



USAID
FROM THE AMERICAN PEOPLE

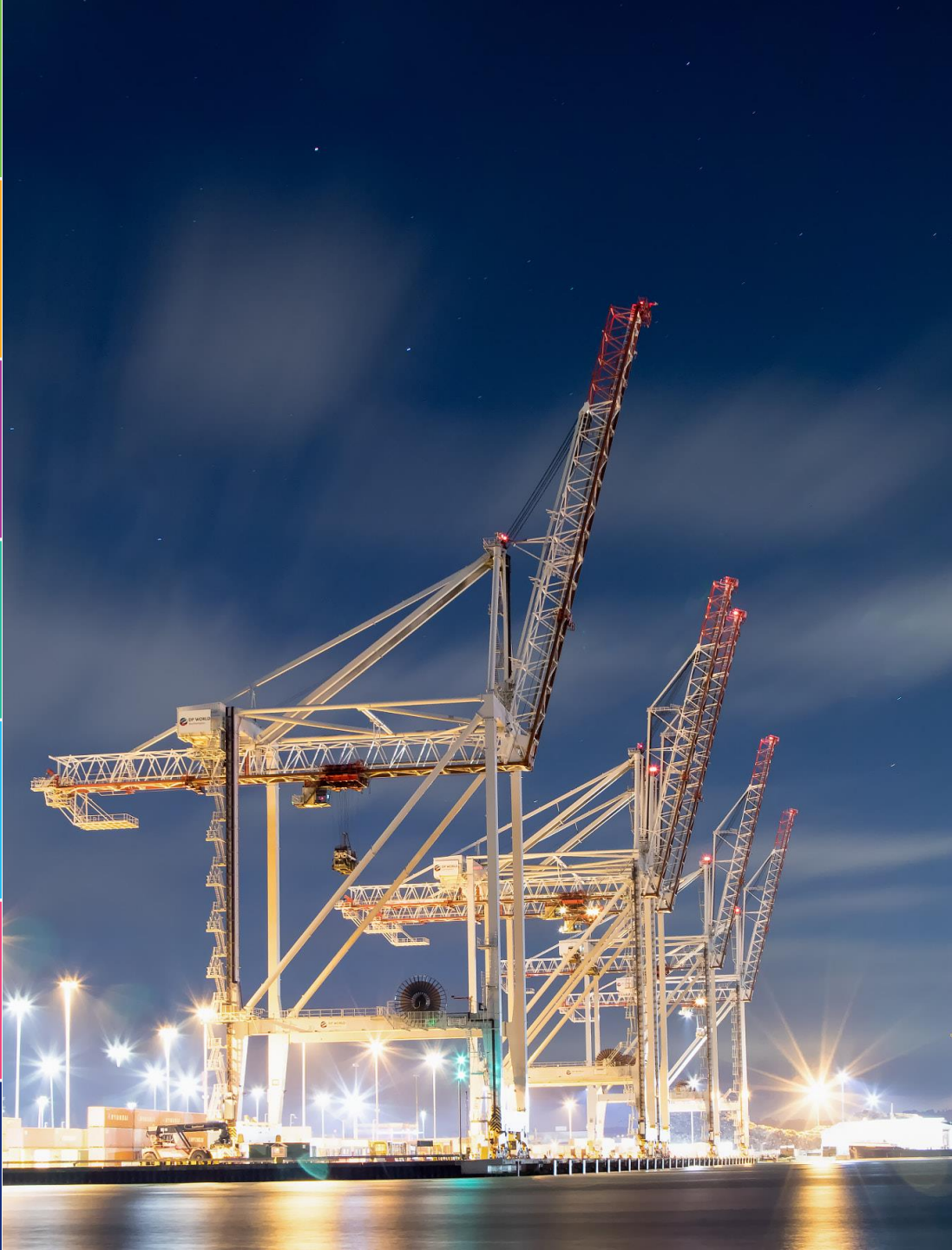
BUSINESSES' SATISFACTION WITH THE IMPLEMENTATION OF ADMINISTRATIVE PROCEDURES IN IMPORT AND EXPORT ACTIVITIES

Results of the Survey in 2020

Dau Anh Tuan

Director of the Legal Department
Vietnam Chamber of Commerce and Industry





Contents

- 1 Introduction
- 2 Access to the information on administrative procedures in import-export activities
- 3 Customs procedures
- 4 Specialized management, inspection procedures
- 5 Recommendations

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

Recent Changes of Legal Framework

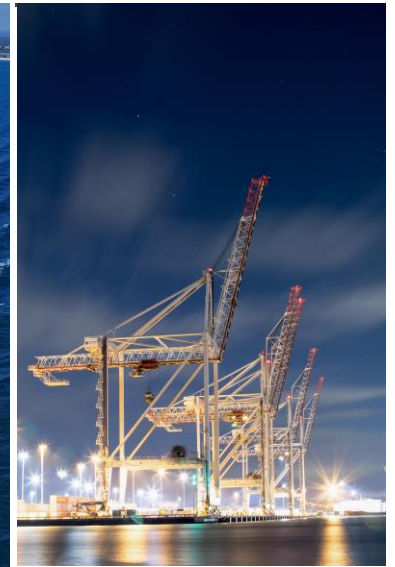
- 1 Decree No. 85/2019/NĐ-CP dated 14/11/2019
- 2 Decision No. 38/QĐ-TTg date 12/01/2021 approving the Scheme on reforming the model of quality inspection and food safety inspection of imported goods
- 3 Decision No. 169/QĐ-BTC dated 18/02/2021 to implement Decision No. 38/QĐ-TTg
- 4 Ongoing consultation process: Collecting comments on the draft Decree on state inspection of quality and state inspection of food safety applied to imported goods

Strengthened application of IT in customs activities

Automated supervision of goods

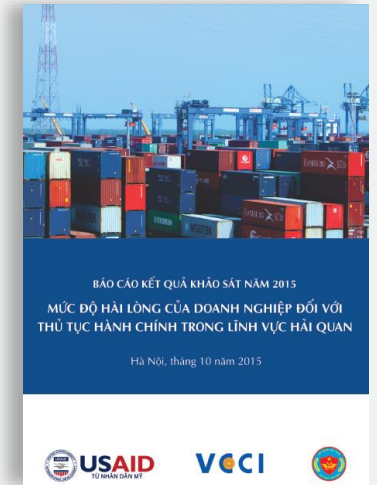
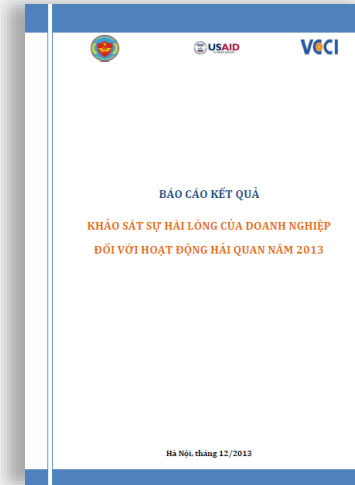
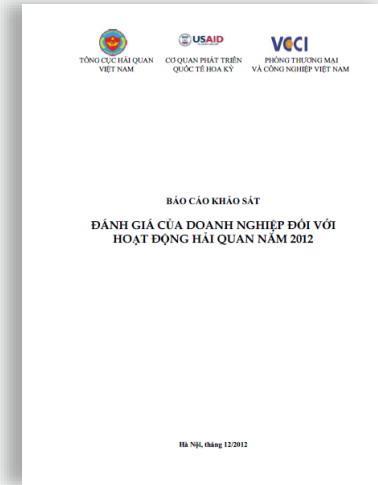
Development of a mechanism for monitoring and assessment of customs personnel performances

Improvement of the efficiency of the coordination between Customs authorities and specialized management agencies



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).



IMPLEMENTATION METHOD

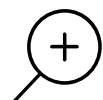
Stratified random sampling survey at each Customs Department



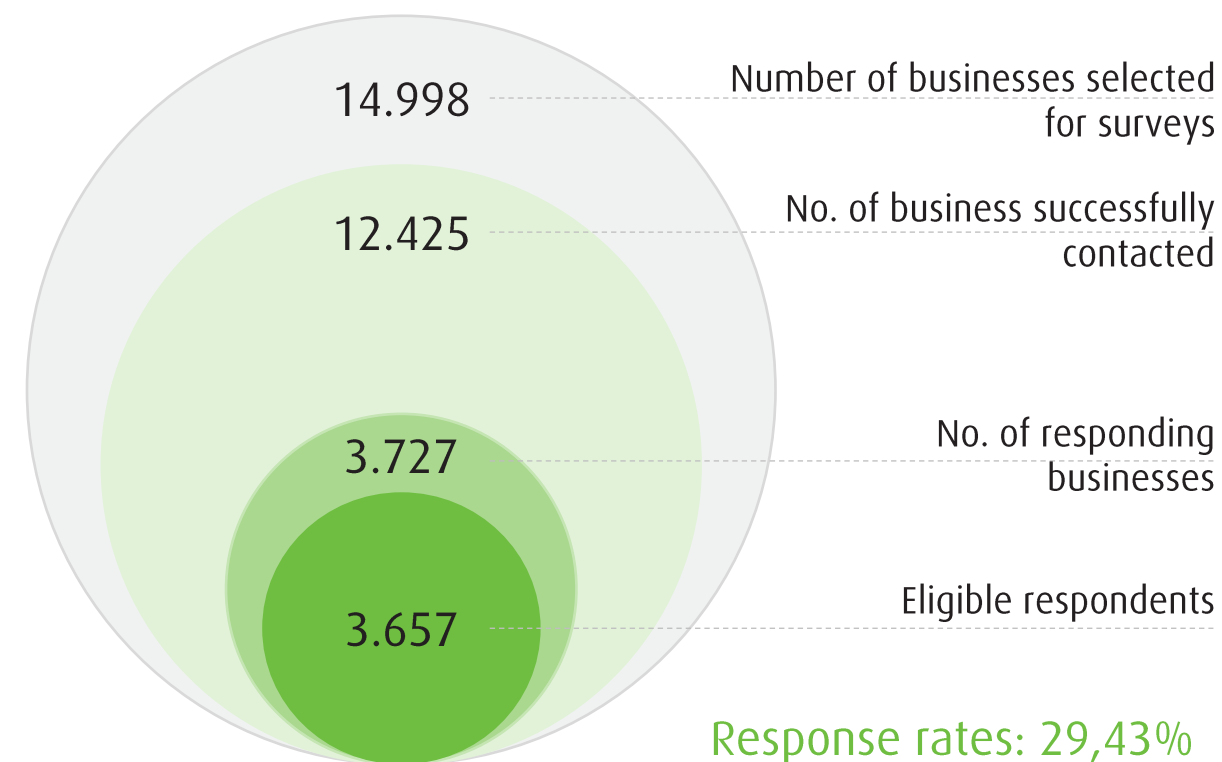
Target group: Businesses implemented import/export administrative procedures in 2020



Form of survey: mail surveys and online surveys

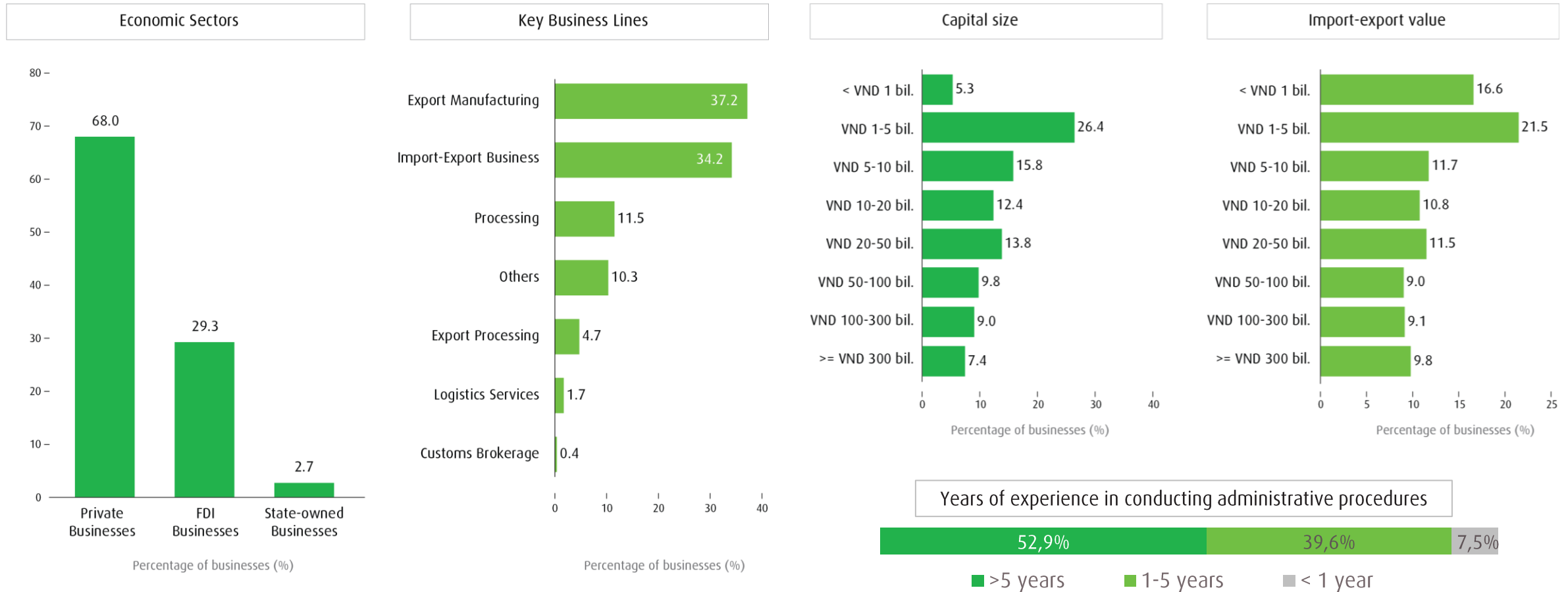


Stratified random sampling according to the characteristics: (i) economic sector, (ii) type of import and export activities, and (iii) number of import and export declarations.

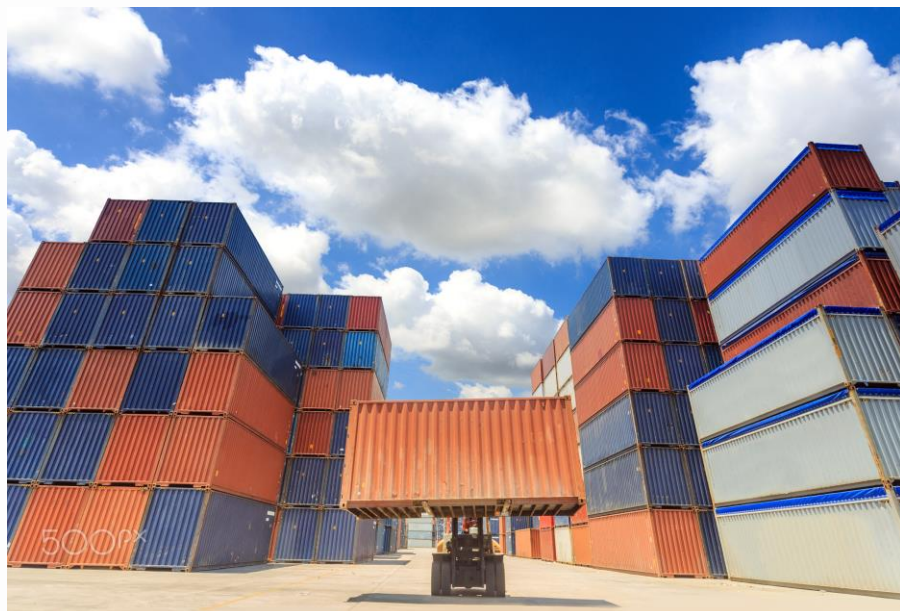


The actual No. of respondents was higher than the planned figure: 3.500

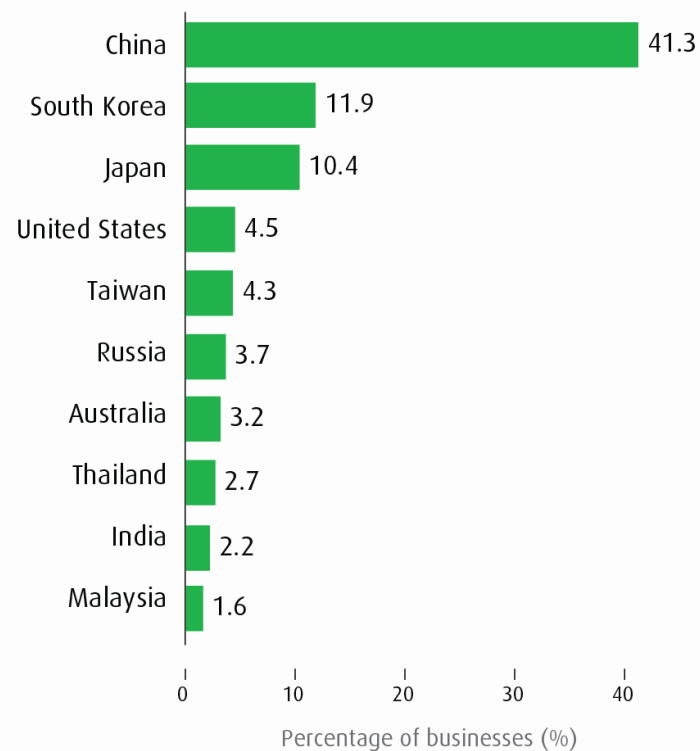
Small and medium-sized private enterprises, operating in the field of import-export business are the majority



