

Study on the Satisfaction of Businesses with Customs Administrative Procedures in Haiphong

Phuong Thuan Tran

College of Transport and Communications, Shanghai Maritime University, Shanghai, China

Email: officinale.lactif@gmail.com

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Abstract

By gathering comments from 150 businesses involving in the import-export activities in Haiphong, this paper provides an in-depth view of the current situation complying with the customs procedures, in order to recommend some areas to improve in the near future.

Keywords

Customs, Import, Export, Procedures, Haiphong, Improvement

1. Introduction

In the past ten years, customs administrative procedures in Vietnam have undergone a remarkable transformation, with numerous reforms made to ease trade for firms and efficiently assist Vietnam's international economic integration drive. In the report on businesses' satisfaction with import-export administrative procedures in 2020 by the **Vietnam Chamber of Commerce and Industry (VCCI, 2021)**, while acknowledging the effort of customs authorities to reform the process for more efficiency and transparency, most businesses still complained about how slowly changes were made.

Haiphong, in particular, received complains remaining in the higher part of the report, especially in the professionalism and integrity of customs officers; the efficiency in information provision and Customs Law dissemination; the efficiency of customs clearance procedures and the post-clearance audit procedures (**VCCI, 2021**). Known as the Portal City of Vietnam with many dynamic import-export activities and a significant number of firms and declarations, this dissatisfaction has shown to drive away many customers as well as limited its

development potentials (Ministry of Industry and Trade, 2020). This urges the need to complete customs policies and laws and increase the effectiveness of their implementation in Haiphong, by which the shortest ways are from solving current dilemmas.

For that purpose, a survey was conducted by gathering comments from 150 businesses involving in import-export activities in Haiphong. This paper is the results taken from that survey in order to find the most crucial areas for improvement.

2. Methodology

The goal of this study is to examine the factors that Haiphong Customs Administrative should consider for improvement, so we concentrated on gathering comments from businesses regarding the fundamental elements of the customs procedures. These include convenient level to access information on the implementation of customs clearance process; customs clearance procedures; post-clearance inspection procedures; duty administration procedures.

After finalized a proper conceptual framework with detailed criteria, in-depth interviews with some experts in the field, both providers and clients (port operators, exporters, importers, manufacturers, etc.) were done to validate those criteria, eliminating, or adding in some others to fit with Haiphong market. Thence, a list of questions was designed as a tool to collect primary data. This questionnaire used a Likert scale with five degrees from 1 to 5, where 1 expressed “unsatisfied”, “not important” or “never” in frequency and 5 expressed “satisfied”, “extremely important” or “often”, respectively, to gauge respondents’ attitudes regarding the elements of the research findings. A pre-test was added to guarantee that the survey is understandable to respondents and takes roughly 15 - 20 minutes to finish.

We gathered opinions from companies that had engaged in import and export procedures within a year of the time the samples were chosen to gain the most precise information on the implementation of customs procedures (August 2022).

A Google Form was used to deliver the survey, and links to it were sent to 86 exporters and 55 importers by email and contacts listed on company profile pages. The survey was also distributed to Vietnamese forums for exporters and importers to boost participation and hasten data gathering. Out of 141 emails sent, 23 had wrong email addresses and returned errors, 118 had responses, and 32 had formed from the forums. The questionnaire was concluded with a total of 150 responses. To prevent missing data from being included in the research data collected, the questions used for data collection were also tagged as mandatory.

3. Data Analysis

3.1. Some Characteristics of Survey Participants

Businesses with import and export operations from a variety of economic sectors

and business areas had participated in the study. In particular, 102 private enterprises, 45 FDI businesses, and 3 state-owned businesses took part in the study, making up 68%, 30%, and 2% of all respondents, respectively.

As shown in **Figure 1**, in terms of the main business sectors, 18.7% of enterprises engaged in import-export activity, 15.3% in processing, and 14% in production for export. In addition, 4.7% of respondents worked for companies that processing for exports, 21.3% provided logistical services, 16% were customs brokers, and 10% were enterprises in other sectors.

The majority of the businesses had been using customs procedures for a considerable amount of time. **Figure 2** illustrated 54.7% of companies had been performing customs procedures for more than five years, 38% had been performing them for one to five years or less, while only 7.3% of companies have been using customs procedures for under a year. In term of position in work, **Figure 3** indicated officers in charge of export and import for enterprises made up 63.4% of the survey respondents. 9.3% of the respondents worked as directors or deputy directors on the company's management team. The remaining 27.3% of employees had different jobs within the company, such as accountants, administrative and logistical staffs, deputy chiefs of the supply department, etc.

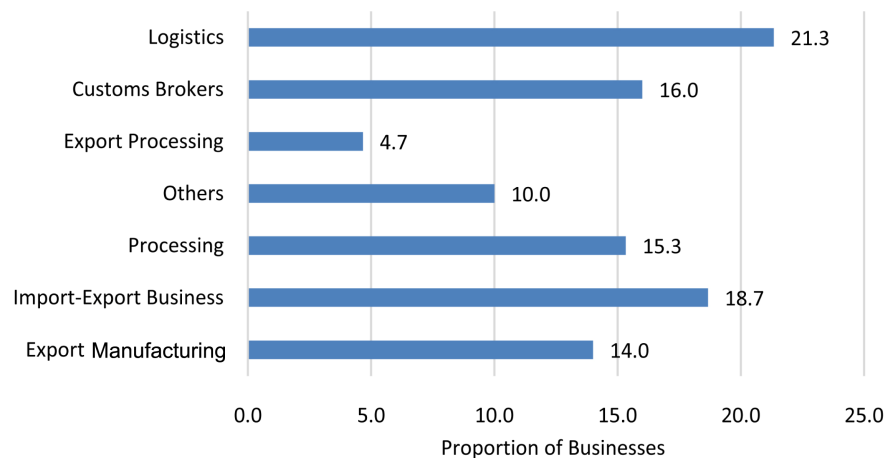


Figure 1. Main business sectors.

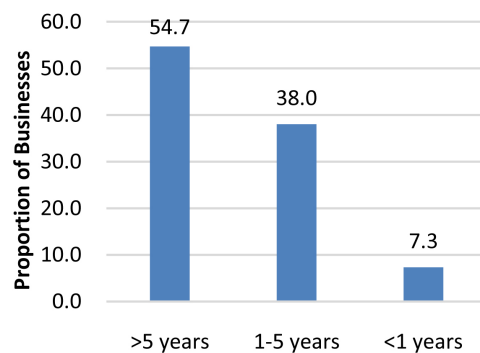


Figure 2. Years of experience.

