

BUSINESSES' SATISFACTION WITH THE IMPLEMENTATION OF ADMINISTRATIVE PROCEDURES IN IMPORT AND EXPORT ACTIVITIES

Results of the Survey in 2020

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Introduction







General Information

Background Implementing agency

Implementation Method

Sample selection

Number of feedbacks

Characteristics of Responding businesses

Some characteristics on professional area, economic sector, size of capital investment, import-export markets

10 years "Customs Development Strategy to 2020"

CUSTOMS 2020 Key changes	Strengthened application of IT in customs activities	Automated supervision of goods	Development of a mechanism for monitoring and assessment of customs personnel performances	Improvement of the efficiency of the coordination between Customs authorities and specialized management agencies
Recent Changes of Legal Framework				
1 Decree No. 85/2019/NĐ-CP dated 14/11/2019				
2 Decision No. 38/QĐ-TTg date 12/01/2021 approving the Scheme on reforming the model of quality inspection and food safety inspection of imported goods	T			
3 Decision No. 169/QĐ-BTC dated 18/02/2021 to implement Decision No. 38/QĐ-TTg	A			
4 Ongoing consultation process: Collecting comments on the draft Decree on state inspection of quality and state inspection of food safety applied to imported goods		and the second of the second s	N.	

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BACKGROUND

Periodical survey of the level of satisfaction of businesses with import-export administrative procedures

To follow up previous activities, VCCI, GDVC and USAID jointly implemented the Survey on the level of satisfaction of businesses with the implementation of import/export administrative procedures in 2020 within the framework of the Trade Facilitation Project (USAID-TFP).







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IMPLEMENTATION METHOD

Stratified random sampling survey at each Customs Department



Target group: Businesses implemented import/export administrative procedures in 2020



Form of survey: mail surveys and online surveys



Stratified random sampling according to the characteristics: (i) economic sector, (ii) type of import and export activities, and (iii) number of import and export declarations.



The actual No. of respondents was higher than the planned figure: 3.500

Small and medium-sized private enterprises, operating in the field of importexport business are the majority



Businesses' main import and export markets



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Access to the information on administrative procedures in import/export activities



Modes of access to information

Level of satisfaction of the need for accessing information

Difficulties in accessing and understanding the information on administrative procedures

MODES OF ACCESS TO INFORMATION

The provision of information through online channels is preferred to the traditional method



Portal of General Department of Vietnam Customs
Website of the Local Customs Departments
The National Trade Portal
Participation in the dialogues organized/co-organized by Customs Authority
In-person meeting to get information
Participation in the training courses organized by Customs Authority
Phone call to get information
Send written request
Others
Leaflets, publications of the Local Customs Departments

Note: The percentage of businesses unsatisfied/ rather unsatisfied are combined for a better representation of the graph Source: VCCI-GDVC-USAID, The 2020 Survey on Import-Export Procedures. Question A1: Please indicate the level of satisfaction with methods of accessing information on administrative procedures

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RECOMMENDATION

24.4

20.3

15.8

Rather satisfied

Neither satisfied nor unsatisfied

52.6

48.3

46.2

40.2

Unsatisfied

Satisfied

19.9

25.7

28.0

29.5

28.7

31.4

29.2

32.0

42.2

41.7

17

1.2

0.8

1.1

2.5

0.8

4.6

2.3

1.3

2.7

Rather unsatisfied

MODES OF ACCESS TO INFORMATION

Modes of providing quality information have been improved over time







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Different aspects of the provision of information have been improved









About 38% of the total number of enterprises are facing difficulties in accessing and understanding information on administrative procedures

FDI enterprises, large-scale enterprises and those operated for many years report that they have more difficulties in understanding administrative procedures than other groups.





Source: VCCI-GDVC-USAID, The 2020 Survey on Import-Export Procedures. Question A3: Have you ever faced any difficulties or problems in obtaining customs-related information?

