

Semester Guideline

Minor: Customs Management in International Business

How Trade Compliance influences logistic flows



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Introduction

Today we truly speak of global trade. Goods are shipped throughout the world and are built from parts coming from all over the world. And although inner boundaries within the EU have dissolved and we can move goods freely throughout the EU, customs still play an important role related to all those goods going outside the EU and coming inside the EU. Furthermore sadly 9-11 happened. This act of terror changed current logistics. Security enhancing measures took place. Very often customs play a part in supervising incoming flows of goods security related. And last Great Britain has left the EU. For the Netherlands especially, this has huge consequences as the Netherlands trade much with the UK. After the BREXIT, all these goods have to be declared for export in the EU and for import in the UK. Customs will then supervise these flows of goods.

For companies involved in the international flow of goods, it has become extremely important to act compliantly. This means they carry out their processes which are related to this international flow of goods in line with customs law. If they fail to do so, customs supervision will increase the throughput time in the supply chain, making their throughput time also more unreliable: a nightmare for every logistic manager.

This minor aims to teach students the ins and outs of customs law and trade compliance. Which measures can companies take to increase their compliancy and increases the reliability of the flow of goods. These measures must also be economically justified.

The minor has a duration of 20 weeks and a study load of 30 EC (which represents 840 hours work load). It consists of four units:

Customs Law, part I (CUS1)	5 EC	Customs law part I
Customs Law, part II (CUS2)	5 EC	Customs law part II
Trade compliance (TrC)	5 EC	Risks related to global trade
Project CuMIB	15 EC	Assignment at company

In time the minor looks like the picture below.

Figure 1 Overview of CuMIB

	week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20			
# EC		36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	1	2	3	4	5
introduction	4									8														
CUS1	5	8	8	8	8	8	8	8		E														
CUS2	5	8	8	8	8	8	8	8		E														
Trade compliance	5	8	8	8	8	8	8	8	16	A														
introduction into project		2	2		2		2	2																
project	15											40	40	40	40	40	40		40	40	40		2	

As figure 1 shows, firstly lectures will be given. Each course will be lectured 8 lecture hours/ week (this represents 4 hours). Part of Trade Compliance is the management game The Cool Connection, which will be played in week 8 for two days. These lectures will be concluded by individual exams/ assignments. During the second part students will carry out an assignment in a company, 5 days/ week. This assignment has the same structure as an internship/ bachelor thesis. The lectures are all related to the project and are needed to carry out the project successfully.



Minor Customs Management in International Business

This minor description aims to guide the students through the minor. It describes the content of the lectures, the learning goals, the way of assessment, etc.

In case of questions/ remarks, please contact Lonneke Vocks, l.vocks@fontys.nl, 0031 - (0)8850 – 79 182

Chapter 1 Customs Law, part I

1.1 General description

This first course will introduce customs. What is the role of customs in this world? With which organisations on national level, European level and global level does the (national) customs organisation need to cooperate and which organisations influence the tasks of (national) customs organisations. Next to these topics the structure of European customs legislation is explained: the Union Customs Code, the Implementing Act and Delegated Act. Furthermore classification, origin and valuation are discussed as these determine the customs debt. Last non-fiscal tasks related to dual use goods and export controls are discussed.

1.2 Required foreknowledge

No specific foreknowledge is required

1.3 Learning goal and assessment template

Below an overview is given of the expected learning goals and its levels.

Figure 2 Assessment template Customs Law, part I

Learning goal	Remembering/ reproducing	Understanding	Applying	Analyzing	Evaluating	Creating	Weight
Student understands the role the EU plays in customs law and the concept of the Customs Union, including the role WTO and WCO play in the development of customs law.		x					5%
Student understands the two tasks of customs: fiscal and non-fiscal		X					5%
Student knows how to use and understand UCC, Regulation 2658/1987, including its annual Annex I up date and the Taric			x				20%
Student knows how to apply the six General Rules on classification and can classify non complex goods			x				15%
Student can determine preferential and non-preferential origin on simple assignments			x				10%
Student can calculate the customs value in simple situations			x				10%
Students knows the concept of dual-use goods and the procedures related to it		x					10%

Learning goal	Remembering/ reproducing	Understanding	Applying	Analyzing	Evaluating	Creating	Weight
Student understands the concept of export controls and the procedures related to it		x					10%
Student can identify risks related to compliancy and all topics listed above				x			15%

1.4 Weekly content

Below an overview is given of all weekly activities.

