
Odessa & Illichiv's'k Sea Port Study



EUROPEAN UNION BORDER ASSISTANCE MISSION
TO MOLDOVA AND UKRAINE



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Annex III. ISPS & Single Window.

At the seaports of Odessa and Illichiv's'k automated electronic procedures, which facilitate international trade and transport for containerized cargo and rail transport based on the Single Window concept for import and export are implemented through the Port Community System (ISPS). This follows the adoption of the Law "On Sea Ports of Ukraine" on 17 May 2012 by the Verkhovna Rada of Ukraine and other amendments to the relevant legislation²¹⁸, designed to simplify transport and customs procedures at the ports. The implementation of the ISPS comes after the launch in 2011 Odessa sea port of the Single Window – Local Solution. The ISPS is implemented in Ukraine with the support of the Cabinet of Ministers. The port innovation was created by the recommendations of UN experts and on the basis of experience taken from the largest world ports of Rotterdam and Yokohama. Local introduction of the ISPS could potentially serve as a foundation for the consequential national introduction of the full-fledged "Single Window" Concept.

The ISPS was designed to integrate all participants to the cargo-carrying and cargo-processing operations under the umbrella of a single IT system. This system is intended to provide access to information used in the technological processes in the port and protected by the government-approved means of data protection. In general terms, the ISPS is a system aimed at providing control agencies with means to utilize (store, check, process and transfer) information and documents in electronic form for the purposes of border, customs and other types of control, clearance of goods and vehicles. The ISPS is a business-to-business and business-to-government solution, based on an E&T (extraction and transformation) communication hub. The unit of information in the ISPS is a document. A document is an information-carrying container based on the PCS#7 standards.

The ISPS is a neutral and open-end system providing for an intellectual and safe exchange of information between public control agencies and traders aimed at increasing competitiveness and effectiveness of all users of port services. The system is designed to optimize, manage and computerize the port-based logistical processes through the uniform lodgement of data and linking various elements of cargo-carrying and logistical processing.

This system is an advanced method of exchanging information in the port or within a group of ports and relevant entities. It is built upon an agreement between the participants to submit trade-related data in a single place, to develop the IT infrastructure, technical cooperation and favourable legal base, to avoid duplication of data in the documents. Thus the ISPS creates a precisely purposed integrated environment to cover processing of exports, imports, transit traffic, consolidation, hazardous consignments and statistical reporting on international maritime shipping. The system includes control agencies (like Customs and Border Guards), Administration of the port, stevedore companies, agents, freight forwarders, Public Railroad Company and others.

In December 2013 Illichiv's'k Port followed Odessa in becoming the second port in Ukraine to operate, the integrated information system, which is expected to be, implemented in the future at all other Ukrainian container ports.

As of June 2nd 2014 at both Odesa and Illichiv's'k ports lodgement of the electronic order via the ISPS is obligatory (at Illichiv's'k Port it is duplicated by a paper copy). Consequently, clearance and release of containers and consignments is impossible without a properly lodged and visaed order via ISPS; issuance of a release pass for a freighted import container to exit the territory of the ports is performed with an obligatory indication of the registration number of the electronic order assigned by ISPS. This requires clients of the port to sign a contract to obtain access to the ISPS, install respective software, buy a standardised digital signature and be ready to pay a service fee of 48 UAH per container.

218. Legislation that supports the introduction of the Port Community System is contained in: Ministry of Infrastructure as of 18.10.2012 No 622, giving the legal status to electronic shipping documents. CMU Decree as of 07.03.2013 No 553 "On Amending the Resolution of the Cabinet of Ministers as of May 21, 2012 No 451" making commercial operation possible and connection with other ports of Ukraine to the ISPS

The ISPS is continuously developed and adjusted. Hence, in August 2014 a new module was introduced. This module codifies reasons for a certain type of customs control (weighing, scanning or examination) that are linked to respective regulations; in other words the ISPS shows which regulatory act was chosen by a customs officer when assigning a certain type of control. Port authorities claim that introduction of this module led to the decrease in the amount of cases of applying the abovementioned control measures and therefore to the decrease in the stay period of trucks in the port²¹⁹.

While Customs accept electronic declarations they cannot at this time be submitted through the ISPS because of restrictions placed on the exchange of information between the Government and non-Government entities, as the ISPS is privately owned.

According to international expert opinion the transfer to an electronic information base will enable a substantial reduction in time required to process cargo for clearance and raise the ports efficiency to the level of other world leading ports.