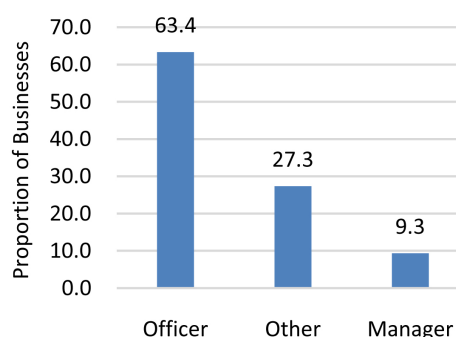


Figure 3. Positions of respondents.

3.2. Access to Information on Import-Export Procedures

In order to understand the primary sources and the legitimacy of information, there were some questions asked about the frequently used methods of enterprises to find information regarding the customs process. The result shows that the websites of the local customs departments (76.7%) and the National Trade Portal (72%), along with the portal of the General Department of Vietnam Customs (GDVC) (96.7%), were the three most preferred ways to access information on administrative procedures. Other methods to obtain information in significant amounts include phone calls (68%), in-person meetings (70%), written requests (63.3%), participation in dialogues organized or co-organized by the Customs Authority (64%), enrollment in training sessions (61.3%), and leaflets and publications from local customs departments (58%). Other techniques were also employed by a number of businesses (36.7%), including forums on import and export procedures on social networking sites (Facebook), the OTT network (Zalo), online forums for these topics, as well as through middlemen (forwarders), logistics service providers, or customs brokers (**Figure 4**).

Among the mentioned access types, online methods were preferred above more conventional methods of information delivery. 68.6% of businesses said they were “satisfied” or “quite satisfied” with the information that the GDVC Portal offered. Businesses rated it as the most satisfying, followed by the National Trade Portal (62.6%), the Local Customs Department websites (72%), and the conversations hosted or co-organized by the Customs Authority (68.7%). Other firms were able to learn about administrative procedures by meeting with customs officials in-person or by asking questions at training sessions that Customs organized, with satisfaction scores of 68% and 67.3%, respectively. The rates with other remote information inquiry techniques, such as “making a phone call to ask for information” and “sending written request”, were roughly 65.3% and 65.3%, respectively. Using publications and brochures to disseminate information about administrative procedures, 55.3% of businesses were happy or somewhat satisfied (**Figure 5**).

This result also indicates that the three most popular ways for businesses to get information and get the highest level of pleasure from customers were all

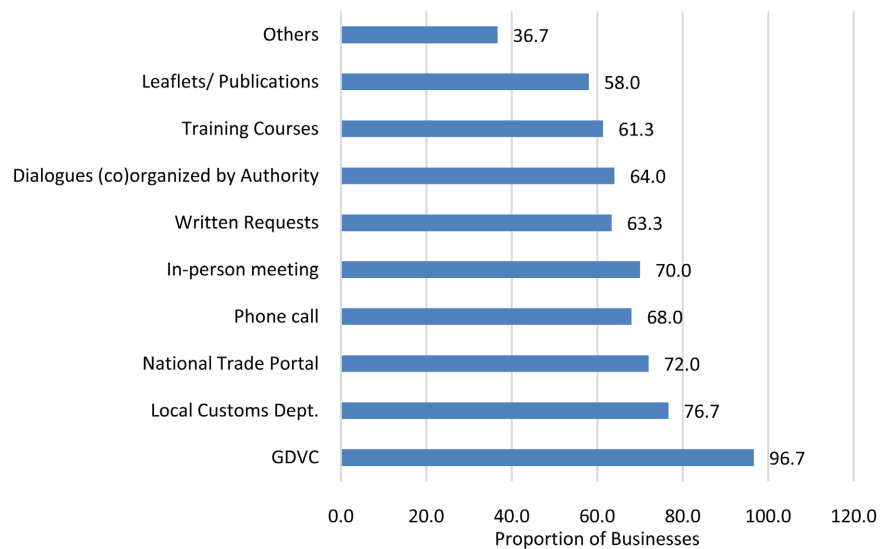


Figure 4. Methods to access information.

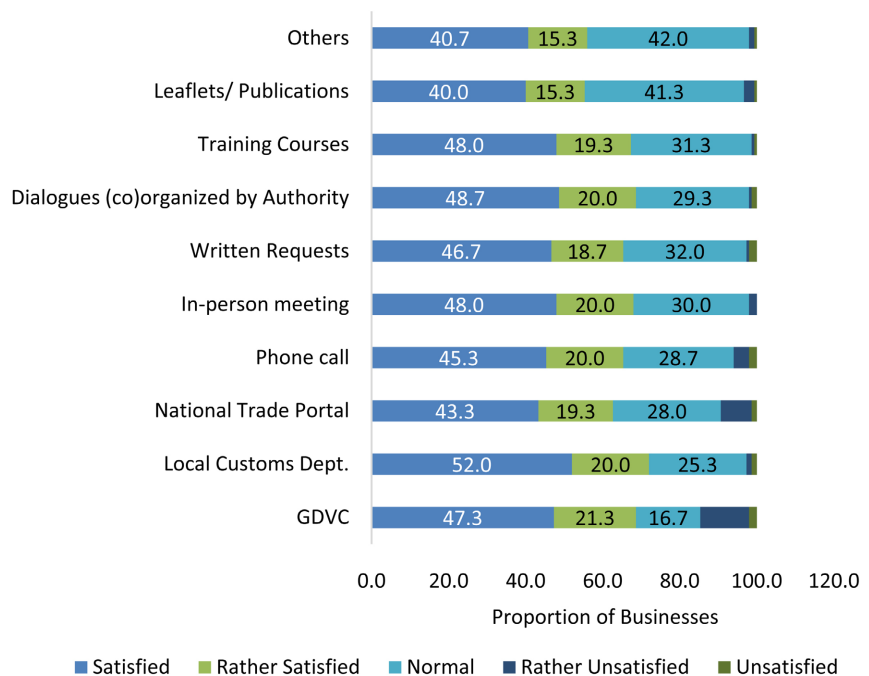


Figure 5. Level of satisfaction with method of access.

connected to digital platforms. For a large number of businesses to access the information, it is crucial to continue promoting the use of information technology to disseminate information on administrative procedures to businesses via the official portals and websites. These techniques could assist persons in rural and isolated locations gain rapid, adequate, and frequent access to information, while being valuable to enterprises in large cities. However, as some firms continued to rely on these antiquated techniques to gather information, it is also important to maintain direct conversations, schedule training sessions, and field

phone calls. The unique needs of enterprises could be satisfied by combining various information transmission methods.

