حكومة دبي
GOVERNMENT OF DUBAI

جمارك دبي
DUBAI CUSTOMS

TRANSIT TRADE

Best Practices

6th Edition

Policy and Legislation Division

PCFC

This booklet outlines the best practices in transit trade followed by Dubai Customs to ensure streamlined and easy passage of goods following the latest local, regional and global methods through advanced technological tools and systems

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PREFACE

Transit shipping is one of the systems followed by customs departments around the world to facilitate the transfer of goods between regions without having to pay customs duties, taxes or any other fees, except service fees. This helps businesses avoid any delay and hassles of import restrictions such as inspection and examination of goods, and reduce transport costs.

With this in mind, Dubai Customs took all the measures and procedures based on the best international practices to ensure quickest clearance and the least costs. A number of policies and guidelines have been issued in this regard, and awareness amongst customs employees has been raised to ensure compatibility and full implementation of the policies.

Following are the practices implemented by Dubai Customs on transit shipping, the legal frameworks, international commitments, inspection and clearance systems, risk management systems, financial advantages and payments.

1. Legal Framework & International Obligations

1.1 The GCC Customs Union document

The GCC Supreme Council, in its 23rd session, approved the launch of the Customs Union of the GCC States. Transit shipments under the Customs Union of the GCC states are handled as follows:

1.1.1 The GCC countries under this union are considered one economic unit and deal with transit to other countries with one law following the international treaties in this regard.

1.1.2 Transit shipments are not valid anymore between the member states after the date the Union was set up.

1.1.3 Technical procedures and conditions mentioned in the transit agreements of the member states apply when dealing in transit with other countries.

1.1.4 Transit status for goods imported to the GCC states ends at the first customs entry (sea, land and air) and will be treated as normal shipments which means inspection and customs duties apply.

1.1.5 Transit for exported or re-exported goods start in any of the GCC member states at the last customs exit (land, sea, or air).

1.1.6 Transit shipments imported to any member state will be transferred to any other member state after passing through customs procedures without any restrictions like any other goods.

1.1.7 Goods, that are listed as restricted in the GCC countries, when imported to any member state will be transferred from one member state to another following a certain policy agreed upon in the council to ensure delivery to its destination.

1.2 Transit shipping between the Arab League Countries

- **Agreement scope**

The agreement applies to the shipping of goods, personal belongings and transportation units whatever their origin is through the region of any contracted parties, whether they were transported from a transportation unit to another or not, stored in warehouses or not, or whether any change happened to their transportation or not, which constitutes full transfer that starts and ends outside the borders of the country they pass through, on condition the destination is one of the contracted parties.

Transshipments, whose origin is a contracted party, are controlled by this agreement, even if the origin is not one of the contracted parties. Goods, vehicles on wheels, cattle or live animals on foot or transported are all considered transit if the next destination is one of the contracted parties following the rules and customs laws of each country in this agreement. Each country, part of this agreement, can use the ports of the other countries in the agreement in importing and exporting whenever possible. Relevant countries have

to provide best possible facilities in this regard.
Armaments, weaponry and military mission are excluded from this agreement.

1.3 The International Road Transport agreement (TIR)

The Convention on International Transport of Goods Under Cover of TIR Carnets (TIR Convention) is a multilateral treaty that was concluded in 1975 to simplify and harmonize the administrative formalities of international road transport, and became effective in 1978. The convention was adopted under the auspices of the United Nations Economic Commission.

• Scope and principles

This convention applies to road transport of goods, without re-transporting in intermediate transport, in land vehicles or a number of vehicles in containers through one or more borders between exit customs point for one of the contracted parties and a destination customs office for another party, on condition part of the trip takes place on land roads whether at the beginning or end of the international transport trip.
Transported goods shouldn't be subject to any import or export taxes or payments at the customs points on the road.
As a general rule, transported goods under TIR should be in truckers, a convoy or sealed containers that can be checked at entry points on the road.
To avoid any misuse, customs authorities in certain cases, especially if they suspect any violations, can inspect and check the goods at the customs point.

• TIR Carnet

It is a standard international document accepted by all members in this convention.

• Types of TIR Carnets

There are three types of carnets. Each contains 2 copies, one for departure country and the other for the final destination. They are:

1. 1. Regular TIR Carnet
2. Standard TIR Carnet
3. Alcohol and Tobacco TIR Carnet.

• Advantages of TIR system

1. goods can be transported through borders with least customs procedures
2. less transit cost and delay
3. unified and easy obtained documents
4. no need for financial guarantees on the transit borders.

1.4 The GCC Common Customs Law

The Articles 67 to 73 of the GCC Common Customs Law stipulate that:

1.4.1 Goods in transit are allowed to pass through the territories of the GCC member states in accordance with the provisions of the applicable regulations and international agreements in force.

1.4.2 Transit operations can be completed only at the authorized customs offices.

1.4.3 Transit goods shall be transported through the specified routes by the various means of transport.

1.4.4 Where goods are transported from one customs office to another, the concerned will be exemption from submitting a detailed declaration at the port of entry

1.4.5 The Director General is vested with the power to issue the necessary resolutions regulating the suspension of customs duties applicable to all kinds of transit transport.

1.5 Customs Policies Regulating Transit Operations

Dubai Customs issued the Customs Policy No. 35 of 2011 which outlines the conditions and procedures of transit as follows:

1.5.1 Goods in Transit

The procedure which allows goods to move under Customs control from the customs office of departure to the customs office of destination within a specific period of time without payment of leviable customs duties, provided that a cash or bank guarantee equivalent to the payable customs duties is deposited.

1.5.2 Transit periods

The goods in transit must be transported and delivered to the other customs office (exit post) within a period not exceeding thirty (30) days from the date of clearing the customs declaration.