Customs was the first organisation to support the initiative of the Ministry of Infrastructure and the Port of Odessa on the implementation of the electronic manifest. One of the main advantages of electronic manifest for customs is the ability to pre-monitor possible risks, which corresponds to the new CC.

Single Window²²⁰

The Global Facilitation Partnership for Transport and Trade (GFPT) a World Bank partner is promoting the use of the single window for cross-border crossings, particularly, but not exclusively, road crossings. Their single window definition states:

“A Single Window is a facility that allows parties involved in international trade and transport to lodge standardized information and documents with a single entry point to fulfil all import, export, and transit-related regulatory requirements. If information is electronic, then individual data elements should only be submitted once.”

The UK Customs defines the single window as:

“A platform to allow traders to submit international trade-import, export or transit-data required by government departments or agencies once only through a single electronic interface thereby fulfilling all the regulatory requirements in respect of each transaction.”

A key feature in the movement and clearance of goods across borders is the speed by which information can be efficiently exchanged. Border control agencies in order to complete their approved functions frequently require the submission of a plethora of documents resulting in those businesses involved in international trade having to lodge them in a variety of different methods, often using disparate unconnected systems (automated or paper based) and/or at different times and separate distant locations. All these variations create a significant barrier to trade facilitation by not only increasing the time needed to complete clearance but also costs. The smooth flow of information thus becomes a major issue to overcome as global economies and trade become ever more connected and inter-linked.

To address such difficulties the single window concept aims to simplify the flow and exchange of information and provide *“a system that allows traders to lodge information with a single body to fulfil all import or export related regulatory requirements”*²²¹ that enhances the efficient exchange of information between trade and governments.

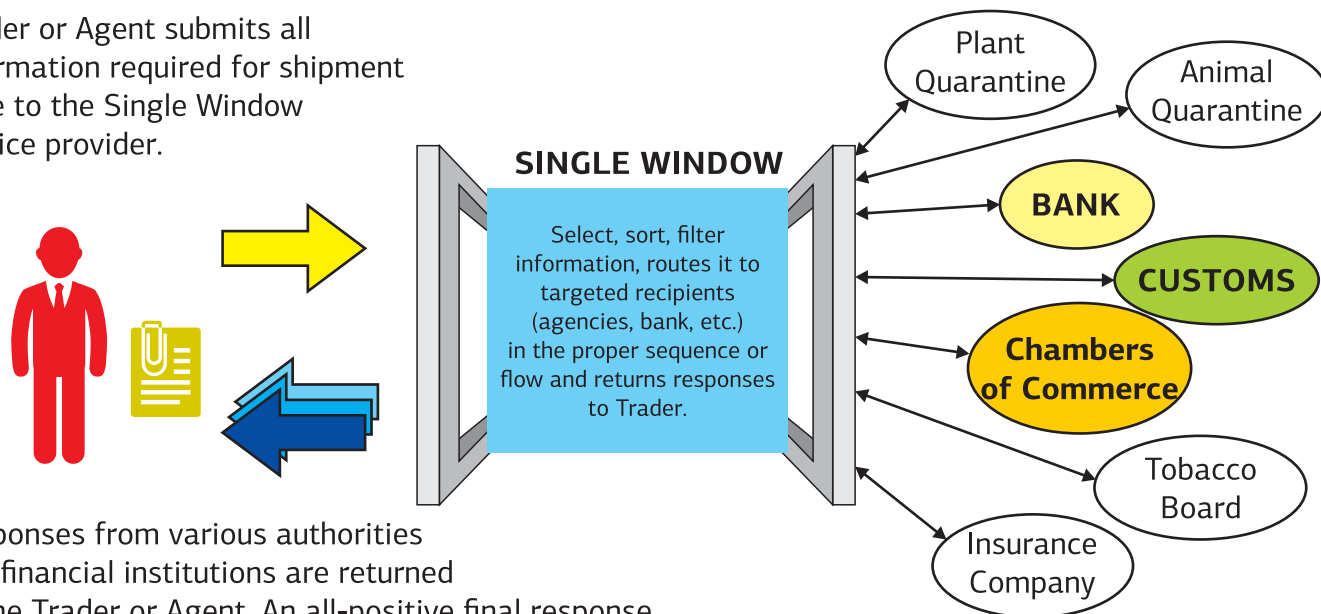
219. <http://www.port.odessa.ua/index.php/ru/press-tsentr/novosti/otrasl/14011-srednij-pokazatel-oformleniya-avtokontejnerovozov-v-odesskom-portu-snizhen-do-rekordno-nizkogo-urovnya>.

