



# Securing Airfreight Exports

To meet national and international security expectations, the New Zealand Customs Service is implementing new requirements for exports and transshipments.

From 1 March 2004, no goods will be loaded for export from New Zealand without prior Customs clearance.

You risk delays if you do not move now to ensure your processes can meet Customs' requirements.

This document outlines the process to be followed from 1 March 2004, focusing on the IT elements.

## Summary of Process

The following process is designed to ensure that:

- Customs has the opportunity to risk assess each and every export shipment prior to departure;
- only Customs-cleared shipments are loaded for export;
- Customs has a record of the shipments that were loaded and therefore exported;
- Customs can immediately respond to any query received from another agency or an overseas administration about the security or compliance aspects of any shipment;

with minimum cost and disruption to industry.

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## Exporters/Agents and Freight Forwarders (including Integrators)

### *Customs clearance requirements*

1. From 1 March 2004, Customs clearance will be required for **all** exports prior to loading, and electronic lodgement will be mandatory.
2. As for imports, an Electronic Cargo Information (ECI) message will be available to clear export consignments that are exempt from the requirement to lodge an export entry. The ECI message may be transmitted via either EDI software or the Customs On-line Declarations website. ECI is a report of details of a single or multiple low-value consignment/s in one message. For now, personal effects for export are to be cleared via ECI, pending consultation with industry over alternatives that may better address the risk posed by such consignments.
3. For each individual consignment, Customs clearance in the form of an export entry delivery order or an ECI clearance advice must be provided to the freight forwarder or the airline's Cargo Terminal Operator before loading aboard the aircraft that is departing internationally. (A Cargo Terminal Operator or CTO is licensed to load cargo aboard aircraft).
4. The ways in which Customs clearance may be provided are:
  - a) For consignments cleared via ECI, the clearance advice must be presented to the freight forwarder or airline's CTO in hard copy. Exporters may of course engage the freight forwarder to complete the ECI clearance.

- b) For consignments booked with a freight forwarder **and** that the exporter/agent has cleared via an export entry, Customs can automatically transmit the delivery order to the freight forwarder when the entry is cleared, if the freight forwarder sets up this facility. To enable transmission of the delivery order, the exporter/agent must state the freight forwarder's Customs client code in the "Delivery Authority" field of the export entry. Exporters/agents should check with the freight forwarder to ensure they are set up for electronic receipt. Where the freight forwarder's Customs client code is not so stated, or the freight forwarder is not set up for electronic receipt, a delivery order must be presented in hard copy.
  - c) For consignments booked with the airline, the Customs clearance advice must be presented to the airline's CTO in hard copy, unless the CTO advises otherwise. This is because CTOs are generally not set up to receive and integrate electronic messages (in UN/EDIFACT format) used by Customs, and significant development will be required to achieve this.
5. Customs has extended the time in which an export entry must be lodged to up to 1 hour before loading. This is on the condition that should Customs require to examine any consignment, completion of examination in time for loading cannot be guaranteed if the entry or ECI clearance is lodged less than 9 hours prior to loading. **Note freight forwarders and airlines may apply their own conditions on the provision of the Customs clearance, in order to meet airline security requirements. Airline cargo-receipt deadlines will also apply. Thus there may well be a requirement to produce Customs clearance more than 1 hour before loading.**

### *What you need to do now*

- 6. If you are an exporter/agent who currently lodges entries manually, you need to decide how you are going to declare your exports electronically from 1 March 2004. The options are to use a Customs agent/broker, to install EDI software, or to use the Customs Online Declarations website at [www.customsentry.govt.nz](http://www.customsentry.govt.nz). Further information on these options is available at [www.customs.govt.nz](http://www.customs.govt.nz), or from Customs' National Call Centre on 0800 428 786.
- 7. All exporters, Customs brokers, freight forwarders and other agents, especially those who have been lodging entries after export of the goods, need to ensure that from 1 March 2004, export entries are lodged as soon as possible prior to loading.
- 8. All exporters, Customs brokers, freight forwarders and other agents who will be clearing export consignments that have previously been exempt from the requirement to lodge an entry, should decide how they are going to electronically clear such consignments from 1 March 2004. The options are to clear such consignments on an Export Entry, or install Export ECI software, or use the Export ECI facility that will soon be available on the Customs Online Declarations website at [www.customsentry.govt.nz](http://www.customsentry.govt.nz)
- 9. Freight forwarders that wish to receive electronic delivery orders for consignments cleared on an export entry by the exporter or other agent need to ensure their existing EDI set up can receive and process the message – contact the Electronic Commerce Network (ECN). While the delivery order message is identical to the CUSRES message you are already receiving, the electronic mailbox set up may differ. You then need to advise your clients to place your Customs client code in the "Delivery Authority" field of their export entries.
- 10. Customs brokers/agents and freight forwarders should now also start to ensure all clients understand and are ready to comply with the new requirements from 1 March 2004. Remember, each and every consignment must have been declared to and cleared by Customs before it can be loaded.