The goods in transit must definitely depart to their final destination and the documents supporting such departure must be submitted.

1.5.3 The policy sets the conditions and requirements for the carriage of goods in transit by different means of transportation.

1.5.4 The conditions to be satisfied by the means of transport being used in transit are also outlined.

1.5.5 The policy sets the requirements for customs seals.

1.5.6 The policy also defines the applicable customs procedures at the port of exit through which the goods in transit shall leave.

2. Customs Clearance and Inspection Systems

2.1 A special electronic system is provided for shipping companies to finalize and clear transit declarations in cases of ship-shore-ship or air to air transactions within the same Customs zone and from the same port.

2.2 There is a specific electronic system for transit under customs guarantee, which simplifies clearance of consignments.

2.3 The electronic financial system in place allows submission of bank guarantee or standing guarantee, or deposit through credit cards, e-Dirham, or direct cash guarantee.

2.4 A 24/7 customs e-clearance system with round-the-clock support through Dubai Trade portal.

2.5 E-link and integration with systems of ports, shippers, and cargo handling terminals.

2.6 No additional documents are required when finalizing customs clearance of transit goods (The paperless principle).

2.7 Electronic customs refund system for release of customs guarantees and finalization.

2.8 Electronic notification service for container terminal operators, shippers and customs brokers.

2.9 Electronic inspection booking for goods inspection when required and/or customs sealing.

2.10 E-seals and tracking system for containers.

2.11 Advanced container x-ray scanning equipment for fast screening.

2.12 Sophisticated second-level inspection systems and services.

3. Risk Management

3.1 Dubai Customs addresses the risks associated with transit declarations, and consignments carried through Dubai's seaports and airports using its risk management and intelligence system, which is consistent with the World Customs Organization's SAFE Framework. Hence the risk of transit shipments has been listed in the Customs administration's risk register. A well-defined set of risk profiles were created taking into account the circumstances of transit shipments in terms of the country of final destination and the nature of these shipments.

3.2 Dubai Customs has a specialized unit in charge of customs intelligence and risk assessment, which is equipped with systems, procedures and qualified personnel to deal with all kinds of customs risks.

3.3 Dubai Customs has in place an integrated electronic risk management and targeting system (Risk Engine).

3.4 The RILO Office, present in Dubai Customs, is tasked with promoting international cooperation in terms of monitoring and exchange of risk-related customs intelligence, especially with regard to transit.

3.5 Dubai Customs takes part in the WCO's program on combatting customs smuggling, which uses transit as one of the smuggling tactics.

3.6 The Customs Risk Management System assesses risks spontaneously and electronically.

4. Authorized Economic Operator (AEO)

The authorized economic operator (AEO) program adopted in Dubai Customs provides benefits for transit trade, which have had an indirect impact on facilitation of transit business, as follows:

4.1 Inspection Prioritization

Dubai Customs' customers with AEO status are entitled to priority in consignment inspections.

4.2 Account Manager

Dubai Customs provides a key account manger for AEOs to instantly attend to their needs and inquiries, and solve any issues on a 24/7 basis.

4.3 Exchange of AEO information with other countries

Dubai Customs exchanges the lists of AEOs and their information with all countries with whom the UAE has signed Mutual Recognition Agreements in order to facilitate the timely entry and exit of goods in transit with minimum procedure and intervention.

5. Financial Guarantees and Deposit Refund Procedure

Dubai Customs offers various customs guarantee options for completion of transit transactions, namely cash guarantee, standing bank guarantee, personal guarantee, and direct payment through deposit to the credit account or using credit cards or e-Dirham.

5.1. Sufficient period of up to one month to complete the transit process, in addition to one more month to submit the proof of goods transit and exit.

5.2. A 24/7 operational online system for electronic refund of deposits and release of customs guarantees.

5.3. A dedicated online Cargo Reconciliation system.

5.4. A pre-defined set of documents required for each transit case for the purposes of completing the procedure for refund of customs deposits and release of bank guarantees.

5.5. The time periods relevant to customs deposit and guarantee were announced with pre-defined deductions and penalties.

5.6. The feature of sending advance notifications to customers on the expiration of the specified deadline and other alerts when bills are due.

5.7. Dubai Customs has a specialized unit that looks into Customs guarantee release applications and addresses exceptions in cases of transit.

5.8. The mechanism for finalization and clearance of transit declarations entails filing the claim and all required documentation electronically. The claim is then verified and the customer will be informed if it is accepted or rejected, or if any additional information or clarifications are required. The process ends with refund of cash deposit or release of the guarantees or them being subject to deduction or confiscation and fines in cases of violation.

6. Fairness, Transparency and Governance

So as to ensure fairness and transparency, Dubai Customs has implemented regulatory procedures under Customs control and governance that guarantee the rights of customers and address appeals and objections to decisions issued by the administration, whether in violations, customs seizures or non-finalization of transit declarations, according to the following:

6.1 Suspended Duty Section

The Suspended Duty Section of Tariff and Origin Department oversees the application of procedures regulating the transport of goods in transit, follows up on all matters related to transit declarations, and takes administrative and legal actions thereon. These include following up on the finalization and clearance of transit declarations and resolving disputes arising from delays in the movement of goods in transit and their delivery to the other customs office, as well as delays pertaining to claims or failure to submit the requisite documents for the refund of customs guarantees.

6.2 Customs Grievance Committee

The Customs Grievance Committee considers the grievances submitted to it by clients, such as appeals on the decisions issued against them by Dubai Customs in matters of customs violations or smuggling, including violations of transit procedure. The committee examines and verifies the validity of the actions taken by customs officials and give clients another chance to present new evidence and new defences in the filed case.

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