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Currently, the local Customs Sub-Departments and Departments are well handling the difficulties experienced by enterprises in accessing the information



Implementation of customs procedures



GENERAL OBSERVATIONS

The level of convenience when complying with different customs administrative procedures



"Customs declaration" (group of customs clearance procedures) and "tax payment" (group of tax management procedures)

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"Documentary inspection" (group of customs clearance procedures), "Tax refund/cancellation" (group of tax management procedures) and "physical inspection of goods" (group of customs clearance procedures)



The level of ease when implementing some customs administrative procedures



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Over time, most of the procedures have been improved



Enterprises worrying about changes of legal framework on customs clearance



Major difficulties when carrying out the documentary inspection procedure(%)

Customs declarations & other documents in the customs dossier must be printed and submitted Lack of harmonious coordination between customs authorities and relevant agencies Others Information or documents outside the scope of regulations are required Customs officials do not adequately and enthusiastically provide instructions Undisclosed information and the processing process

> Major difficulties when carrying out the procedure for physical inspection of goods (%)



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Lack of harmonious coordination between customs authorities and relevant agencies Customs declarations & other documents in the customs dossier must be printed and submitted Customs officials do not adequately and enthusiastically provide instructions Information or documents outside the scope of regulations are required

Undisclosed information and the processing process Others

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TAX MANAGEMENT PROCEDURES

Information or documents outside the scope of

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Customs officials do not adequately and enthusiastically

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regulations are required

provide instructions

Others

Inconsistent regulations and lack of coordination among agencies cause difficulties for businesses when fulfilling their tax obligations.

4.6

4.7

5

2.6

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• 14.1

15

20

RECOMMENDATION

• 13

10

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the procedures for tax refund (%)

30

25

19

POST CUSTOMS CLEARANCE INSPECTION PROCEDURES

It is necessary to continue addressing the problem of prolonged inspection and overlapping inspections



Major difficulties



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Enterprises often face obstacles at the pre-customs declaration stage (for determination of HS code) and at the customs declaration stage (for determination of customs values).

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Inconsistent application of HS codes among Customs authorities and enterprises.



Pre-consultation for HS codes by customs offices is not easy. It takes a long time to get results of expert assessment of HS codes.



In some cases, the determination of customs values are poorly grounded and unconvincing





Tỷ lệ doanh nghiệp (%)

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Most businesses do not face difficulties when complying with the procedures for inspection of processing and export production facilities



About 14% of enterprises experience difficulties when preparing and submitting final account statements prepared according to Form No. 15/BCQT-NVL/GSQL



Enterprises do not have difficulties to comply with the requirements for physical inspection of goods using container scanners





Generally, enterprises find that it is quite easy to comply with the

procedure of physical inspection of goods using container scanners



About 66.3% of businesses responded that they had been subjected to no more than 1 round of inspection of imported and exported goods using container scanners per month.

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SUPERVISION OF GOODS

The automated customs management and supervision system (VASSCM) makes it easier to confirm the movement of goods through the customs control area compared to the traditional method





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SUPERVISION OF GOODS

However, VASSCM needs to be improved to meet the needs of businesses

- **25,5%** enterprises reported high frequency of errors of the IT system
- **10,8%** Enterprises viewed that the coordination between Customs authorities and other agencies was not synchronized and smooth.
- **10,8%** Enterprises reported that the information dissemination and sharing process has not been open and transparent.

The group of export production and processing enterprises have more problems with VASSCM than other groups



Undisclosed information and procedures

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SUPERVISION OF GOODS

Among those experiencing difficulties enterprises having independent transport operations are the least satisfied with goods supervision procedures.



There has been a positive change in the discipline compliance of civil servants



SERVICES OF CUSTOMS OFFICERS

The level of special technical and professional improvement by customs procedures

Percentage of enterprises having good or fairly good assessment result of civil servants' professional expertise

80

29



Assessment of professional and technical skills of customs officers

Customs clearance: Document inspection	44,5	25.7	29.4	0.2	Document inspection (customs clearance procedures)			70.0 70.3	
Tax administration: Tax payment	45.0	0 23.0	23.0 31.9		Physical inspection				
Customs clearance: Physical inspection	42.7	25.1	31.6	0.1	(customs clearance procedures)			67.8	
Monitoring procedure		22.3	35.5	0.2 0.1	Tax payment (tax administration procedures)			66.0 68.0	
Post-clearance audit procedure Tax administration: Tax return, non-collectior		21.9 22.5	38.5 39.3	0.2 0.2 ···· 1.0 0.4	Tax refund, non-collection (tax administration procedures)		5	59.4	
Management of export goods: Inspection of processing and manufacturing establishments Management of volume of export goods	50.5	20.9	40.6	0.2	Post-clearance audit procedure			55.7 60.6	
Inspection of general accounts of input-output - inventory Handling of administrative violations	, 38.0	21.0 20.8	40.8 41.4	0.1	Handling of administrative violations		50.	3 58.1	
Complaint settlement	34.6	19.6	43.9	1.4 0.4	Complaint settlement		44.4	54.2	
	0 20	40 60 Proportion of enterpr	ises (%)	100		0	20 40 Proportion of enterpris	60 ses (%)	
	Good Poor	Fair Very poor	Ave	S	ource: VCCI-GDVC-USAID, The 2018 and 2020 Surveys on he proportion of enterprises rating the customs officer's	2018 Import-Export Procedure professional knowledge	es. e and expertise as "very good" or "good	od"	
	CCESS TO DRMATION	CUSTO PROCED			ALIZED RECOMMENDA	TION			