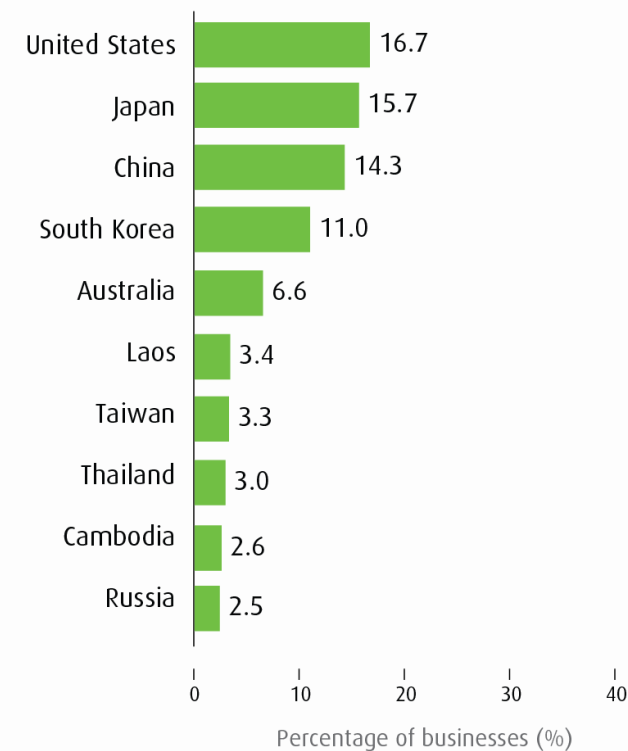
Businesses' main import and export markets



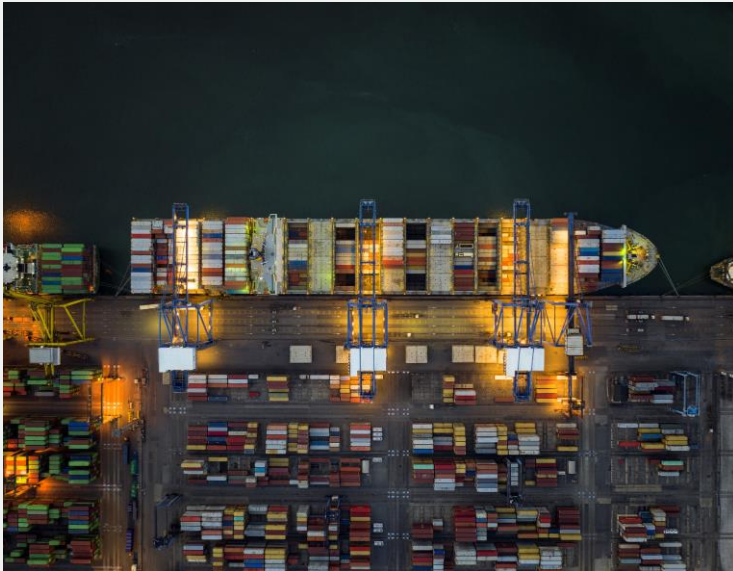
Main Import Markets



Main Export Markets



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



Modes of access to information

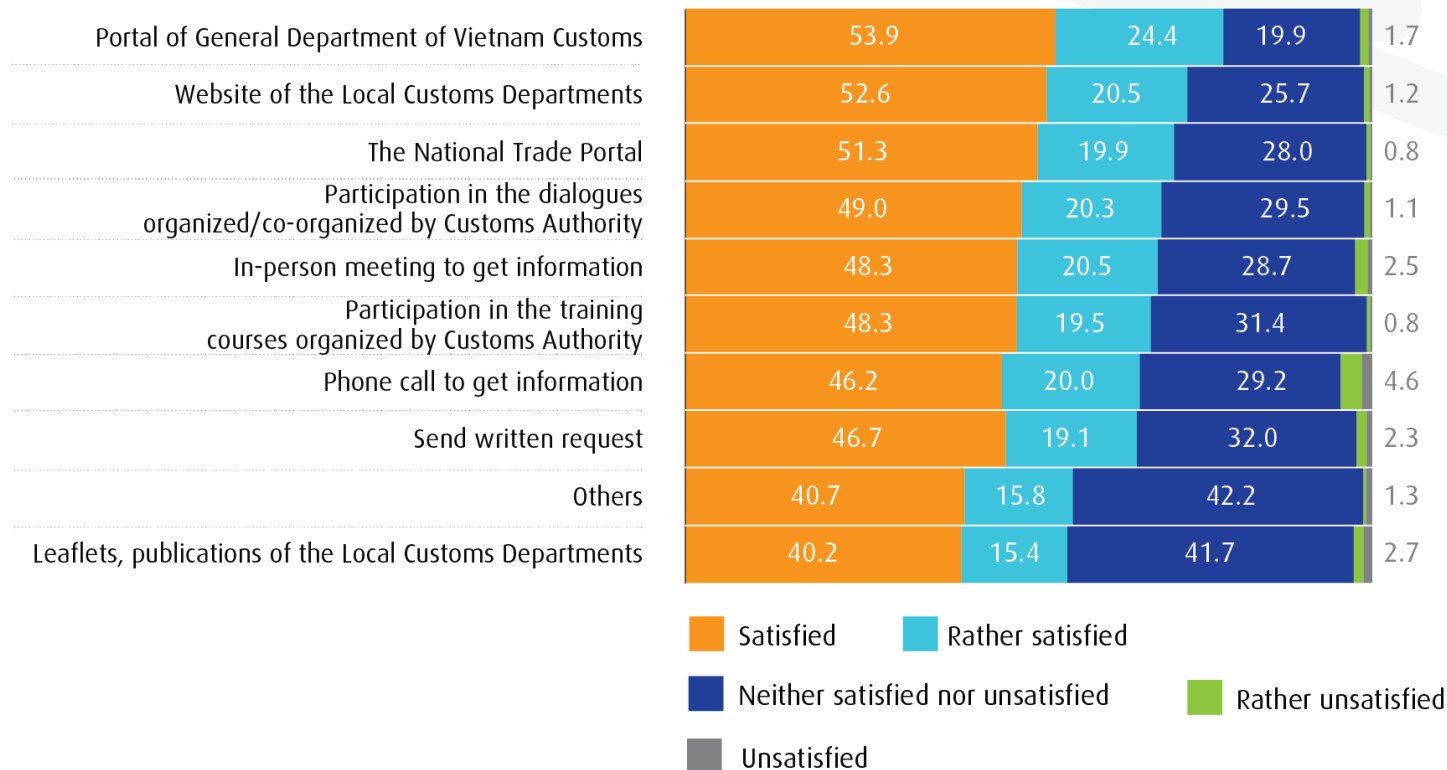


Level of satisfaction of the need for accessing information



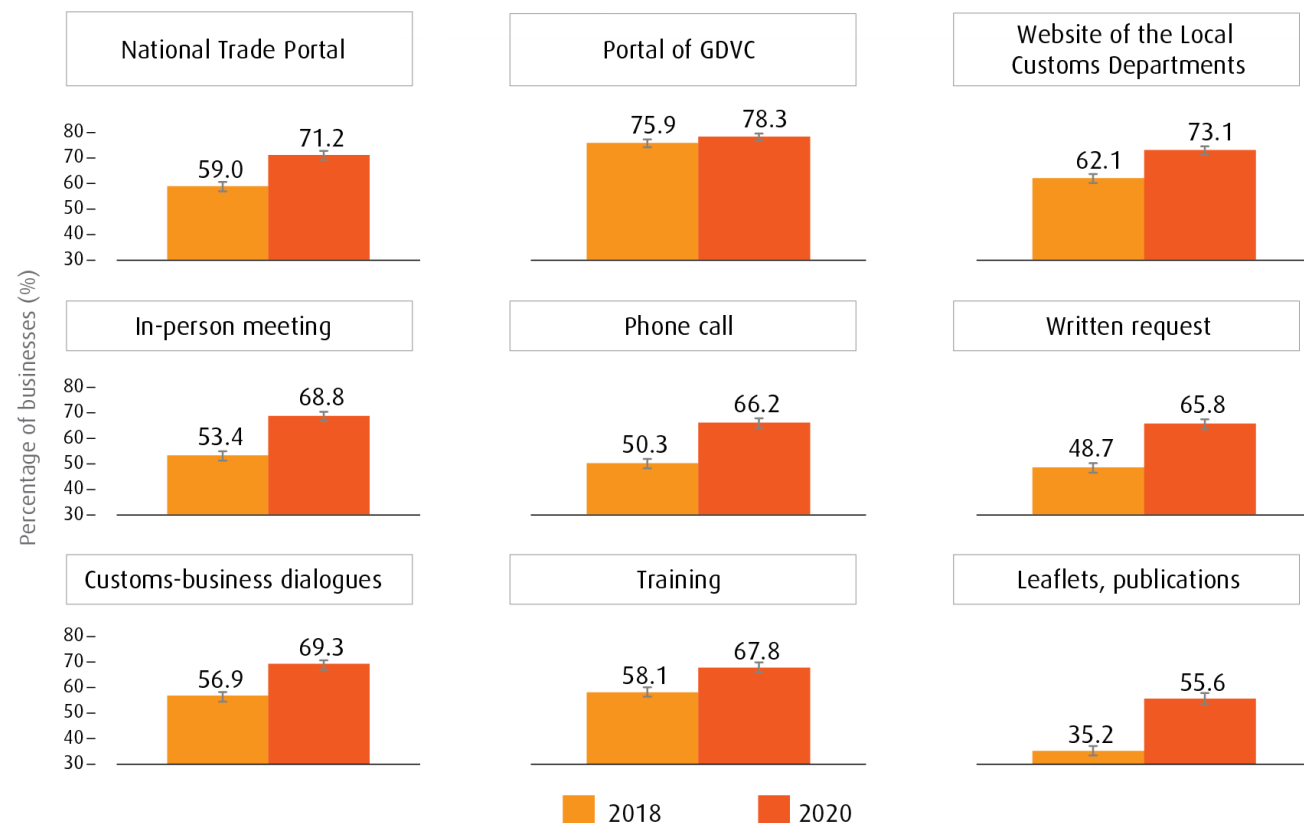
Difficulties in accessing and understanding the information on administrative procedures

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

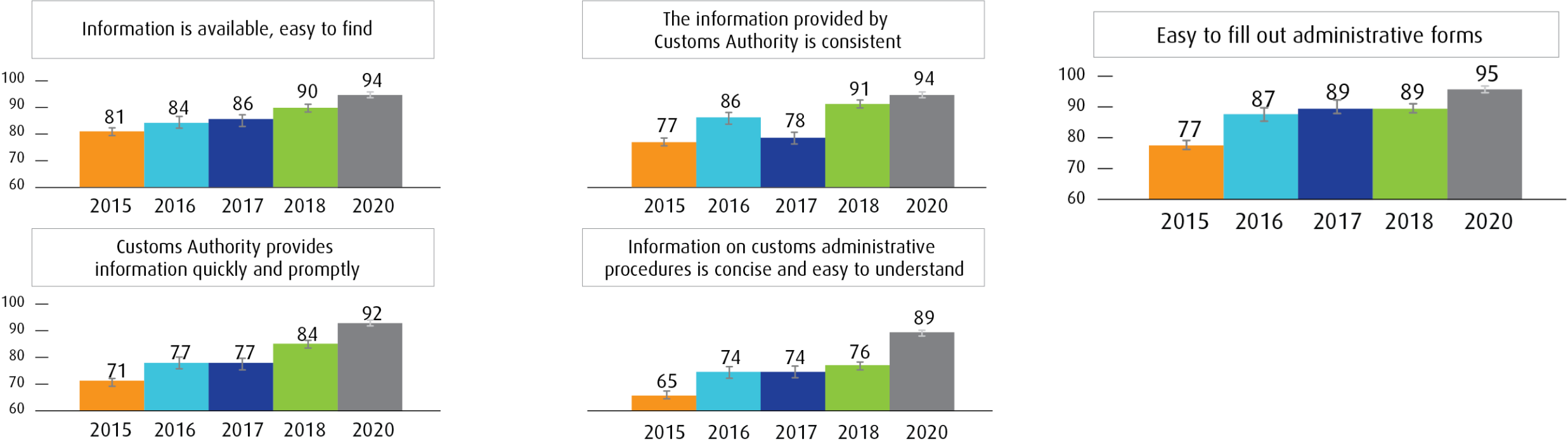


Note: The percentage of businesses unsatisfied/ rather unsatisfied are combined for a better representation of the graph
 Source: VCCI-GDVC-USAID, The 2020 Survey on Import-Export Procedures.
 Question A1: Please indicate the level of satisfaction with methods of accessing information on administrative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

Modes of providing quality information have been improved over time

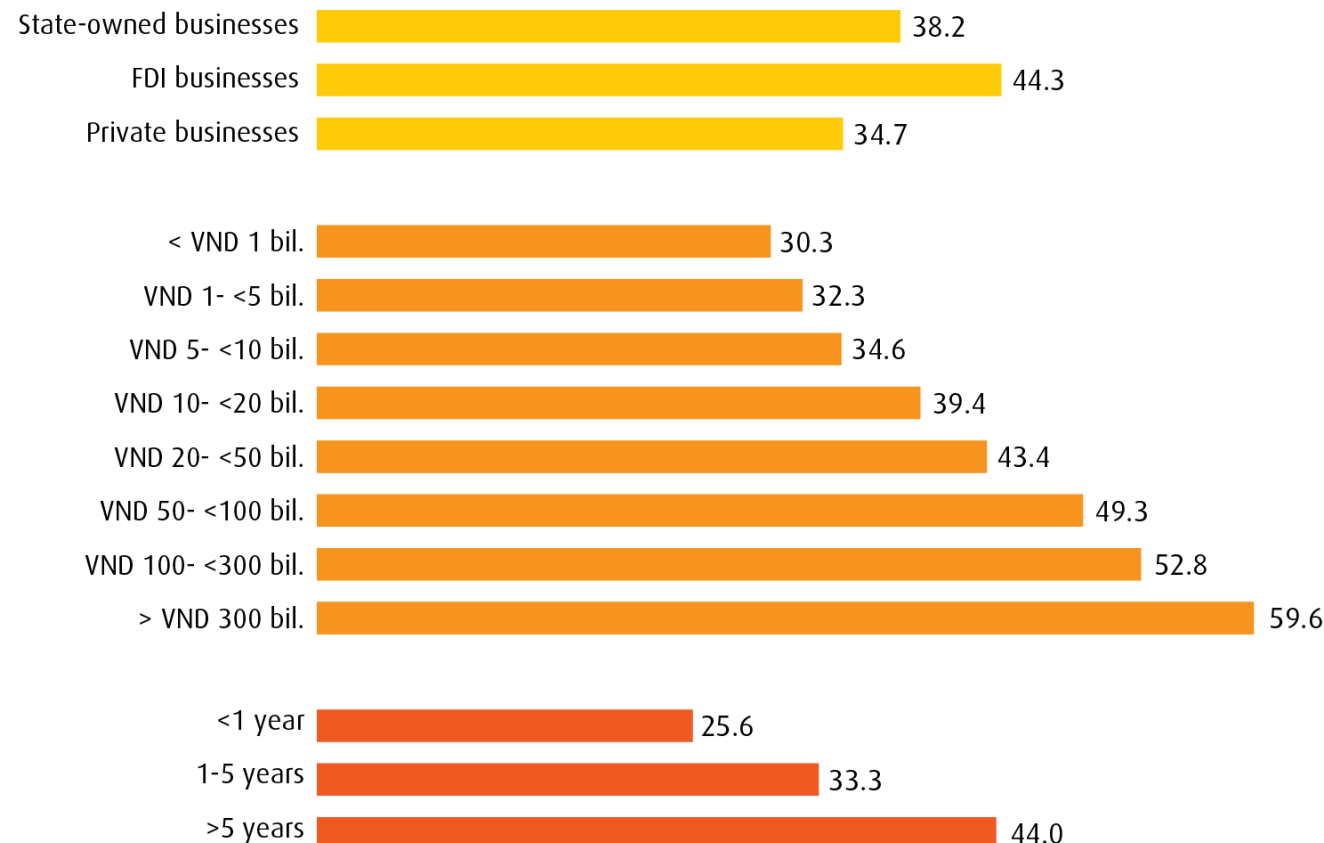


Different aspects of the provision of information have been improved



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

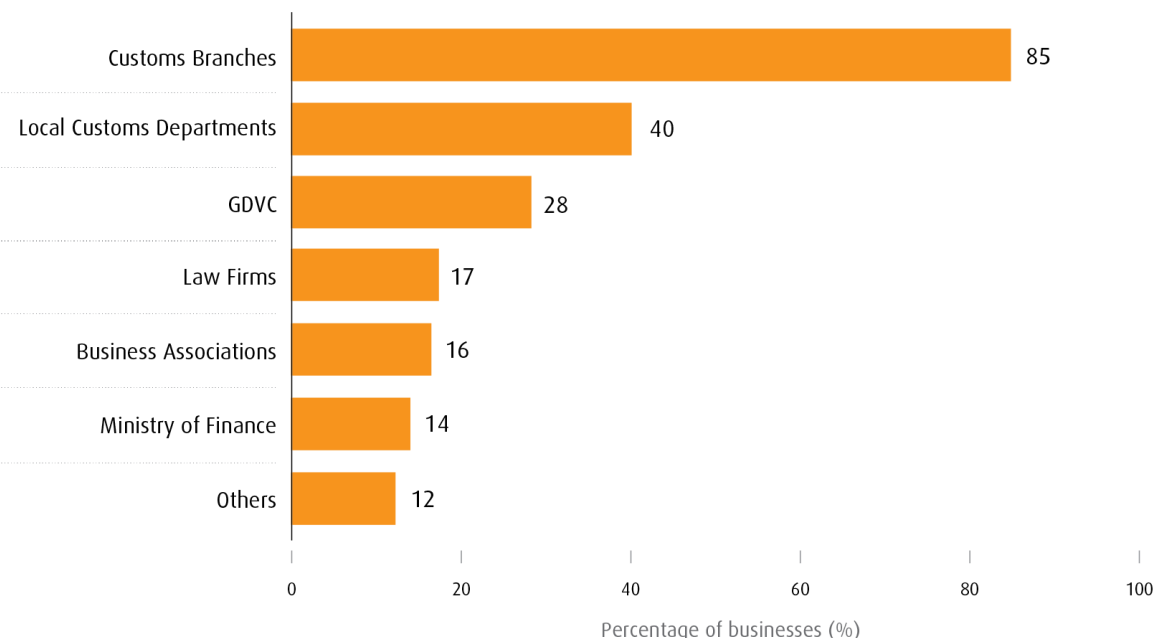
FDI enterprises, large-scale enterprises and those operated for many years report that they have more difficulties in understanding administrative procedures than other groups.



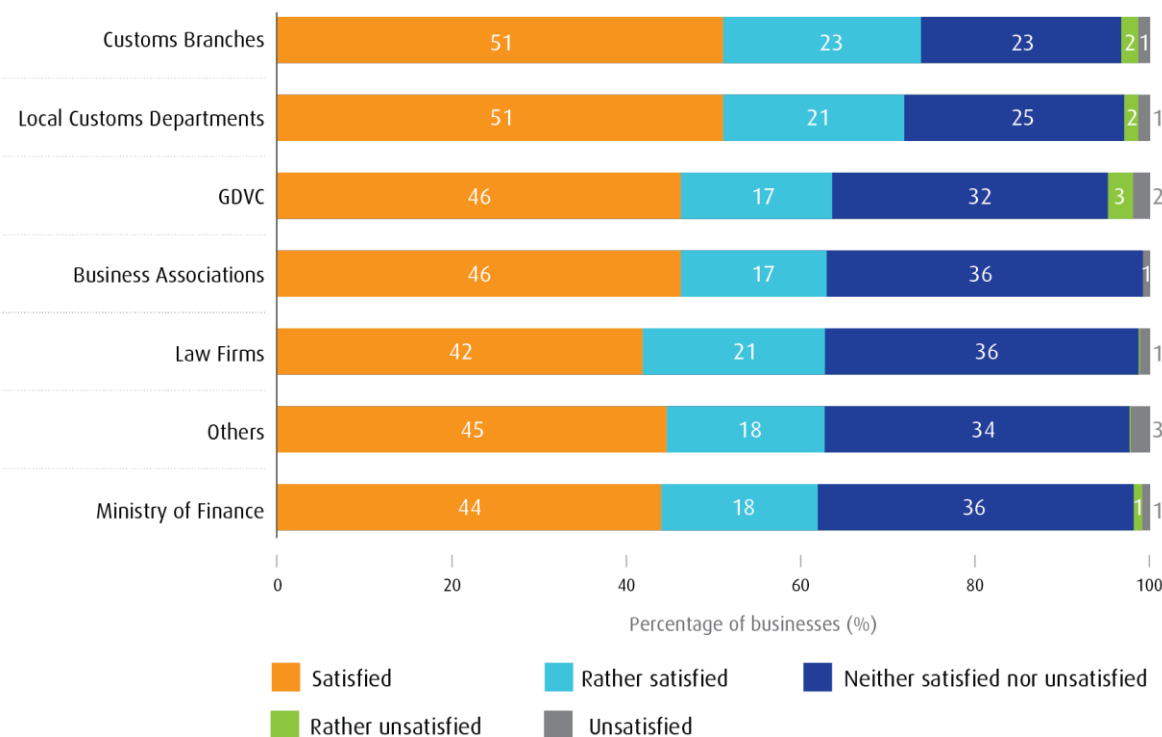
Source: VCCI-GDVC-USAID, The 2020 Survey on Import-Export Procedures.
Question A3: Have you ever faced any difficulties or problems in obtaining customs-related information?

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

Units from which businesses often seek help when they have information-related difficulties or problems (%)



Percentage of enterprises satisfied with the help of customs authorities to handle problems related to the information on administrative procedures (%)



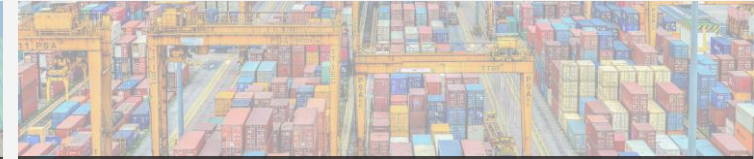
Implementation of customs procedures



Customs clearance procedures



Tax management procedures



Post custom clearance inspection procedures



Procedures for determination of HS codes and for consultation to determine customs values



Procedures related to inspection of processing and export production facilities



Procedures for physical inspection of imported and exported goods using container scanners



Procedures for goods supervision



The service of customs officers

The level of convenience when complying with different customs administrative procedures

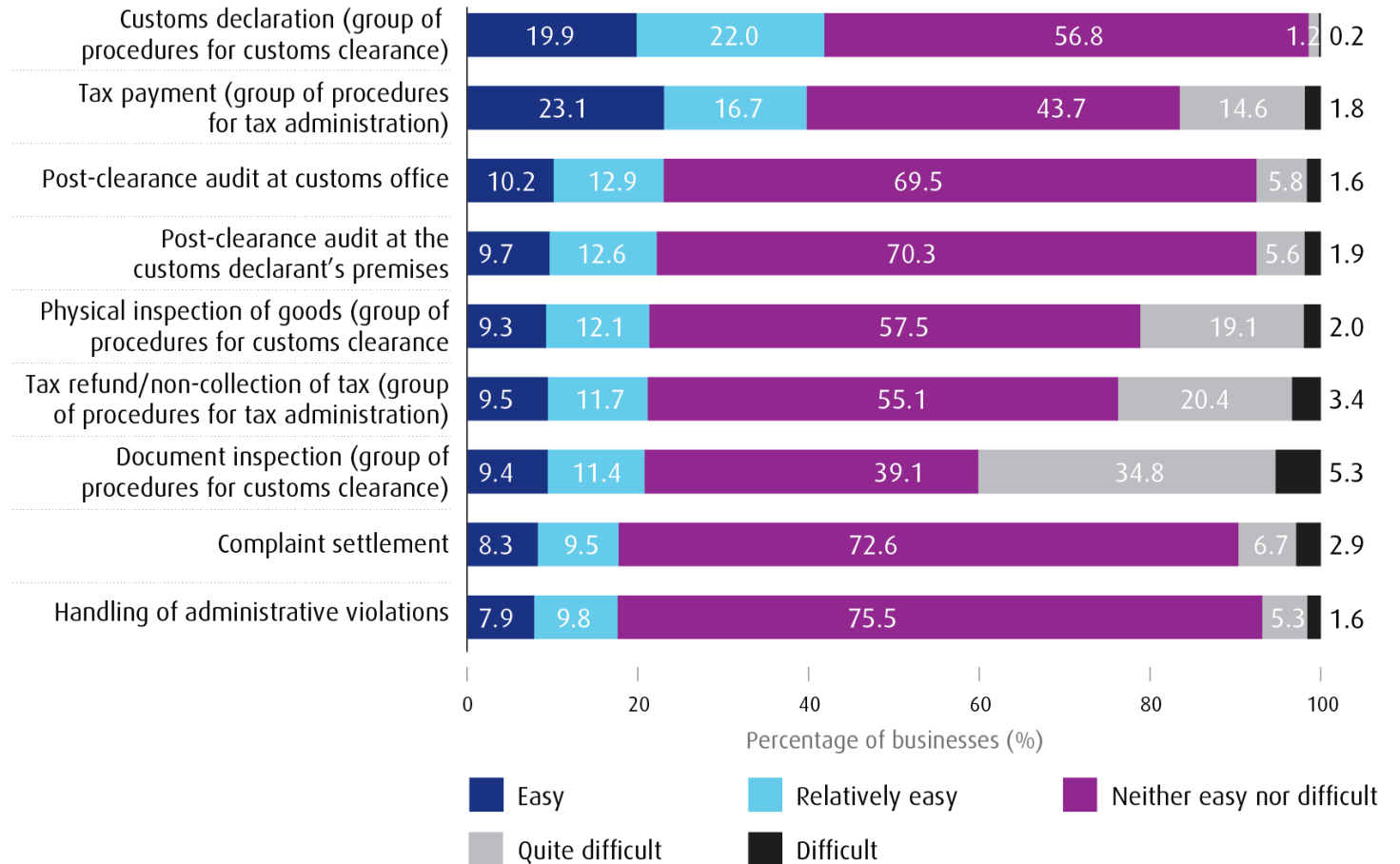


"Customs declaration" (group of customs clearance procedures) and **"tax payment"** (group of tax management procedures)

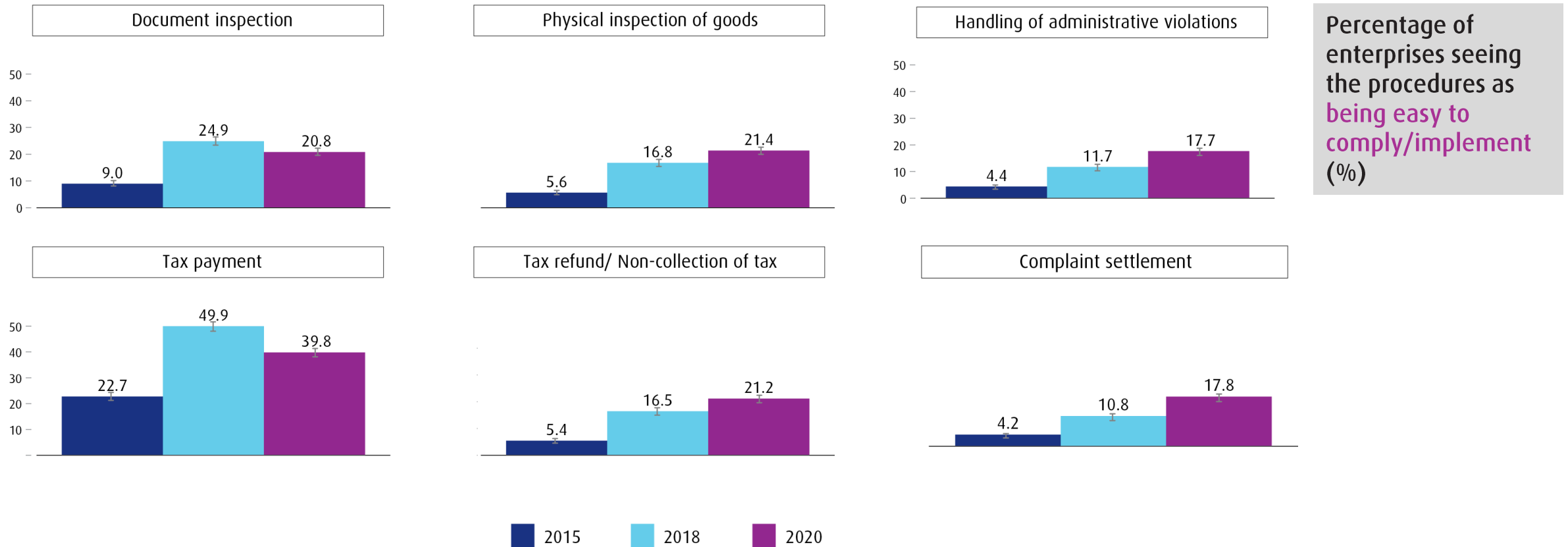


"Documentary inspection" (group of customs clearance procedures), **"Tax refund/cancellation"** (group of tax management procedures) and **"physical inspection of goods"** (group of customs clearance procedures)

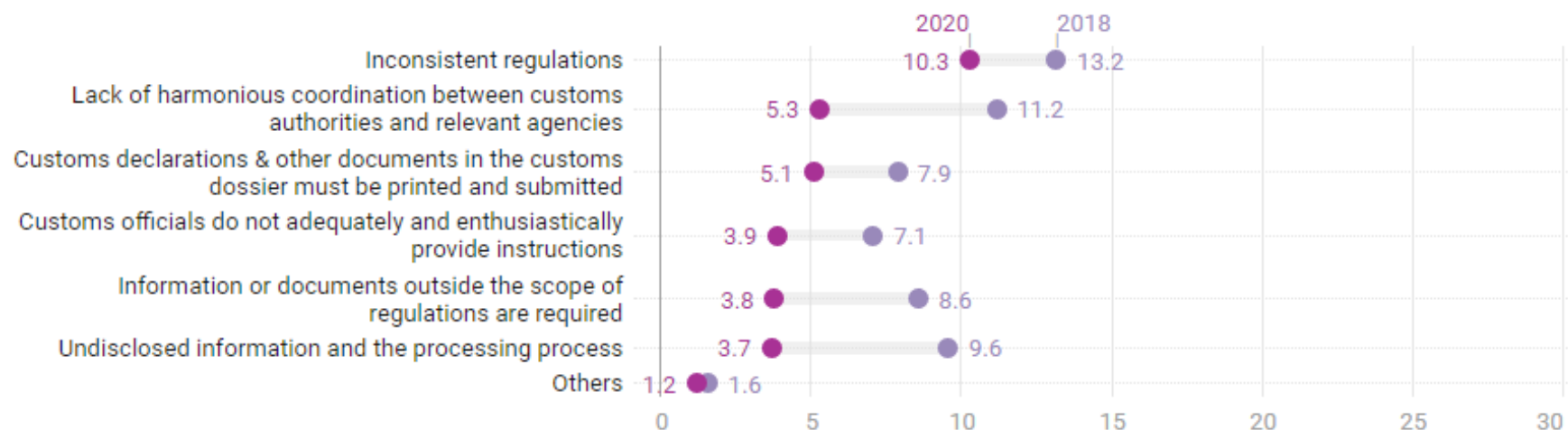
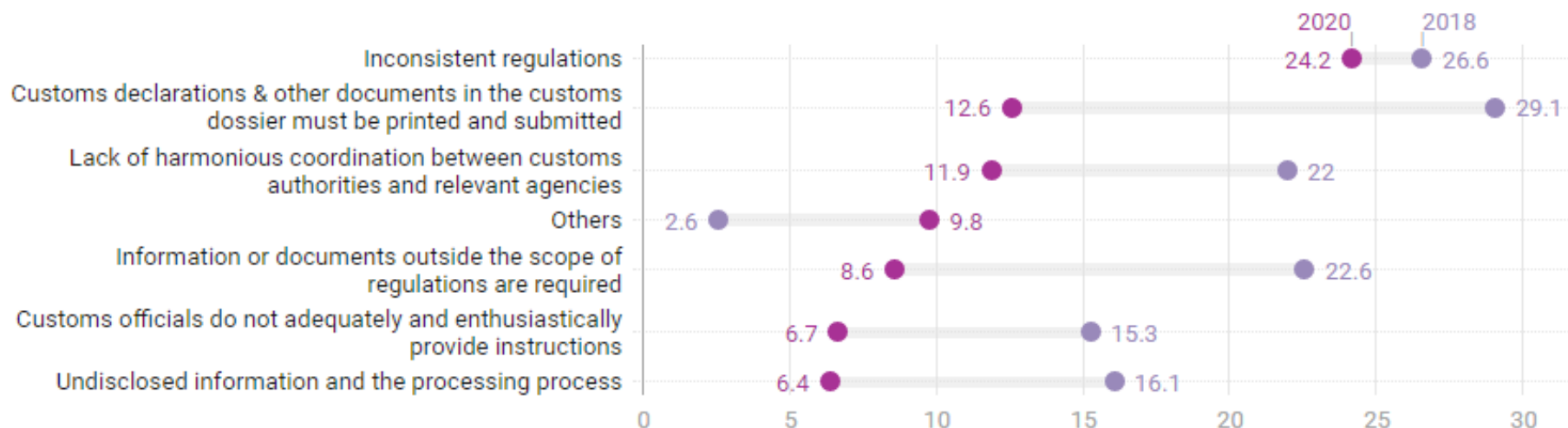
The level of ease when implementing some customs administrative procedures



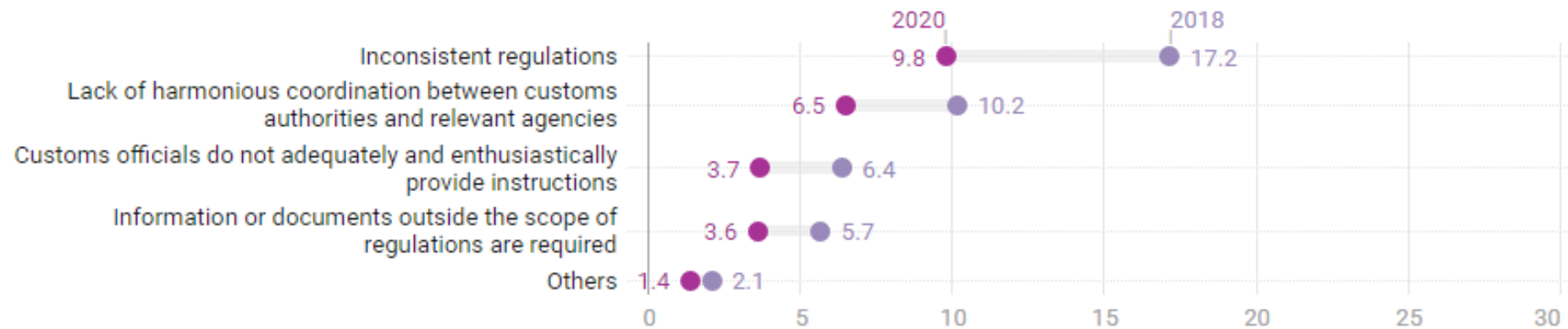
Over time, most of the procedures have been improved



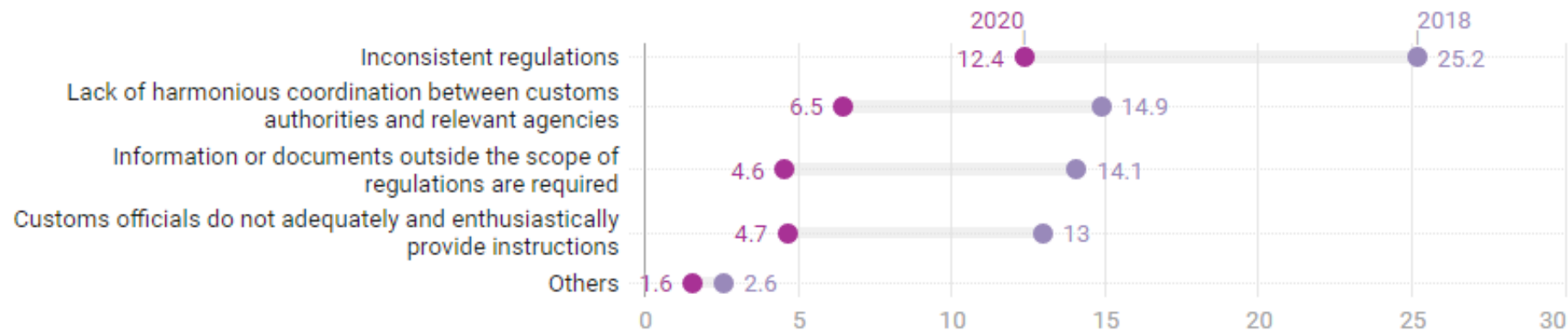
Enterprises worrying about changes of legal framework on customs clearance



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



Major difficulties when implementing the procedures for tax payment (%)



Major difficulties when implementing the procedures for tax refund (%)

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



Enterprises are required to provide information or documents outside the scope of regulations

Overlapping inspection contents

Post-Clearance Audit Sub-Department inspects the consignments already inspected by the Customs Sub-department at the checkpoint

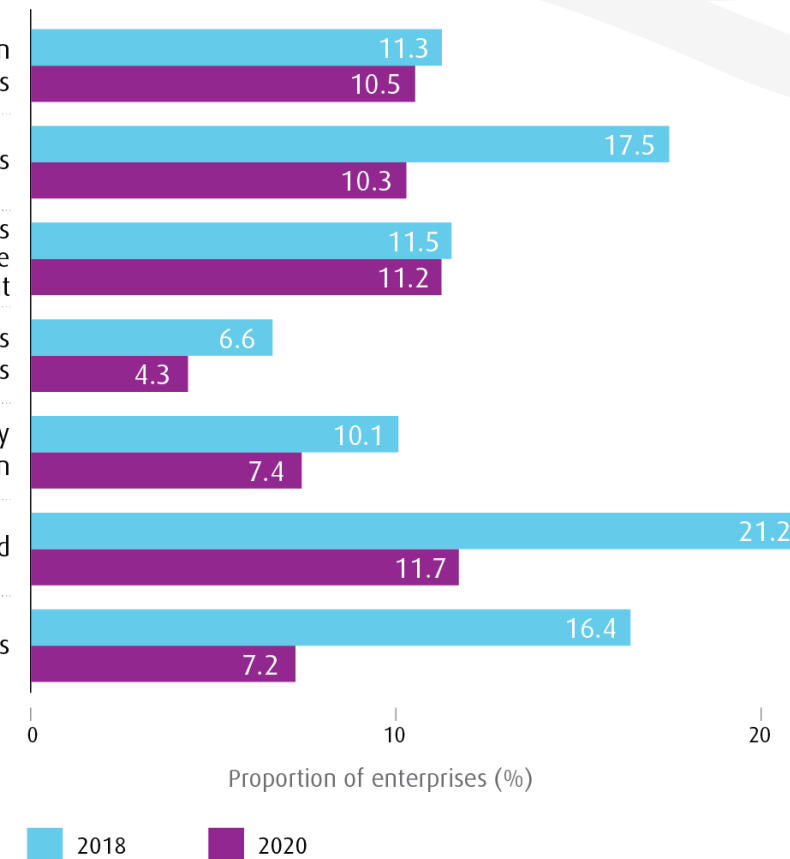
Inappropriate attitude of customs officers while working with enterprises

Enterprise are not allowed to explain/clarify before final conclusions are given

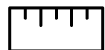
Inspection time taking longer than specified

Others difficulties

Major difficulties



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).



Inconsistent application of HS codes among Customs authorities and enterprises.

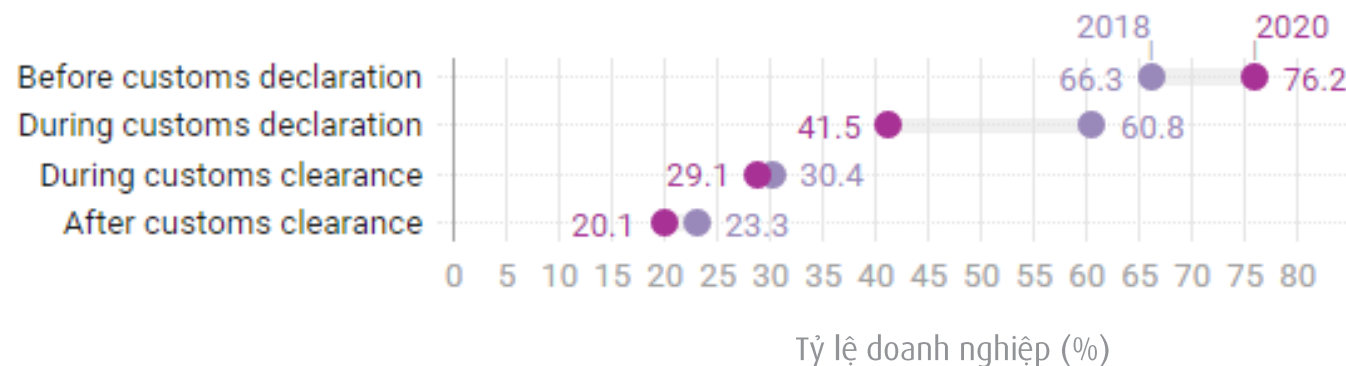


Pre-consultation for HS codes by customs offices is not easy. It takes a long time to get results of expert assessment of HS codes.

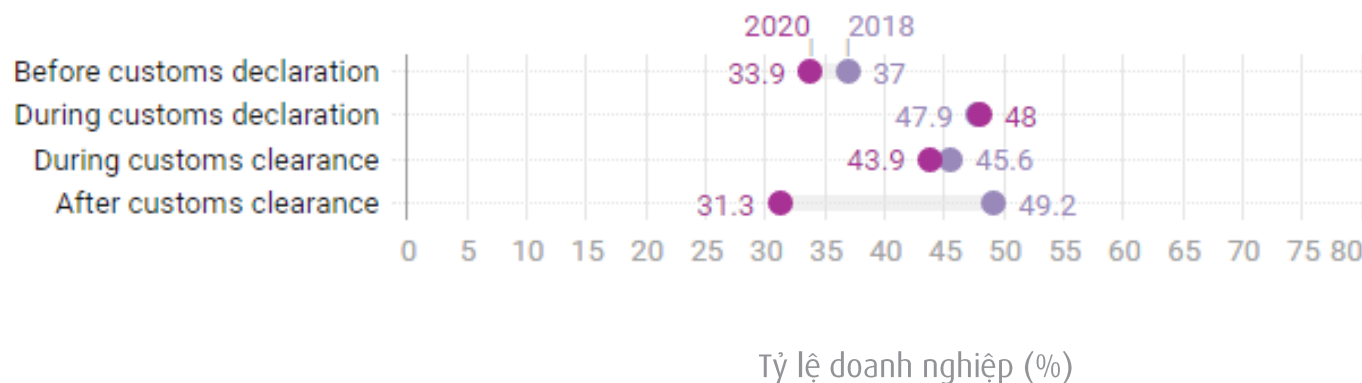


In some cases, the determination of customs values are poorly grounded and unconvincing

Difficulties in inspecting and verifying HS codes

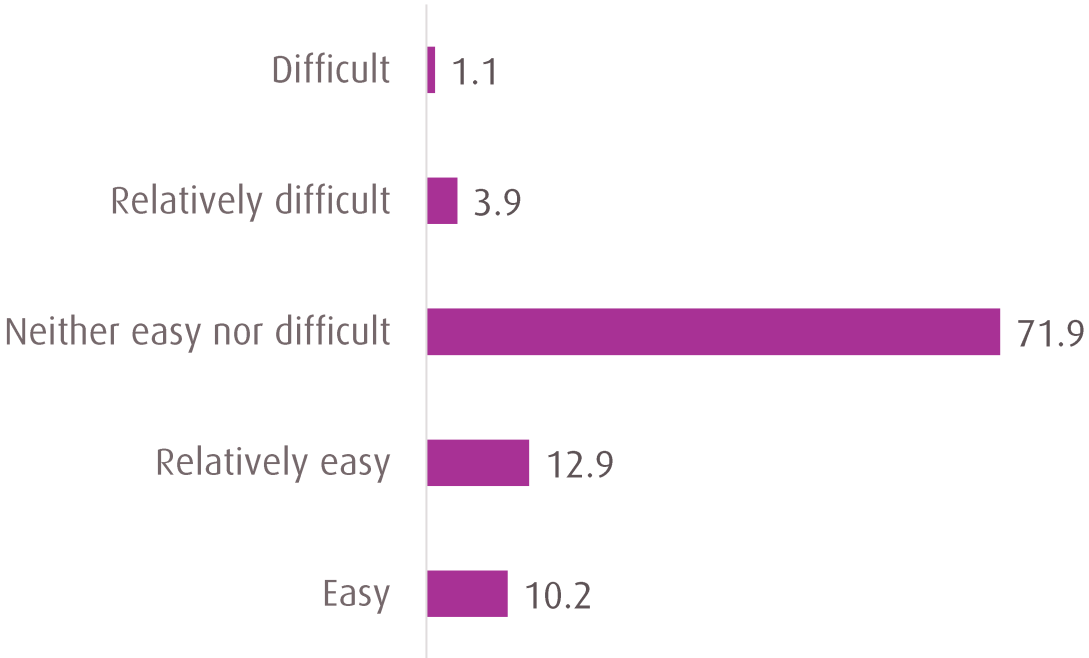


Difficulties in seeking consultations for determination of customs values

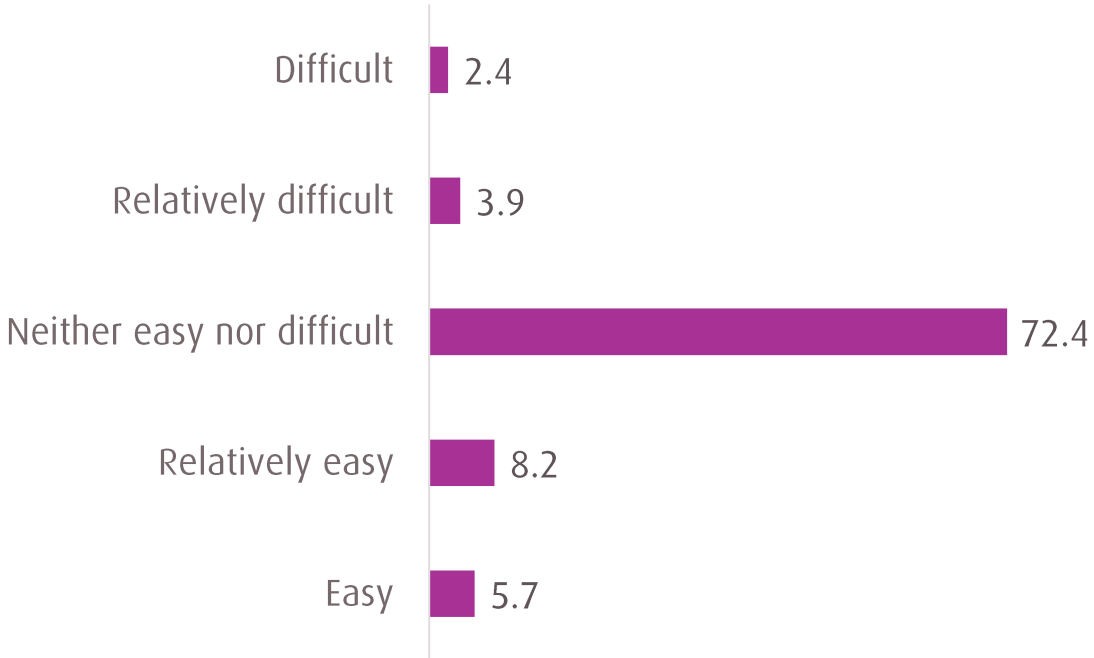


Most businesses do not face difficulties when complying with the procedures for inspection of processing and export production facilities

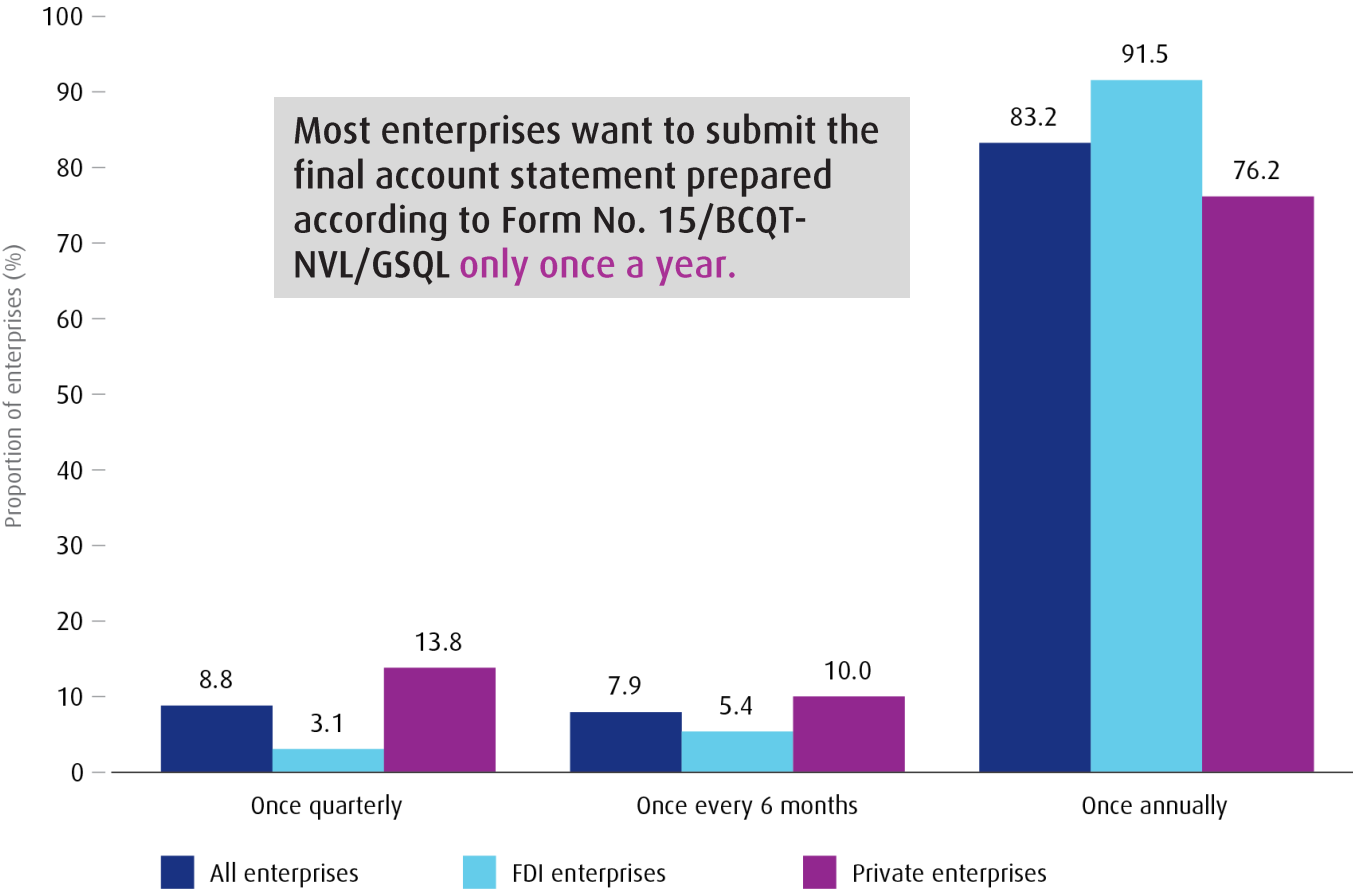
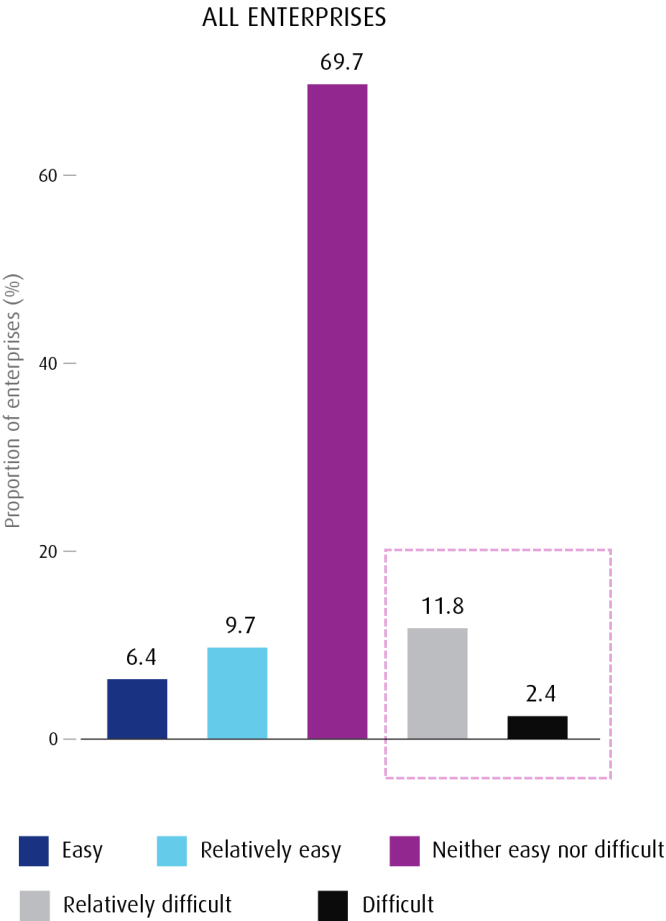
Compliance with procedures for **inspection of processing and production facilities**; processing and production capacity (%)



Compliance with the procedures for inspection of **the final accounts, inventories** of raw materials, supplies and exports (%)



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



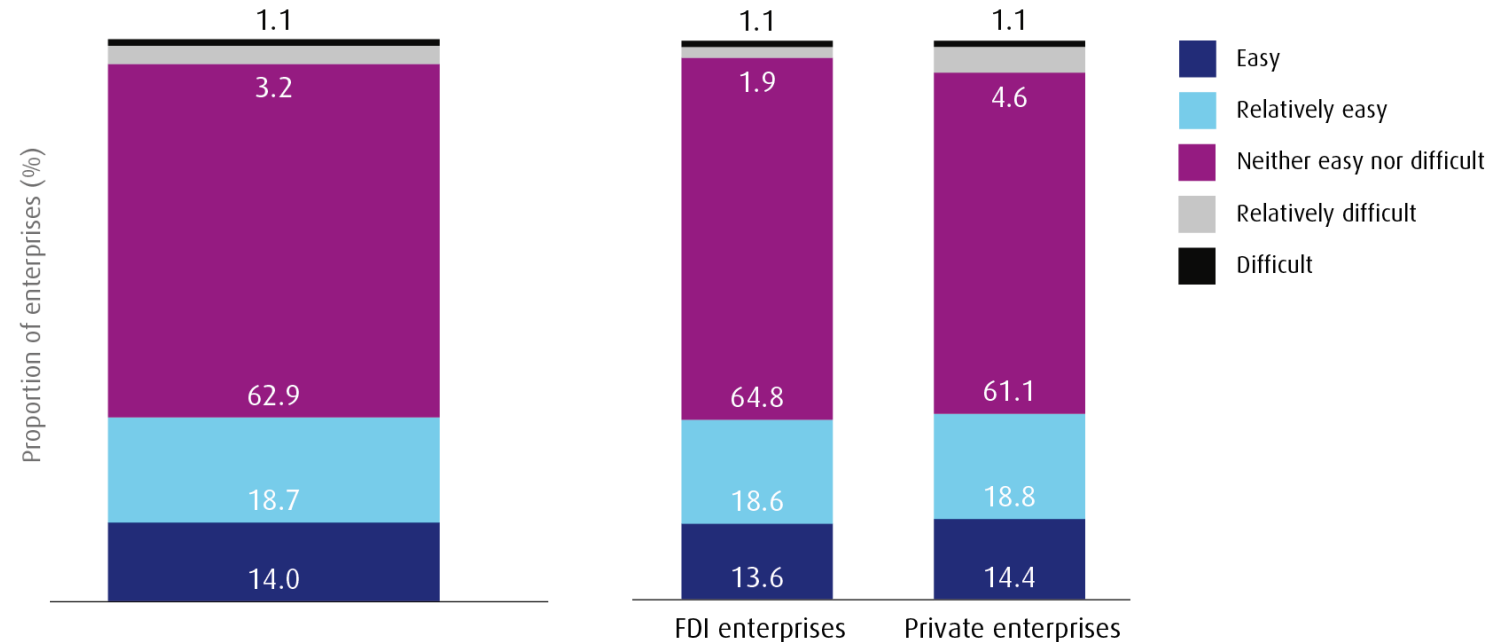
66,3%

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.

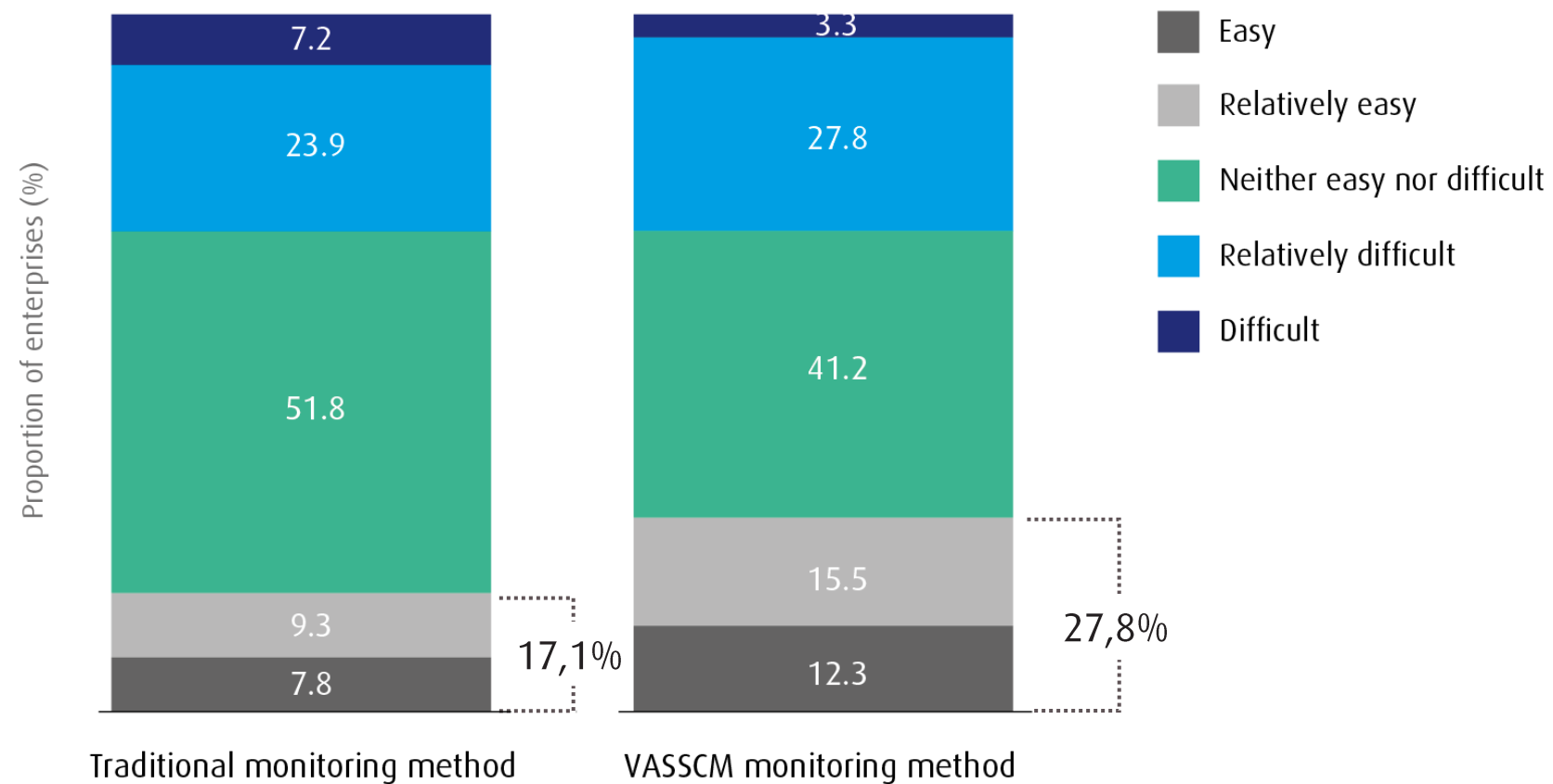
Generally, enterprises find that it is quite easy to comply with the procedure of physical inspection of goods using **container scanners**

General assessment

Comparison by economic sector



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



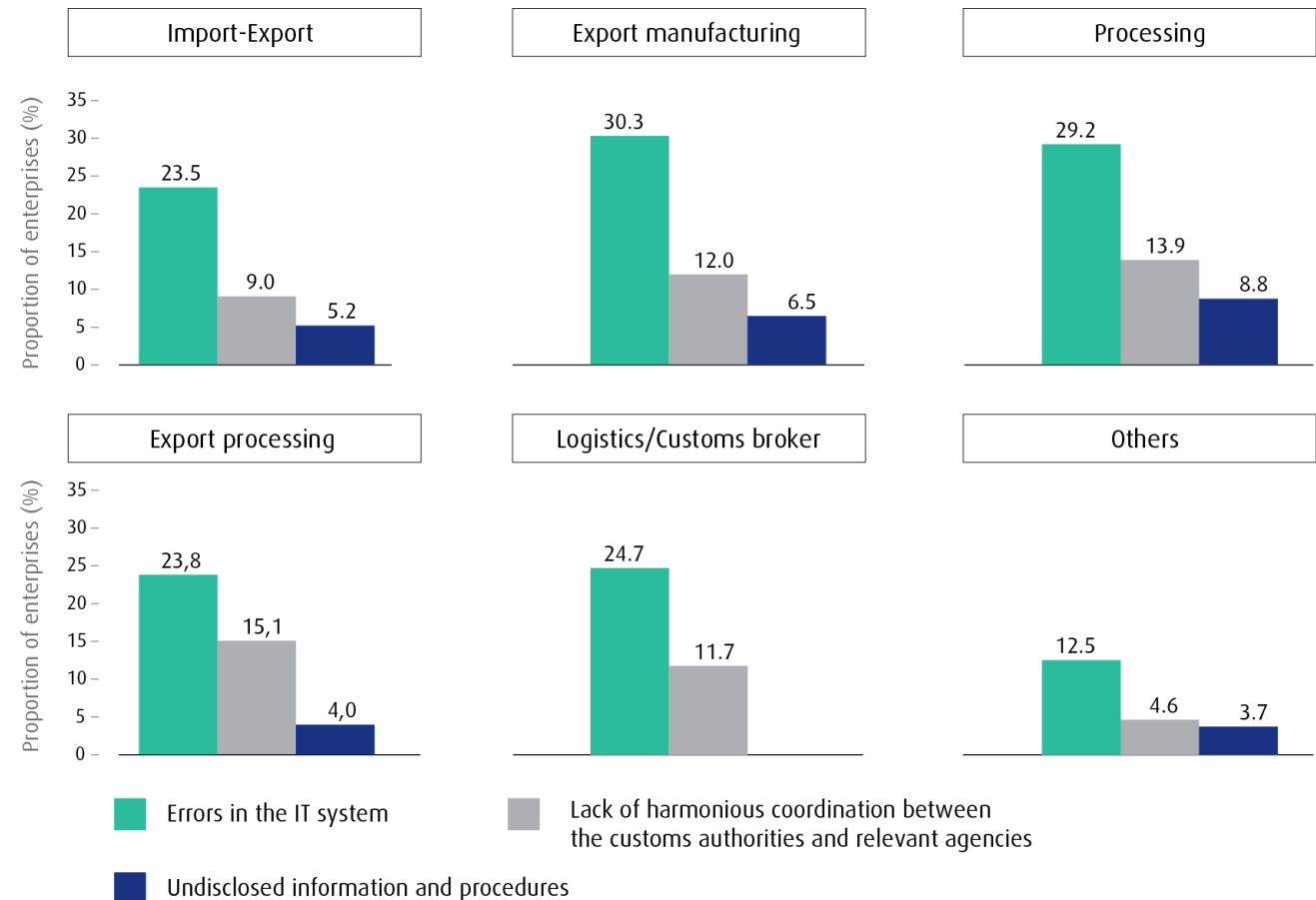
However, VASSCM needs to be improved to meet the needs of businesses

25,5% enterprises reported high frequency of errors of the IT system

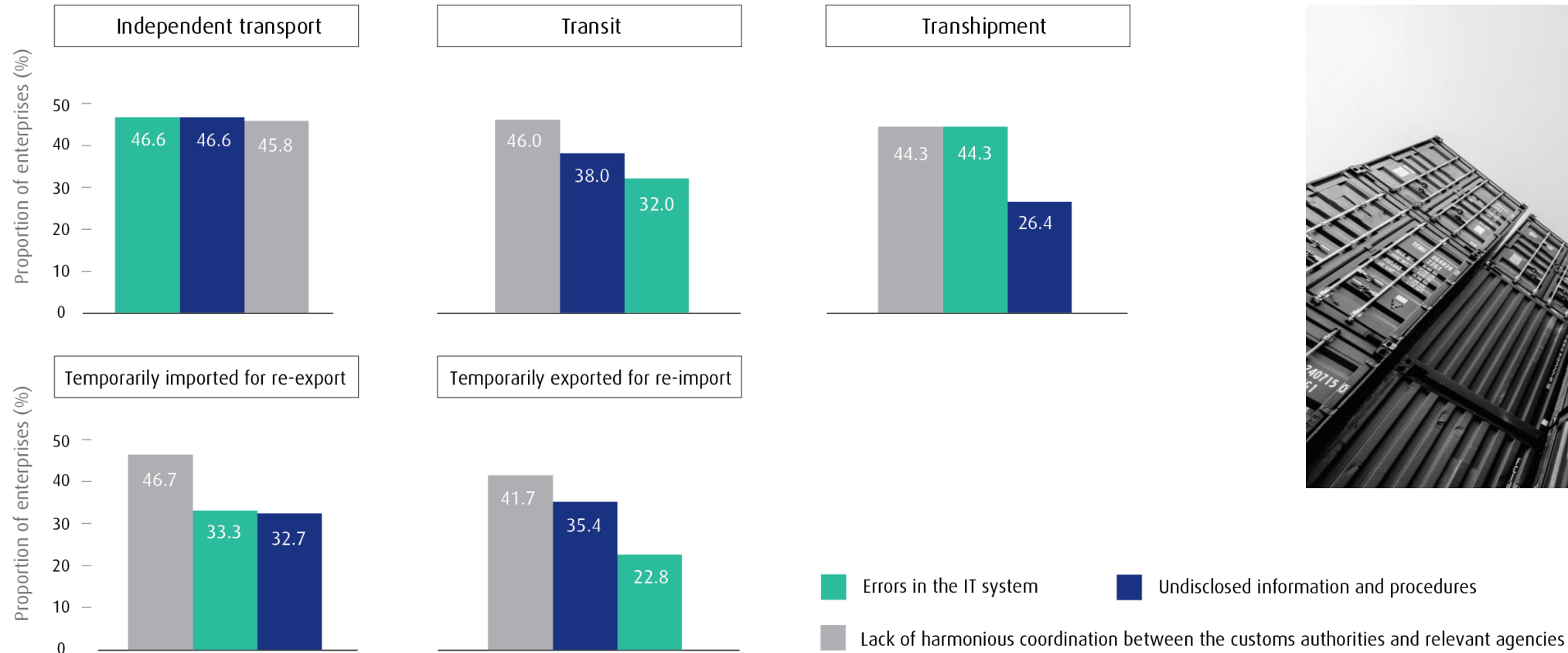
10,8% Enterprises viewed that the coordination between Customs authorities and other agencies was not synchronized and smooth.