Week	Topics	Teacher	Sources
1, lecture I	General introduction into customs	KLN	Reader chapter 1-6
1, lecture II	idem	KLN	idem
2, lecture I	Classification	SPA	Reader chapter 11
2, lecture II	idem	SPA	
3, lecture I	idem	SPA	
3, lecture II	TARIC/ DTV	SPA	Reader chapter 11.6
4, lecture I	Origin	KLN	Reader chapter 11
4, lecture II	Idem	KLN	
5, lecture I	idem	KLN	
5, lecture II	Customs valuation	KLN	Reader chapter 11
6, lecture I	idem	KLN	
6, lecture II	Practise integral assignment	KLN/ SPA	
7, lecture I	Dual use/ export controls/ sancties	KLN	
7, lecture II	Idem	KLN	

1.5 Assessment

This assessment will be an individual written exam, covering the learning goals listed under 1.3.

1.6 Teachers/ coaches

Teachers of this course are: Merten Koolen, m.koolen@fontys.nl and Philipp Spann, p.spann@fontys.nl.

Chapter 2 Customs Law, part II

2.1 General description

This course discusses the entering of goods into the EU and the several customs procedures, related to the postponement of payment of customs duty and application of trade regulation measures. Next to this some trade regulation measures will be discussed: anti-dumping, counterfeit and agricultural levies.

2.2 Required foreknowledge

No specific foreknowledge is required

2.3 Learning goal and assessment template

Below an overview is given of the expected learning goals and its levels.

Figure 3 Assessment template Customs Law, part II

Learning goal	Remembering/ reproducing	Understanding	Applying	Analyzing	Evaluating	Creating	Weight
The student knows all customs procedures, including the entry of goods into the EU, understands their underlying relationships and knows which procedure is best applicable in which situation, including the relevant customs' IT systems			x				30%
Students knows to which demands companies must comply to use a customs procedure		x					10%
Student is able to find relevant legislation related to the customs procedures and can understand this legislation			X				10%
Student understands the concept of anti-dumping and the procedures related to it		x					5%
Student understands the concept of counterfeit products and the procedures related to it		x					5%
Student understands the concept of agricultural levies and the procedures related to it		x					5%

2.4 Weekly content

Below an overview is given of all weekly activities.

Week	Topics	teacher	Sources
1, lecture I	Entry into EU	VOC	Reader chapter 7
1, lecture II	idem	VOC	
2, lecture I	Free circulation	VOC	Reader chapter 10
2, lecture II	export	VOC	Reader chapter 12
3, lecture I	transit	VOC	Reader chapter 8
3, lecture II	transit	VOC	
4, lecture I	Customs warehouse	VOC	Reader chapter 9
4, lecture II	Customs warehouse	VOC	
5, lecture I	In- and outward processing	VOC	Reader chapter 8.2
5, lecture II	In- and outwarding processing	VOC	
6, lecture I	Temporary import and specific use	VOC	Reader chapter 8.2
6, lecture II	Guest lecture on procedures	VOC	
7, lecture I	Counterfeit/ trade defence	KLN	Reader chapter 11.10 and 15
7, lecture II	Agricultural levies	VOC	Reader chapter 14

2.5 Assessment

This assessment will be an individual written exam, covering the learning goals listed under 1.3.

2.6 Teachers/ coaches

Teacher of this course is Lonneke Vocks, l.vocks@fontys.nl, and Merten Koolen, m.koolen@fontys.nl.

Chapter 3 Trade Compliance

3.1 General description

In this course several topics come together: the context of global trade, demands customs put on companies related to AEO, the need of transparency in the global trade, possible IT solutions and financial risks related to global trade. After this course students must be able to link the current global trade with compliance risks, in which financial risks play an important role as well.

3.2 Required foreknowledge

No specific foreknowledge is required.

3.3 Learning goal and assessment template

Below an overview is given of the expected learning goals and its levels.

Figure 4 Assessment template Trade Compliance

Learning goal	Remembering/ reproducing	Understanding	Applying	Analyzing	Evaluating	Creating	Weight
Student understands the context of world trade, the role WTO and WCO plays in this, the concept of trade facilitation, free trade agreements					x		15%
Student understands the concept of AEO, including the idea behind AEO, the effect of self assessment, risk analysis and control measures					x		25%
Student can identify the Information need related to customs declaration and IT systems used.					x		25%
Student can reflect on the financial implications of global trade, including VAT on importation, including the Dutch fiscal representation, concept of excise and EMCS, financial security related to declarations and customs debt.					x		35%

3.4 Weekly content

Below an overview is given of all weekly activities.