# Freight Forwarders (including Integrators) and Consolidators

## *Supply chain contribution*

11. Freight forwarders and consolidators are encouraged to partner with Customs to contribute to supply chain security, which will minimise the need for Customs inspection and further expedite the loading process. Details on the nature and content of such partnerships are being developed and will be presented as soon as possible.
12. From 1 March 2004, to expedite the loading of consolidations, consolidators may lodge an electronic Consolidation Outward Report with Customs, stating for each individual consignment within the container:
  - a) the Customs clearance number, and
  - b) the bill or booking number shown on the Customs clearance.

Note: the Consolidation Outward Report is *not* Customs clearance – each consignment within the consolidation must have been cleared on an export entry or via Export ECI.
13. Consolidators that are Customs supply chain security partners will be required to operate under a procedure agreement that includes retaining confirmation from the issuing freight forwarder of the bill number quoted on the Customs entry.
14. From 1 March 2004, where the consolidator has not lodged an electronic Consolidation Outward Report, the CTO will be required to sight and capture a Customs clearance for every consignment within the consolidation, and to advise Customs of receipt of the consolidation. The consolidation may then be subject to further Customs screening. If Customs is not advised of receipt of the consolidation at least 9 hours prior to loading, such screening might not be completed in time for loading, especially if the can/pallet/container needs to be unpacked.
15. In addition, from a date yet to be set, the same requirement will apply if the consolidator is not a supply chain security partner even if a Consolidator's Outward Report is lodged. The date has not yet been set as supply chain security partner requirements have not yet been finalised, and intending applicants will need time to comply before being approved. Consolidators and CTOs will be advised as soon as possible of the date this will become effective.

## *Transhipments*

16. For international transhipments that have an air waybill cut by a freight forwarder in NZ, the consigning freight forwarder will need to lodge an Export ECI report listing all such transhipments for a flight (replacing manual transhipment entries). For these consignments, the port of loading is to be shown as the relevant overseas port; the port of transhipment as the NZ port at which the consolidation will be loaded for export; and the port of destination as the next overseas port of discharge. The Export ECI clearance can then be provided to the airline's CTO or stated on the Consolidator's Outward Report as the Customs clearance number to authorise loading.
17. Requirements for international transhipments that remain on the same air waybill number and under the airline's control are covered in paragraph 28 below.

### ***What you need to do now***

18. Consolidators should now look to integrate the Outward Report message into their IT systems so they can lodge Consolidation Outward Reports from 1 March 2004. The Message Implementation Guidelines for the message are published on [www.customs.govt.nz](http://www.customs.govt.nz) under library<technical publications. Alternatively, the Outward Report will soon be available for completion via the Customs On-line Declarations website at [www.customsentry.govt.nz](http://www.customsentry.govt.nz). A summary of the content of the Outward Report message is contained in appendix 2 to this document.

19. Consolidators that wish to receive electronic delivery orders for consignments cleared on an export entry need to set up a mail box with the Electronic Commerce Network (ECN) and integrate receipt of the message at your end. Specifications for the message are set out in the CUSRES section of the CUDEC Message Implementation Guidelines published on [www.customs.govt.nz](http://www.customs.govt.nz) under library<technical publications. You then need to advise your clients to place your Customs client code in the “*Delivery Authority*” field of their export entries. Contact the Customs National Call Centre on 0800 428 786 if you do not know your client code, or download an application form at [www.customs.govt.nz](http://www.customs.govt.nz) if you wish to apply for one.
20. Freight forwarders should now look to integrate the Export ECI message into their IT systems so they can clear transshipments from 1 March 2004. The Message Implementation Guidelines for the message are published on [www.customs.govt.nz](http://www.customs.govt.nz) under library<technical publications. Alternatively, Export ECI will soon be available for completion via the Customs On-line Declarations website at [www.customsentry.govt.nz](http://www.customsentry.govt.nz).
21. Freight forwarders and consolidators should now also start to ensure all clients understand and are ready to comply with the new requirements from 1 March 2004. Remember, a consolidation cannot be loaded unless each and every consignment in the consolidation has been declared to and cleared by Customs. Note that airlines may apply their own conditions on the provision of the Customs clearance for a consolidation, in order to satisfy airline security requirements.
22. In preparation for approval as a supply chain security partner pending Customs advice of the actual requirements, freight forwarders and consolidators should review physical security of their premises if goods for export are to be stored or packed therein.

