AUSTRALIAN CUSTOMS CONTRIBUTION
TO CONTAINER SECURITY & FACILITATION OF TRADE

Background

The Australian Customs Service (Customs) is currently implementing major changes in the way that cargo is reported and checked. A new electronic reporting system, the Integrated Cargo System (ICS) is being introduced. It is supported by legislative changes that will give Customs improved powers at the border.

The introduction of the ICS is staged. The export reporting component will be in place by early 2004, while the import reporting component will operate from the middle of 2004.

Cargo reporting requirements are enhanced by the provisions of the Customs Legislation Amendment and Repeal (International Trade Modernisation) Act 2001, which changes the timing of some reports and makes the electronic lodgement of others mandatory.

An integral part of the development of the ICS has been a strong consultative program with industry involving information exchange, seminars and ‘road shows’ throughout cities and major regional centres in Australia.

For further information about these changes and details please see the detailed Fact Sheets on the Australian Customs web site (www.customs.gov.au). Summary Fact Sheets are available in a number of languages – Chinese, Japanese, Thai, Vietnamese, Malaysia, Indonesian and Korean.

For specific advice please contact the Cargo Management Re-engineering team by email - cmr@customs.gov.au. The CMR web site contains considerable information on changes to Australian Customs processes and procedures as part of the ICS and our new Internet communication gateway the Customs Connect Facility – this extends to air and sea cargo reporting, imports and exports, accredited business clients and so on.

1. Advance cargo reporting for imports

Customs receives two types of reports in advance of the arrival of sea cargo in Australia.

The impending arrival report to Customs advises the intended arrival of a vessel at each port in Australia. A vessel must lodge such a report before its arrival in each port. In addition to the nominated port of arrival, the report advises the vessel’s details and whether cargo is going to be discharged.

The impending arrival report must be lodged with Customs no later than 48 hours before the intended arrival of the vessel at the port. Where the voyage from the last
port is likely to take less than 48 hours, the report must be made no later than 24 hours prior to arrival.

Details of all cargo and empty containers on vessels must be reported to Customs. At least 24 hours before arrival at each port in Australia, the vessel must provide a cargo report to Customs showing cargo to be discharged at that port. However, any in-transit cargo (including empty containers) must be reported to Customs prior to the first port of arrival in Australia.

The cargo report provides Customs with the opportunity to risk assess all cargo in advance of its arrival in Australia and to identify specific consignments for further investigation and examination.

Similar information requirements and risk assessment regimes apply to break-bulk and bulk consignments.

2. Maritime and container security

First port boarding

Customs currently risk assesses 100% of incoming vessels which results in 70% of arriving commercial vessels being boarded by Customs at the vessels’ first port.

All crew and passenger details are processed through the Passenger Analysis, Clearance and Evaluation system (PACE). This system also contains alerts placed by several Government agencies (including those for national security purposes).

On boarding a vessel, Customs officers may perform some or all of the following checks depending on their risk assessment of the vessel, its crew and ports of call:

- face to passport;
- vessel regulations regarding crew holding their own passport;
- ship’s articles;
- logs (movement and phone);
- previous international port security arrangements;
- vessel procedures regarding stowaway checks;
- possible Australian associations, and
- vessel activity in relation to official visitors and crew interaction with these visitors.

Customs also checks documentation on behalf of the Australian Maritime Safety Authority (AMSA) and the International Maritime Organization (IMO) relating to:

- ship’s register (tonnage);
- ship Safety Certificates (depending on the vessel type and voyage);
- ship’s load line certificate;
- International Oil Pollution Prevention Certificate (IOPP);
- Marine Navigation and Protection of the Sea levy receipt, and
- Marine Oil Pollution Insurance Certificate (where applicable).
In-transit cargo

In-transit cargo is cargo that is on board a ship arriving in Australia and is intended to be kept on board the vessel for shipment to a place outside Australia. In-transit cargo must be reported on the cargo report.

An important new counter-terrorism addition to Customs powers permits seizure of in-transit cargo. Where a judicial officer is satisfied that the Minister for Customs has reasonable grounds for suspecting that in-transit cargo is connected with the carrying out of a terrorist act or the presence of the cargo presents a threat to Australia’s defence or security, or international peace or security, a warrant can be issued for Customs to seize the cargo.

