



VIETNAM

Introducing a modern customs bond system for conditional release of goods

Strengthening Vietnam's position as a regional manufacturing powerhouse



To help Vietnam reduce congestion in its ports, we are working with the government and the private sector to implement a modern customs bond system for the conditional release of goods. Vietnam will be the first country in Asia with such an all-encompassing system. Traders will be able to purchase bonds to guarantee their payment of duties and taxes as well as regulatory compliance, allowing customs to expedite release of their goods.

WHAT WE ARE DOING

Project implementation involves:

- analysing how a conditional release regime will enhance Vietnam's competitiveness in global supply chains
- designing and optimising a bond management software module that will interface with Vietnam's eCustoms system
- developing a customs bond pricing model in consultation with insurers
- providing training for customs and other government officials, as well as private sector stakeholders
- supporting the legal and regulatory reforms required to implement the project

BENEFITS

The introduction of the conditional release regime will:

- streamline administrative requirements, thus significantly reducing the need for physical inspection and documentation
- protect Vietnam's customs revenues and ensure compliance with applicable Vietnamese laws and regulations
- increase predictability and efficiency for traders, in particular SMEs
- improve Vietnam's competitiveness and appeal for foreign direct investment

MONITORING AND EVALUATION

We are monitoring and evaluating the project throughout its duration.

Key indicators of success will include:

- percentage of Vietnamese traders using customs bonds
- number of harmonised system codes covered
- reduction in hold time of imports and exports covered by the customs bond system

MEETING VIETNAM'S TRADE FACILITATION AGREEMENT (TFA) OBLIGATIONS

The project will help Vietnam to meet its commitments under the World Trade Organization's Trade Facilitation Agreement which requires countries to expedite the movement, release and clearance of goods, namely:

Article 7.1 (Pre-Arrival Processing)

Article 7.3 (Separation of Release from Final Determination of Duties and Taxes)

Article 7.8 (Expedited Shipments)

Article 10.1 (Formalities and Documentation)

Article 10.9 (Temporary Admission of Goods and Inward and Outward Processing)

Article 11.6 (Freedom of Transit)

TIMELINE

The project will be implemented in three phases in 36 months.

HOW CAN THE PRIVATE SECTOR GET INVOLVED?

Successful trade facilitation is only possible when the private sector plays an active part. After all, it is businesses who know best where the barriers to trade lie. We are looking for business to get involved in a wide range of activities including:

- advising on software development, customs bond processes, bond valuation and risk management, and legal and regulatory reforms
- project management development and roll-out
- translations into Vietnamese
- supporting stakeholder sensitisation

WHAT IS A CUSTOMS BOND SYSTEM?

Under a customs bond system, traders purchase bonds issued by insurers to guarantee compliance with government regulations, payment of all applicable duties and taxes, and submission of all required permits and certificates. In exchange, customs expedites release of their goods. The release is conditional pending completion of all customs clearance formalities and requirements. If the trader defaults, the bond is called.

TIMELINE

PHASE I
Concept development and agreement on solution

9 months

PHASE II
Full implementation of bond system

15 months

PHASE III
Scaling up

12 months

WHO WE ARE



The Global Alliance for Trade Facilitation is a public-private partnership for trade-led growth. We believe that international trade should be simpler, faster and more cost-effective, creating new business opportunities, enabling greater economic and social development and reducing poverty. Working with governments and businesses from the ground up, Alliance projects identify and deliver common sense trade reforms in developing and least developed countries. Our work is designed to help governments implement the World Trade Organization's Trade Facilitation Agreement.

To get involved or for more information, please contact us at info@tradefacilitation.org

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