220. Trade Facilitation and The Single Window-Key Factors in Establishing Single Windows for Handling Import/Export Procedures and Formalities: United Nations Economic and Social Commission for Western Asia (ESCWA) 10/11/11 refers.

221. United Nations Economic Commission for Europe – The Single Window Concept refers.

The introduction of the single window inevitably requires Government via the border control agencies to undertake considerable rationalization and simplification, as well as greater harmonisation and standardisation of processes, data and documentation. In addition, Government must commit to and adopt e-commerce/e-customs strategies and policies and be prepared in partnership together with business in determining the way forward in a spirit of co-operation and coordination particularly in regard to the interconnection and compatibility of systems.

Trader or Agent submits all information required for shipment once to the Single Window service provider.



Responses from various authorities and financial institutions are returned to the Trader or Agent. An all-positive final response denotes cargo clearance.

Single Windows facilitating trade generally have two functions to fulfil: the first is usually to automate the process of electronically lodging documents in respect of the application for trade licensing, certification and/or approvals normally on behalf of the Technical Inspection Agencies (TIAs) such as: Veterinary, Phyto-sanitary, Sanitary, Ecological, Radiological services etc. The second is to automatically transfer the approved data into the relevant, electronically lodged customs declarations for import, export, transit, trans-shipment or re-export.

These objectives might be achieved by integrating processes or by separate means as each single window can be different ranging from specifically designed and complex end-user computer software systems allowing remote access to example of completing and lodging downloaded forms from a trade website. Nevertheless the single window in both cases connects border control agencies systems to the lodged data and processes it for approval, rejection or further information requests.

In many advanced trading economies, such as the EU, the US and China, the National Single Window concept has not been implemented. Instead, other forms of Single Windows, in particular Port Community Systems and Customs Single Windows are being successfully used to enhance a high-performing logistics sector. However, linking these different platforms into a national or regional network remains a challenge²²².

‘The ultimate national single window includes all of the information exchanged by traders; Government departments (including customs); maritime, air, road, rail and inland waterway transport systems; port and terminal operators; and a range of other participants in the trade process, including freight forwarders, customs brokers, shipping agents, banks and insurance companies.’²²³

222. United Nations Global Trade Facilitation Conference 2011 Connecting International Trade, Single Windows and Supply Chains in the Next Decade, Ten Years of Single Window Implementation Lessons Learned for the Future Discussion Paper Author Jonathan Koh Tat Tsen refers.

223. Trade Facilitation and The Single Window-Key Factors in Establishing Single Windows for Handling Import/Export Procedures and Formalities: United Nations Economic and Social Commission For Western Asia (ESCWA) 10/11/11 refers.

Where they have been implemented they have simplified and automated business procedures, introduced change and brought about collaboration between government agencies and the private sector providing the opportunity for them to improve their trade-facilitation indicators, as illustrated in surveys such as the World Bank's Doing Business - Trading Across Borders, and the World Bank Logistics Performance Index.

Examples of International Best Practice in the application of the Single Window²²⁴

Some examples that demonstrate the importance of careful planning, top-level sponsorship, adequate funding and good governance include Felixstowe, in the **United Kingdom**, for an integrated "provincial" version of a national single window; similar examples exist in **Germany, France, the Netherlands, and Scandinavia**. In virtually every case, maritime ports led the initiative, collaborating with customs authorities.

There are several examples in Asia. **Singapore** is well known. Japan, Korea and Taiwan are in the forefront. Generally, Asian single windows have been led by customs and OGA (Other Government Agencies) before some sort of port and logistics integration. Singapore and Hong Kong started the movement since both had the benefits of open ports, minimum customs intervention and a single trade approvals authority, which demonstrates the advantage of a non-stop shop as a starting point.

There are a number of later starters in Asia. **China** has concentrated on port developments; hence it exhibits "islands" of best port practices. The ASEAN countries are almost all participating in individual single window developments, starting with customs automation, and a single administration document (SAD), both national and ASEAN-wide. There is a long way to go although many ASEAN countries have been working on customs automation for more than ten years and on a local variety of single windows for as many as five years.

Except **Singapore, Indonesia** is leading the pack in the development of a full national single window although they have adopted a strategy of providing full single window facilities to only a small number (just over 100) of authorized economic operators (AEO).

