

# **EU Best Practice Administration 2000**

## **Swedish Customs Administration**

**Kjell Jansso**

[kjell.jansson@tullverket.se](mailto:kjell.jansson@tullverket.se)

**Lars Karlsson**

[lars.karlsson@tullverket.se](mailto:lars.karlsson@tullverket.se)

**Patrik Heinesson**

[patrik.heinesson@tullverket.se](mailto:patrik.heinesson@tullverket.se)

## **EU Best Practice Administration 2000**

### **Swedish Customs Administration**

**Kjell Jansson, Lars Karlsson & Patrik Heinesson**

#### **Introduction**

For several years now, Swedish Customs has been extensively engaged in the work of altering and developing its administration. With the implementation of a computerised customs clearance system, TDS, at the beginning of the nineties, Swedish Customs was able to make clearance more effective, besides rendering the continued work of development more efficient and effective. Today, the TDS system is the hub for all handling of commercial documents. Every year the system handles 4.5 million customs declarations, some 78% of which are electronically submitted.

On becoming a member of the EU in 1995, Sweden became subject to more complex legislation governing trade with non-EU nations. Thus Swedish Customs was required to focus still more intently on improving and developing its operations.

#### **Summary**

This presentation provides a very brief summary of the work pursued by Swedish Customs during recent years. It is our firm conviction that today's organisation is a very good example of a modern, well adapted administrative body, fully prepared to deal with sudden changes in our area of operation, while preserving a high level of service and openness in our relations with our "customers" as well as our principal, the State.

In the context of our development work, we have adopted a risk management programme and a plan known as the "Stairway Concept", which are meant to simplify routines and procedures for Swedish trade and industry. This is especially gratifying inasmuch as the Stairway Concept was developed in close co-operation with some of Sweden's major trade and industry organisations.

The Stairway Concept combines a cost-effective method of working with a re-engineering approach that exploits IT and is tailored to the needs of the customer. The concept is based on the premise that by working to improve quality and efficiency in customs procedures, customs authorities will be able to co-operate more easily with their customers, thus creating a win-win situation in which the focus is on the client.

By adopting the Stairway Concept, we have taken a decisive step towards realising the vision that Swedish Customs has formulated. In addition, the concept will help Swedish Customs to continue developing electronically in order to improve its capacity to serve the public.

The new Swedish Customs organisation will push vigorously for simplified rules and procedures in accordance with the Stockholm Declaration, adopted at the club meeting of the Directors General from all EU member states Customs Administration in Stockholm 1996. Furthermore, the organisation will be fully prepared to assume the responsibilities that Swedish chairmanship of the EU in 2001 will impose.

We expect that by renewing our organisation, we will be able to co-ordinate international matters more capably and contribute actively to various development projects in the customs field.

Swedish Customs' goal is to achieve a modern way of managing international trade by means of efficient risk analysis, all the while keeping the client in focus.

### **Risk Analysis**

An important part of the improvement work done by the organisation includes the so-called RISK projects that were carried out between 1996 and 1998. The aim of these projects was to make customs routines as flexible and simplified as possible for undertakings submitting correct information from the outset. At the same time, the resources of Swedish Customs especially target areas in which the risk of irregularities occurring is deemed to be greatest.

Later on as the projects progressed, they were able to present a cost-neutral proposal for changing the way in which the work would be processed. This involved abandoning the then-current manual routines for clearing large quantities of non-risk-assessed declarations, and instead adopting a quality-oriented procedure in which declarations could be prioritised in accordance with Swedish Custom's overall objectives.

Today, thanks to the successful outcome of the RISK projects, Swedish Customs has a highly developed organisation for risk analysis that is made up of specially trained staff. The working methods that we use today enable us to clear approximately 60% of the total number of declarations automatically. As a result, clearance work has become considerably easier, and the organisation's resources are allocated more efficiently, with complicated cases being handed over to specially skilled officials.

Last but not least, Swedish Customs is able to provide better service to trade, industry and the public because its work is now being done with maximum speed and efficiency.

In our continued efforts to provide better service, we encourage customers to submit information electronically.

### **INFO-97**

Another project that has been successfully executed is INFO-97, which was meant to improve the quality of information provided by Swedish Customs to trade and industry, and to establish a comprehensive policy for distributing information about the organisation's business.

Today's information policy especially emphasises the importance of adapting the information to the requirements of trade and industry, and of maintaining the uniformity of the information that is supplied to all the customs regions. Furthermore, the information should make it possible for companies to submit correct data from the beginning. The policy also stresses that from the point of view of the organisation, service, control and information are three concepts which can and must be amalgamated.

