



**International
Finance Corporation**
World Bank Group

Survey on Customs Clearance Procedures

IFC Georgia Tax Simplification Project

April 20, 2012



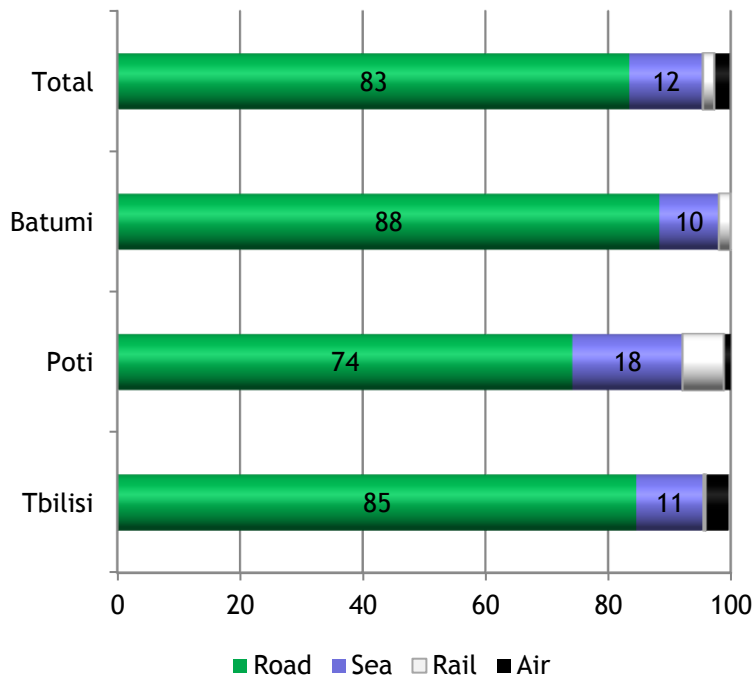
Survey summary

- Survey was conducted from January 30 to February 6, 2012 at Customs Clearance Zones (CCZ) in Tbilisi, Batumi and Poti.
- 515 respondents were interviewed - all representatives of legal entities that visited CCZ for import-export clearance.

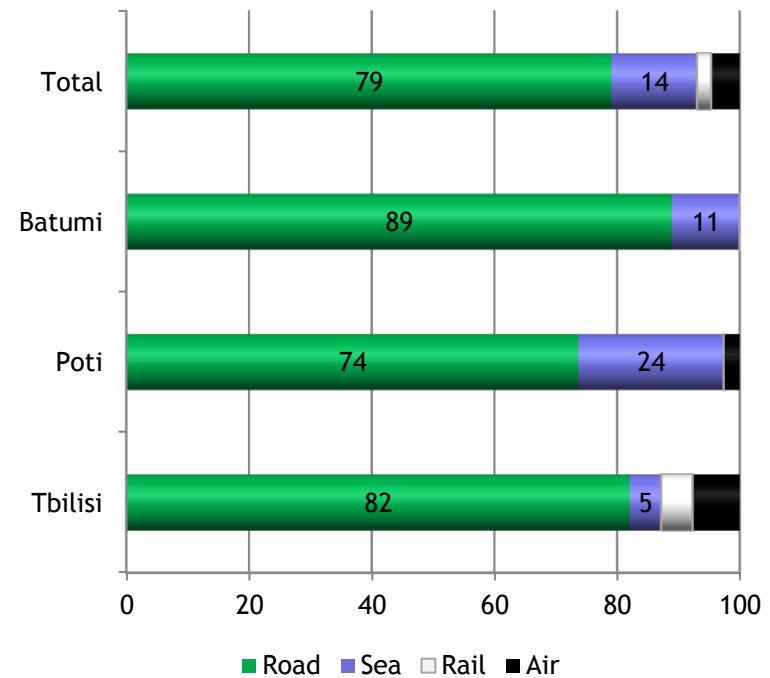
CCZ	Number of respondents	Including	
		Importers	Exporters
Tbilisi	300	292	39
Poti	109	89	38
Batumi	106	103	9
Total	515	484	86

Most of the shipments cleared is imported and exported by road transport

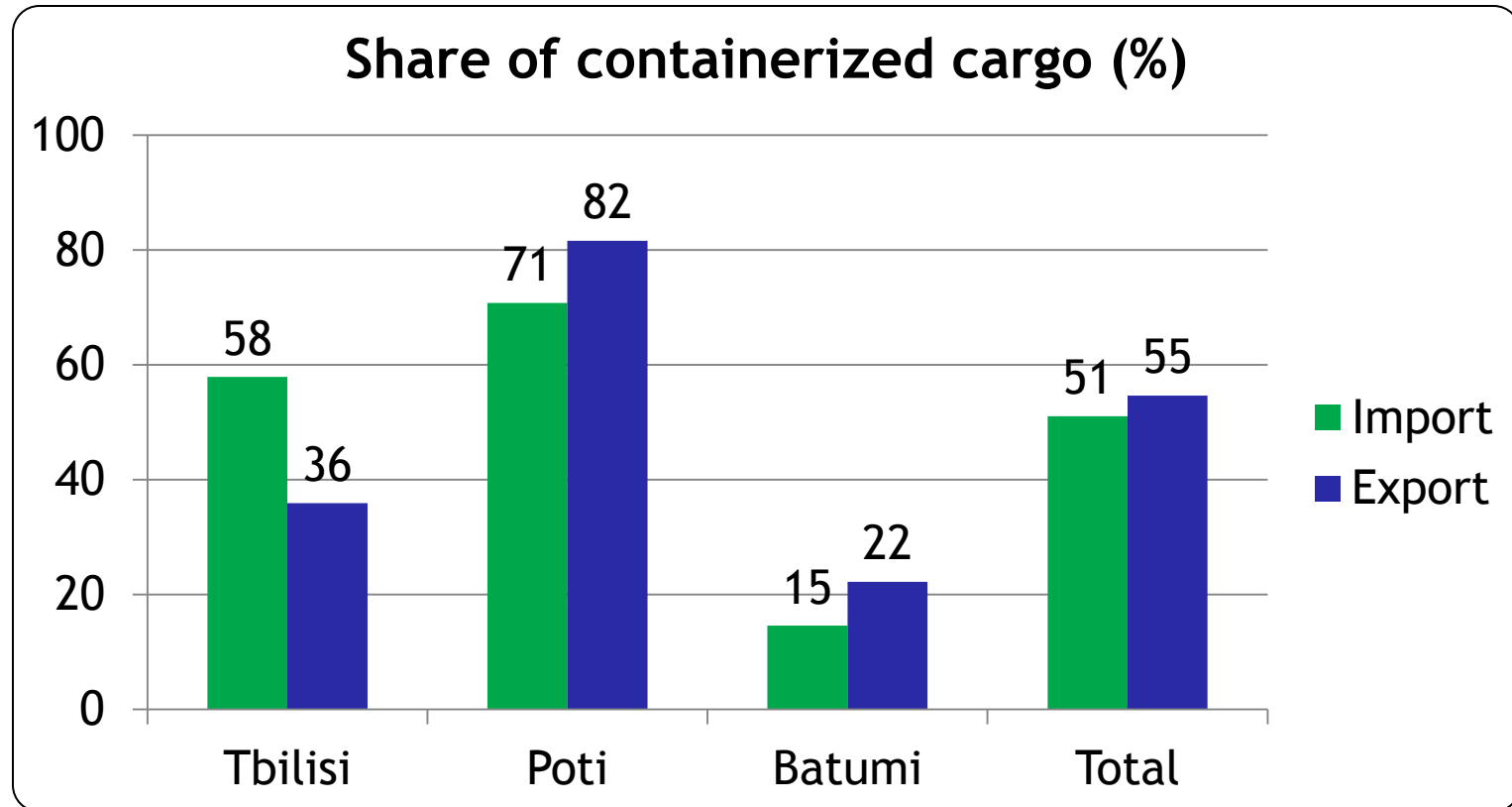
Modes of transport used for import (%)