Week	Topics	Teacher
1, lecture I	Context of world trade/ WTO/ WCO/ FTA	KLN
1, lecture II	Idem	KLN
2, lecture I	Idem	KLN

2, lecture II	AEO	VOC
3, lecture I	AEO	VOC
3, lecture II	AEO	VOC
3, Friday	Hand in essay I	KLN
4, lecture I	AEO	VOC
4, lecture II	Information need in global trade & INCO-terms	SPA
5, lecture I	Data, data base and IT systems with their links	SPA
5, lecture II	Data pipeline, WCO-data model, Core project, TTL	SPA
5, Friday	Hand in essay II	VOC
6, lecture I	Financial implications VAT on importation	DER
6, lecture II	Financial implication, excise and EMCS	DER
7, lecture I	Financial implication, excise and EMCS	DER
7, lecture II	Financial implication, financial guarantee and customs debt	DER
7	Hand in essay III	
8	Playing TCC, trade compliance version	KLN, SPA, VOC
9	Hand in essay IV	

3.5 Assessment

This assessment will be four individual written essays, covering the learning goals listed under 3.3. In this essay the student must describe an underpinned own opinion by referring to reliable sources. The teacher will give subjects to write about.

The structure of the essay is :

1. introduction of the topic, INCLUDING A RESEARCH QUESTION, and why it is relevant.
2. Central part in which the topic is further investigated, pro's and contra's will be given and the opinion formulated. Remember that this essay is about formulating an opinion. However this opinion must be underpinned. In order to do this the student must use at least three reliable and/ or scientific sources. Argue why these sources are in line with or against your opinion.
3. Conclusion, which follows logically from the central part.

This essay will be assessed by the following criteria:

- 1) Logical & critical arguing. This means that both sides is presented, so arguments pro and con given. The conclusion follows logically from this listing. And the arguments are found in the sources used. The student shows a critical attitude.
- 2) Quality of sources and use of sources
- 3) Understandable writing
- 4) Between 1,000 – 1,500 words main text and written according the same requirements related to letter font and line space as the regular Fontys demands, using an essay format.

Each essay must be submitted on the Friday, two weeks after the last lecture, related to the topic. The essay must be submitted to the teacher involved. See the table in 3.4.

The final note of Trade Compliance will be an average of the four essays.

3.6 Teachers/ coaches

Teachers of this course are: Merten Koolen, m.koolen@fontys.nl, Lonneke Vocks, l.vocks@fontys.nl, Philipp Spann, p.spann@fontys.nl, en Heinrich Deryck, h.deryck@fontys.nl.

Chapter 4 Project CuMIB

4.1 General description

The project is considered to be the climax of the minor. In this project all theory will be confronted with the tenacious practice. Student will experience how customs law influence daily business operations and the difficulty of meeting trade compliance demands.

The background of the student determines which project the student will do.

Students with an EU background

Students with a EU background will execute a research project at a company. This company must be contacted by the student himself. Both company, the student and coaching teacher must agree on the assignment. The purpose of the project is that the student shows he understands customs law, can select relevant part of the extended customs law and knows how this influences daily operational processes. Next he must advise how to improve these processes in order to reduce compliance risks and/ or operational costs. This assignment can be problem-based. This means that the company provides an assignment. An alternative is executing the Trade Compliance scan. This scan gives an overview of the current level of compliancy. This scan is added in annex I.

Students from outside the EU

Students from outside the EU will have legal problems in doing an assignment inside a company. Therefore they will do a “fictive” project. Either they will get a company description of a fictive company, including a data set. Purpose is that students improve daily processes. Or the student executes a scientific research on a trade compliance related topic. This topic must be approved by the coaching teacher. Part of this research is a literature study and interviewing at least five experts or conducting a survey.

Below all options for the project are presented.

Table 1 Overview options for CuMIB project

Customs management in International Business project			
Students with EU back ground		Students with non EU background	
Problem-based: Company provides assignment	Trade Compliance Scan: Annex I	Problem-based: fictive company	Scientific research

4.2 Required foreknowledge

Specific foreknowledge is Customs Law, part I, Customs Law, part II and Trade Compliance.