Generally, the problem-solving skills have been improved over time

Percentage of enterprises having good or fairly good assessment result of civil servants' problem-solving skills



RECOMMENDATION

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Assessment of the problem handling skills of customs officers

Customs clearance: Document ins	pection	44.8	23.5		31.2	0.5	
Tax administration: Tax p	ayment	43.0	22	22.7		0.5 0.1	
Customs clearance: Physical ins	pection	43.8	21	21.5		0.2	
Monitoring pro	ocedure	42.2	20.	7	36.8	0.2 0.1	
Post-clearance audit pro	ocedure	40.2	20.4		39.1	0.2 0.1	
Management of export goods: Inspe processing and manufacturing establis	ction of hments	38.5			41.3	0.1	
Tax administration: Tax return, non-co	llection	37.2	21.3		40.3	0.9 0.3	
Management of volume of export goods: Ins of general accounts of input-output - in	pection ventory	37.8	20.7		41.3	0.2	
Handling of administrative vio	olations	37.7	20.1		41.7	0.4 0.1	
Complaint set	Complaint settlement 35.9		19.1		43.3	1.3 0.4	
	0	20	40	60	 80	100	
	Good Poor		Proportion of enterprises (%) Fair Very poor		(%)		
					Avera	Average	
INTRODUCTION	ACCESS TO INFORMATION		CUSTOMS PROCEDURES		S	SPECIAL INSPECT	

80

Procedures for specialized management and inspection



Management of goods quality

Food safety management

Difficulties faced by enterprises

SPECIALIZED INSPECTION

Specialized management and inspection activities related to many different ministries and sectors



Goods quality management

procedures for granting licenses and equivalent documents procedures for declaration of conformity procedures for inspection of goods quality

Food safety management

procedures for granting licenses and equivalent documents procedures for declaration of conformity procedures for inspection of foods safety



Other specialized management and inspection procedures

The specialized management and inspection procedures that are frequently performed by businesses

Cargo Quality Management-Liscencing – MOIT					374
Cargo Quality Management-Liscencing – MARD				30	
Cargo Quality Management-Liscencing – MOST				299	
Cargo Quality Management-Quality inspection – MOST				298	
Other specialized Management – Phytosanitary				295	
Cargo Quality Management-Conformity declaration – MOIT				289	
Cargo Quality Management-Conformity declaration – MOST				285	
Cargo Quality Management-Quality inspection – MOIT				277	
Cargo Quality Management-Quality inspection – MARD				261	
Cargo Quality Management-Liscencing – MOH				251	
Food Safety Management-FS inspection - MOH				241	
Food Safety Management-Liscencing – MOH				241	
Food Safety Management-Liscencing – MOIT				237	
Food Safety Management-Liscencing – MARD				235	
Cargo Quality Management-Conformity declaration – MOH				232	
Cargo Quality Management-Conformity declaration – MARD	231				
Food Safety Management-FS inspection – MARD	229				
Other Specialized Management – Animal quarantine				228	
Food Safety Management-Conformity declaration – MOH				228	
Food Safety Management-FS inspection – MOIT			2	19	
Food Safety Management-Conformity declaration – MOIT			2	17	
Cargo Quality Management-Quality inspection – MOH			21	16	
Food Safety Management-Conformity declaration – MARD			20	7	
Cargo Quality Management-Liscencing – MOT			200		
Cargo Quality Management-Quality inspection – MOT			191		
Cargo Quality Management-Conformity declaration – MIC			191		
Other specialized Management – Cultural inspection			185		
Cargo Quality Management-Conformity declaration – Other ministries			182		
Cargo Quality Management-Liscencing – Other ministries					
Cargo Quality Management-Conformity declaration – MOT					
Food Safety Management-Conformity declaration – MIC			161		
Other Quality Management activities			159		
	0	100	200	300	400