Modes of transport used for export (%)



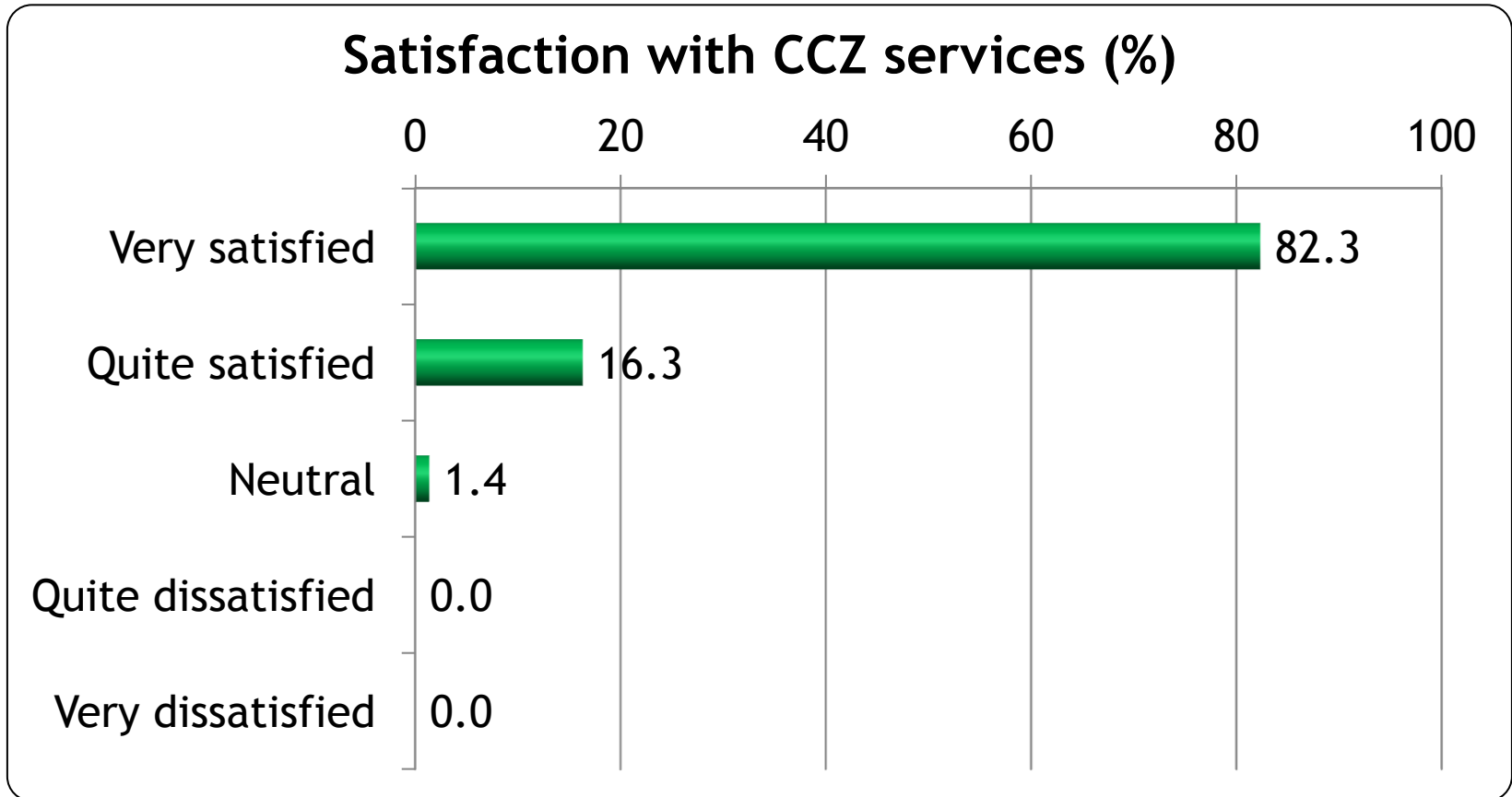
Slightly more than half of the shipments is containerized



Majority of respondents do customs clearance quite often

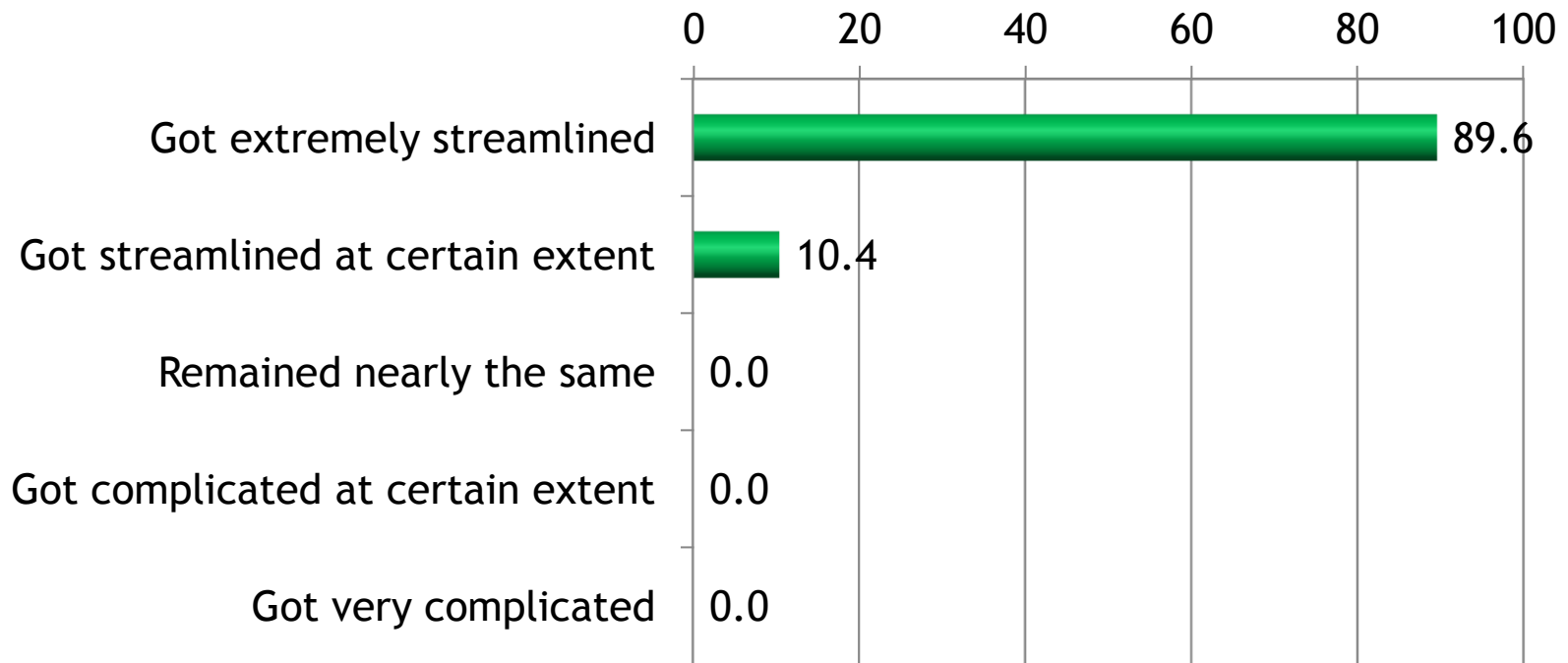
Number of declarations cleared during a year		
	Import	Export
1-5 Declarations	5.9%	13.1%
5-10 Declarations	21.4%	15.5%
Over 10	72.7%	71.4%
Median (Number of declarations for an average respondent)	30	30
Average number of declarations per respondent	86	244