## Airports and Cargo Terminal Operators

### *Customs authority to load*

23. From 1 March 2004, before any consignment may be loaded aboard the export aircraft, the airport company must require the Cargo Terminal Operator (CTO) to ensure they have received a Customs clearance for every master consignment in the form of:
  - a) an export delivery order, or
  - b) a Consolidation Outward Report receipt, or
  - c) an Export ECI clearance advice.
24. From 1 March 2004, where the consolidator has not lodged an electronic Consolidation Outward Report, the CTO will be required to sight and capture a Customs delivery order for every consignment within the consolidation, and to advise Customs of receipt of the consolidation. The consolidation may then be subject to further Customs screening. If Customs is not advised of receipt of the consolidation at least 9 hours prior to loading, such screening might not be completed in time for loading, especially if the can/pallet/container needs to be unpacked.
25. In addition, from a date yet to be set, the same requirement will apply if the consolidator is not a supply chain security partner even if a Consolidator's Outward Report is lodged. The date has not yet been set as supply chain security partner requirements have not yet been finalised, and intending applicants will need time to comply before being approved. Consolidators and CTOs will be advised as soon as possible of the date this will become effective.
26. Full details of the process and authorised delivery messages or documents will be built into each airport company's Procedure Statement, which are issued as a condition of the Customs Controlled Area licence. These details in turn are to be reflected in operating procedures for CTOs approved by the airport company.
27. Customs will work with CTOs on options for implementing electronic advice of Customs clearance.

## *International Transhipments*

28. From 1 March to 30 June, Customs will manually screen international transhipments that remain on the same air waybill number and under the airline's control, using data sources available. Such transhipments will be cleared to load unless Customs advises otherwise. Customs will consult with CTOs over the time frame for advising of transhipments that require screening.
29. Clearance requirements that will apply to such transhipments from 1 July 2003 are set out in paragraphs 33 to 34 below.

### ***What you need to do now***

30. Customs will shortly consult with airport companies and CTOs about the process and the content of Procedure Statements. Your internal procedures will need to be amended accordingly. CTOs especially have a major part to play in ensuring all clients understand and are ready to comply with the new requirements from 1 March 2004. **Remember, each and every export consignment must have been declared to and cleared by Customs before it can be loaded.**

## **Airlines**

### *Outward Cargo Reports*

31. From 1 July 2004, within 2 hours after the departure of any aircraft carrying international cargo, the airline must lodge a Carrier Outward Report listing all consignments loaded aboard the aircraft.
32. The Carrier Outward report must state, for all consignments loaded (including transhipped) in NZ:
  - a) the master airway bill number, and
  - b) the number/s of the Customs clearance for the consignment i.e.:
    - i) export delivery order number/s, or
    - ii) export ECI clearance number/s, or
    - iii) Consolidation Outward Report receipt number, or
    - iv) for international transhipments where the bill of lading number is unchanged, the Inward Report receipt number.

### *International Transhipments*

33. From 1 July 2004, it is intended that an electronic Inward Cargo Report in the Import ECI format will be required in advance of the arrival of every international flight carrying cargo. This will include international transhipments that remain on the same air waybill number and under the airline's control. For such transhipments, the electronic Customs response message for the Inward Cargo report may be used as Customs authority to load, and be recorded as the Customs clearance number on the Carrier Outward Report.
34. The process for international transhipments that have an air waybill cut by a freight forwarder in NZ is covered in paragraph 16 above.