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

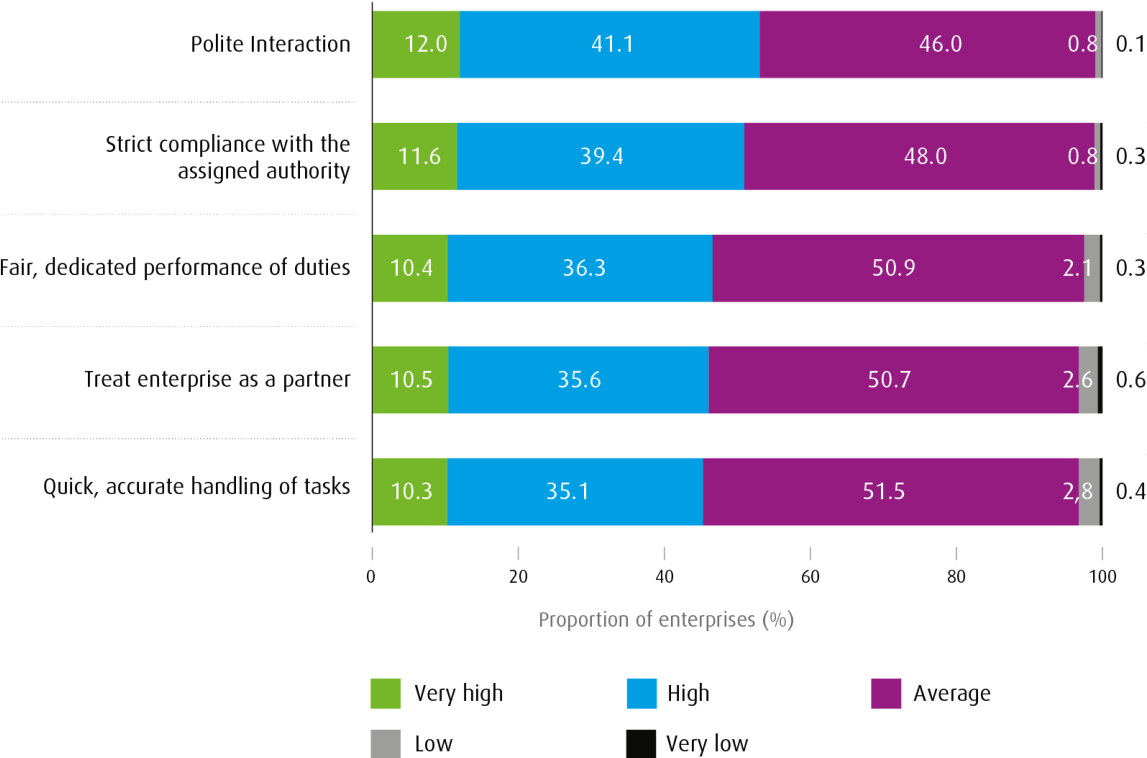


Among those experiencing difficulties enterprises having independent transport operations are the least satisfied with goods supervision procedures.

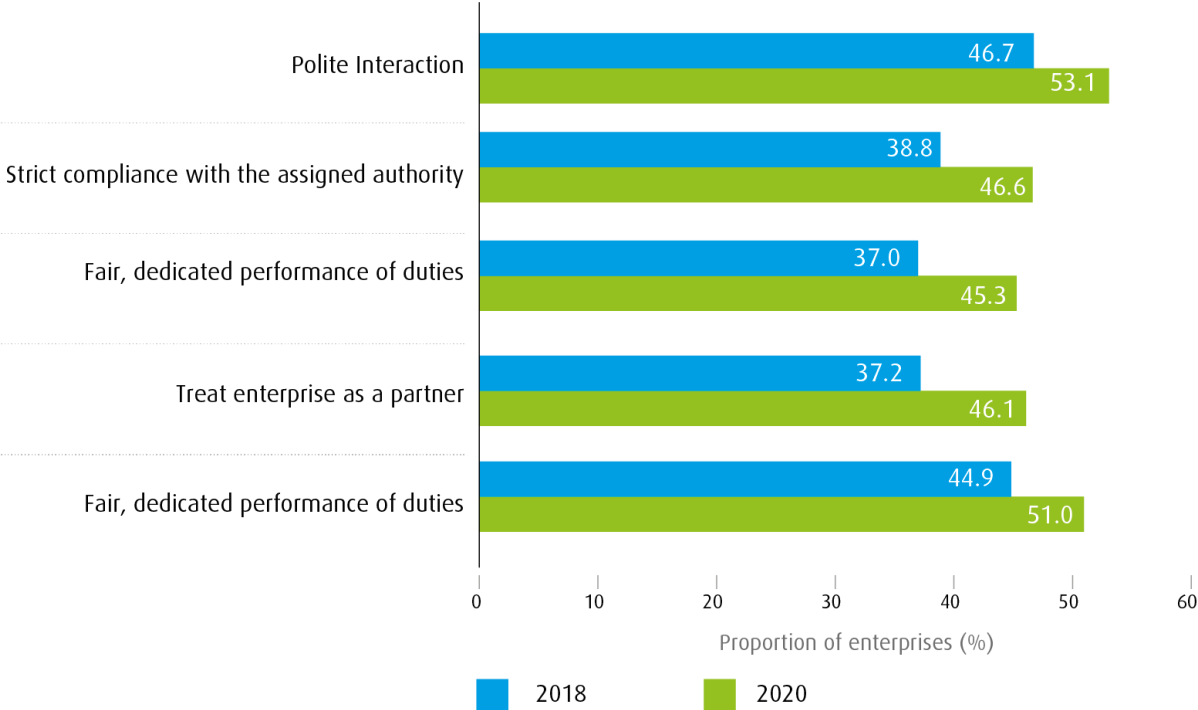


There has been a positive change in the discipline compliance of civil servants

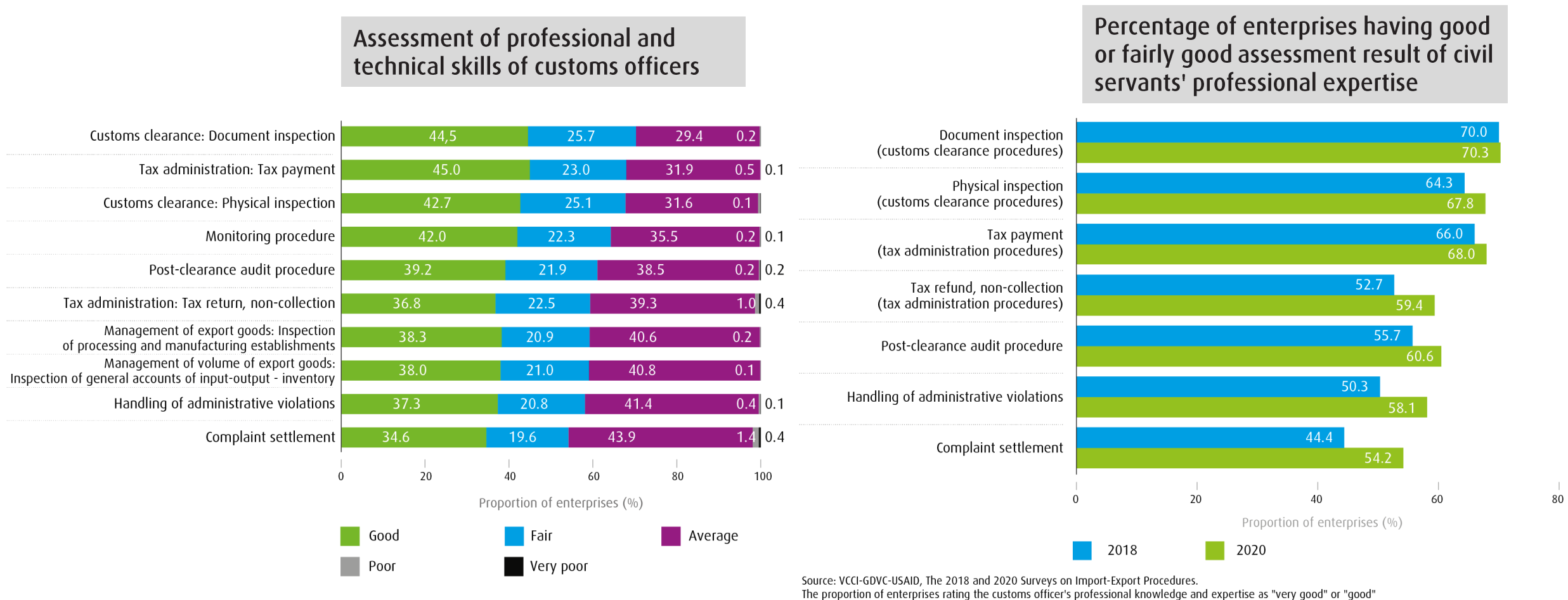
Assessment of the level of discipline compliance of customs officers



Rate of businesses valued/highly valued the service of customs officers

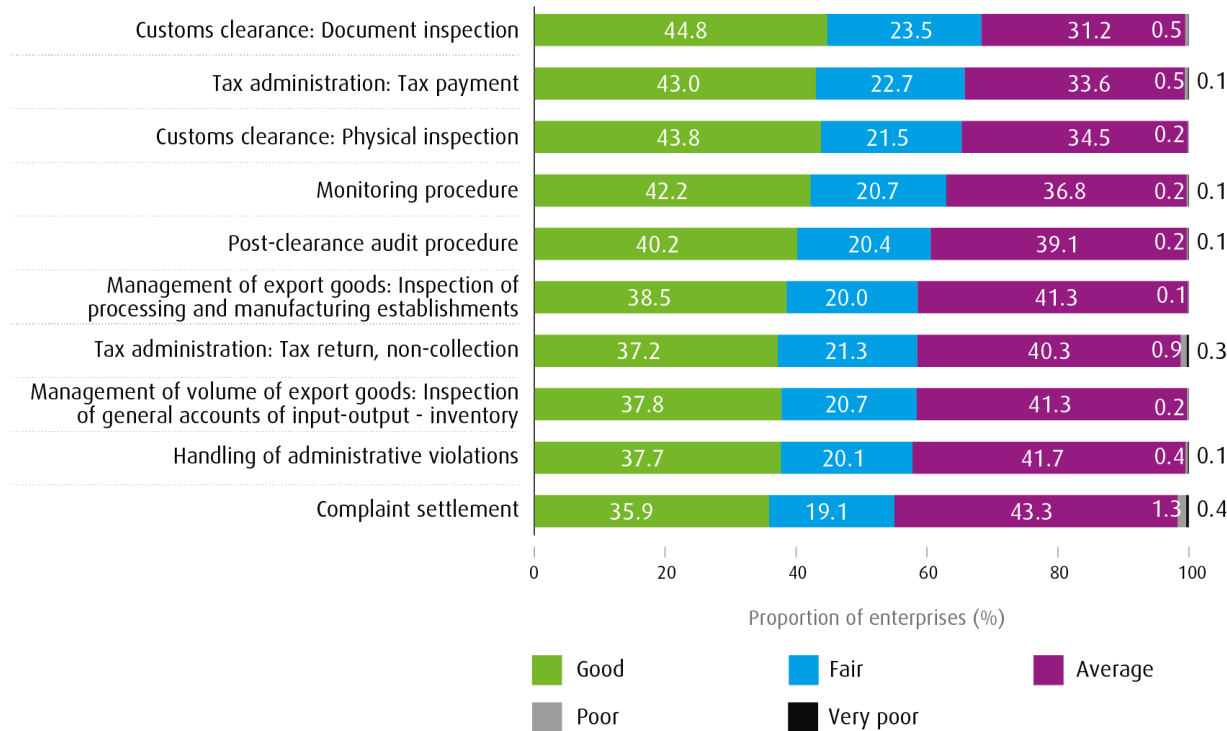


The level of special technical and professional improvement by customs procedures