Respondents' satisfaction with CCZ services is extremely high, with zero dissatisfaction



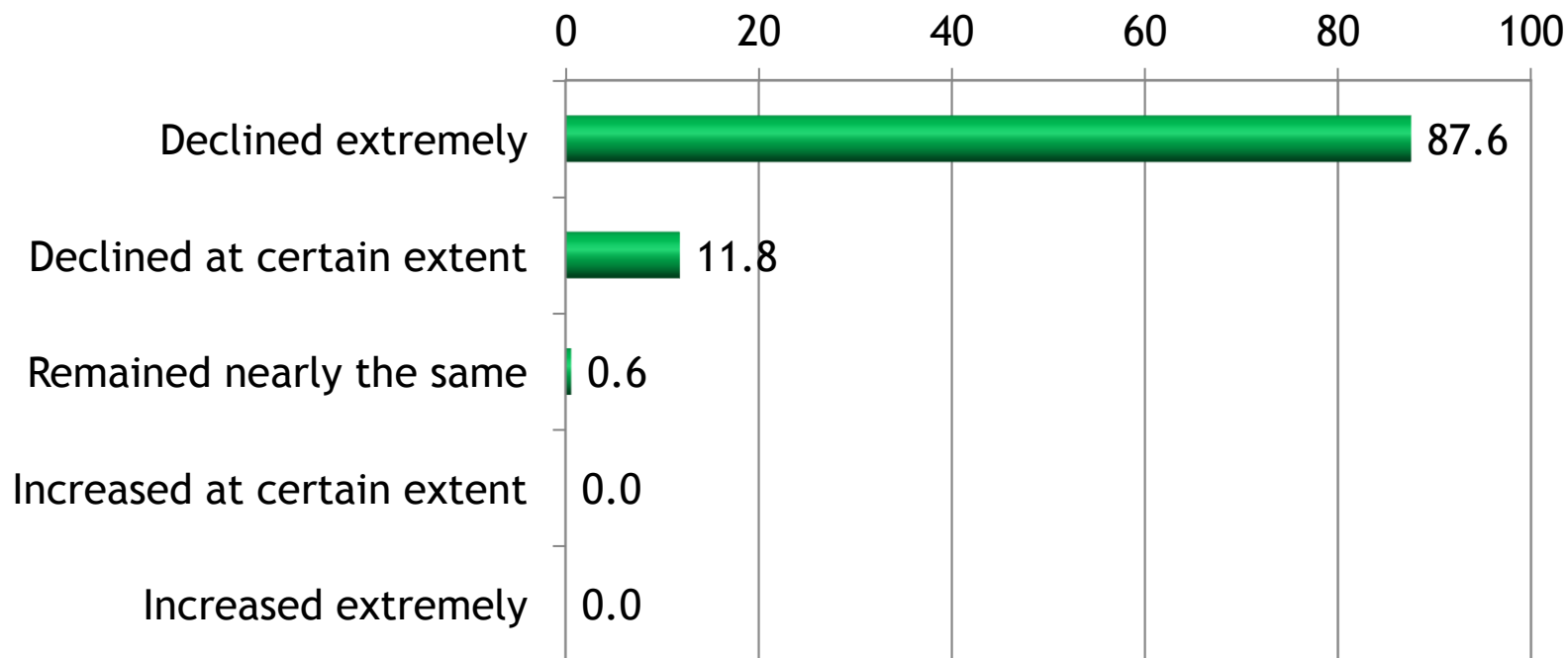
Launch of CCZs simplified clearance procedures

Did the import-export registration procedures get simplified or complicated with the launch of CCZs? (%)

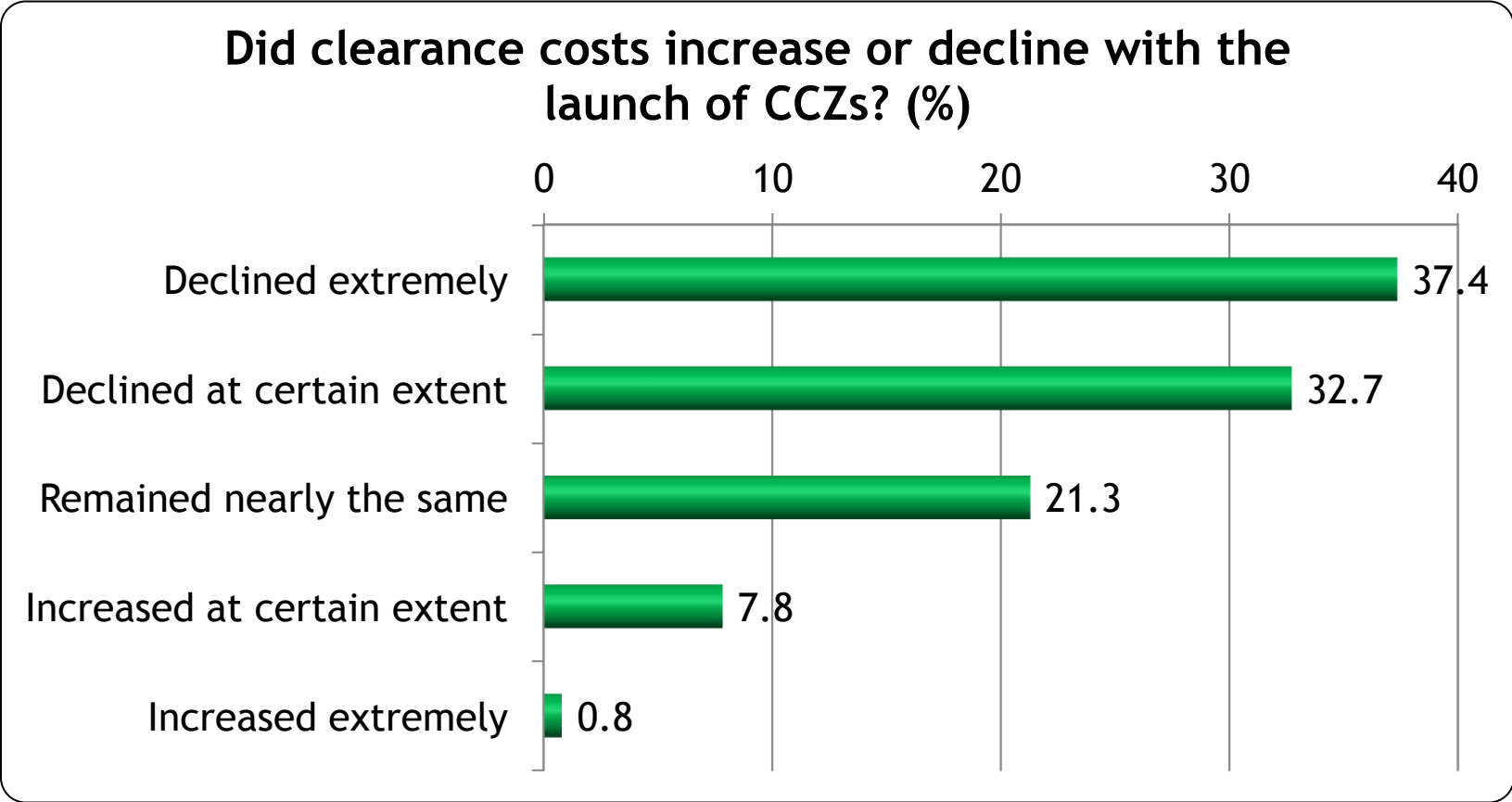


CCZs extremely reduced clearance time

Did clearance time for import and export increase or decline with the launch of CCZs? (%)