## ***What you need to do now***

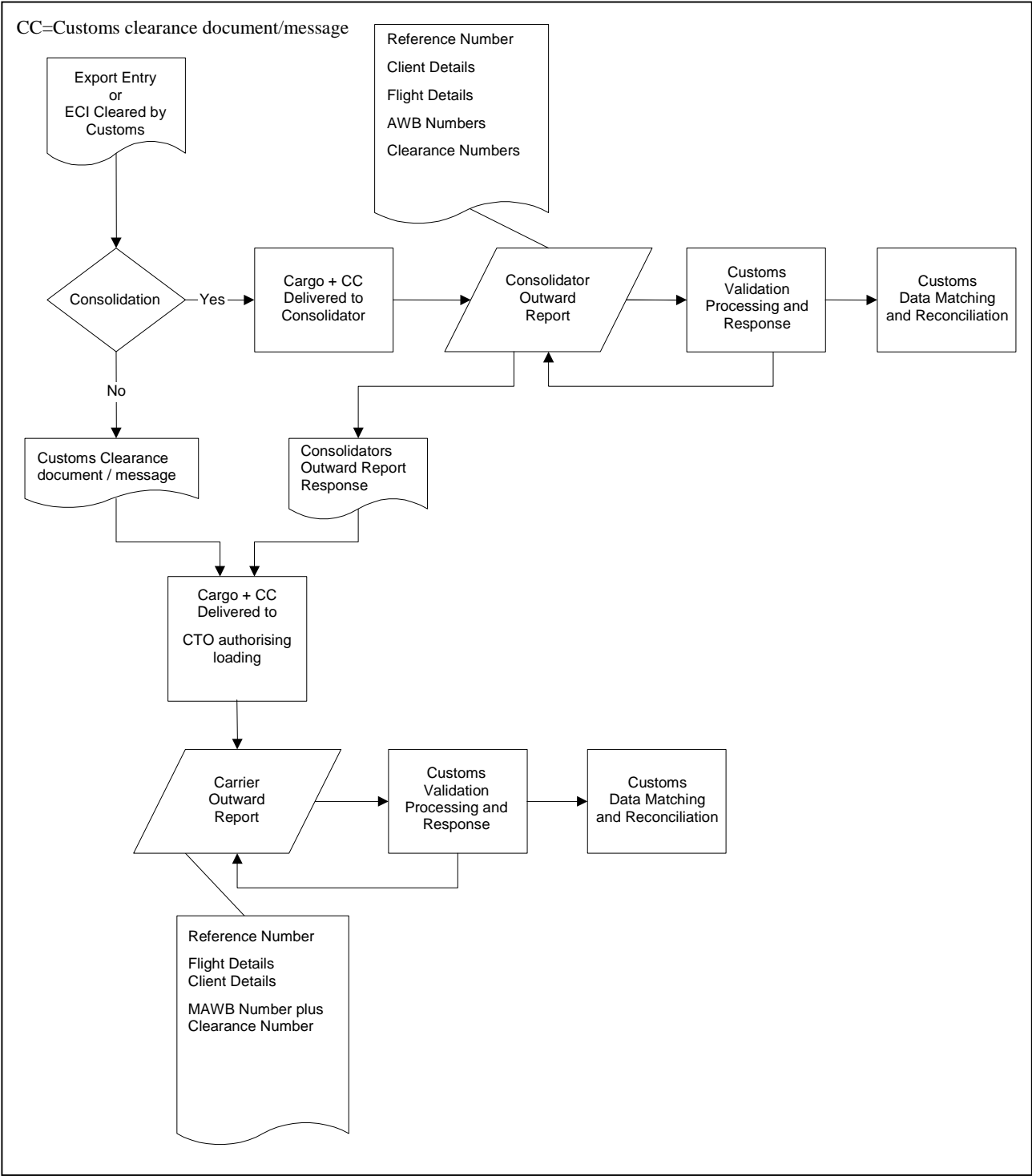
35. Airlines should now look to integrate the Outward Report message into their IT systems so you can lodge Outward Reports from 1 July 2004. The Message Implementation Guidelines for the message are published on [www.customs.govt.nz](http://www.customs.govt.nz) under library<technical publications. Alternatively, the Outward Report will soon be available for completion via the Customs On-line Declarations website at [www.customsentry.govt.nz/](http://www.customsentry.govt.nz/). A summary of the content of the Outward Report message is contained in appendix 2 to this document.
36. Customs will formally issue requirements for Inward Reports shortly, however it would be useful to look to integrate the Import ECI message now, as this will be the format.
37. Airlines also have a major part to play in ensuring all clients understand and are ready to comply with the new requirements from 1 March 2004. **Remember, each and every export consignment must have been declared to and cleared by Customs before it can be loaded.**

## **Customs Action**

38. Customs processing of export entries and ECI reports will identify risk consignments that require further screening. This screening will be non-invasive as far as possible (e.g. x-ray), but there may be occasions when physical inspection is required. Customs will work with parties in the supply chain to identify the location of cargo requiring screening and the best place to undertake this. If the entry or ECI report was not lodged at least 9 hours prior to loading time, Customs can not guarantee screening will be completed in time for loading, but will endeavor to do so.
39. Upon receipt of a Consolidation Outward Report, Customs will issue a receipt response and reconcile the details against the entry and ECI database to confirm their validity. Where unmatched consignments cannot be resolved prior to loading via enquiries with the consolidator or consignor, loading may not proceed and an investigation may be initiated.
40. On receipt of a Carrier Outward Report, Customs will issue a receipt response and reconcile the details against the entry, ECI and Inward/Outward Report database to confirm their validity. Where unmatched consignments cannot be resolved via enquiries with the carrier, consolidator or consignor, Customs in the country of destination may be advised and an investigation initiated.

Questions and queries: email [exports@customs.govt.nz](mailto:exports@customs.govt.nz) or phone the Customs National Call Centre on 0800 428 786.

# Export Process Flowchart



A new EDI message based on the UNEDIFACT CUSCAR message has been designed for the Outward Report.

In simple terms the message will provide a Header and up to 9999 line items as follows:

## Header

Reference~Client Code~Transaction Type~Mode~Craft/Flight~Voyage No~Departure Date~Departure Port~Container Number~Destination(s)

## Line

Line Number~Bill/booking number~Customs clearance number  
Total Lines

The message will follow the same flow as current CUSCAR and CUSDEC messages as below:

