

**Statistical Data as to Efficiency of the Clearance Process of
Goods from the Customs in 2010**

A report is set out below in reference to the speed of the clearance and release of goods from the Customs in Israel in 2010.

1. The following table shows the division of the customs declarations according to the clearance process:

Total of declarations submitted	1,425,422
Declarations channeled to Process D (declarations cleared electronically without examination)	1,214,267
Percentage of D declarations of the total declarations	85.2%
Declarations channeled to Process C (declarations cleared subject to limited examination)	76,070
Percentage of C declarations of the total declarations	5.3%
Declarations channeled to Process A (declarations that underwent a detailed examination)	135,085
Percentage of A declarations of the total declarations	9.5%

From the data up to this point it can be verified that in 2010 85.2% of the total amount of imports into Israel was cleared without examination (process D), 5.3% of the imports underwent a limited examination or where supplementary action was necessary prior to release (Process C), and 9.5% underwent a detailed Customs examination (document examination, or physical examination or both examinations).

2. Another important point is what percentage of the imports that were examined underwent a physical examination in addition to an examination of documents.

Total quantity of declarations that underwent a Customs physical examination (non-security-related)	42,116
Percentage of the declarations that underwent a Customs physical examination (non-security-related) out of the total amount of declarations	2.9%

This data points to the fact that only approximately 31.2% of the cargoes that underwent a detailed customs examination were also physically examined. The other 68.8% underwent a documentary examination only.

3. Thus far regarding the general data with regard to the division of the declarations as between the various release and clearance processes (A, C, or D), and the weight of the physical examinations in general in the Customs examinations.

The question now arises, as to the speed of the clearance procedure in Israel and how long must the importer wait until he receives his cargo it having been released from the Customs?

It is important to note in this connection that the Customs Administration works under conflicting constraints arising from the essence of its duties: to ensure the

collection of proper taxes and to enforce the import laws on the one hand, and on the other, to ensure a speedy and efficient flow of the import process, in a manner that does not adversely affect legitimate economic activity.

In a nutshell, we should point out that the enforcement activity of the Customs during the clearance process is not confined to the fiscal aspect of collection of the tax and prevention of smuggling in physical terms (undeclared goods) or the documentary aspect (reduced prices, incorrect classification of the goods or false declarations as to the origin of the goods), but also includes many other areas coming under its responsibility (enforcement of the import policy of all the government ministries and the prevention of importation of products that do not meet the legal standard that has been prescribed, of products that infringe intellectual property rights, of drugs, weapons etc).

4. The following are data pertaining to the speed of clearance of cargoes from Customs control in Israel (in terms of hours). The speed of clearance is measured from the time of the computerized submission of the declaration to the Customs system until the transmission of the release permit by the Customs to the party submitting the declaration.

Process	Average Time in Hours
D	0:55
C	19:50
A	35:08
General	5:10

5. For a more detailed analysis, set out below is the time segment between computerized submission of the declaration until the clearance permit, in relation to all the import declarations submitted to the Customs in 2010:

Handling Time (in hours)	Process A Declarations	Percentage of total Process A	Process C Declarations	Percentage of total Process C	Process D Declarations	Percentage of total Process D	Total Declarations	Percentage of total Declarations
Up to 1	37,248	27.56	27,910	36.68	1,176,342	96.86	1,241,500	87.09
1-6 hours	35,875	26.51	15,381	20.18	18,431	1.47	69,687	4.84
6-24 hours	17,917	13.17	10,088	13.17	13,661	1.04	41,666	2.83
Total released within 24 hours	91,040	67.24	53,379	70.03	1,208,434	99.37	1,352,853	94.76
Total released between 24 to 48 hours	21,333	15.68	13,352	17.46	4,283	0.23	38,968	2.61
Total released after 48 hours	22,712	16.37	9,339	12.13	1,550	0.1	33,601	2.18
Total	135,085	100	76,070	100	1,214,267	100	1,425,422	100

6. It is possible to ascertain the following from these details:
- (a) 87.09% of the total number of declarations was cleared within one hour.
 - (b) 94.76% of the total number of declarations was cleared within 24 hours.
 - (c) 85.2% of the total number of declarations was cleared without Customs examination.
 - (d) 14.8% of the total number of declarations underwent some sort of Customs examination before the clearance (Process A or C).
 - (e) 2.9% of the total number of declarations underwent a physical-Customs examination (not including security examination).
 - (f) Of the declarations that underwent a detailed Customs examination (Process A) 67.24% were cleared within 24 hours and a further 15.68% in the following 24 hours. Only in 16.37% of the cases did the handling of the examination take longer than 48 hours.
 - (g) Of the declarations that underwent a limited Customs handling procedure (Process C), 70.03% were cleared within 24 hours, and a further 17.46% in the following 24 hours. Only in 12.13% of the cases did the handling of the examination take longer than 48 hours.
 - (h) The average time for the grant of clearance for a declaration that has undergone Process D, is 55 minutes, the average time for clearance of a declaration that has undergone Process C, is 19 hours and 50 minutes, and the average time in respect of a declaration that has undergone Process A, is 35 hours and 8 minutes.

It must be made clear that the delay in the release of goods of more than 24 hours and certainly in excess of 48 hours usually does not arise from a delay in conducting the examination but principally for various other reasons such as failure of the importer to furnish the licenses and other documents required by law, non-payment of the tax deficits required by the Customs, disputes with the importer as to the real value or correct classification of the goods, and as a consequence of this, the amount of taxes for payment, supplementary investigations, the carrying out of additional examinations, failure to provide catalogues and price lists on the part of the importer as required by the Customs, and other reasons giving rise to an extension of the clearance and release process beyond the average and what is usual, with such an extension being in a major part of the cases (but not in all of them) as a result of the acts or omissions of the importer himself. In extreme cases, the goods will not be cleared at all as a result of the discovery of serious offences against the import laws.

7. The comparison between the 2008 and 2009 data to the 2010 data shows the following developments:

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Average time for clearance of D declarations	0:55	0:50	0:55
Average time for clearance of C declarations	15:53	14:56	19:50
Average time for clearance of A declarations	43:35	43:57	35:08
General average clearance time	6:22	6:28	5:10
D declarations percentage of the total declarations	83.3%	82.75%	85.2%
A declarations percentage of the total declarations	10.67%	11.01%	9.5%
Percentage of all the declarations cleared within one hour	80.91%	83.96%	87.09%
Percentage of all the declarations cleared within 24 hours	94.08%	93.77%	94.76%
Percentage of cargoes that underwent physical Customs examination (not security-related)	2.7%	2.9%	2.9%

Summarizing the comparison, in 2010 the following developments took place comparing to 2009 data:

- a. A 2.45% increase took place in the percentage of entries that were cleared by full electronic procedure without inspection (Process D) from 82.75% to 85.2%.
- b. A 3.13% increase took place in the percentage of entries that were cleared within 1 hour, from 83.96% to 87.09%.
- c. An 8:5 hours reduction in the average time it takes for entries that were routed to a thorough inspection to be cleared (Process A) from 43:57 to 35:08.
- d. A 1:18 hours reduction in the average time it takes for an entry to be cleared from 6:28 to 5:10 hours.
- e. A 1.51% reduction in the percentage of entries routed to a thorough inspection took place (Process A) from 11.01% to 9.5%.
- f. A 5 minutes increase in the average time it takes for an entry to be cleared (Process D) from 50 to 55 minutes.
- g. In 2010, 1,425,422 importation entries were submitted in comparison to 1,294,084 entries that were submitted in 2009 (an increase of 10.1%).

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