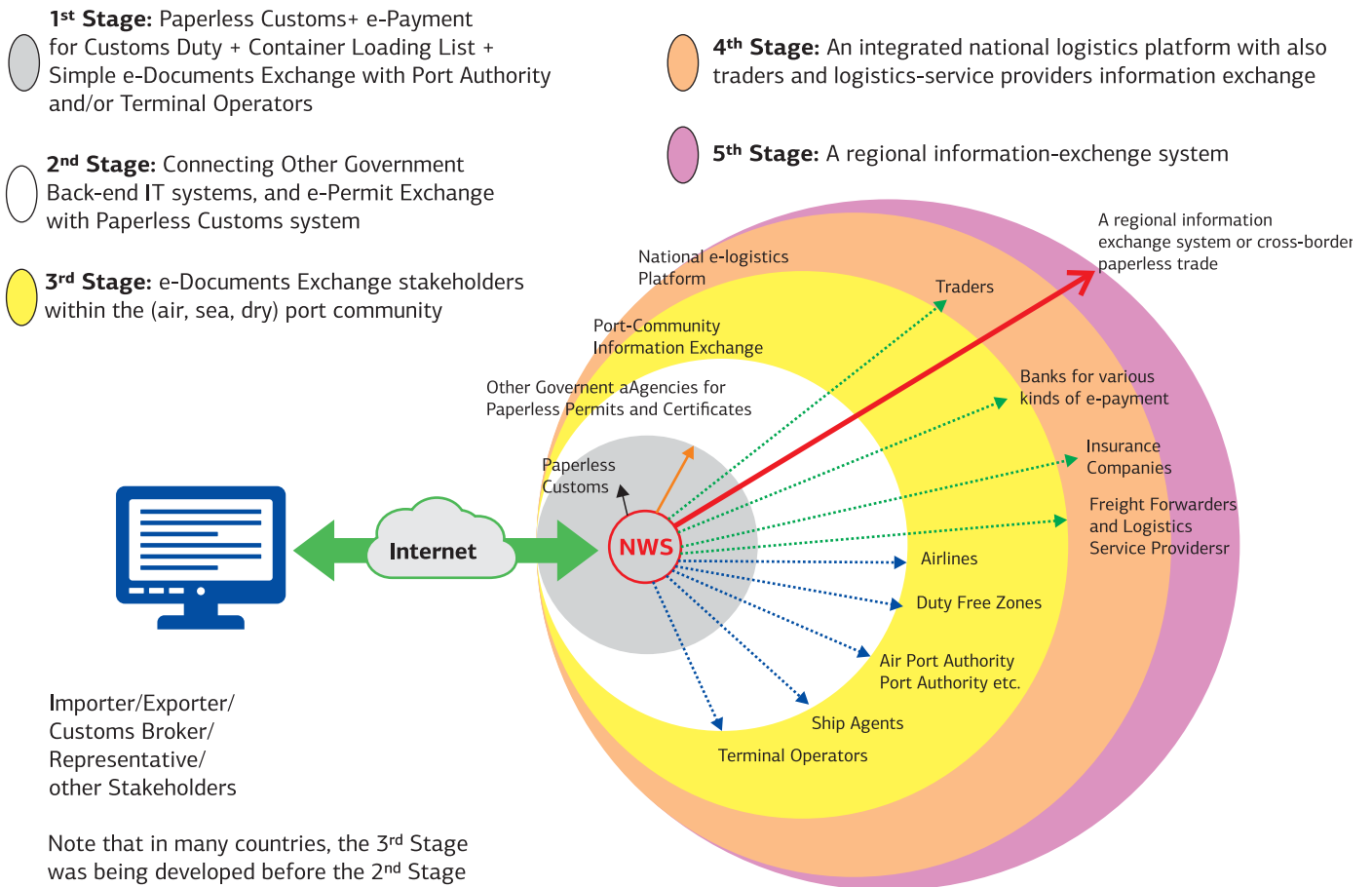
Australia and New Zealand both have mature single windows, integrating customs and OGA. However, port single windows are at an earlier stage of development and full integration with formalities single windows is still some time away.

Good examples of smaller countries single windows are typified by **Mauritius** who has a version of a national single window in operation, as does **Tunisia**.

Some West African countries have opted for a port-based single window as their first priority. With the exception of Ghana, who is the most advanced in the region, all of these port single windows are at a very early, as yet unproven, stage. It also remains to be seen what sort of reactions the local customs authorities might take in response.

