

Single Window – Local Solution. Implementation features in Ukraine

The main objective of trade facilitation, as we know, is the streamlining of procedures, elimination of unnecessary bureaucratic and administrative burdens. In case of successful implementation, trade facilitation may become an important factor for the development of any state. Today, perhaps, it has become an indisputable fundamental truth.

It is also clear there is a certain gap between the need to facilitate and implemented facilitation. A growing number of world states have successfully overcome this gap, but, as evidenced by international experience, this path is different for everybody. And last but not least reason is the choice of an appropriate instrument to achieve the set goals.

Ukraine is not an exception to this rule.

The need really exists. Today, in the perspective of Ukraine's integration into European and world markets, this need becomes even more important.

We have some progress already. However, we must acknowledge that the actual facilitation is not as fast as we wanted. The reason partly is the lack of coherence between the trade community and government agencies in the promotion of individual innovations, driven by both of them.

The "Single Window - Local Solution" for Ukraine is also an innovation. Not being an end in itself, "Single Window - Local Solution" is regarded as a project designed to link other projects at various stages of implementation, which are summarized below.

The commitment to contribute to the existing transit potential in Ukraine, taking into account the growing need of the international trade to develop intermodal transport and expand transport corridors, allowed for a fresh look at the trade facilitation.

The aim of Single Window - Local Solution is, above all, to create favorable conditions for international transport of goods through the territory of Ukraine. This goal, involves searching and finding common solutions to problems relating to different areas of activity: (1) eliminating cross-border obstacles to intermodal traffic, and (2) the introduction of best practices of intermodal transport. Applied problems, the solution of which should contribute to the Single Window - Local solution, lie in filling the gaps in the existing procedures for the regulation of changing modes and, simultaneously, to mitigate over-regulation of border crossing procedures.

The adoption of the new Customs Code of Ukraine confirms that there is still room for improvement (facilitation) of border crossing procedures and solving challenges, to create favorable conditions for international transport of goods.

Understanding the nature of most of the existing problems makes it possible to make sure that the basic recipe for their solution is information, circulating between government agencies, and accompanying the goods carried.

The further sequence of problem-solving is also becoming clear:

— information format and information flows force us to change procedures (including those applied to vehicles and goods and information about them);

— the need to formalize the changes at the regulatory level determines the changes in legislation.

Obviously, a notable example of such an algorithm is a sequential process of EU project implementation, i.e. "Electronic Customs".

Speaking about the origins that led to intensification of work on Single Window project in Ukraine, the following should be noted. Single Window is a tool to facilitate the task of a higher level: the development of VIKING combined train.

Поезд комбинированного транспорта «Викинг»