A special project was also set up to evaluate the system of guarantees regarding postponed payments in connection with imports. The goal of this project was to facilitate the management of guarantees for Swedish Customs as well as for trade and industry, without jeopardising reliability.

The project's work resulted in significant simplification of routines, which was fully in accordance with its stated goals. Everyone whose work was affected by the improvement perceived the results as very positive.

### **New organisation**

Between 1998 and 1999, Swedish Customs carried out an investigation of its own organisation that led to extensive improvements being implemented in March 1999. These improvements, under the heading *The New Swedish Customs*, were characterised by new thinking, effectiveness and a desire to provide improved service to the people and organisations that Swedish Customs is to serve. From the time when this work was still in its early stages, the staff had the opportunity to get involved and to exert their influence on the decisions and solutions that were later adopted.

In brief, the investigation resulted in the number of customs regions being reduced from twelve, each with its own organisational structure, to six structurally uniform regions. At the same time, process-orientation was introduced, which resulted in the division of Swedish Customs' operations into three different types of processes: management processes, operational processes and administrative processes. The core business was to consist of two main operating processes: "Managing Trade" and "Enforcement".

The investigation also presented - as a complement to the organisation's short-term business objectives - a vision for the customs business in 2004. To realise this vision, a business concept was formulated for Swedish Customs, and ten special areas were designated as having particular importance to the improvement work being adequately performed.

In the process of altering the organisation, a development department was established. Today, this department is responsible for ensuring that Swedish Customs has the knowledge, the systems, and the working-methods to meet the challenges and demands that the future will bring.

Today the Development Department is responsible for twenty-two development projects that are currently in progress. Basically, these projects extend into all areas of the customs business with the aim of making it more efficient.

### **The Stairway**

Perhaps the most important and sweeping project in which we have been involved is the work on a customs "stairway" for the trade and industry.

The Stairway Concept, which may be seen as the outcome of ideas that grew out of several years of development and improvement work, will probably alter the perception of the way duties are performed by customs officials. The Stairway is tomorrow's system for improved service, quality and efficiency based on partnership between customs organisations and the trade and industry. From an international perspective, the concept can be considered unique.

In brief, the Stairway is a scheme for structuring routines and procedures that enables companies to influence how customs issues are handled by following different programmes that ensure that regulations are complied with and quality maintained. Depending on the resources a company is willing to assure the

quality of its customs declarations, Swedish Customs will bring new as well as traditional control measures to bear in the way the declarations are handled.

The Stairway consists of five steps, the first two of which comprise the programme for quality assurance established by Swedish Customs, while steps three and four consist of programmes for quality assurance that can be individually adapted to each company. Step five involves international co-operation, in that the quality assurance granted to a company by a particular country will also be accepted by other countries linked to the system.

The system, which is totally impartial, gives each company the flexibility to choose a particular level of service and predictability in the chain of transport. The level available to it will depend on the quality level of the customs routines used within the company itself.

### **International co-operation**

Our work on the Stairway has attracted great international interest, and customs administrations in Australia, Denmark, Ireland and the Netherlands are beginning to co-operate along the lines of this approach in order to carry out development work.

Today, we co-operate most extensively with the Netherlands, where a benchmarking project is being run. Its objective is to arrive at a method by which two or more countries can assess an individual company in such a way that their joint assessment will be acceptable to the customs administrations of all the countries involved.

The European Commission has also shown great interest in this project, and today the work on it is being performed within the framework of the Customs 2002 Programme. This way of simplifying routines across national borders relates to step 5 of the Stairway (the international step). At present, we hope to identify still more EU members that are interested in participating actively in the development work. We also hope to find more ways to simplify routines at this step.

Thus, in the beginning of 2000, a special team within the project will attempt to make use of the so-called Green Corridor for a simplified border crossing to Russia. To this end, initial contacts have been made, and the project is currently looking for companies that are willing to serve as pilots for this undertaking.

Obviously, representatives from other authorities and different organisations that represent trade and industry are welcome partners in the work of developing the Stairway, as they are in other development work. To benefit from this type of co-operation, a special group called "ALFRED" has been set up under the chairmanship of the Deputy Director General of Swedish Customs. In particular, the group examines special requirements put forward by external sources regarding simplification of the customs business and how it can be made more effective.

The "ALFRED" group has chosen six companies to serve as pilots, testing various proposals for simplification. In this context, representatives from the pilot companies are given the opportunity to put forward suggestions for further facilitating the work. At the same time, representatives of Swedish Customs co-operate with the representatives from the pilot companies to ensure that quality is maintained.