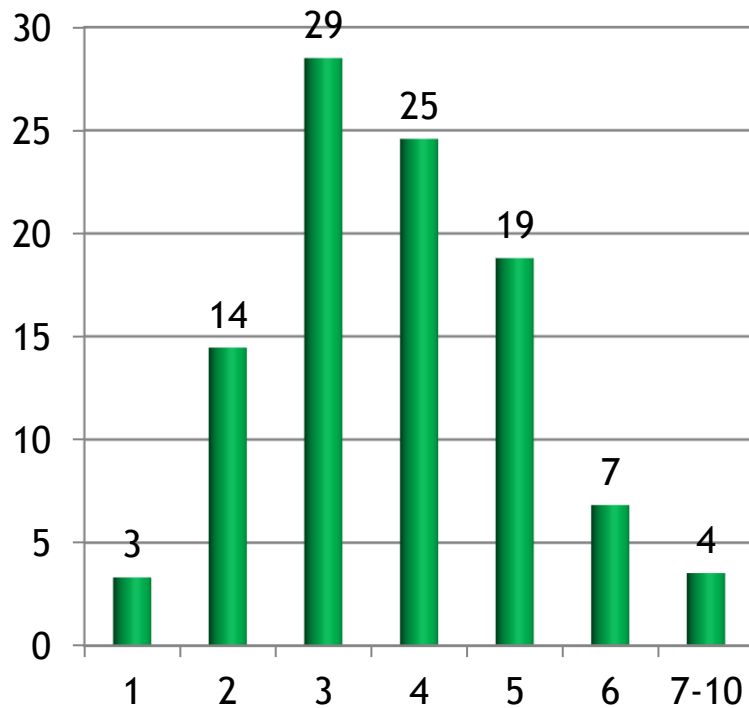


However, clearance costs increased for a small number of respondents (for some importers)

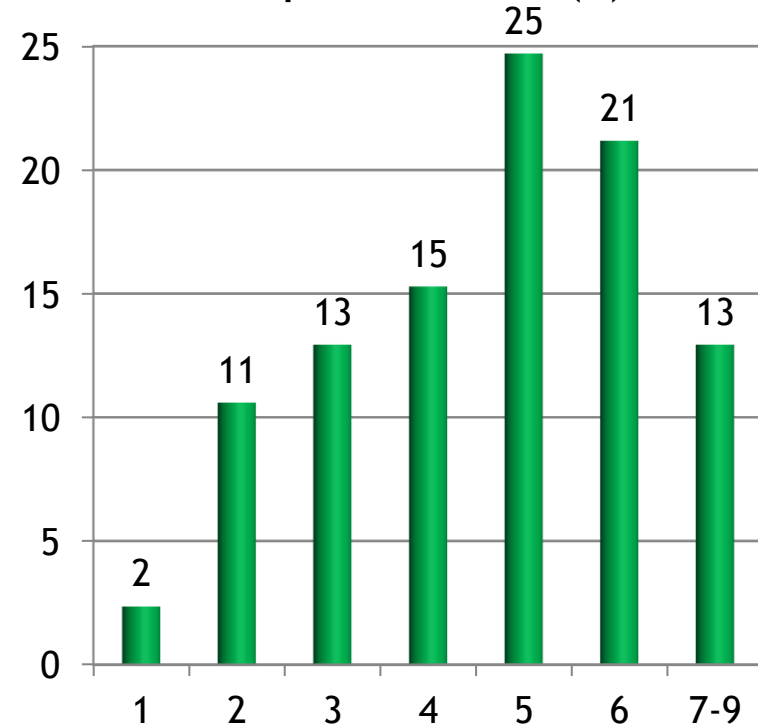


Majority of respondents say more than two documents are required for clearance (lack of communication?)

Number of documents required for import clearance (%)



Number of documents required for export clearance (%)



However, document preparation requires little time: 1 day or less for the vast majority

Time for document preparation (number of respondents)		
Days	Import	Export
0	37	3
0.5	5	1
1	381	64
2	15	9
3	7	6
4	1	1
5	2	
6	1	
7	2	
Total	451	81

Most frequently named documents (%)

For Import

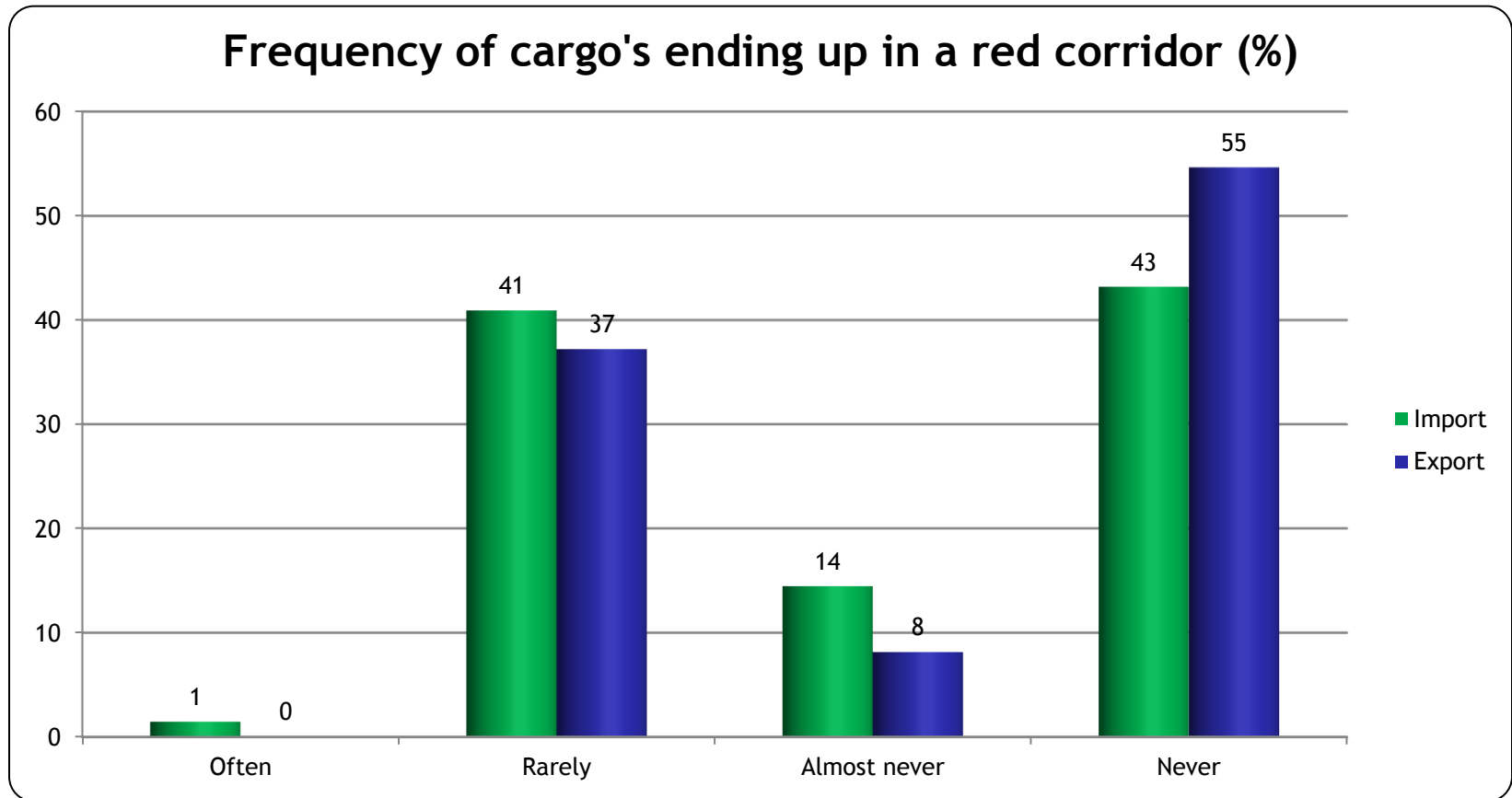
Waybill / transport document	76.8
TIR- book	18.4
Bill of lading	25.7
Airway bill	5.0
Railway bill	6.6
Invoice	98.3
Packing List	62.3
Certificate of origin	49.1
Phyto-Sanitary Certificate	8.7
Veterinary Certificate	5.6

