ISSUES AND CHALLENGES FOR VIETNAM CUSTOMS

Nguyen Duc Hanh Nguyen
Vietnam Customs School - General Department of Vietnam Customs
Contents

1. Introduction
2. Vietnam Customs achievements in trade facilitation
3. Ongoing challenges
4. Conclusion
Introduction

Traditional role: “Gatekeeper”

- revenue collection
- trade compliance and facilitation
- interdiction of prohibited substances
- protection of cultural heritage
- enforcement of intellectual property laws.

Entrusted with administering matters for which other government ministries and agencies have policy responsibility

regulatory intervention in commercial transactions
The world today: **Globalisation**

The position of Customs has changed significantly

The changing expectations of the international trading community are based on the commercial realities of its own operating environment. It is looking for the simplest, quickest, cheapest and most reliable way of getting goods into and out of the country. It seeks certainty, clarity, flexibility and timeliness in its dealings with government. Driven by commercial imperatives, it is also looking for the most cost-effective ways of doing business.
Vietnam rose 9 places to the 82nd rank out of 190 economies.

For the cross-border trade index relating to import-export operations; customs clearance; and regulations on specialized inspection: Vietnam increased 15 places, from the 108th rank in 2016 to the 93rd in 2017.

Vietnam has had diplomatic relationships with 185 countries, economic relationships with 224 countries and territories, has established strategic partnerships with 15 countries, and a comprehensive partnership with 10 countries. So far, 64 countries have recognized the market economy of Vietnam, including large trade partners of Vietnam. Vietnam has signed 12 regional free trade agreements and bilateral FTAs, and is negotiating 4 new generation FTAs.
Vietnam Customs achievements in trade facilitation

Successful story of trade liberalization and globalization

## Vietnam Customs achievements in trade facilitation

Table 1: Time and costs of customs clearance for exporting and importing of Vietnam in 2015 and 2016

<table>
<thead>
<tr>
<th>Content</th>
<th>Unit per 01 shipment</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time of documentary compliance for exports</td>
<td>Hour</td>
<td>50</td>
<td>83</td>
</tr>
<tr>
<td>Time of border compliance for exports</td>
<td>Hour</td>
<td>58</td>
<td>57</td>
</tr>
<tr>
<td>Cost of documentary compliance for exports</td>
<td>USD</td>
<td>139</td>
<td>139</td>
</tr>
<tr>
<td>Cost of border compliance for exports</td>
<td>USD</td>
<td>309</td>
<td>309</td>
</tr>
<tr>
<td>Time of documentary compliance for imports</td>
<td>Hour</td>
<td>76</td>
<td>106</td>
</tr>
<tr>
<td>Time of border compliance for imports</td>
<td>Hour</td>
<td>62</td>
<td>64</td>
</tr>
<tr>
<td>Cost of documentary compliance for imports</td>
<td>USD</td>
<td>183</td>
<td>183</td>
</tr>
<tr>
<td>Cost of border compliance for imports</td>
<td>USD</td>
<td>392</td>
<td>268</td>
</tr>
</tbody>
</table>
Growing complexities of trade policy
Human resources
Cooperation matter
The pressure of revenue collection
Illegal activities in international trade
The problem of corruption
The task of customs has become more and more difficult because of the growing complexities of trade policy due to the proliferation of regional and international trade agreements, the greater sophistication of traders, and the multiple and shifting objectives imposed on customs.
Growing complexities of trade policy

- Simplification and publicity, transparency of all administrative procedures
- Creating the most favorable environment for the people and enterprises to approach all administrative procedures
- Having mechanisms for monitoring their implementation
- Promoting start-ups and innovation
The world today is interconnected as reflected by expanded flows of goods, people, capital, information and technology.

Customs administrations have seen a dramatic increase in workload across all areas of activity.

Assure a qualified management of human resources:
- recruitment
- training
- staff compensation and promotion
- enforcement
Cooperation matter

- Not enough information is supplied to the traders
- The lack of synchronous coordination: the biggest barrier in enhancing the National Single Window (NSW) and meeting targets and expectation from the business community
The pressure of revenue collection

In 2016, Vietnam Customs collected customs duties and taxes about 24% of the total national tax revenue.

Vietnam Customs is working as an important revenue agency along with other relevant agencies such as the National Tax Agency.
The pressure of revenue collection

- The background of global and national economic difficulties
- The reduction of trade barriers and import tariffs

Big effort to accomplish the task of revenue collection
Illegal activities in international trade

- international trade volumes increase and regional trade agreements add further complexities
- risk management is adopted

Customs faces challenges in effectively discovering illegal activities in international trade

- Intensify inspection, control, preventing and fighting against smuggling and commercial fraud
The problem of corruption

According to the World Bank, the Vietnamese Customs Department and the export-import license authorities are among the most corrupt authorities in Vietnam.
Conclusion

A variety of political and administrative pressures and challenges need to be integrated with the sophisticated global logistics networks.

Customs reform and modernization program
Thank you!