For several years now, various reference groups (including representatives of external bodies) have been working on questions concerning the new clearance system, TDS, and EDI (electronic data interchange).

These developments, combined with the Stairway Concept, will help introduce widespread simplification of customs procedures for Swedish trade and industry, besides helping Swedish Customs to realise its vision in a future business context.

### **Measures for Increasing Openness**

In recent years, a number of measures have been taken to achieve increased openness on the part of Swedish Customs with respect to the public as well as the trade and industry organisations. To this end, additional measures are being planned and will be implemented in the near future.

Among the measures that have been taken is the establishment of the so-called "ALFRED" group, which consists of representatives from trade and industry, Swedish Customs' management, and representatives from other civil authorities.

The purpose of the group's work is to discuss different problems that may arise in connection with trade with non-EU countries and to account for the planning of improvements in the customs business on a more comprehensive scale.

Representatives from the ALFRED group also act as reference persons for some of the projects currently being run by Swedish Customs. The Stairway is one such project.

Another working group with a similar make-up is the TDS reference group; however, this group focuses specifically on IT-related issues. It is also assigned to prioritise proposals for improvements in the IT area.

A forum is provided in the form of so-called "Customs' Days" that are organised yearly in each customs region, and are open to trade and industry representatives. The number of participants in these events has been steadily increasing, which might indicate that the forum provides a much-appreciated chance to exchange experiences.

### **Customs – An electronic government in practice**

The Swedish Customs aims to use its capacity for electronic business administration in the service of the citizens. The need for efficient communication is continuously increasing; it is therefore crucial that we find new channels through which we can meet the demand. In the final analysis, openness, professionalism, and the ability and willingness to satisfy public needs all help to support public confidence in governmental services and democracy.

Already today, the Swedish Customs is a 24 hours x 7 days governmental service to which 80% of all customs declarations are submitted electronically without any supporting documents. Approximately 60% of all declarations are processed automatically at present, but our goal is a flow of declarations that is completely paperless. By 2005, we envision 90% of all declarations being processed automatically.

The increasing use of the Internet has inspired Swedish Customs to devote additional resources to this medium, and a glance at our web site will reveal that our customers are already benefiting from the investment. We are the first customs service in the world to offer our customers an electronic support system, TARIC, for classifying goods on-line.

Furthermore, we are currently planning to implement a "direct barometer" at the web site, which will allow our customers to evaluate on-line the services we provide.

Another on-line function that our web site will soon offer is "Questions & Answers", where questions can be addressed directly to Swedish Customs. The answers will subsequently be published alongside each question. At Swedish Customs, we have tested this function in-house to the general appreciation of our staff.

To conclude, three proposals are currently under investigation. In the first, terminals would be installed on Swedish Customs' premises in locations to which the public and representatives of trade and industry would have access. According to the proposal, the same information which will be presented here, will also be linked to the Swedish Customs web site.

The second proposal, which is part of the Stairway Concept, involves setting up a unit of so-called contact officers. Because each of these officers will be responsible for a limited number of companies, they will be well versed in the specific problems, products, requirements, agreements, etc., that "their" particular companies are obliged to manage.

At present, the Stairway project is discussing whether contact officers should be appointed for all the companies that import, export or pass goods in transit, or if the function would be more suitably confined to a certain step (or steps) in the Stairway.

The third and last proposal being investigated at this time calls for establishing a 24x7 hot-line direct to the management of Swedish Customs. According to the proposal, this line would be available to the public as well as to trade and industry representatives.

### **Customer and Personnel Surveys**

Another more scientifically oriented method for conducting a dialogue between Swedish Customs and its customers in trade and industry is the customer survey that we perform annually. The survey, which is extensive and covers a wide spectrum of questions, is meant to ascertain how a representative selection of importers, exporters and agents—i.e. operators that do business with Swedish Customs in connection with foreign trade—view our contribution to their work.

In parallel with the customer survey, we also conduct a personnel survey in which some of the same questions are asked. The outcome of these two surveys provides an important point of departure for the continuous work of improving and developing the services we offer.

#### **About the Authors:**

**Kjell Jansson**, Director General, + 46 771 520 520, [kjell.jansson@tullverket.se](mailto:kjell.jansson@tullverket.se)

**Lars Karlsson**, National Director, Development Department, +46 706 789585,  
[lars.karlsson@tullverket.se](mailto:lars.karlsson@tullverket.se)

**Patrik Heinesson**, Manager, Business Development Division, +46 707 789587,  
[patrik.heinesson@tullverket.se](mailto:patrik.heinesson@tullverket.se)