For Export

Waybill / transport document	80.0
TIR- book	36.5
Bill of lading	23.5
Airway bill	4.7
Railway bill	18.8
Invoice	97.6
Packing List	62.4
Certificate of origin	61.2
License - Insurance Company	15.3
Certificate of Compliance	5.9
Export Declaration	5.9
Expert's report	4.7

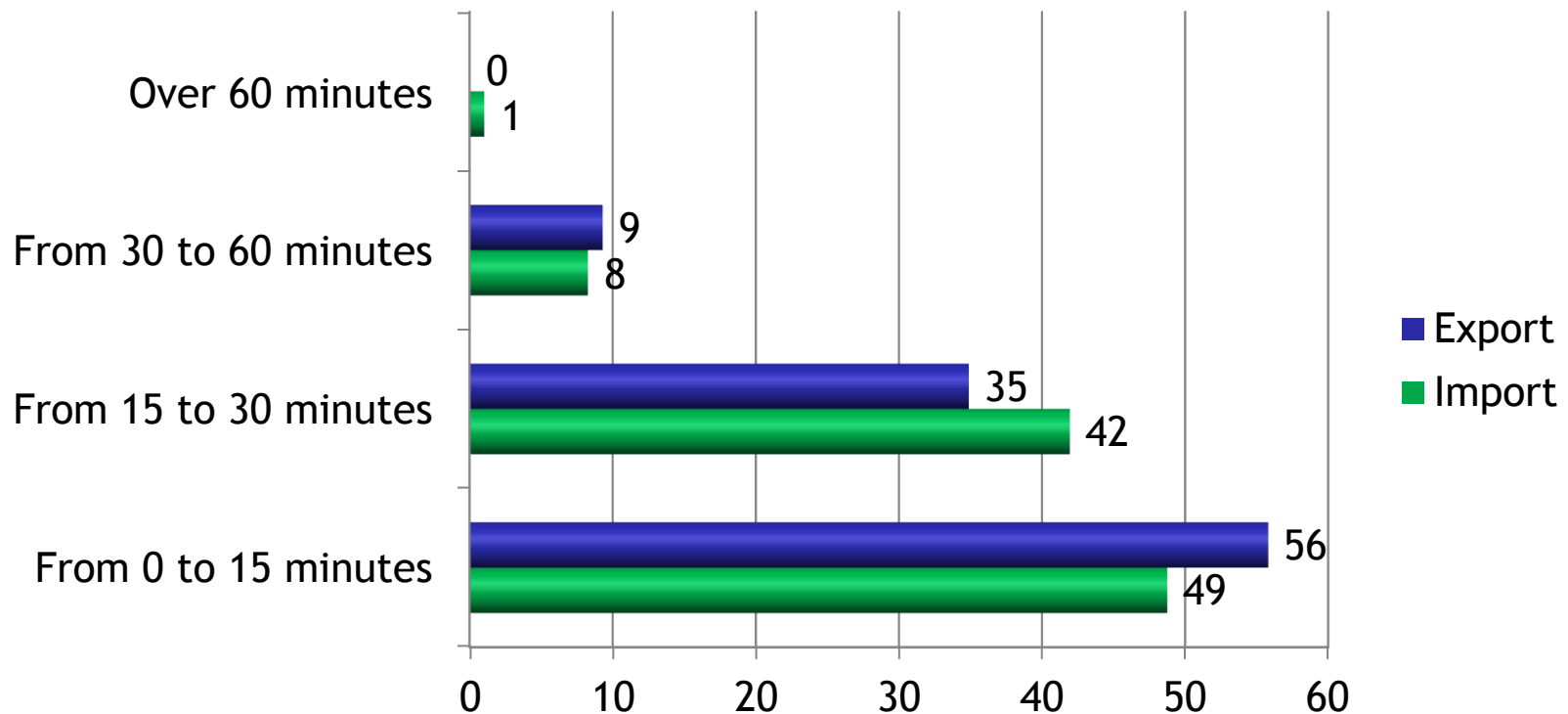
Shipments rarely end up in a red corridor

Half of the respondents says that their shipments never end up in a red corridor



Vast majority of shipments are registered in a green corridor within thirty minutes

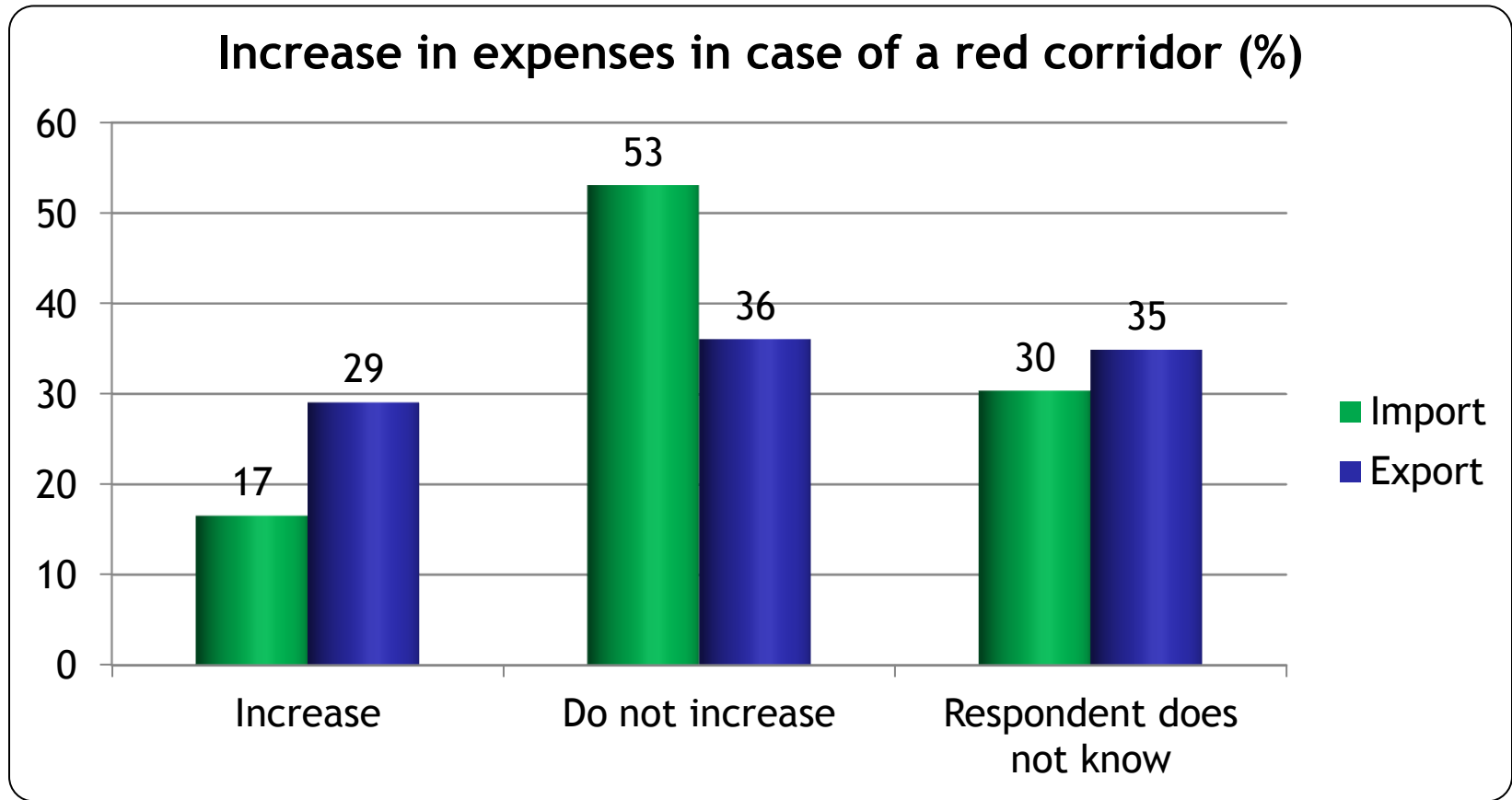
Clearance time with green corridor (%)