VIKING Combined Train

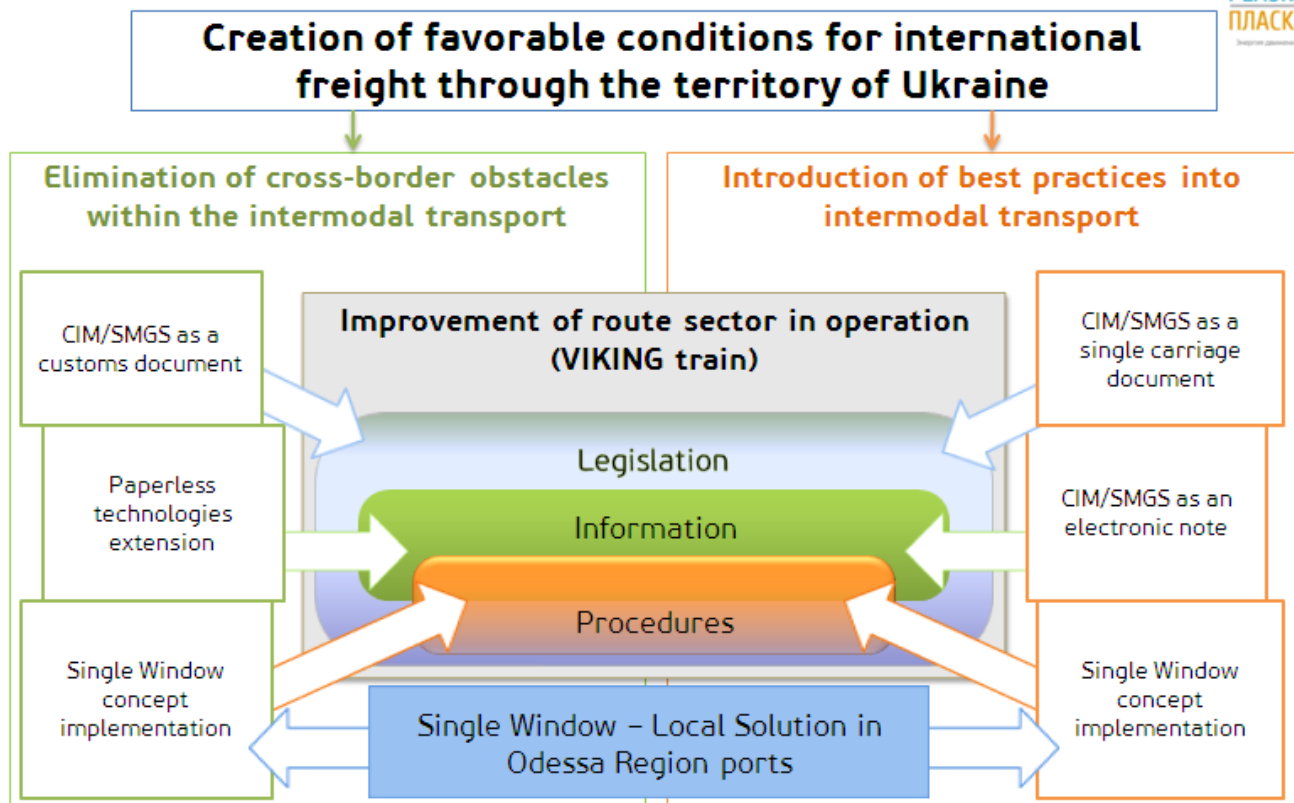
Today VIKING is one of the promising projects having the benefits of new logistics solutions. егодня "Викинг" является одним из перспективных проектов, демонстрирующих преимущества новых логистических решений. First of all, the train itself, launched in 2003 (along the Ilyichivsk - Klaipeda route), was the prototype of intermodal transport, i.e. type of transport, demand for which, as mentioned above, only increases in the world trade.

Secondly, to date, this train, as a connecting link in the integration with the sea transport, has firmly fit into the plans for the development of powerful transport corridors.

VIKING benefits, actually, are quite obvious. Among them: competitive prices; direct international shipping (almost without delays) from the station of origin to the destination station; high level of safety and security; no environmental impact. Among the attractiveness factors of the route, we should highlight fast border crossing (it takes 30 minutes to cross the Lithuania-Belarus border) and the simplified customs procedures.

The activity in promoting the idea of launching the information flow along the whole route, consisting of electronic CIM-SMGS consignment and / or a document containing data sufficient to exercise control by regulatory agencies, through which route runs, is motivated by a desire to increase the available benefits of this route.

The general algorithm of idea implementation lies in the already mentioned "triangle": "Information - Procedures - Legislation".



(1) The information circulating in both areas should be at least paperless, and ultimately, should become an electronic record.

Mentioning here CIM / SMGS consignment reflects the specifics of this particular route (rail transport though the different legal systems) and demonstrates the potential versatility of the information contained in the document.

(2) The legislation should set the appropriate legal status of information for its target application both by transport players and regulatory agencies.

After Annex 9 to the International Convention on the Harmonization of Frontier Controls of Goods (1982) was adopted in September 2011, the possibility of giving (in the national legal framework) a legal status for the CIM/SMGS consignment gave it convention basis.

"Annex 9. FACILITATION OF BORDER CROSSING PROCEDURES FOR INTERNATIONAL RAIL FREIGHT"

Article 9 - Use of the CIM/SMGS railway consignment note

The Contracting Parties may use, instead of the other shipping documents currently stipulated by international treaties, the CIM/SMGS railway consignment note, which at the same time could be a customs document."

