

# Enhancing Transom Practices to Reduce the Risks of Customs Clearance

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## ABSTRACT

Transom SATS Cargo (Oman SATS LLC) is a leading and unique company in the field of ground handling in the Sultanate of Oman. Transom handling was first established in 1970 and Transom SATA Cargo is a sub venture of this. It was established based on a joint venture between SATS from Singapore and Oman Airports. Transom SATS is a cargo handling terminal that provide Shipping services with high standards of quality and accuracy. However, the fact is that transom operates in a complex field which is logistics and shipping services and is exposed to many operational problems that may hinder its productivity and business flow. One of the most important of problem is the complexity in the customs clearance procedures and their obstacles. In this research paper, the problem of customs clearance will be studied, which usually formed due to the lack of organized paper work required in transactions, the lack of payment, the shipment of suspicious goods etc. In addition, the negative effects (financial fines, detention of goods, banning companies in Oman, and legal trials) that result from the complexity in customs clearance processes will also be taken up for research. Furthermore, the research will result in making some recommendation for solutions that Transom can practice in order to handle with the customs problem. The methodology adopted is Content analysis and secondary data will be used to collect information to analyse the objectives and make the suggestions. The solutions identified will help in making strategic decisions relating to customs procedures.

## **Introduction**

Transom SATS Cargo (Oman SATS LLC) is one of the largest cargo terminal operators at Muscat International Airport and the exclusive national carrier to support airport operations. Transom SATS provides cargo services to more than 30 international airlines. The company was established in Muscat in 1970 as a joint venture between SATS in Singapore and Oman Airports to enhance Oman's position in the international market for the aviation industry, as well as position Oman as the transit hub for cargo in the GCC countries. Transom SATS Cargo has an experienced management structure led by CEO Siang Tang Tan who previously served as Head of Air Cargo Terminal Asia (AAT) and General Manager of Aviation Ground Services (BGS) in Beijing. In addition, the company specializes in providing ground handling and freight services, customs clearance, and logistics services.

The company also supports cargo handling services for both Oman Air and Salam Air. In addition, Transom SATS Cargo owns a huge warehouse for receiving goods with an area of 23,000 square meters, and the company deals annually with approximately 350,000 tons of goods. Furthermore, Transom SATS Cargo aims to raise the level of efficiency of its operations and services to increase revenues. Where it worked to enhance its operations with modern and digital technologies. Besides, Transom is keen to improve the infrastructure and train its employees to enhance their skills (International Finance (2021)).

With 3 dedicated freighter aircraft bays and 274 staff, Transom SATS cargo has an annual handling capacity of 350 thousand tons. They have a warehouse of 23 thousand square kilometers. The organization has achieved 93% Romanization. The organization is equipped with Material handling System that allows automated handling of Cargo Containers and pallets.

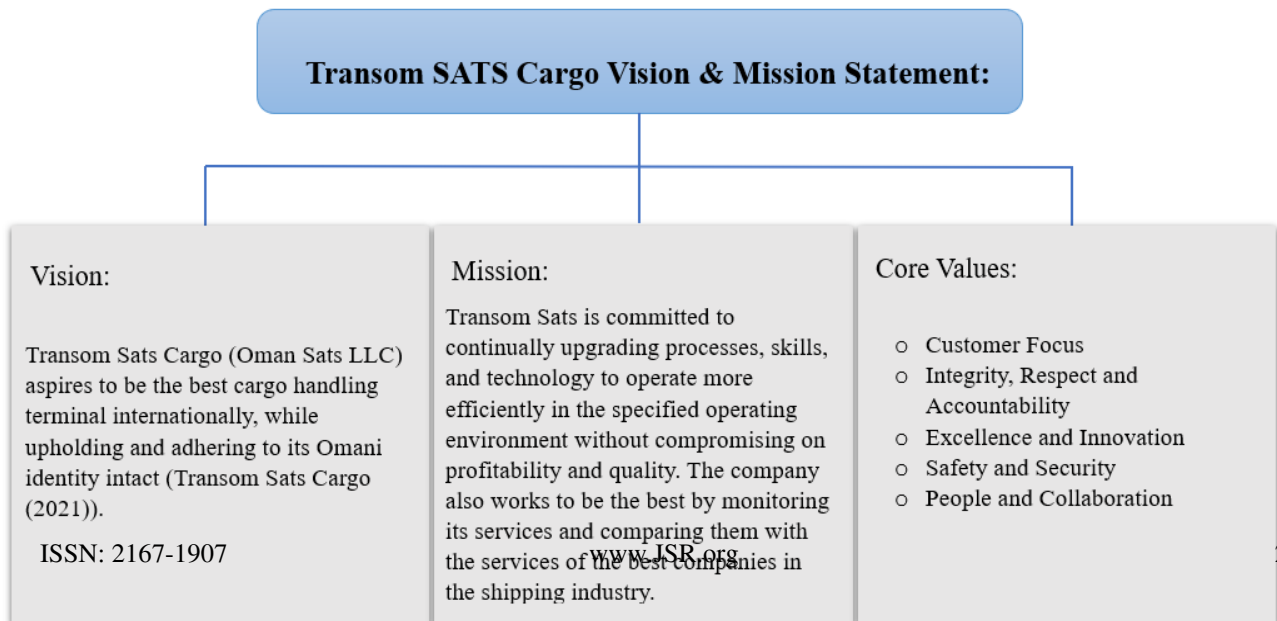
There is a significant portion of perishable and temperature controlled perishable products. Hence there is a requirement of an extremely cold chain supportive handling system. Dangerous goods and radioactive material are also an important part of the import/export assignments coming into Muscat. This calls for highly secure systems to be used in the Cargo complex.