In case of a red corridor, clearance time increases
 (maximum 24 hours for import).
 Yet most respondents need one hour or less

Clearance time in case of a red corridor (hours)		
	Import	Export
Median (for an average respondent)	1.00	1.00
Average	1.44	1.41
Standard error	0.13	0.16
Minimum	0.00	0.00
Maximum	24.00	8.00
<i>Number of Respondents</i>	412	72

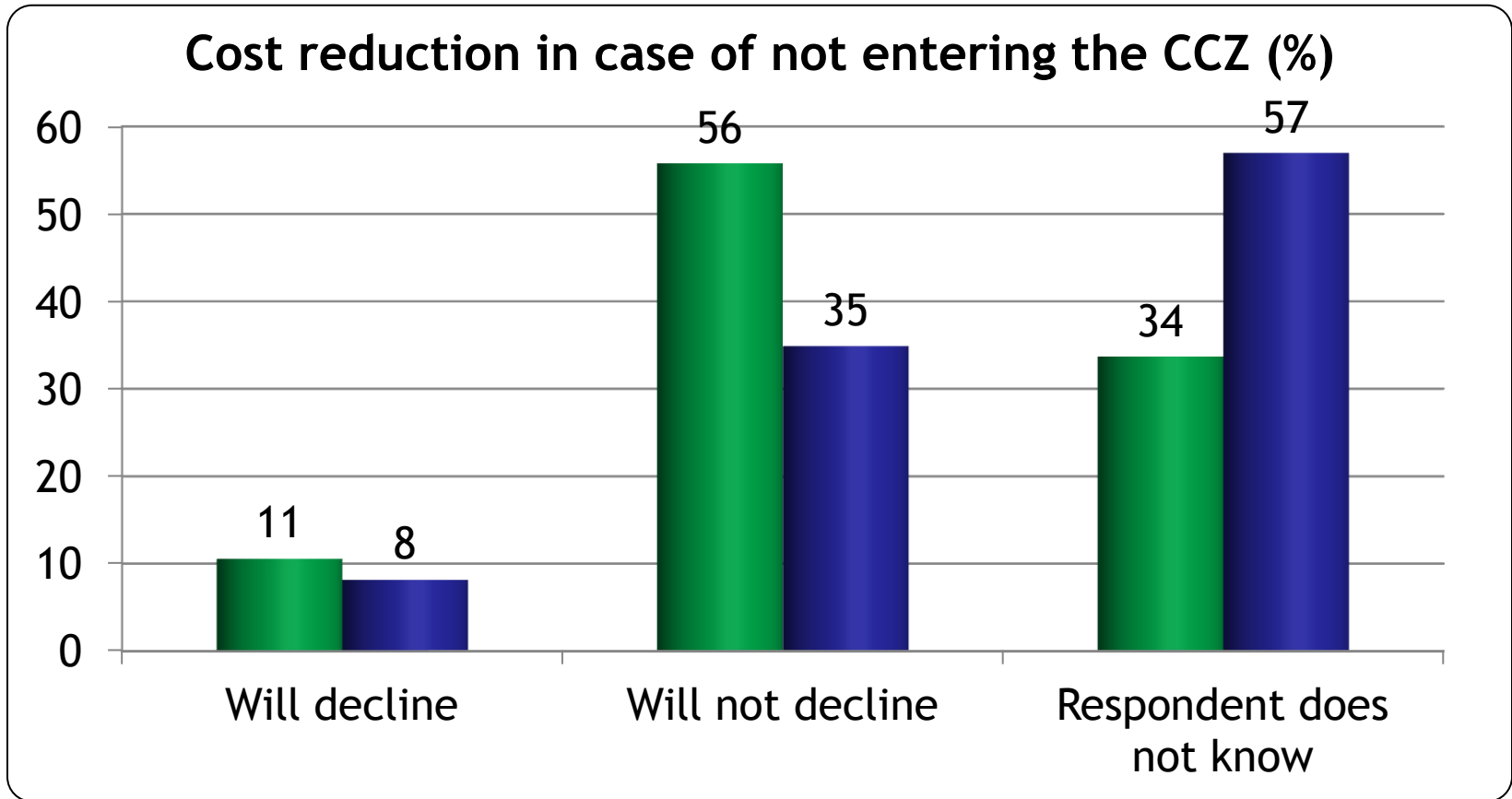
With red corridor, expenses may increase as well



Expenses increase by GEL 100-500 (on average) depending on the location of shipment

Increase in expenses in case of a red corridor (GEL), if cargo is at CCZ or customs warehouse				
	Import		Export	
	CCZ	Customs Warehouse	CCZ	Customs Warehouse
Median (for an average respondent)	150.00	100.00	100.00	100.00
Average growth	483.26	212.20	95.33	112.96
Standard error	216.85	41.66	50.28	17.00
Minimum	25.00	30.00	6.00	6.00
Maximum	5000.00	2000.00	180.00	400.00
<i>Number of respondents</i>	23	59	3	24

For some respondents, costs will decrease if they avoid entering CCZ



Costs will decrease by GEL 80-300 (on average) depending on where (from where) the shipment goes from (to) the border

Reduction of expenses (in GEL) by avoiding entering the CCZ for those respondents whose expenses decrease due to not entering the CCZ

	Import		Export	
	To Customs Warehouse	To Office	From Customs Warehouse	From Office
Median (for an average respondent)	150.00	100.00	100.00	80.00
Average reduction	224.75	313.25	153.33	114.00
Standard error	41.36	123.19	74.24	47.71
Minimum	40.00	60.00	60.00	40.00
Maximum	800.00	5000.00	300.00	300.00
<i>Number of respondents</i>	<i>20</i>	<i>40</i>	<i>3</i>	<i>5</i>