(3) Obviously, changing forms of information embodiment and the need for the implementation of multifunctionality dictate the need for modification of procedures. At least, this refers to the procedures for initial entering of information into the circulation and to the feedback, i.e., the procedures covered by the existing Single Window concepts.

Based on the foregoing, it is easy to see the practical role of the "Single Window - Local Solution" project in application of a strictly transport project.

It would be unfair not to mention the existence of certain global prerequisites, which served as an additional support in the decision to create a Single Window.

In this context, it is appropriate to highlight some important events happened last year.

First one. In March 2011, the State Customs Service of Ukraine launched the mechanism of declaration, customs control and customs clearance of goods using the electronic customs declarations. That means we can talk about the start of electronic declaration system as an integral part to the "Electronic Customs" project.

Second one. On July 1, 2011 the State Administration of Rail Transport of Ukraine (Ukrainian Railways) introduced new principles of interaction between the client and the railway, based on electronic documents.

Data exchange between automated systems of railways and the client using the digital signature, which certifies an electronic invoice, lies at the heart of electronic document. This allows you to legally interact, using documents in electronic form without submission of paper copies.

Despite the fact that the electronic document is applied so far only on an internal message, the fact of its introduction and type of its implementation (the exchange of electronic records) is able to serve as a basis for decision-making in VIKING train operation.

Third one. On June 1, 2011 as part of the 10th International Transport Week International trade facilitation seminar was held. Its subject was " The Single Window Concept and Integrated Railway Transportation to facilitate trade in the PAN-EUROPEAN space."

The Seminar recommendation on launching a pilot project to implement Single Window concept within the interaction between traders and regulatory agencies, acted as a bridge for better implementation of the above initiatives.

The role of this Seminar in future work on trade facilitation and the role of Cabinet of Ministers, Customs Service of Ukraine, UNECE, ICC Ukraine, Ukrvneshtrans Association and PLASKE JSC in the organization, promotion of the Seminar and its recommendations, is difficult to overestimate.

The Recommendations adopted at the Seminar, pointed out the strategic importance of "e-Customs" and VIKING combined train projects, both for international trade and Ukraine.

However, what's more important, the recommendation on launching a pilot project to implement the Single Window for the interaction between traders and regulatory authorities, was formulated and communicated to the Government of Ukraine.

UNECE support of the activities of states, aimed at trade facilitation, as well as high authority of this international organization, has determined the course of further actions to implement the adopted recommendations.

The Recommendations contained the following:

"— To inform the Cabinet of Ministers and the relevant agencies on the Recommendations of the Seminar and, in particular, on the need to prepare and implement a pilot project Single Window into the interaction between traders and regulatory authorities.

— Activities to create Single Window, harmonize data and introduce electronic documents need to become a national project related e-Customs of Ukraine and international and regional projects, such as VIKING, TRACECA, and others."

The key events are:

1.06.2011 — International Trade Facilitation Seminar "The Single Window Concept and Integrated Railway Transportation to facilitate trade in the PAN-EUROPEAN space.

27.06.2011 — UNECE Executive Secretary sent the Recommendations to the Prime Minister of Ukraine.

18.10.2011 — First meeting of new Interagency Working Group on Introduction of Single Window – Local Solution within the Southern Customs and Odessa Region Ports.

It should be noted that the work of Interagency Working Group, since its creation, may be characterized as elaboration of "common language" for its members (both in "business - government agencies" and "government agency - government agency" directions).

22.12.2011— 29.05.2011 — Three meetings of Interagency Working Group. The level of Single Window is identified, i.e. Port Community System (PCS).

30.05.2012 — Second International Trade Facilitation Seminar: "A Local Single Window (Port Community System) for the Ports in the Odessa Region in the Perspective of the European Integration of Ukraine ". It summed up the progress since the adoption of Recommendations in 2011.