4.3 Learning goal and assessment template

Below an overview is given of the expected learning goals and its levels.

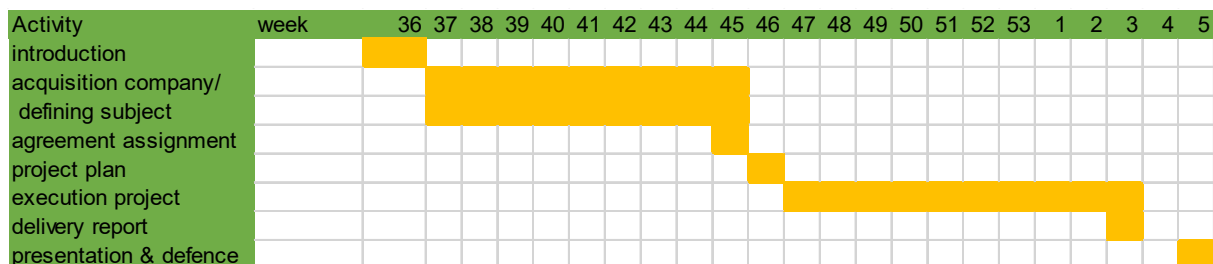
Figure 5 Assessment template project CuMIB

Learning goal	Remembering/reproducing	Understanding	Applying	Analyzing	Evaluating	Creating	Weight
Student is able to formulate a complete project plan			X				10%
Student is able to describe the international flow of goods from a customs point of view including the internal related business processes. Next to this, the student is also able to identify relevant customs law				x			30%
Student is able to analyse the business processes and identify why the company has not achieved its desired compliance level				x			35%
Student is able to suggest improvement measures to achieve trade compliance.					x		15%
Student is able to suggest an implementation plan			X				10%

4.4 Planning

Regardless what kind of project students do, the planning is more or less the same and pictured below.

Figure 6 Planning project



In order to successfully finish the project, students must start in time!!

Deadlines:

- Project plan Friday 13th of November 2020
- Final report Friday 22th of January 2021

From Monday the 9th of November 2020 until Friday the 22th of January 2021, the student will be working at a company or he will be busy with the alternative assignment for five days/ week.

Each student will be appointed a teacher coach, who will coach him during the project

4.5 Assessment

Assessment of the project will be comparable with the assessment of internship. See <https://connect.fontys.nl/instituten/fhtenl/internship/Pages/LibraryAssesmentForms.aspx> for this assessment.

4.6 Teachers/ coaches

Teachers of this course are: Heinrich Deryck, h.deryck@fontys.nl, Merten Koolen, m.koolen@fontys.nl, Philipp Spann, p.spann@fontys.nl and Lonneke Vocks, l.vocks@fontys.nl.

Annex I Trade Compliance Scan

Purpose: advice on efficiently compliance

Part I Current state

1. Describe the logistic goal of the company/ department
2. Describe the chosen product in terms of description and functionality, CN code, origin and related trade regulation measures
3. Describe the flow of the chosen good coming into the EU to its final destination in terms of all external partners involved, including their responsibility, starting from the sending partner in a third country, including the information flow between all these partners.
4. List all licences and customs procedures related
5. Describe internal processes related to the declaration of the goods by making flow charts and logistic structures. Indicate clearly which information is needed for each activity and where this information comes from
6. Indicate the current KPI's.
7. Describe the current control measures to avoid the already known risk (indicate which control measure should meet which risk).
8. Brainstorm on all possible "new" risks

Part II Analysis

1. Indicate in the overviews above operational costs and time involved.
2. Assess all risks on likelihood and financial impact, determine which risks will be taken, transferred, terminated and which will be treated.

Part III Improvements

1. List possible control measures for the risks which need treatment. Use "a little book of inspiration" as inspiration to come up of control measures. Indicate whether the measures:
 - a. are on organisational level, or
 - b. are procedural control measures, or
 - c. are in order to control data, or
 - d. are in order to control processes, or
 - e. are in order in increase knowledge and skills or to change attitude, or
 - f. aim to increase efficiency
2. Compare the control measures on investment, payback time, operational costs, how well the risk has been treated, etc. and choose the best
3. Indicate how the chosen control measure changes the processes and the KPI's, described in part I

Part IV Implementation

1. Make an implementation plan indicating which department is responsible for which change, on which time and when investments need to be made