

VANUATU'S CASE STUDY

ON INTEGRATING ODS/HFC MODULE INTO
THE NATIONAL SINGLE WINDOW SYSTEM

JULY 2023



LICENSING SYSTEM IN VANUATU

The Ozone Layer Protection (OLP) Act No. 27 of 2010 enforced by the Department of Environmental Protection and Conservation (DEPC), was the first piece of legislation in Vanuatu to regulate the import and export of ozone depleting substances (ODS) including hydrochlorofluorocarbons (HCFC) through the licensing and quota system. Following ratification to the Kigali Amendment, the new OLP Act No 22. of 2019 followed by the OLP Regulations No.20 of 2020 were gazetted to regulate HFCs in the import and export licensing and quota system. The new Act and Regulations also changed the licensing modality from an annual basis to a per-shipment basis to effectively track the actual trading of these controlled substances. According to the new Act, the DEPC, that houses the National Ozone Unit, is mandated to issue licensing for the import and export of HCFCs and HFCs.



RATIONAL OF INTEGRATING ODS/HFC MODULE INTO NATIONAL SINGLE WINDOW SYSTEM

As per the verification report on the annual HCFC consumption during 2015-2019, Vanuatu have fully complied with their obligations to phase-out HCFCs. However, the report also observed the followings weakness of the operating HCFC licensing system.

Observations	Potential Implications
<p>Need for streamlining the administration process:</p> <p>With the change in validity of permit from an annual basis to a per-shipment basis, importers need to apply import-permit on a shipment basis.</p>	<p>More administration burden to importers and DEPC on preparation, submission, review and issuance/obtain of per-shipment permit for each shipment.</p>
<p>Need attention of the Customs Department at border:</p> <p>Due to the nature of paper-based systems, there is no system to alert the Customs Department about the shipment. It requires more resources and attention from Customs to screen risky shipments through physical inspection at the border."</p>	<p>The potential illegal shipment or shipment declared inconsistent with the permit furnished to the Customs during the clearance process might be released. These shipments could distort the domestic market if they are mislabeled.</p>
<p>Tracking and reconciling of trade statistics:</p> <p>With a paper-based permit, all documents are processed in hard copies, and it is not linked with the Customs Automation System.</p>	<p>Difficulties for DEPC to reconcile trade statistics with the Customs Department to monitor imports/export status against the permit issued/quota granted to importer.</p>

It is obvious that such weakness will ultimately not only the effectiveness of the licensing and quota system, but also the accuracy of annual data of import and export statistics of controlled substances under the Montreal Protocol. NOU/DEPC therefore conducted a series of meeting with the Customs Department to explore potential solutions to address these challenges. Given that Vanuatu was developing a National Single Window System powered by the Automated System for Customs Data (ASYCUDA) program of the United Nations Conference on Trade and Development (UNCTAD) in 2020-2021, it was agreed to include ODS/HFC licensing process in the National Single Window System which was being developed.



ODS MODULE IN THE VANUATU ELECTRONIC SINGLE WINDOW SYSTEM (VESW)

The National Single Window is a centralized system that links all relevant government approving authorities and acts as a 'one-stop-shop' where importers and exporters may submit applications electronically including information and all required paperwork to support the application and approval process.

At the national level, the system is also known as Vanuatu Electronic Single Window System (VeSW), that is powered by the ASYCUDA World. With support provided by UNCTAD, a module named "Ozone Depleting Substance (ODS)" was developed and integrated into the VeSW in accordance with DEPC legislative requirements and the Vanuatu Single Window framework.

The ODS module, which was launched since 1 December 2021, covers both HCFC/HFCs /HCs in bulk and HCFC/HFC/HC based equipment. The indicative steps/procedures and the operational skeleton of ODS module in VeSW is illustrated in the attached flowchart.



Photos credit: <https://singlewindow.gov.vu>

BENEFITS OF INTEGRATING THE ODS MODULE IN THE VESW

1 Streamlining the process

The paperless process reduces administrative challenges in transmitting and handling hard copy. It facilitates application, approval and communication among relevant players, which streamlines the entire process.

3 Realtime communications

Under the VeSW, NOU/DEPC, Customs Department, customs brokers and importers can access the system at each stage of the application and review/approval process regarding any additional action that is required from each entity at any time to get real time updates.



2 Strengthening licensing system

The system will not accept any applications under any circumstances if the cumulative quantity of import amount requested by an importer is more than the granted quota. Moreover, the electronic licensing system in VeSW helps to prevent counterfeit/fake or expired licenses as data is transmitted to the Customs Authority online.

4 Ensuring data consistency and systematic filing

All documentation/information/data e.g. type and quantity of substances and HS codes are stored and archived in the centralized system, which to ensure consistency of data among different sources and prevent loss of documentation/information. NOU can extract data for data reporting under the Montreal Protocol.