More particular, most enterprises agreed or strongly agreed that:

- Information on customs administrative procedures is accessible, readily available, and easy to find
- Information on the procedures is clear and understandable
- The customs' forms are simple to complete
- The businesses' data provided by the Customs Authority is reliable
- The Customs Authority promptly and efficiently provides information to businesses.

Unfortunately, in contrast to other assertions, the percentage of firms who disagreed (9.3%) or strongly disagreed (5.4%) with the claim that “information on the procedures is clear and understandable” was roughly 15%. A solution to the issue may be suggested by further examination on the characteristics of the firms. In particular, 15.6% of businesses with more than 5 years of experience disagreed, followed by 8.8% of businesses with less than a year of experience and 7% of businesses with one to five years of experience in carrying out administrative procedures. The percentage of disagreement was also significantly higher in export processing companies (17.7%), logistics services providers (16%) and customs brokers (12.3%). Also, 15.3% of businesses did not receive promptly responses when facing difficulty in procedures is an alarming rate, which significantly decreased the efficiency of both enterprises and the customs administration (**Figure 6**).

3.3. Customs Administrative Procedure

Businesses frequently carry out multiple customs' administrative procedures for import and export transactions, such as:

- Customs clearance (customs declaration, document inspection, physical inspection of goods)

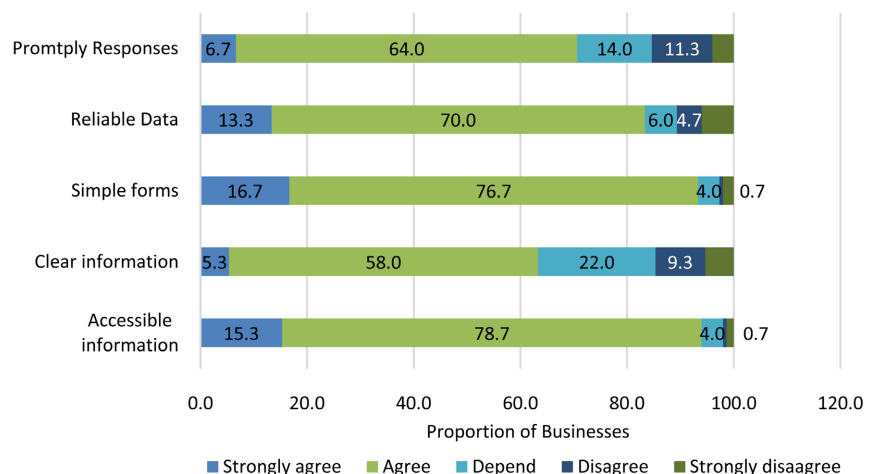


Figure 6. Statements on the information accesses.

- Tax administration (tax payment and refund/non-collection of tax)
- Post-clearance audit (conducted at customs office or business premises)
- Administrative violation handling
- Complaints resolution.

In general, the survey demonstrates that there are significant differences in the ease with which firms can comply with administrative processes for customs. The two procedures “customs declaration” and “tax payment” are assessed by several businesses as easier to comply with, based on the percentage of 42.7% and 39.3%, respectively, of businesses seeing the implementation as “easy” or “relatively easy”.

Meanwhile, “document inspection”, “refund/non-collection of tax”, and “physical inspection of goods” are the three procedure groupings that businesses most frequently encounter difficulties with. These procedures are challenging for 40.7%, 24.7%, and 22% of companies, respectively. The majority of firms find it neither easy nor difficult (depended on situations) to comply with the remaining procedures, such as “post-clearance audit at customs office”, “post-clearance audit at the business premises”, “complaint settlement,” and “handling of violations” (Figure 7).

3.3.1. Customs Clearance

Representatives of businesses were asked about the challenges they frequently encountered when carrying out administrative processes for customs clearance as part of the survey. The seven most prevalent challenges include the following:

- Inconsistent set of rules

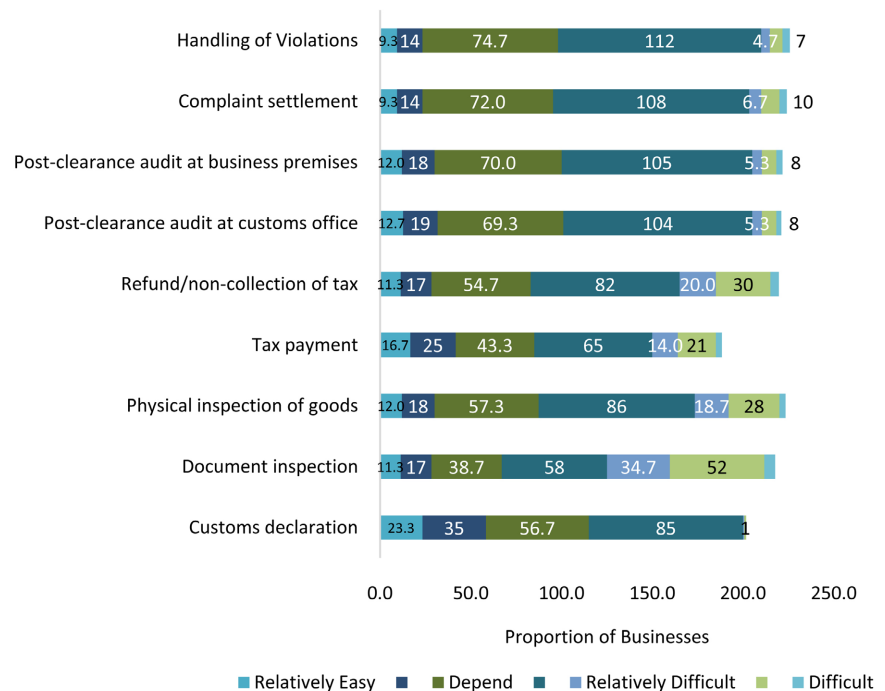


Figure 7. Practical level of some procedures.