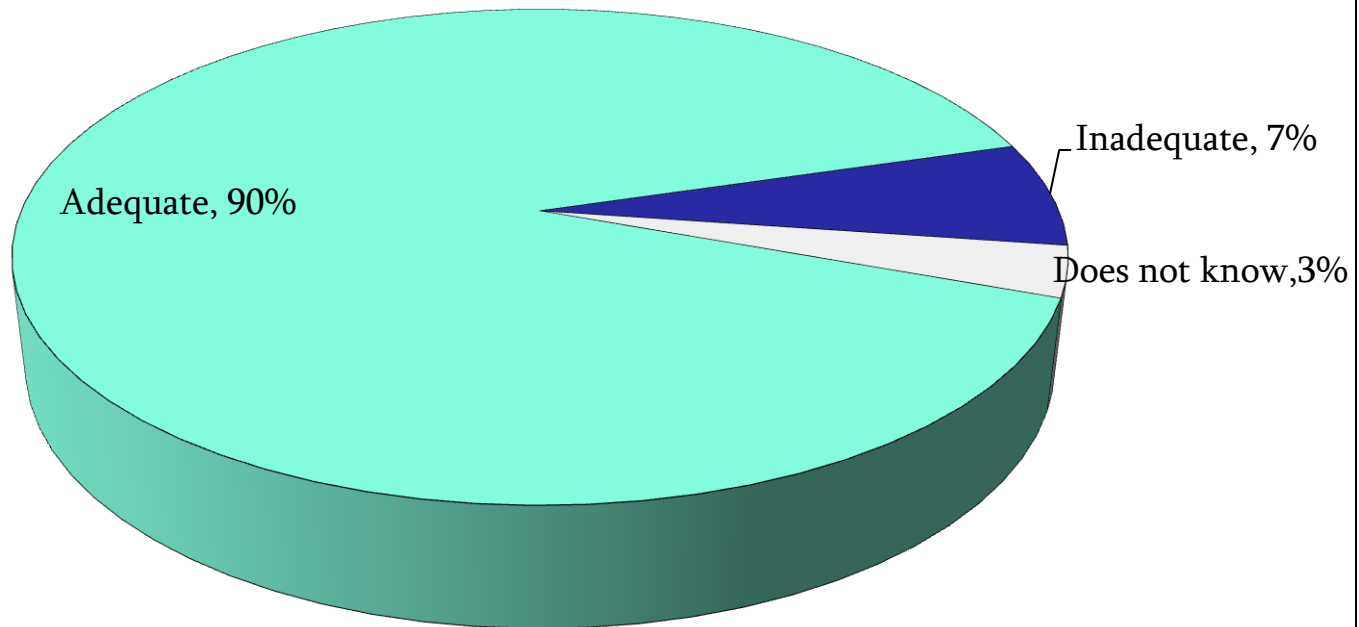
More than three-fourths of importers pay a GEL 400 registration fee

Fee for import clearance of typical shipments (in GEL)		
	Percentage	Number of Respondents
21	1.9	9
150	3.4	16
300	17.1	80
400	75.5	354
439	0.2	1
475	0.2	1
800	0.2	1
1000	0.4	2
1800	0.2	1
2800	0.2	1
3000	0.2	1
5000	0.2	1
12000	0.2	1
Number of Respondents	469	469

Fee for export clearance of typical shipments (in GEL)		
	Percentage	Number of Respondents
0	74.4	58
20	1.3	1
50	1.3	1
60	1.3	1
70	1.3	1
130	1.3	1
150	2.6	2
160	2.6	2
175	1.3	1
200	1.3	1
220	1.3	1
300	2.6	2
400	6.4	5
2200	1.3	1
Number of Respondents	78	78

Vast majority of importers see clearance fee as appropriate for the quality of service

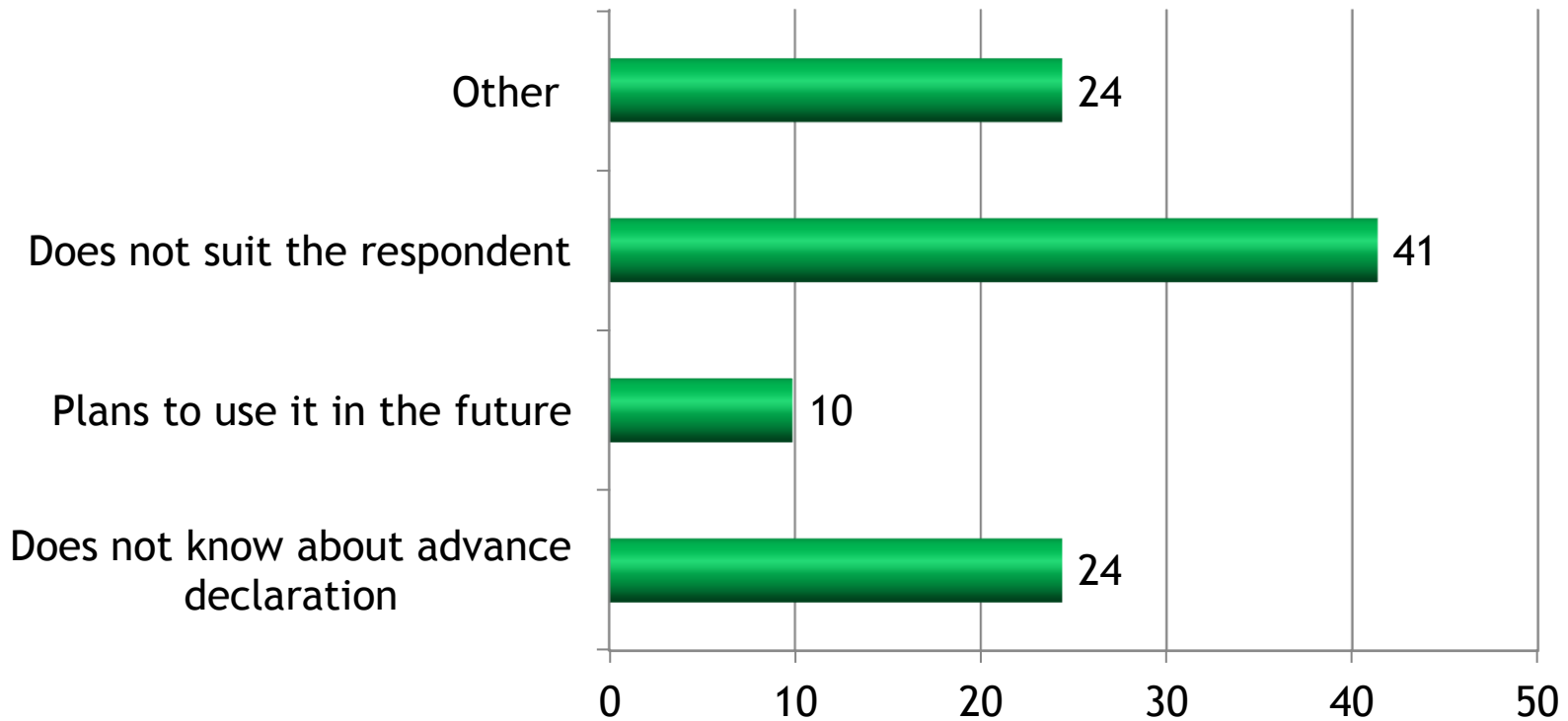
Adequacy of import registration fee with respect to service