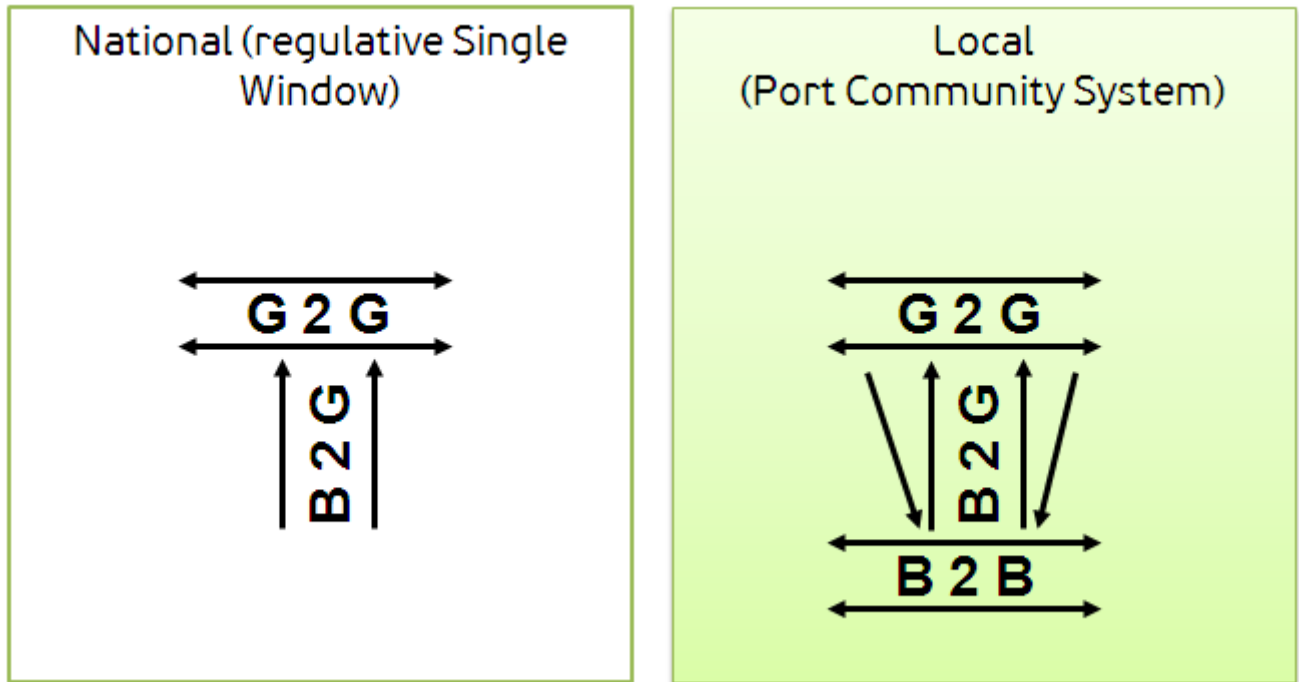
The main achievements are:

- support from the Government of Ukraine, which resulted in the establishment of Interagency Working Group and work of this WG;

- active involvement of representatives delegated by state agencies.

These achievements so far may be regarded as the initial and most difficult stage: the formation of political will and involvement of stakeholders in the project.

One of the substantive results is adjustments to the framework of the future Single Window, defining its practical role and identifying its location.