- Requirement of printing and submitting the customs declarations and other documents in the customs dossier
- Documents or information not covered by regulations are requested
- Prolonged dossier processing
- Confidential data and the processing procedure within the Customs Administration
- Customs agents do not enthusiastically and appropriately give instructions
- Poor communication and cooperation between customs officials and pertinent organizations.

Among these difficulties, the first one, which is continuously changing regulations or policies, is seen to be the most frequently encountered challenge, accounted for 28% of businesses and mostly doubled other difficulties (**Figure 8**). Studies showed that improvements in regulation would be associated with higher productivity (World Bank, 2020), and this was proved by earlier amendments in Vietnam (General Department of Vietnam Customs, 2020). So, 28% was an alarming figure urging authorities to revise the regulations to adapt new requirements.

However, the most annoyed issues often occurred in the printing and submitting documents, where many referred to the requirement of presenting both printed customs documents and electronic files (soft copies). They claimed that even while the use of technology had grown in recent years, the “partial digitization” still required businesses to go to the customs office to submit paperwork in the conventional manner, taking a lot of time. Specific challenges with document preparation and compliance with the document inspection process for shipment clearance on the National Single Window Portal were the comprehensive documents (VCCI, 2020), and it was also mentioned by certain businesses. For instance, some businesses stated that the cargo declaration had to be sent and verified by the ship owner prior to arrival by the customs officials. A complete set of

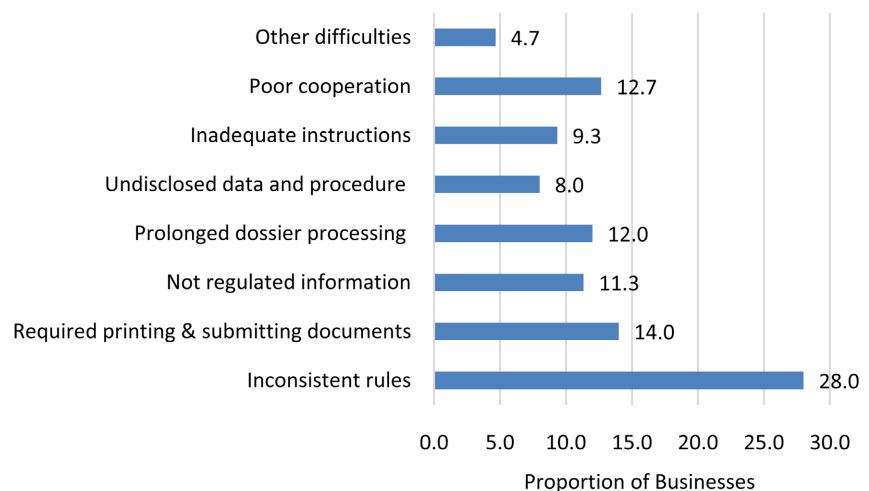


Figure 8. Main difficulties in document Inspection.

documentation must be supplied along with the cargo declaration and cannot be delivered individually (including general declaration, crew list, etc.). However, according to the businesses, the general declaration contained some information that would only be known after the ship arrived at the port (such as the number of remaining reserves on the ship, the anchorage point, etc.), leading to frequent updates of dossiers multiple times, which took much more time. On the other hand, the process for revising and supplementing was also remained challenging. Businesses were only permitted one amendment and one supplement, so they had to wait for the inter-agency committee to “request modifications” the following times before they could update.

The prolonged and undisclosed process are also frustrated many businesses. They most complained about how slowly the customs document inspection process was still moving, and how unclear the dossiers are arranged. They have little knowledge of the status of documents delivered to customs and had no idea which officers were receiving them.

Survey results also enable the presentation of challenges by primary operational area. It is clear that for logistics companies or customs brokers, “inconsistent regulations” pose the greatest challenge, accounted for about 37.5% of the answers.

The percentage for businesses operating in different industries is essentially the same, with the exception of the processing businesses, for whom the main challenge is the “prolonged dossiers processing” with 30.4% chosen (**Figure 9**).

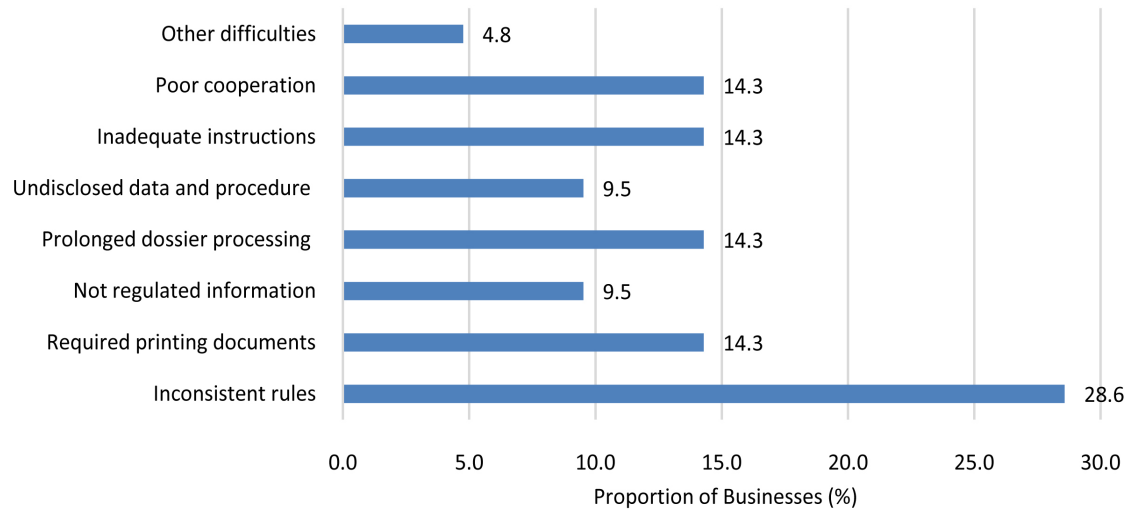
3.3.2. Tax Administration

Main challenges that businesses frequently face when engaging in tax procedures include:

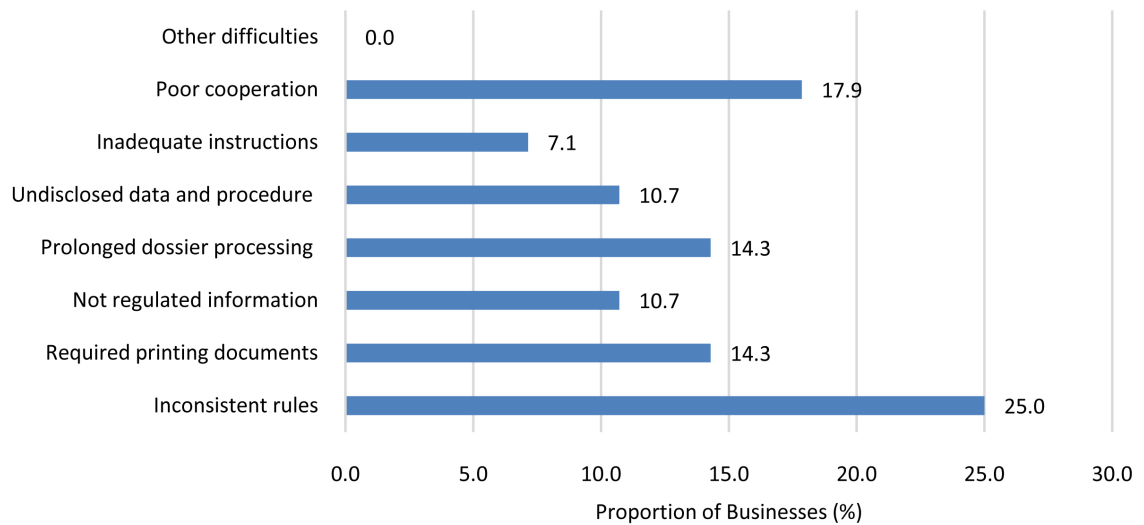
- Inconsistent regulations
- Requests for information or documents outside the purview of regulations
- Insufficient and unenthusiastic instruction from customs officers
- Absence of harmonious coordination between the customs authorities and pertinent agencies.

Similar to customs clearance procedures, irregular administrative tax payment procedures made it difficult for businesses to comply. The main difficulties encountered during the tax payment stage are shown in **Figure 10**, and those encountered during the tax refund stage for various firm types are shown in **Figure 11**.

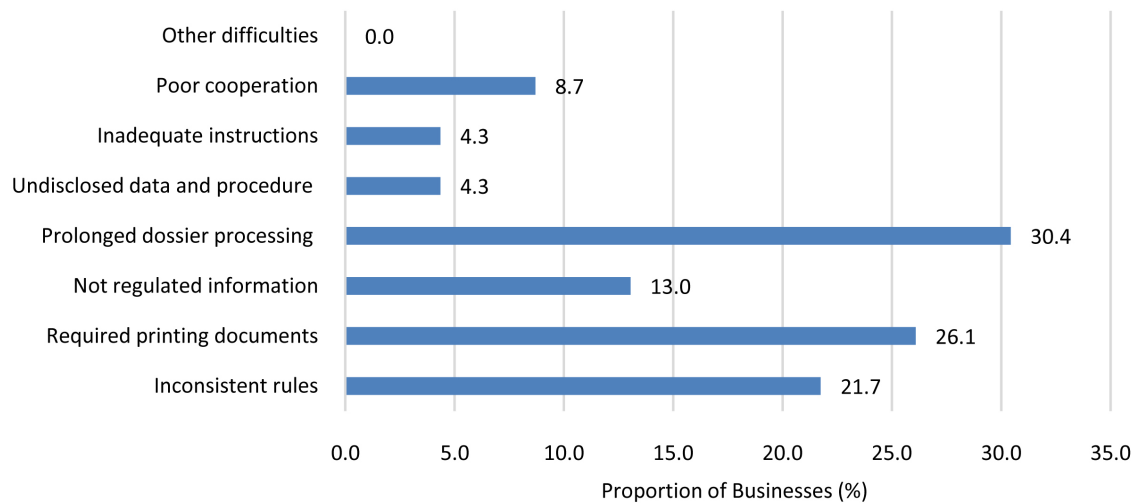
Inconsistent regulations and a lack of effective coordination between customs authorities and key partners continue to provide businesses with the greatest challenges at this point, especially for logistics providers or customs brokers. Not much lesser numbers of import-export and export manufacturing businesses received incomplete instructions from customs officers or were asked to produce information and documents that were not needed by law. The order in which these challenges had an impact was essentially the same for various business kinds (classified by main field of activities).



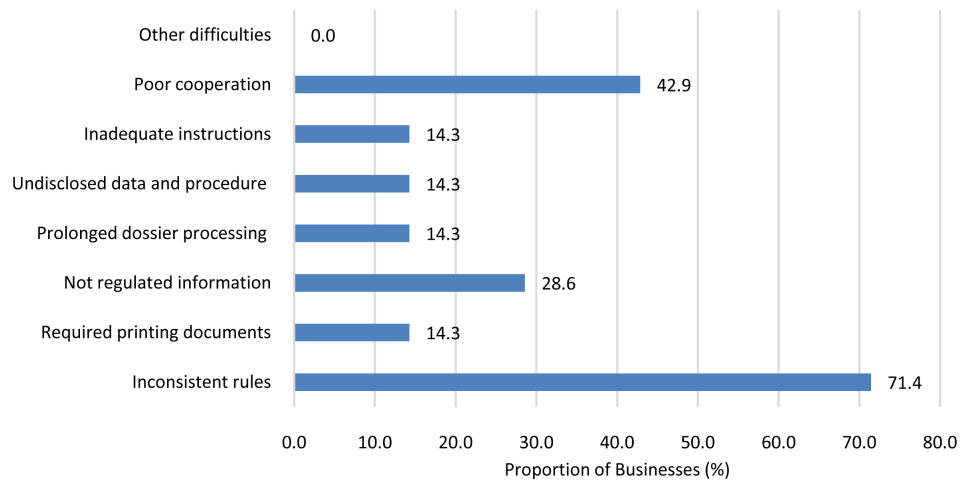
(a)



