORIGIN AND CUSTOM REGIMES



Customs debt

The term "customs debt" is defined in Art. 5 (18) of the **Union Customs Code (UCC)**: It means the obligation on a person to pay the amount of import or export duty which applies to specific goods under the customs legislation in force. Art. 56 (1) UCC clarifies that such duties shall be based on the **Common Customs Tariff (CCT)**. A customs debt can therefore only be incurred in cases where the CCT lays down a duty for the goods concerned. There are several articles regulating the obligation on customs debt:

1. **Article 77 UCC (release for free circulation/temporary admission)**, **article 78 UCC (non-originating goods)**, **Article 81 UCC (export)**. The customs debt is incurred at the time when the customs declaration (re-export declaration in case of Article 78 placing the goods under the customs procedure giving rise to a customs debt is accepted. The person liable for payment of the customs debt is the declarant, and - in the event of indirect representation (i.e. someone acting on his own name but on behalf of another person, Art. 18(1) UCC) - also the person represented (Art 77(3) UCC).
2. **Article 79 UCC (import)** and **Article 82 UCC (export)**. A customs debt on import shall be incurred through non-compliance with any of the following: (a) one of the obligations laid down in the customs legislation concerning the introduction of non-Union goods into the customs territory of the Union, their removal from customs supervision, or the movement, processing, storage, temporary storage, temporary admission or disposal of such goods within that territory; (b) one of the obligations laid down in the customs legislation concerning the end-use of goods within the customs territory of the Union;

THE SPECIFICATION PROCEDURES OF EXAMINATION OF THE GOODS ORIGIN AND CUSTOM REGIMES



Temporary storage

Non-Union goods brought into the customs territory of the Union are in temporary storage from the moment they arrive and are presented to customs (Articles 139 and 144 Union Customs Code - UCC) until they are placed under a customs procedure or re-exported. Under temporary storage, the customs supervision of the goods is ensured, as they are stored in an authorised temporary storage facility or at any other place designated or approved and controlled by the customs office where the goods are presented.

Single authorisation

It means an authorisation involving different customs administrations (i.e. customs authorities in different Member States) covering entry for and/or discharge of the arrangements, storage, successive processing operations or uses.

Single authorisations may be granted for a customs procedure with economic impact (customs warehousing, inward processing, processing under customs control, temporary importation, outward processing) or end-use relief. For example, when a company intends to carry out processing operations under the inward processing procedure in Spain, France and Italy, these operations may be covered by a single authorisation.

Centralised clearance (CC)

CC is one of the simplifications linked with the placement of goods under a customs procedure of the Union Customs Code (UCC). It authorises a holder to lodge at the customs office where he is established, a customs declaration for goods which are presented at another customs office within the customs territory of the Union. Centralised Clearance allows the economic operators to centralise and integrate accounting, logistics and distribution. This centralisation brings savings in administrative and transaction costs and provides a genuine simplification of procedures.

Customs System in the Czech Republic

On the first day of the Czech Republic's membership in the EU, the country's customs authorities abolished routine customs checks of goods transferred across the internal borders, i.e. the common border between the Czech Republic and other EU member states. Any trade between EU member countries is considered intra-Community trade, which **is not subject to routine customs checks or duties or other fees collected in relation to the importation or exportation of goods**. Goods are transferred **freely** across internal EU borders. Since the Czech Republic does not have any **external EU borders** (borders with non-EU member states), the routine customs checks of goods transferred across the Czech border for customs and taxation purposes are usually conducted either at **international airports**. The obligation to file Pre-arrival/ Pre-departure Declarations is important in this case. It should accelerate the import and export of goods, i.e. it is mandatory for traders and freight forwarders to provide customs authorities with advance information (in electronic form) on goods brought into or taken out of the EU customs territory.

Customs procedures apply to goods moved from/to non-EU member states. The customs procedures are stipulated mainly by **EU customs regulations**. The most important are (BusinessInfo):

- Council Regulation (EEC) No. 2913/92, by which the customs code of the Community is issued, as amended.
- Commission Regulation (EEC) No. 2454/92, by which Council Regulation (EEC) No. 2913/92 is implemented, as amended.
- Council Regulation (EEC) No. 918/83, on the Community system for customs duty exemption, as amended.
- Council Regulation (EEC) No. 2658/87, on customs and statistical nomenclature and on the Common Customs Tariff, as amended.

SUMMARY

- Two types of business entities are involved in securing transport operation in international trade: **forwarders and carriers**.
- The physical realization of international trade requires a transport chain that is a series of logistical activities organizing modes and terminals, such as **railway, maritime and road transportation systems**.
- There is various transport modes in international trade, e.g. **ports and maritime shipping** (dry cargo vessels or tankers), **airports and air transport** (regular and irregular services), and **road** (piece or all-truck) and **railway** (wagons, single consignments, express consignments, container shipments and combined carriage) **modes**.
- EU trade is divided into **intra-EU trade** and **trade with non-member countries**. Customs policy obliges individual Member States to use the **Common Customs Tariff (TARIC)** and to respect trade and economic cooperation agreements.
- **TARIC** is a **multilingual database** integrating all measures relating to EU customs tariff, commercial and agricultural legislation.
- There is many procedures of examination of the goods origin and custom regimes such as **Customs Decision System, Economic Operators Identification and Registration system, Common Customs Tariff or Centralised clearance**.



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