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GOODS QUALITY MANAGEMENT

In all 3 surveyed procedures, the percentage of businesses reporting that the compliance was easy is less than 50%







FOOD SAFETY MANAGEMENT

Ministries, agencies also need to improve specialized inspection in the field of food safety management



DECLARATION OF CONFORMITY





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The burden of compliance with specialized management and inspection procedures is still quite heavy



Main difficulties

Back and forth exhausted traveling to complete the procedures Prolonged turnaround time Information unavailability Online document submission system errors Lack of harmonious coordination between specialized inspection agency and other... Required paperwork even after submission of e-form Highly demanding documentation Unofficial payment to shorten processing time Customs officers do not adequately and enthusiastically provide instructions Unprofessional manner of civil servants in communicating with enterprises Enterprises are required to provide information and documents outside the scope of...

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DIFFICULTIES EXPERIENCED BY BUSINESSES

Differences between Ministries in charge of specialized management and inspection





Share of firms encountered difficulties(%)

Unofficial payment to shorten processing time Back and forth exhausted traveling to complete the Lack of harmonious coordination between specialized

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65 70

Specific problems

- The specialized inspection procedures are still complicated. According to enterprises, the order and procedures for specialized inspection are different from one ministry, agency in charge of specialized inspection to the another and among different types of goods. It takes businesses a lot of time to read and interpret various specialized laws and the guiding decrees. Meanwhile, the interpretation and application of the ministries and agencies is not consistent.
- The list of goods subject to specialized inspection is too long. Ministries and agencies should consider reducing the number of goods groups, the number of goods lines to be inspected and the number of shipments to be inspected. The inspection should be carried out thoroughly according to the principle of risk assessment, random method.
- Specialized inspection is conducted with a lot of bureaucracy. There have been a lot of overlapped inspections. An item may subject to the control and supervision of many ministries at the same time.
- Although most specialized inspection procedures are carried out at border gates, there are still **cases where enterprises have to go to ministries and agencies to finish the procedures.** This causes many inconveniences due to the increase in costs and compliance time of enterprises.



CUSTOMS PROCEDURES SPECIALIZED INSPECTION





Areas to be improved

It is necessary to set a specific goal aimed at building a modern, professional, effective and efficient Customs system of Vietnam in the period of 2021-2030.



Recommendations from businesses



Proportion of enterprises (%)

Recommendations for customs authorities(1)

-	
-	

Improving the system of customs laws and regulations which are stable, consistent, modern, feasible, open, transparent and accessible.



Make the customs procedures harmonized with international practices and standards. Synchronously apply modern customs administration methods in handling procedures in all steps including customs declaration, clearance and post-clearance inspection.



Enhance the application of electronic documents. The ultimate goal is replace the current system in which documents/applications are both submitted in paper form and electronic form with a system where 100% of documents/application are submitted online via internet connection.



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Recommendations for customs authorities (2)

Customs authorities and agencies involved in handling import and export procedures need to establish a joint mechanism to connect and share the history of physical inspection of enterprises' goods to avoid duplicated inspection.



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More attention should be given to provide information and guidance to answer questions asked by businesses and it is needed to develop a pool of full time team to provide advise and regularly update information.



Supporting businesses more effectively in compliance with the procedures for HS code determination and consultations for customs value determination.



Develop a mechanism to monitor administrative discipline, public service and transparency in dealing with violations committed by officers, and at the same time ensure an effective mechanism for enterprises to propose and complain about bureaucratic and troublesome behavior.



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Recommendations for specialized management and inspection agencies

PRIORITIES:



Enhance **information sharing** between specialized management and inspection agencies and Customs authorities, especially data on administrative procedures, and jointly solve problems and guide businesses how to perform and comply with the procedures.



Ensure that the **risk management principles** are fully applied in a more practical manner to reduce business compliance costs.



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Conduct a thorough review to shorten the list of goods subject to specialized inspection/audits and continue minimizing the number of duplicated inspection incidents.

Continue to reduce the number of administrative procedures in the field of specialized management and inspection and ensure that all the procedures are done online.

Share of firms agreed upon each measure (%)



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With all relevant agencies, it is needed to continue implementing action plans to minimize informal charges

Percentage of enterprises reporting that they have ever paid informal charges when carrying out import-export administrative procedures(%) Percentage of enterprises reporting that they have ever paid informal charges by year



Proportion of enterprises (%)

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RECOMMENDATION

Not return

Unknown

Return

THANK YOU!

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