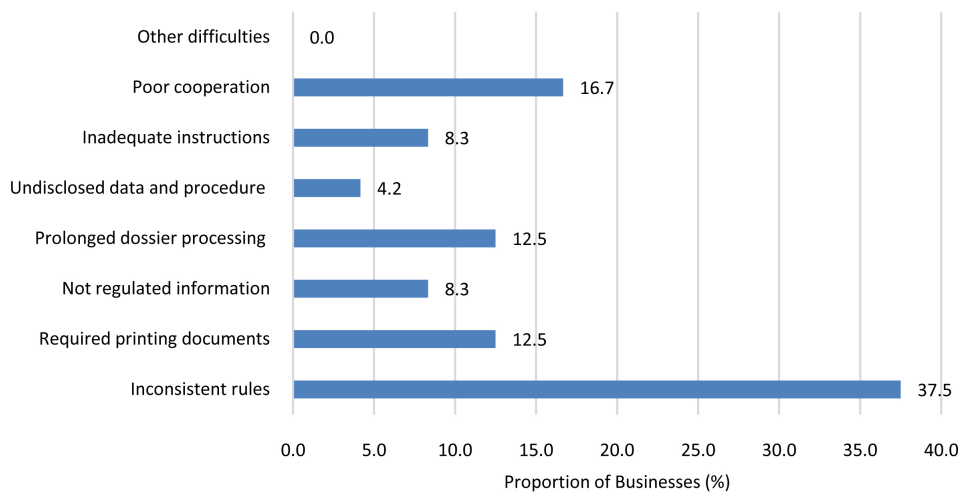
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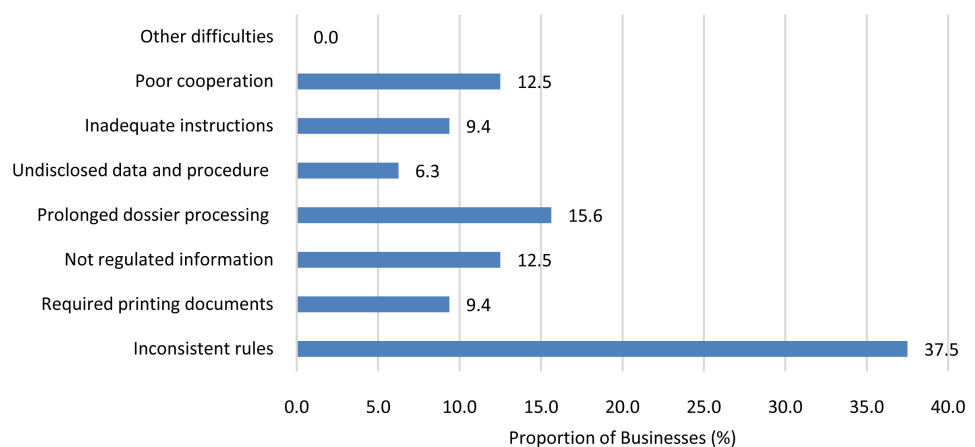
(c)



(d)



(e)



(f)

Figure 9. Main difficulties in document inspections of each business sector. (a) Export manufacturing businesses; (b) Import-export businesses; (c) Processing businesses; (d) Export processing businesses; (e) Customs brokers; (f) Logistics service providers.

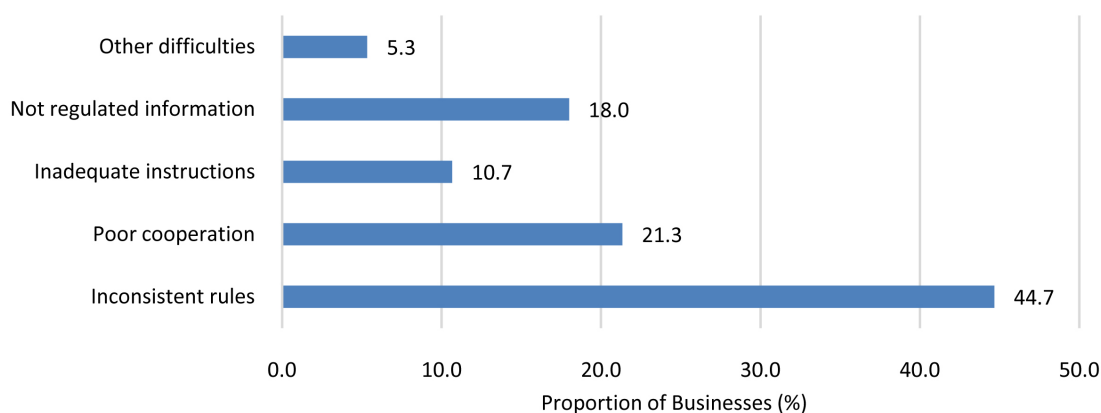


Figure 10. Main difficulties in tax payment.

More specifically, a lot of businesses thought that the erratic nature of the tariff policy was problematic for bookkeeping operations. They believed that the process for reclaiming import taxes was difficult because so many paperworks were needed. They stated that in order to make the necessary paperwork simpler, issuing authorities needed to find solutions. These businesses urged the Customs authorities to take into account allowing them to combine several declarations and certificates of origin into a single tax refund application without capping the amount of tax that can be reimbursed for a single set of documents.

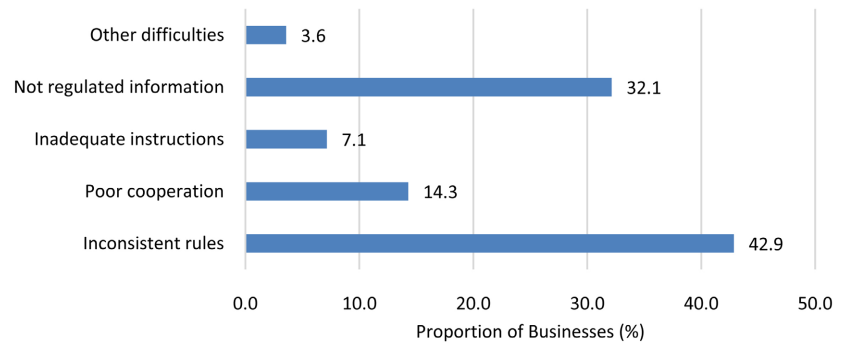
In addition, they also requested that clear, precise, and thorough instructions for following regulations are necessary to avoid misunderstandings between businesses and customs. GDVC needed to develop a channel for information updates on policies, modifications to customs laws, tariffs, and international import-export legislation such that it was handy and simple to look up.

Some businesses also questioned how taxes were calculated in relation to the tax rate policy. Was it permissible, for instance, to base tax calculations on the design of the product? Some weren't sure that the tax rate on their bar-shaped products would be 15%, greater a typical of 5% on products with other shapes. They claimed that since a product's shape is altered, the tax rate based on shape needs to be reevaluated.