224. Ibid.

Figure 4. Roadmap of Single Window²²⁵



Port Community System²²⁶

Most major ports have systems for the exchange of information between clients and national Customs and other authorities. Port Community Systems are a form of **Single Windows for Trade**, and are similar to **Airport Community Systems**.

The European Port Community Systems Association (**EPCSA**) defines a Port Community System as a neutral and open electronic platform enabling intelligent and secure information exchange between public and private stakeholders in order to improve the competitive position of the seaport communities. A Port Community System optimizes, manages and automates logistics-efficient processes through a single submission of data, connecting transport and logistics chains.

225. http://www.unece.org/fileadmin/DAM/trade/Trade_Facilitation_Forum/BkgrdDocs/TenYearsSingleWindow.pdf

226. <http://tfig.unece.org/contents/port-community-systems.htm> refers.

Role of the system

A Port Community System handles electronic communication in ports between the private transport operators (shipping lines, agents, freight forwarders, stevedores, terminals, depots), the private hinterland (pre- and on-carriage by road, rail and inland waterways), the importers and exporters, the port authorities, Customs and other authorities.

Typical services of a Port Community System are:

- information exchange between transport operators in the port and for hinterland connections, the port users, Customs, port and other authorities,
- electronic exchange of Customs declarations and Customs responses, and cargo releases between private parties and Customs,
- electronic handling of all information regarding import and export of containerized, general and bulk cargo for the port community,
- status information and control, tracking and tracing goods through the whole logistics chain,
- processing declarations of dangerous goods with the responsible authorities.

One of the most useful functions of a Port Community System is to automatically derive, from information exchanges between the private port operators, that information needed by Customs, such as the Customs manifest. This information can then be sent to Customs without further manual intervention. Most Port Community Systems have their own internal standards but communicate with other Port Community Systems or Trade Communities using international standards, in particular those developed by **UNECE-UN/CEFACT**. The European Port Community Systems Association (**EPCSA**) has also published a white paper **EPCSA White Paper - Issue Date 15th June 2011-2**, on national maritime Single Windows, which need to be established in the EU, and which follow the IMO recommendations on maritime Single Windows.

The Single Window – Local Solution at the ports of Odessa and Illichiv'sk is a generic logistics single window basis of experience of the modern times largest ports, those of Rotterdam and Yokohama often implemented in port environments involving the sharing of information communication technology systems (ICT) between logistics gateways and terminals. Such systems normally operate in two functional work areas: shipping services and cargo movement.

- Shipping services - a port system handling vessel arrival and departure operations including pilotage, berth allocation, arrival/voyage booking and billing, and the various certificates and ship papers relating to the vessel and crew
- Cargo movement- refers to bulk, general cargo and container handling, labour (stevedores), container storage, physical inspection facilities of BCSs and customs, where necessary, gate management, transport booking and road/rail onwards transport.

When these systems are connected together in a Port Community System, it then becomes possible for all legitimate businesses which move and clear goods within the ports to track and trace their cargo from arrival to departure and vice versa.

Customs, because of its central role is most frequently considered to be the appropriate border agency to receive and coordinate the flow of information through a single entry point particularly concerning the regulatory requirements of other State BCSs.

Figure 5. Single Window Benefits

1. Single Window benefits for the Policymaker

- To raise regional and national awareness of the potential of automated trade facilitation and the single window, and to help facilitate regional collaboration, integration and exchange of regional trade information.

2. Single Window benefits for State BCSs

- More efficient and productive use of resources;
- Enhanced collections of fees, duties and penalties;
- More comprehensive, streamlined and automated business compliance to Government legislative and regulatory requirements, including the terms of international trade treaties;
- Enhanced risk analysis and management and improved security;
- Reductions in corruption and illegal trade activities, enhanced transparency and accountability.

3. Single Window benefits for traders

- Cost reductions through minimized clerical efforts, time taken to reduce and to eliminate delays, and more predictable, reliable and authoritative decisions;
- Faster goods clearance, exception handling and dispute resolution, leading to reduced inventory holding costs;
- Predictable and reliable consignment clearance and availability of advanced goods release information;
- Reduction in face-to-face meetings, greater transparency and reduced opportunities for 'rent-seeking' and corruption.

4. Single Window benefits for the logistics operator

- Faster movement of goods through formalities and trade junctions, leading to better and more productive utilisation of resources;
- Reliable information on timing of goods movement, allowing accurate scheduling, allocation of resources and improved accuracy of information provided to clients;
- More productive and flexible use of human resources;
- The ability to accurately schedule goods collection and discharge times and locations;
- Better end-to-end audits of operation.