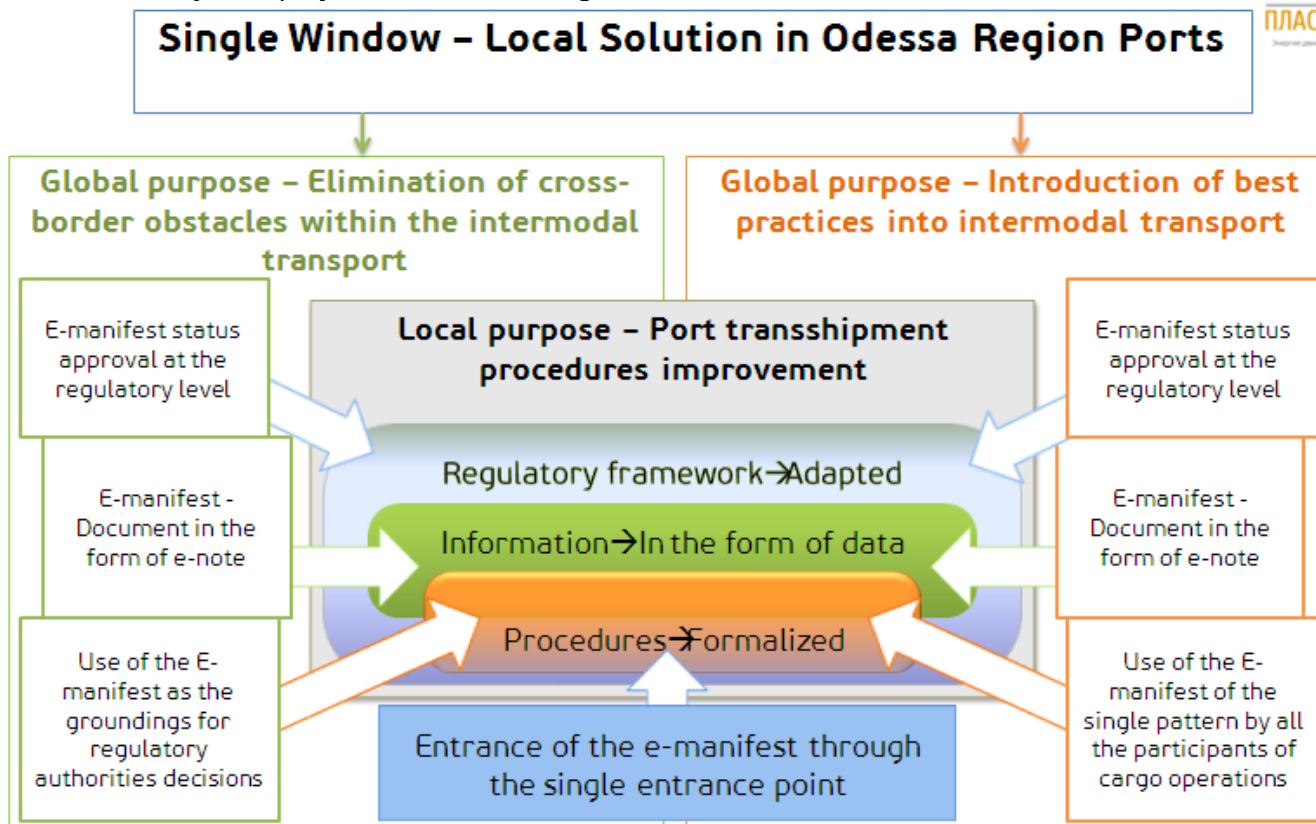


Odessa Sea Commercial Port had its own technological developments. Port authorities were committed to take part in the pilot project. That are the main factors that determined the framework of "Single Window - Local Solution."

They chose Port Community System as a level of the Single Window.

The priority functions of the System, at least for the initial phase are transshipment from one mode to another.

Thus, now the System project has the following features.



Being focused on global objectives, the System will complete the local task: improvement of transshipment operations as regards to information support.

The System features the so-called e-Manifest. That is a document in the form of an electronic record used (only in paper form) as a request for release of cargo from the port. Due to the fact that this document is also used by the control agencies, it has the basic attributes of versatility.

We should clarify that bill of lading and invoice in electronic form (only in the form of a scanned paper document and as a supplement to e-Manifest) will also be circulating, but functionally they will be included in the System only after there is a possibility to transform them in electronic record.

The application of e-Manifest is expected after finalizing its legal status.

The results of the procedure formalization involving e-Manifest by all parties involved, and their reflection in the process flow diagrams, should become the main indicator allowing you to experience the degree of facilitation at the local level.

Finally, the single point of entry for e-Manifest makes the implemented project a Single Window.

Of course, one of the most valuable results of future implementation is the acquisition of skills and experience in the new conditions that should be a powerful reason to shift from local to national level.

Nevertheless, even now we get no less valuable experience in public-private partnership. Today's meeting is a great opportunity to once again carefully analyze the path we've already passed in order to move confidently into the future.

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Solution within the Southern Customs and Odessa Region Ports