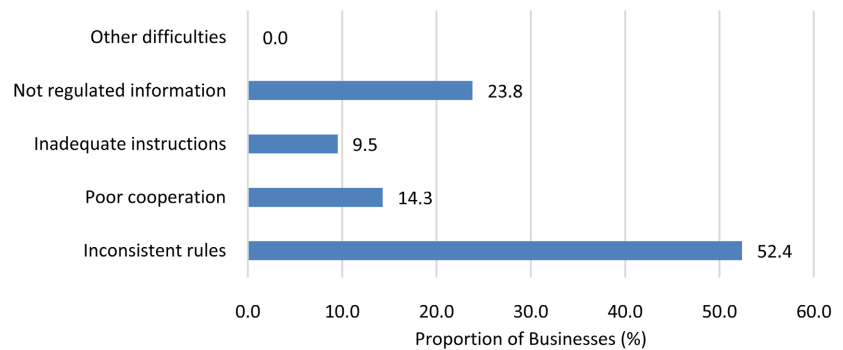
Additionally, enterprises complained that the submission of all types of disclosures was still insufficient since the State Treasury frequently required them to update. Occasionally they faced system errors during this procedure that could not be handled. Also, it took time to establish that the tax payment entered the State Treasury's account, sometimes caused a record in the system indicating that the organization owed past-due taxes, stopping their subsequent shipments.

3.3.3. Post-Clearance Audit

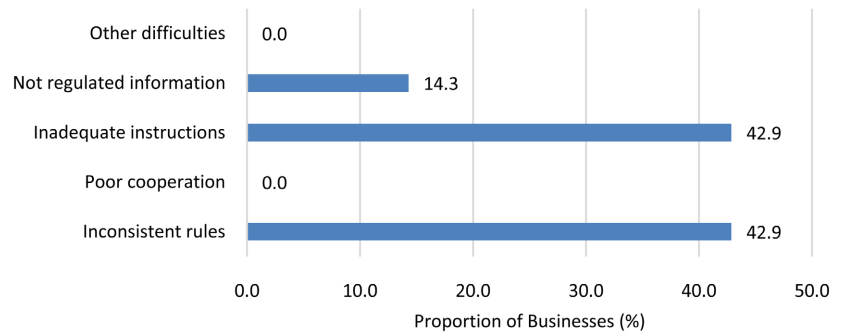
In the field of customs administrative procedures, post-clearance audit is crucial. It examines all commercial, banking, and financial records of the firms to determine the accuracy and transparency of the information provided to customs officials.



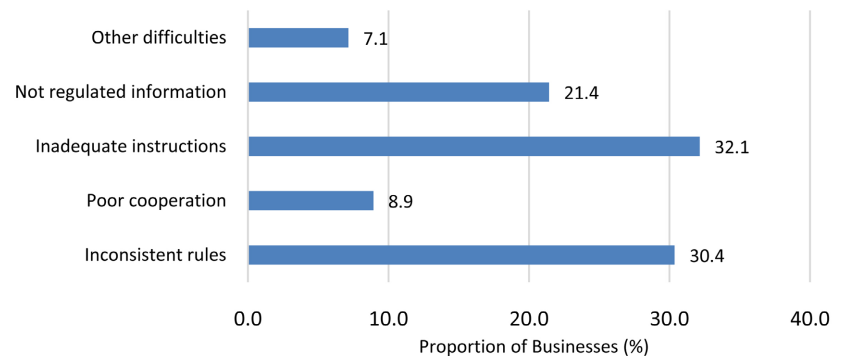
(a)



(b)



(c)



(d)

Figure 11. Main difficulties in refund/non-collection of tax. (a) Import-Export businesses; (b) Export manufacturing; (c) Export processing; (d) Logistics provider/customs broker.

There were only 3 state-owned enterprises participated in this survey, and all of them only engaged in this type of audit once in the last 12 months. For the rest of participants, average number of post-clearance audits conducted by private firms was somewhat higher than that of FDI enterprises (1.6 and 1.4, respectively). **Figure 12** also reveals that there were still a small percentage of about 4% of private businesses reported conducting more than five post-clearance audits in the last 12 months, while FDI firms hardly ever experienced this circumstance.

These quantities included both direct audits at businesses and audits at the customs office. The overall figure may be lower if the number of direct audits at businesses is excluded, particularly when the Customs sector was enforcing the goal of limiting audits in 2022 due to impacts of the COVID-19 pandemic.

At this point, enterprises had the most trouble with longer than expected audit times and overlapping audits by several customs units. 25.3% of those undergoing post-clearance audits had an extended inspection period, while 30% had to deal with overlapped inspections (**Figure 13**).

3.4. Areas for Improvement

Figure 14 displays some suggestions made by businesses for areas where authorities should concentrate their attention in the near future. The majority of businesses (representing 79.3% of respondents) suggest continuing to streamline

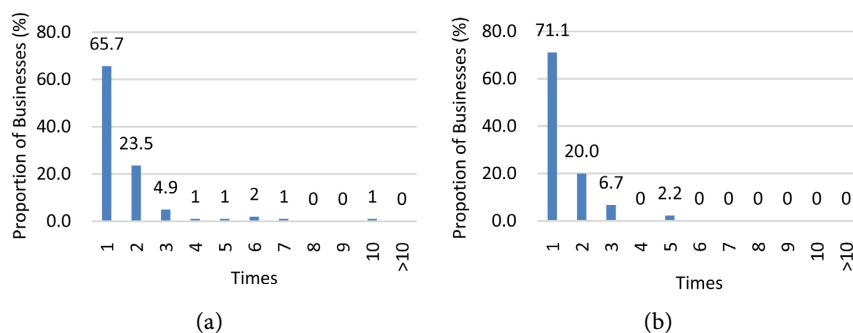


Figure 12. Times conducted post-clearance audit in the last 12 months. (a) Private Businesses; (b) FDI Businesses.

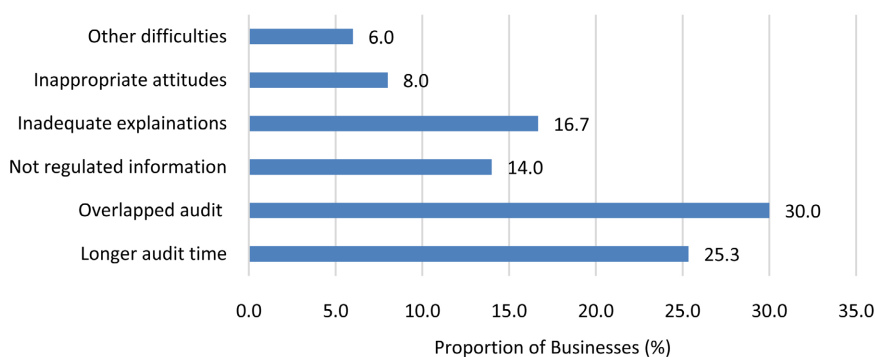


Figure 13. Main difficulties in post-clearance audit.

