

PICARD 2011

Risk Management & Trade Facilitation

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COTECNA

INTRODUCTION

- » What are the risks for Customs?
- » How to manage these risks
- » Managing the risks whilst facilitating trade
- » The implementation of risk management systems
- » Risk management systems enhance trade facilitation
- » Tanzania - A Trade Facilitation Success Story
- » Conclusion

WHAT ARE THE RISKS FOR CUSTOMS?

- » Loss in revenue collection
- » Contraband / smuggling
- » Security
- » Miss-declaration leading to unfair trade for the domestic manufacturers
- » In-transit goods finding their way into the domestic market
- » ...

HOW TO MANAGE THESE RISKS?

- » 100% physical inspection – recognized as not being a viable solution
- » Random inspections – reduces the number of inspections
- » Profiling the shipment and traders – reduces the opportunity for fraud

MANAGING THE RISKS WHILST FACILITATING TRADE.

- » Implementing existing technologies that includes:
 - › Customs automated systems
 - › The single window
 - › X-ray scanning of the cargo
 - › Computerized risk management systems
 - › Tracking of cargo in transit

THE IMPLEMENTATION OF RISK MANAGEMENT SYSTEMS

- › Needs a political will for structural reform of Customs through a modernization programme
- › To invest in existing and proven technologies
- » Third party service providers can offer technical assistance based on their extensive experience
 - › Tailored solutions with financial support – BOT
 - › Capacity building and training

RISK MANAGEMENT SYSTEMS ENHANCES TRADE FACILITATION

- » Smooth flow of trade – critical for the economy
- » Facilitating legitimate trade – focusing on fraudulent trade
- » Maximizing Customs resources – training and capacity building
- » Enhancing revenue collection – automated calculation of duties and taxes
- » Combating terrorism – enhanced national security
- » Aligning with the WCO standards – Safe Framework
- » ...

TANZANIA - A TRADE FACILITATION SUCCESS STORY

- » The Tanzania BOT included capacity building and training in the following areas:
 - › Scanning operation
 - › Transaction price database
 - › Valuation & classification
 - › Computerized risk management system

TANZANIA - A TRADE FACILITATION SUCCESS STORY Cont.

- » On 31 December 2010, Cotecna fully transferred to the Tanzania Revenue Authority including:
 - › X-ray scanners with fully trained maintenance staff
 - › Handover of the Internet-based Pre-Arrival Declaration system
 - › Risk management system and transaction database fully integrated in the Customs workflow
 - › Ownership transfer of physical infrastructure
 - › Over a 1000 Customs officers trained

TANZANIA - A TRADE FACILITATION SUCCESS STORY Cont.

- » Since 1 January 2011, TRA successfully operates all equipment and IT systems without external support.

IN CONCLUSION

- » Risk management and trade facilitation are intimately related:
 - › The better the quality of the data – the more reliable is the risk management system
 - › The more trustworthy a risk management system – the more confident Customs will be in facilitating trade

IN CONCLUSION

- » A closing question:
 - › A Customs export data is another Customs import data – how can this exchange of information happen?

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