Sea Cargo Container examination

Customs has Container Examination Facilities (CEFs) operational at Sydney, Melbourne and Brisbane, with a 4th to follow at Fremantle by the end of 2003. Once all four facilities are fully operational, Customs examination of shipping containers will have increased twenty-fold to a minimum of 80,000 containers on an annual basis. This currently amounts to about 5% of the annual volume of loaded imported containers.

The CEFs utilise advanced x-ray technology to scan the contents of shipping containers in a few minutes. After the container has been x-rayed, it may undergo further examination by other x-ray technology, ion scanning equipment, drug detector dogs, or be fully unpacked and physically examined.

Both import and export containers are targeted for examination at the CEFs.

Outturn reporting

With the introduction of the new ICS, Customs will receive 3-hourly electronic outturn reports from stevedores discharging containers from a vessel. These reports will indicate which containers have been unloaded from a vessel.

When a container is moved under Customs permission to a licensed premises for unpacking, the person in-charge of that place will also make an outturn report to Customs within 24 hours of the unpacking. These outturn reports will enable Customs to reconcile the actual cargo unpacked with the summary information provided earlier in the cargo report. Customs will undertake further investigations where discrepancies arise.

3. Securing the supply chain

Accredited Client Program

The Accredited Client Program provides Customs with the ability to re-focus resources on higher risk activities, clients and commodities by recognizing the low risk and high levels of compliance by a Customs-identified Accredited Client group.
Compliance assurance is maintained through the establishment of a Contract and MOU-based partnership with the client and relevant government agencies, such as permit-issuing authorities. The arrangements are underpinned by Business Rules that identify the accreditation standards and continuing obligations, including security requirements, for clients in the program.

**Licensed premises**

Under the provisions of the *Customs Act 1901*, Customs licenses certain premises to receive, hold and unpack imported consignments. Consignments destined for export are also held at these places. The conditions attached to these licences include a security component.

**Export process enhancements**

Recent legislative changes have made a number of enhancements to Customs export procedures. These include:

- new powers to examine goods intended for export at the exporter’s premises;
- export consignments must be packed into containers at licensed premises;
- sub-manifests (a report listing the contents of packed containers on a vessel) must be reported electronically;
- the arrival of all consignments at a place for export (for example, a wharf) must be reported electronically to Customs; and
- export consignments will not be able to enter a place for export unless they have a Customs Authority Number.

**Secure communications with Customs**

In implementing the ICS, Customs is moving from a closed communication gateway to an open communications network utilising Internet protocols.

Customs currently identifies a user through their password, PIN or network mailbox. To ensure that users and their information are protected, these existing identification and authentication security arrangements will be replaced by electronic signature technology. This process is commonly known as Public Key Infrastructure (PKI).

PKI technologies will provide a high level of security by utilising encryption to protect data and a digital certificate and associated keys to verify who is communicating. PKI technology means that Customs and industry can authenticate the communications that pass between them.

**International Organisations**

Customs is also actively participating in international bodies such as the World Customs Organization, the Asia-Pacific Economic Co-operation forum (APEC) and the Oceania Customs Organisation (OCO). These organisations are undertaking strategies to respond to security threats to international trade.
Capacity Building

Australian Customs is participating in a number of capacity building and technical assistance projects within Asia and the Pacific covering a wide range of matters:

- **Customs**
  - WCO Data Model bilateral projects;
  - STAR - Secure Trade in the APEC Region – looking at a container security regime, advance electronic reporting and adoption of reporting standards as developed by the WCO, and
  - Customs modernisation and reform covering issues such as risk assessment, and integrity development.

- **Transport initiatives** following on from the International Maritime Organisation Safety of Life at Sea Convention and the International Ship and Port Security Code
  - providing assistance with implementation of maritime and port security in the Asia region.

- ‘wider’ counter terrorist related activity (such as trans-national crime and intelligence building). This activity takes place in close cooperation with various other Commonwealth Departments such as Foreign Affairs and Trade, AusAID and Transport & Regional Services.

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