Only 29% uses advance declaration service

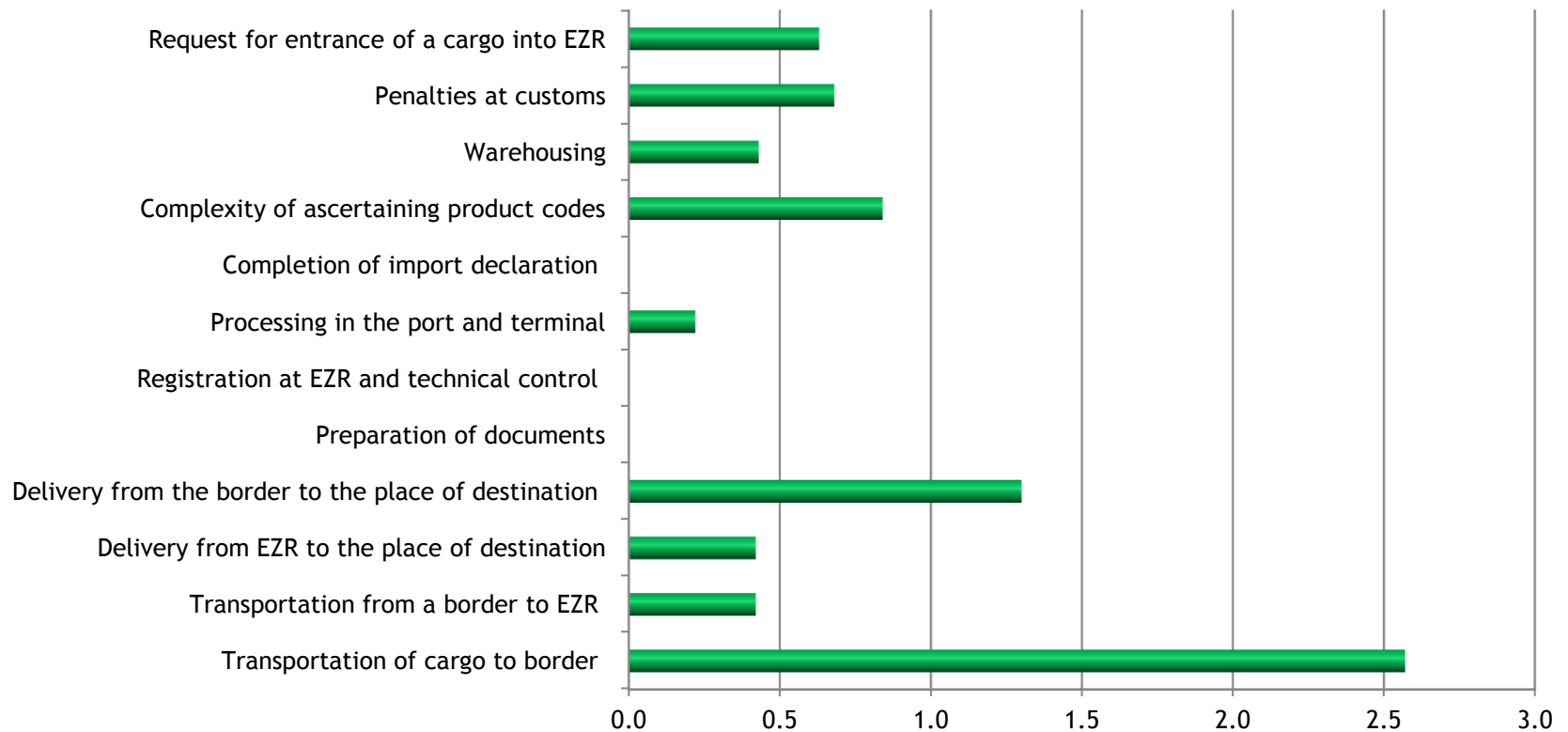
Approximately one-quarter of the other respondents does not even know about advance declaration service

Reasons why the advance declaration is not used (%)



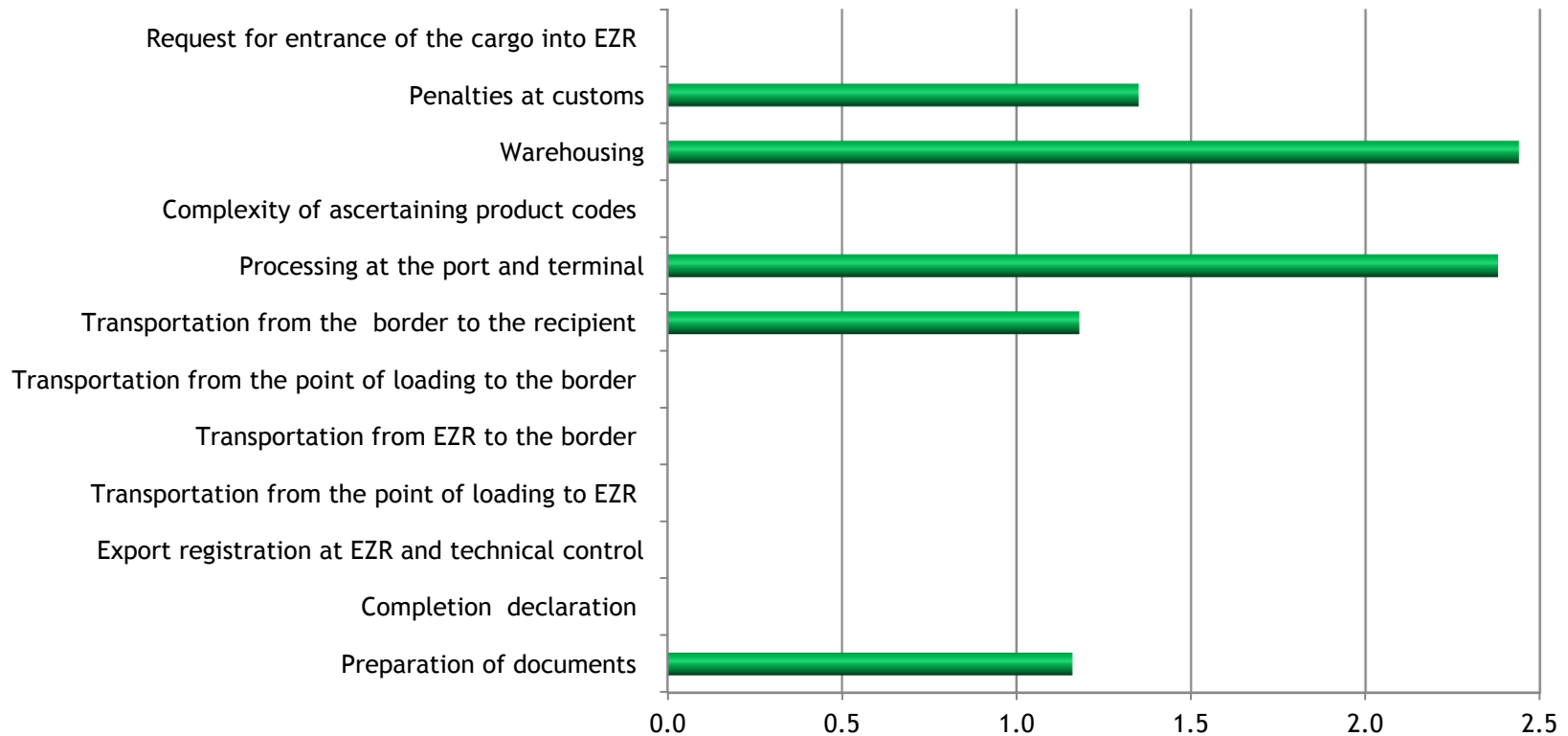
According to respondents, none of the separate import components is a problem

Problematic character of import components (%)



The same can be said about the export

Problematic character of export components (%)



Other issues

- Corruption has been practically eliminated:
 - Only 2 respondents out of 515 (0.4%) interviewed mentioned that they had to pay bribes in relations with the CCZ (Both respondents were interviewed in Poti).
- Only 6% of respondent companies uses services of independent brokers.
- Clearance is mainly done by company employees and not by independent brokers:
 - Only 7 respondents (1.4%) out of the 515 interviewed were independent brokers; the others were employees of import-export companies.

Summary

- Degree of satisfaction with the CCZ services is very high.
- With the launch of CCZs quality of service is improved, procedures are simplified and clearance time is reduced.
- For a significant part of importers and exporters expenses declined, however for some of them expenses increased. Vast majority thinks that the clearance fee corresponds to the quality service.
- Presumably importers and exporters are to be better informed and communication with them is required.
- Is it possible to further reduce costs and improve services?