Figure 1. Transom SATS Cargo Building



Figure 2. Transom Management Team.



**Figure 3:** Transom SATS vision and mission statement.

## Objectives of the Study

1. Identify the operational efficiency of Transom SATS Cargo.
2. Realizing the problem of customs clearance in Transom and analyzing its causes and impact on the institution.
3. Finding recommendations and thoughtful solutions that reduce customs clearance obstacles in Transom SATS and increase its operational productivity.

TRANSOM SATS Cargo seeks to provide the best handling, shipping, and customs clearance services to prove its position in the market and increase profits. Despite this, the company faces continuous challenges that impede the progress of its business, the most important of which are customs clearance obstacles. (TRANSOM SATS, paving a new way for air cargo in Oman, 2021)

The Air Cargo statistics at the Muscat Cargo Complex have remained strong throughout the pandemic and the figures for the first half of 2022 show Air Cargo throughput of 67% higher than the same period in 2021 and it has recovered around 63% of 2019 volume for the same period. (Saunders, 2022)

The system adopted for processing the clearance of the shipments at Transom SATS Cargo and the ease at which the complexity of operations can be handled is quite interesting to study. The magnitude in which the volume of Air Cargo is being handled in the Muscat Airport through Transom is on the constant rise. Hence there is a dire necessity to fine tune the services offered by Transom. The problems that are encountered by Transom in their daily operations and the impact that it can create on the working of the company is elaborated in this paper using appropriate data.

The procedure of getting goods through customs so they can enter or leave a country is known as customs clearance. To comply with the laws and regulations of the importing or exporting country, a number of procedures and requirements are involved in this process. In order to verify that the products being imported or exported are declared correctly and that any necessary duties, taxes, or fees are paid, customs clearance is required. The procedure may involve documentation, examination, and verification of the product's value, origin, and categorization. A customs broker or freight forwarder might be needed to help with the complicated process of customs clearance to ensure that all rules are followed. (Media, 2020)

Customs clearance problems appear in TRANSOM SATS Cargo as a result of several practices that have negative effects on the company's productivity. Below is an explanation of these practices and their impacts:

### Some Important Practices at TRANSOM and its Impact on the Operations

- Original documents are used for carrying out the shipping transactions (bills of lading, certificates of origin, permits, invoices)
  - Problem – Many times the C&F agents do not bring the original documents that are needed.

- Impact - Consequently, customs transactions are delayed, and the customs police impose a fine of 2% on the customer for not bringing the original documents, especially invoices and certificates of origin.
- The information will have to be entered in to the Al-Bayan system.
  - Problem- The staff tend to make mistakes while preparing transactions by entering the wrong data in to the system. This is due to the complexity in the system (Al-Bayan)
  - Impact - The customs authority imposes from the customs brokers 50 ORM in case of deletion of the transaction and 10 ORM in case of modification in the transaction data.
- All the shipments will have to be inspected at the Transom SATS premises
  - Problem - The inspection is done with quite some delay by the customs police
  - Impact - The customer is not able to receive his goods in a suitable period, thus the reputation of TRANSOM SATS decreases, and it will lose its customers.
- The products are shipped with HS codes and an invoice is created for every transaction
  - Problem – Lot of products are shipped in one invoice
  - Impact – This increases the possibility of errors during data entry into the system
- Online payments are also encouraged as a practice.
  - Problem - Some customers do not make the payments on time
  - Impact - Incompleteness of the transaction and delay in shipping goods or release from the customs department.
- Other problems identified.
  - Some staff members are unable to cope up with the developments in the organization. This is due to the lack of continuous training.

Following are some recommendations that can be applied in the company to help it overcome customs clearance obstacles.

- Imposing large financial fines on those responsible for receiving or shipping suspicious goods.
- The use of different programs to help the AL Bayan system to arrange the HS codes for all transaction products, such as the Excel program.
- Adjust the Al Bayan system to facilitate its use and avoid errors in the data entry process.
- Preparing training workshops for employees to familiarize them with the system used and how to deal with different HS codes to ensure the company's success in the market.
- Short term courses on Air cargo management and handling will help the staff members to understand the theory behind the operations relating to material and cargo handling.



Figure 4. Al-Bayan System



**Figure 5.** Receiving shipment.

Transom SATS plans on growing a sustainable business and at the same time remain financially strong. They have invested heavily in technology to deliver the best of services to its customers. Transom SATS plans to offer tailor made services for niche markets and for meeting the needs of its customers. The company aims to offer and maintain services in the field of Air Cargo in the Sultanate.

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