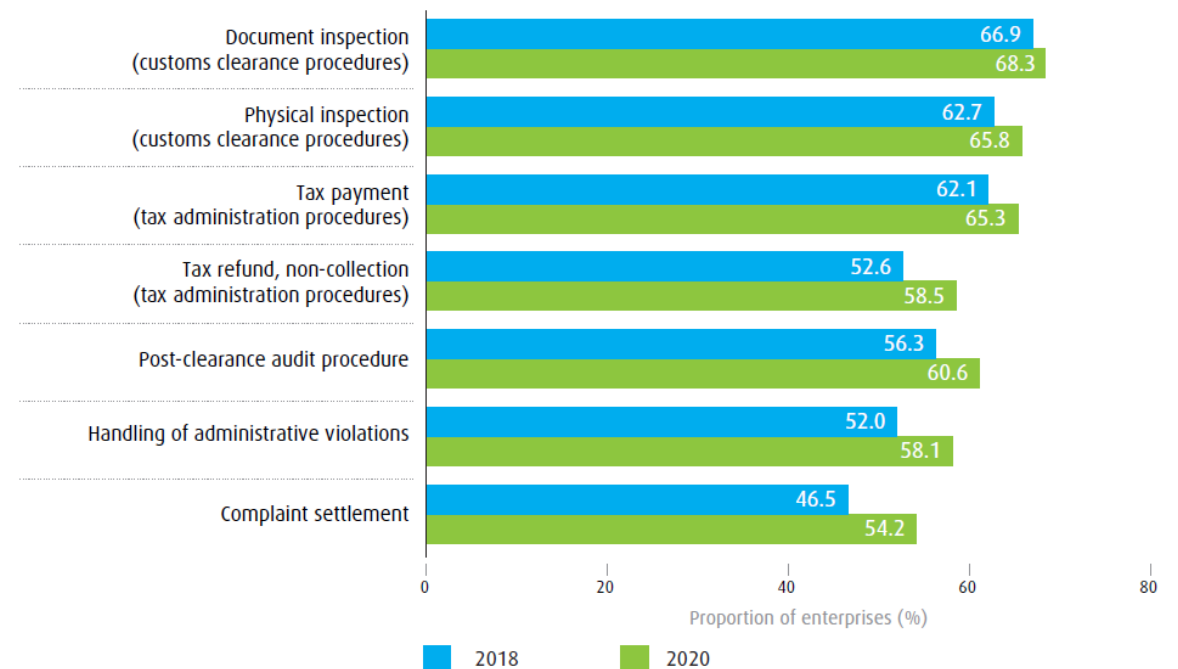


Generally, the problem-solving skills have been improved over time

Assessment of the problem handling skills of customs officers



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



Procedures for specialized management and inspection



Management of goods quality



Food safety management



Difficulties faced by enterprises

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



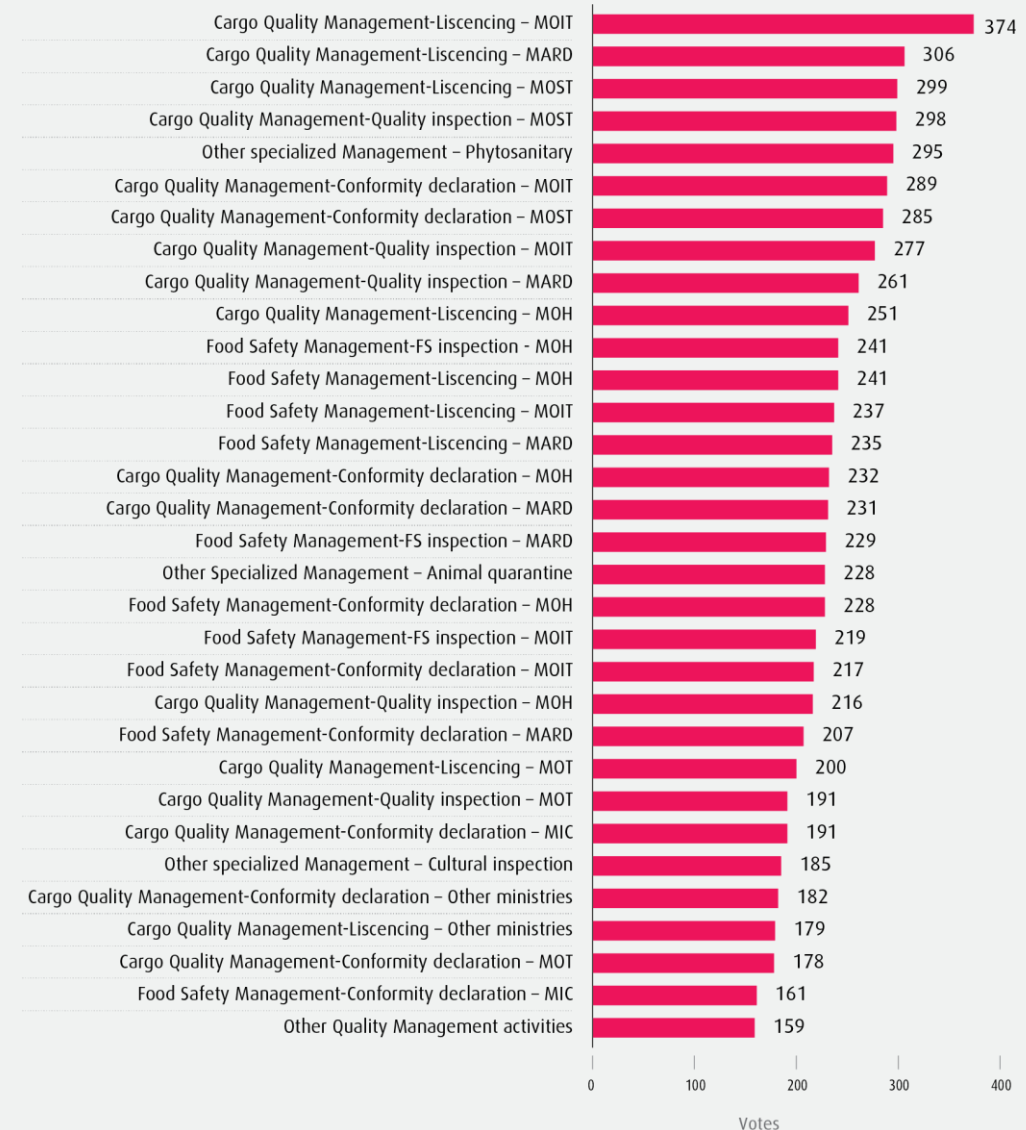
Food safety management

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



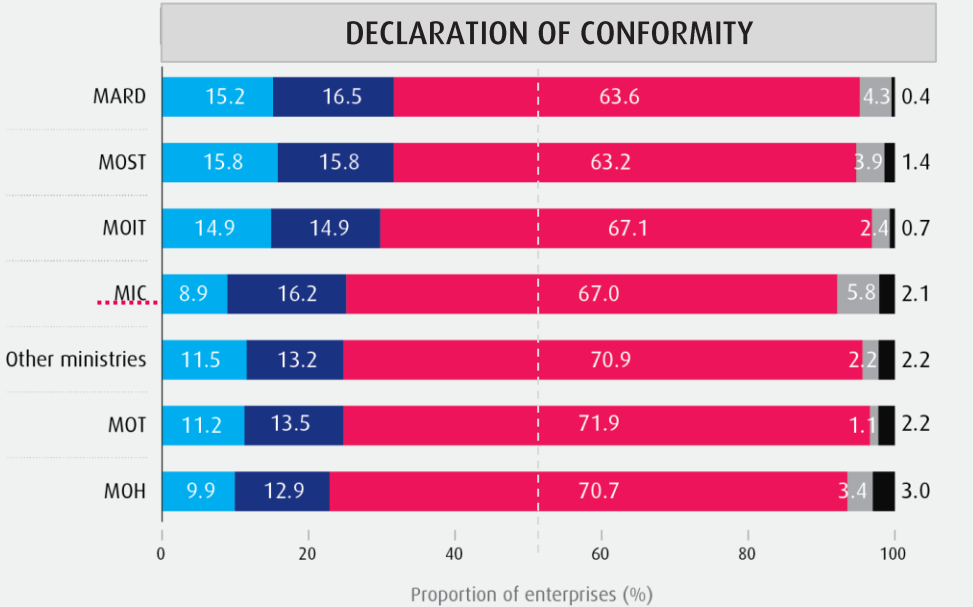
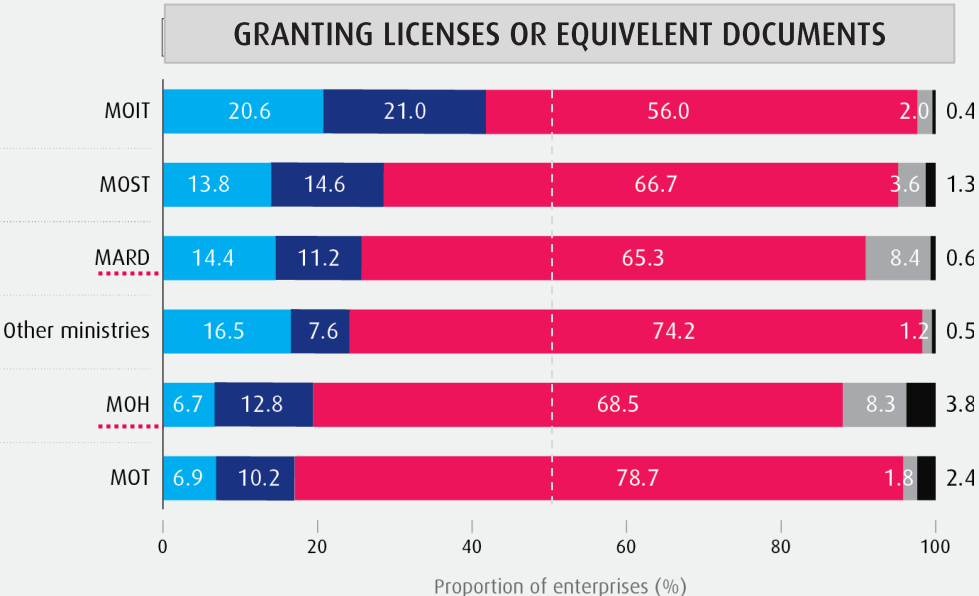
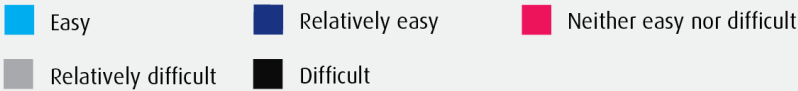
Other specialized management and inspection procedures

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



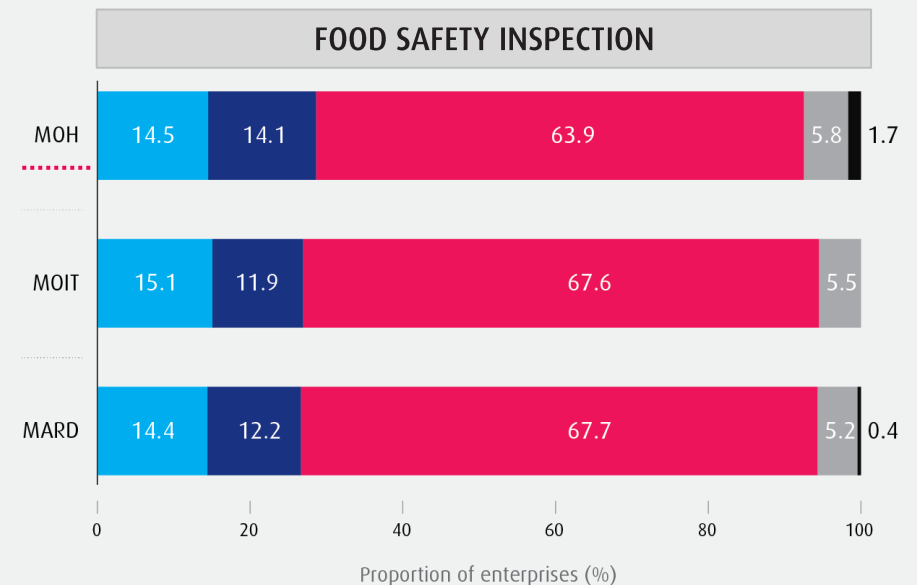
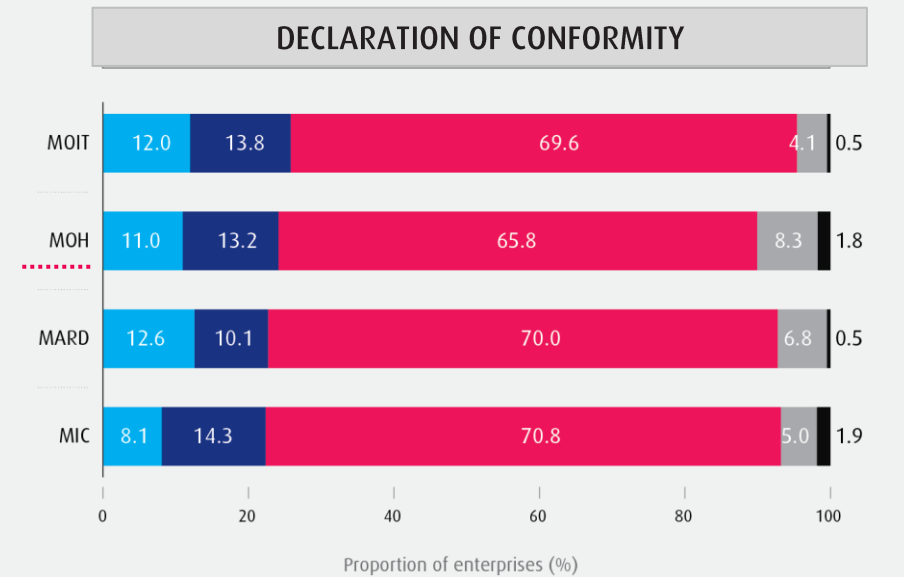
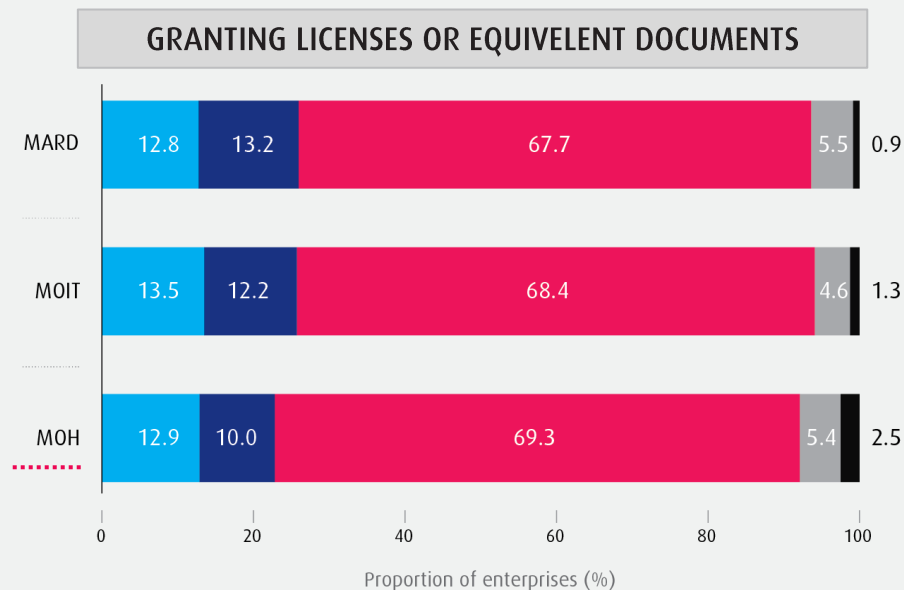
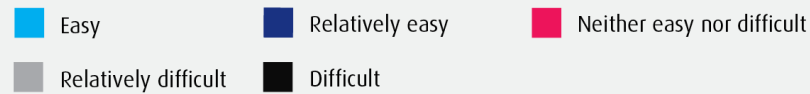
GOODS QUALITY MANAGEMENT