POINTS TO CONSIDER WHEN DEVELOPING THE NATIONAL SINGLE WINDOW SYSTEM

Exploring on-going development related to the National Single Window System

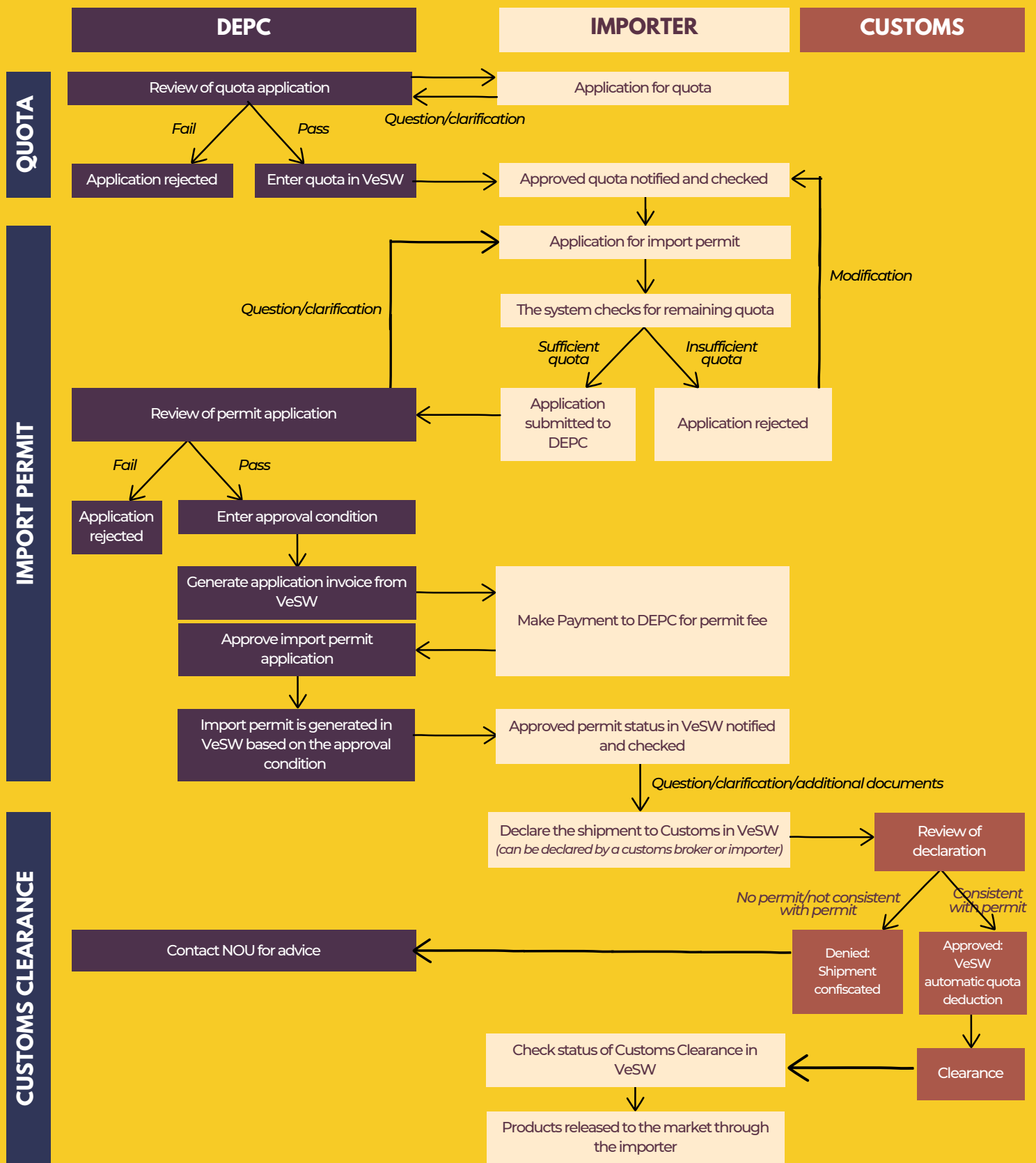
National Single Window systems are usually handled by the Ministry of Commerce/Trade. In the case of Vanuatu, it was led by the Department of Trade in collaboration with the Department of Customs and Inland Revenue, whom the NOU of Vanuatu approached to get their support to develop the ODS module in the National Single Window System. Countries may need to first identify whether there is any on-going plan for the development of the National Single Window System.

Full engagement of NOU

The NOU needs to be fully engaged in the integration process to ensure that the procedures and process of application, review and approval of quota and permit is correctly interpreted and reflected in the National Single Window System. For this reason, the Vanuatu NOU coordinated with importers, the Customs Department, UNCTAD and UNEP very closely during the development period.

Training of Importers/Customs Brokers

Training on how to make use of the National Single Window System is required for customs brokers and importers to ensure a seamless transition from paper-based permits to electronic permits under the National Single Window System. It is imperative that all necessary and important requirements be communicated in a clear and concise manner. The NOU and Customs are obligated to supply information to the customs brokers and importers in the form of flowcharts and other types of documentation.



Remarks:

- **Quota:** NOU uploads approved quota in the VeSW.
- **Import permit:** Import permit is generated from VeSW, preventing counterfeited or fake license. VeSW notifies importers/customs agents that declared the imported amount larger than the remaining quota and blocked by the VeSW.
- **Custom clearance:** Customs officers can retrieve all information from VeSW, including supporting document and remaining import balance to verify the shipment. Importers/customs brokers must link declaration with the approved import permit. Declared information e.g. product code, HS code and quantity must be consistent with the approved permit. Remaining quota is calculated automatically in VeSW based on the import permit issued to importer.

Notes:

- Importers and customs brokers are able to log in the system using their log in credentials to view the status of applications throughout the quota, permit and customs clearance process.
- Each user depending on their roles will be assigned different access points in the VeSW.