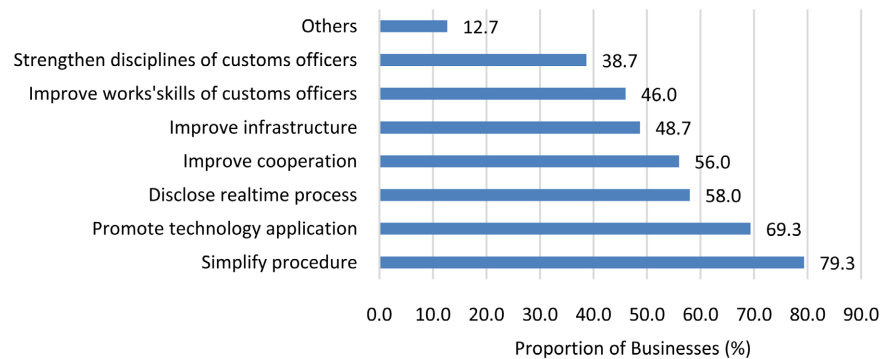


Figure 14. Areas for improvement.

customs administrative procedures, followed by 69.5% of businesses favored promoting information technology application in customs administrative operations. Recent years have seen a significant increase in the use of information technology to streamline import-export administrative processes, particularly with the establishment of the Vietnamese National Single Window - ASEAN Single Window system. Applying information technology to manage import-export administrative procedures has been shown to reduce compliance costs for businesses. However, issues were brought on by broken technological platforms, inconsistent information technology utilization, and a lot of paperwork, even when e-forms were submitted. This is among the key justifications given by customs authorities and similar organizations for why they should keep on promoting and improving information technology to handle administrative processes.

Other important recommendations include disclosing real-time process in implementation of customs administrative procedures (58%), strengthening cooperation and partnerships between enterprises and customs departments (56%), improving infrastructure and equipment system for physical inspection of goods (48.7%), improving the customs officers' work skills (46%), and strengthening customs officers' discipline performance (38.7%).

4. Recommendations

As mentioned above, the majority of businesses want additional simplification of customs administrative procedures, in order to lower their compliance costs. For instance, some businesses requested that the customs authorities simplify the documentation, permit the combination of various declaration forms and certificates of origin into a single tax refund application, and refrain from setting a cap on the amount of tax that may be refunded in a single application. Businesses advised that instead of continuing with the current practice of paying separate fees for each declaration, customs fee information should be included in each declaration so that they can pay a summed amount of duties and fees. The cost reduction will lead to the development of a competitive advantage for the port and also increase in the competitiveness of export goods (Shirsavara & Shirin-pour, 2016).

Businesses also suggested making more use of e-documents to prevent having to physically visit customs officers after online filling. The development of information technology had a significant impact on global distribution channels, so e-customs would become increasingly important (Momchil, 2019). Many proposed that in order to examine administrative procedures and reduce processing times for businesses, the customs authorities should collaborate more closely with specialized regulators and the State Treasury. Businesses can save a ton of time by, for instance, giving a clear import-export tariff table, a full list and codes of products for which licenses are necessary, or removing the paper document inspection process for some imported goods items. Also, in order to prevent duplicative inspection, customs sub-departments should have a system in place for connecting and sharing the physical inspection history of commodities. The development of an automatic response system that may email businesses to update them on the progress of their document processing was also requested.

Another recommendation is that the customs authorities should update legal documents on import and export procedures on Customs websites, the National Single Window, on the e-customs declaration software, or integrate to HS code, so that declarants could update the rules while submitting their declarations.

In addition, many businesses anticipated that if the customs authorities planned to hire more staffs or set up shifts working on Saturday and Sunday, the burden of handling customs administrative procedures would be lessened. Some businesses even requested that the customs authorities take public services socialization into consideration, allowing the private sector to take part in some stages of the administrative processes, such as customs value consultation to lessen overloading and boost handling efficiency to speed up turnaround time.

Moreover, they suggested that the provision of information and guidelines for businesses should receive more attention, which was repeatedly mentioned in recent reports (Vietnam Ministry of Industry and Trade, 2022). One of the proposals is to put together a professional team to advise businesses with clear instructions, along with concrete examples that are pertinent to the inquiries, on paperwork, processes, responsible agencies, and reporting protocols. Officers in charge of receiving and approving documents from businesses should also be made public.

Finally, the General Department of Vietnam Customs and other customs authorities across the nation are expected to continue implementing radical, significant, and successful reform strategies, initiatives, and projects in the near future. If some initiatives are carried out, they will help businesses in numerous ways and ease import-export operations, such as the Customs Development Strategy to 2030; Master project on creating and developing an IT system for the implementation of the National Single Window and the ASEAN Single Window in the direction of centralized processing; and so on. However, as many experts pointed out, e-projects development often fail for lacking thorough understanding of administration requirements and barriers, so authorities should pay more

attention to feedbacks from firms during the planning as well as implementation (Urciuoliab, Hintsabc, & Ahokas, 2013).

5. Conclusion

Businesses have been using a variety of channels to access information on import and export procedures, but the most favored channels are online, such as official websites, due to the regular updates and ease of access. Sadly, there were many businesses having difficulties searching for information while performing the procedures, which significantly reduced the efficiency of both Customs officers and enterprises.

Another vital problem for firms to deal with was the regular change in rules and regulations. When performing administrative procedures for customs clearance, 28% businesses had troubles during the document inspections, and the majority was in the export processing sector. This number was much higher when engaging in tax procedures.

As for the post-clearance audit, the overlapped inspections and longer than required audit time were most complained.

In order to improve the efficiency of customs administrative procedures, firms suggest that the authorities can simplify the procedures, make more use of e-documents, update more regularly legal documents with clear guidelines, and especially continue implementing radical, significant, and successful reform strategies, initiatives, and projects in the near future.

Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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Abbreviations

ASEAN	Association of South East Asian Nations
GDVC	General Department of Vietnam Customs
HS	Harmonized System
IT	Information Technology
OTT	Over The Top
VCCI	Vietnam Chamber of Commerce and Industry