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

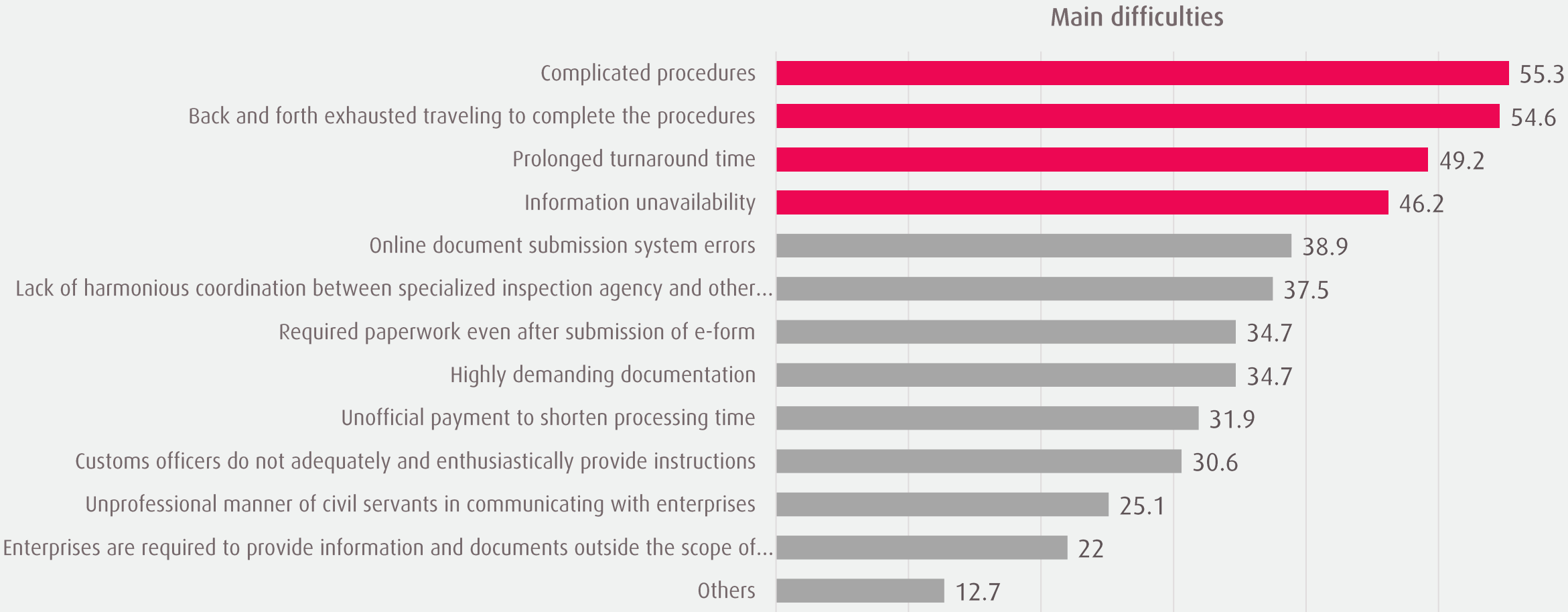


FOOD SAFETY MANAGEMENT

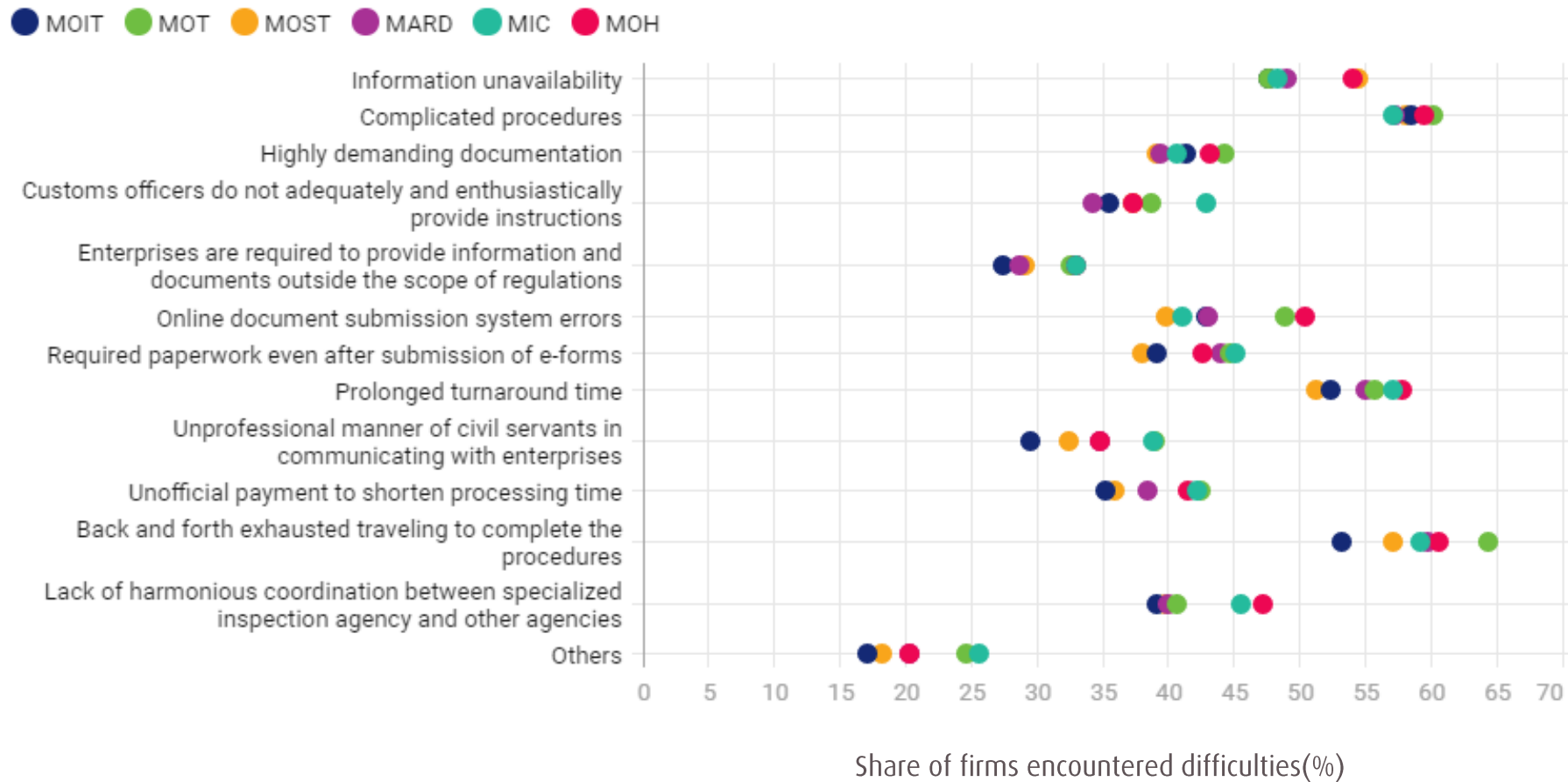
Ministries, agencies also need to improve specialized inspection in the field of food safety management



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

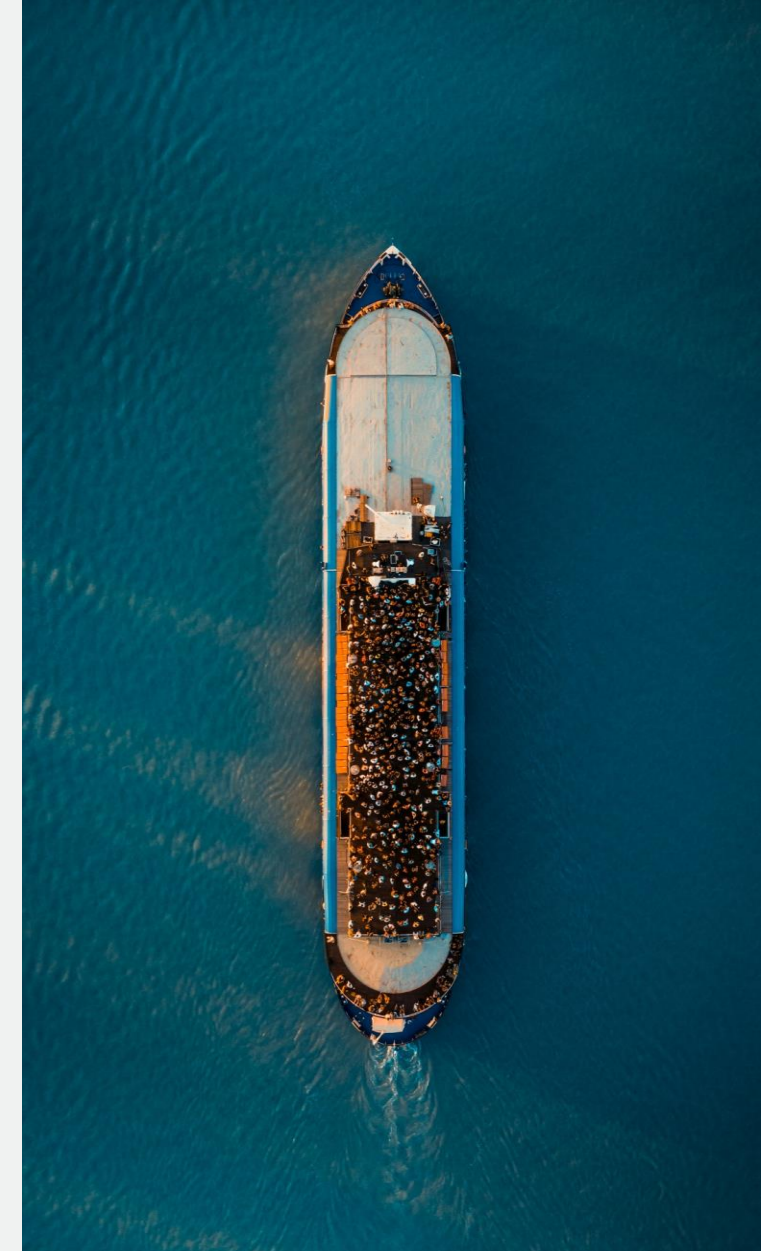


Differences between Ministries in charge of specialized management and inspection

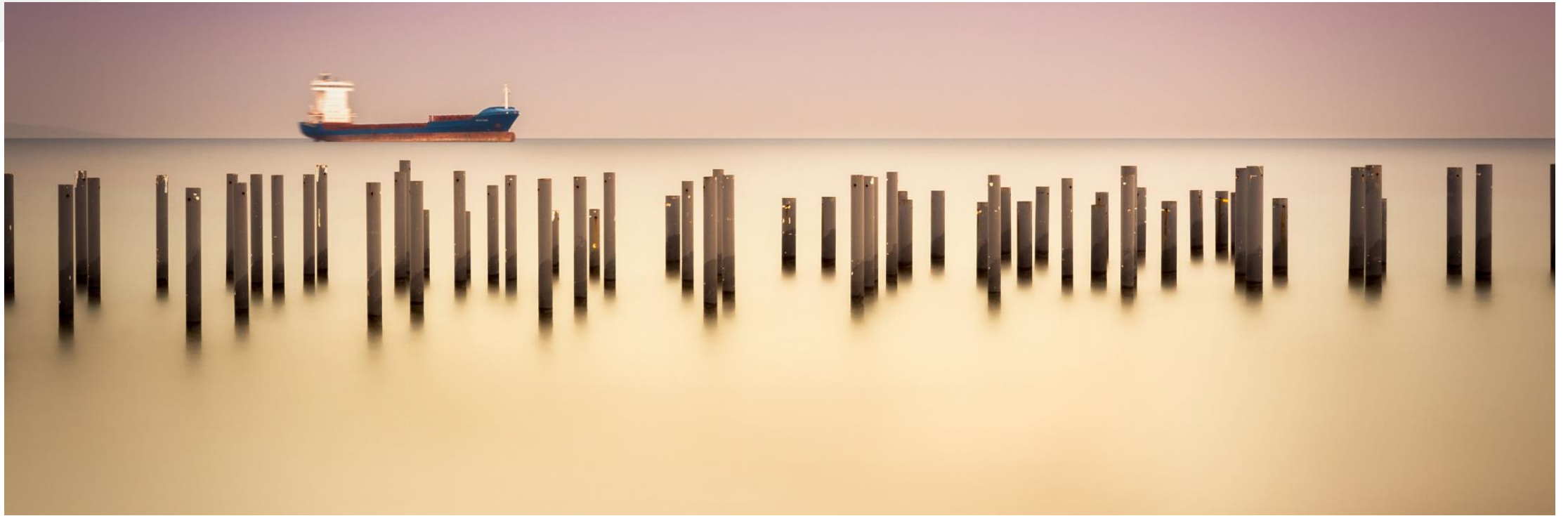


Specific problems

- **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.



RECOMMENDATIONS



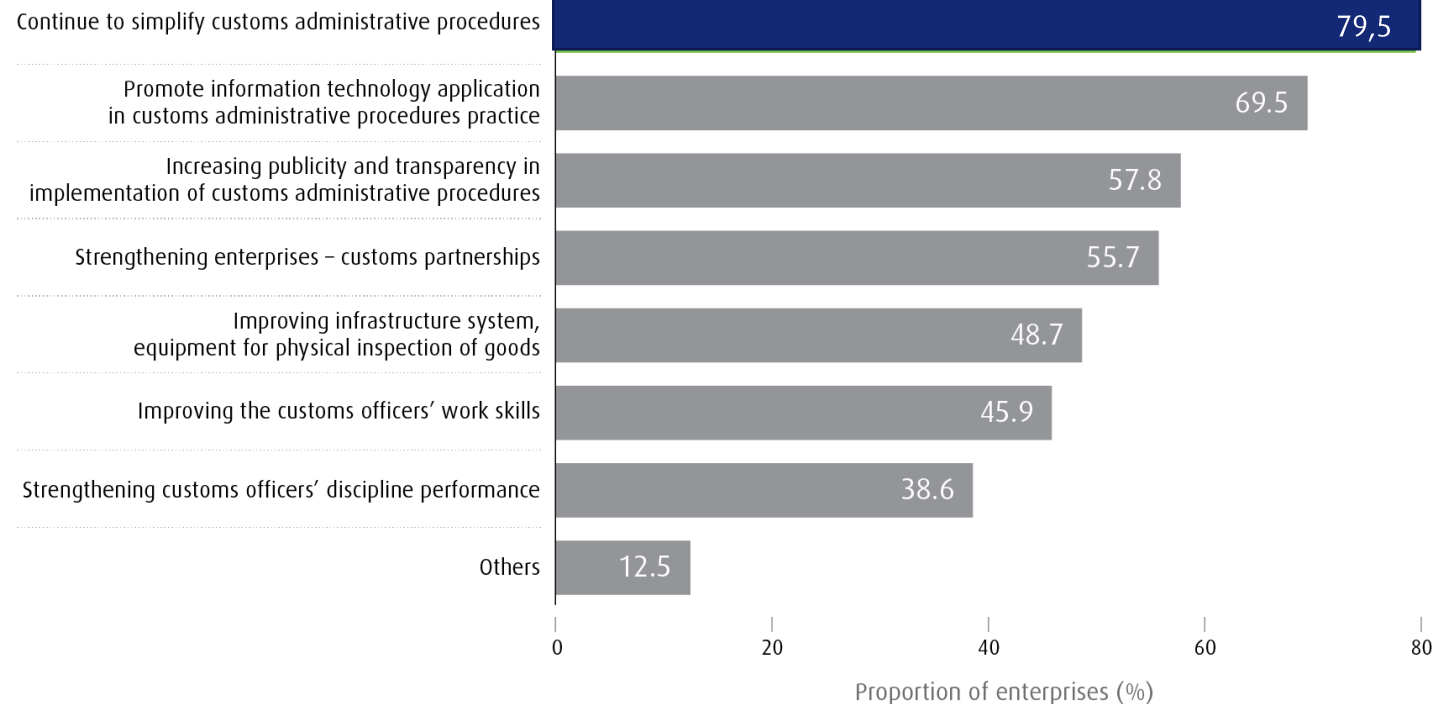


Areas to be improved

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



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.**



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.



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.



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.



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



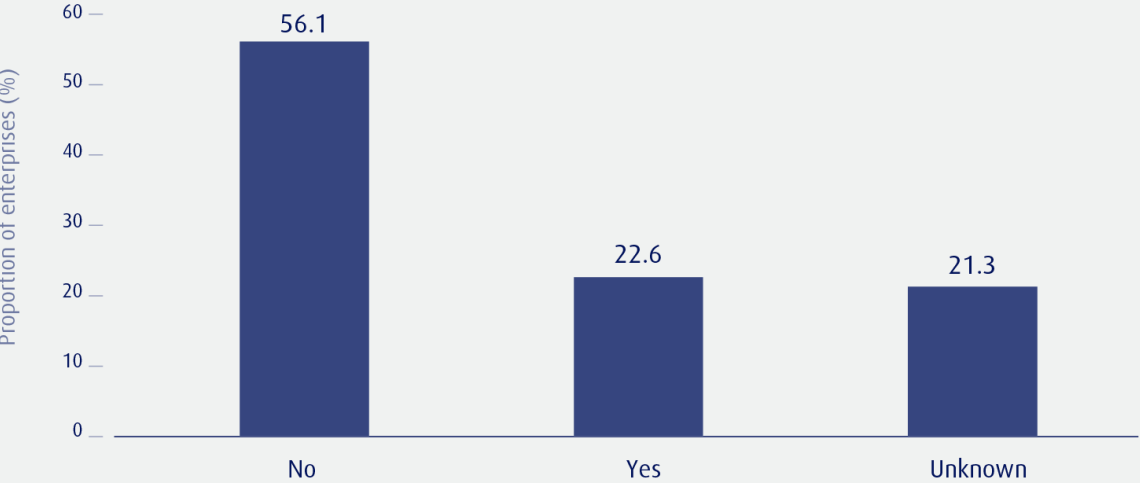
Continue to reduce the number of administrative procedures in the field of specialized management and inspection and ensure that all the procedures are done online.

Share of firms agreed upon each measure (%)

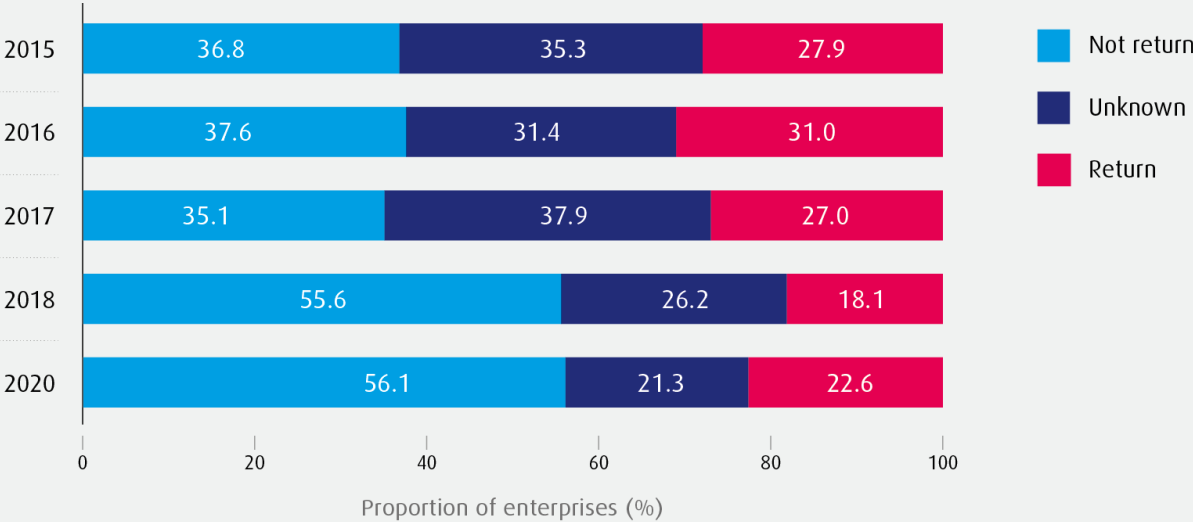


With all relevant agencies, it is needed to continue implementing action plans to minimize informal charges

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





THANK YOU!

Dau Anh Tuan

tuanda@vcci.com.vn

Director of the Legal Department
Vietnam Chamber of Commerce and Industry