

# Facilitating trade in Cameroon through contractual arrangements between Customs and the private sector

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In February 2010, as the Director General of Cameroon Customs, I signed the first performance contracts with certain frontline services in the city of Douala, the economic capital of Cameroon, which generates almost 91% of the country's Customs revenues. The aim of this venture was to encourage Customs officers to adopt good professional practices, and to ensure that the reforms undertaken were being implemented effectively.

Cameroon Customs extended these contracts in 2011 to some importing companies in order to reduce the time and cost of Customs transactions at the Port of Douala, the main port of entry for member countries of the Central African Economic and Monetary Community (CEMAC).

WHAT TYPES OF operators are concerned, and what challenges will they need to meet? What are the advantages of contracts with these companies? How does this approach compare with the Authorized Economic Operator (AEO) concept? In what ways has the implementation of performance contracts with importers altered the customary relationships between importers and other stakeholders in the port community? These are the questions that I shall try to answer in this article.

## Choice of operators

Businesses wishing to enter into a contract with Customs must first submit an application. The Administration will decide on the action to be taken on each application depending on the volume of the operator's business, the regularity of its operations, its financial standing, the amount of duties

adjusted in its declarations, and the recurrence of such adjustments.

An operator's volume of business is evidenced by the number of declarations registered or the amount of duties paid. The two conditions are not always cumulative. The former can be used to assess the frequency of a company's imports, while the amount of duties paid is used to measure the operator's financial strength.

An operator with a large number of imports and a high amount of duties to pay will obviously be better placed to gauge the impact of the facilities granted by Customs. The amount of taxes and the number of declarations reassessed will help to pinpoint the operator's behaviour in its Customs transactions. An operator that is frequently involved in fraud is a

risky applicant, having regard to the facilities provided under the contracts.

The threshold of acceptability of a business is the median value, based on the historic data for all operators processed by the Automated System for Customs Data (ASYCUDA). Twenty-four companies, all of them recruited on this basis, had performance contracts in September 2014.

## Challenges to be met by operators

Companies having a contract are assessed every three months against half a dozen indicators, all of which are challenges that they have to face. In general, the operators do not start on their Customs procedures until their goods are unloaded, either as a matter of habit or due to their lack of organization. The contracts include indicators obliging the operator to remove its goods from the port more rapidly, by carrying out several procedures in advance.

Furthermore, most of the companies have had to restructure their services to adapt them to the demands of the new professional mindset initiated by Customs. According to the accounts of certain heads of companies, it seems that the changes brought about have given them a clearer picture of the ways in which their departments operate, and enabled them to monitor the work of their personnel more closely.

An operator who accepts a contract also agrees to work in a transparent manner, something that is far from easy in an environment in which several undertakings are engaged in both formal and informal trade. The indicators are also an incentive to the undertakings not to resort to fraud. Some of the operators openly state that fraud is part and parcel of import operations, because it offsets the loss of earnings due to corruption and long waiting times for goods. It is not always easy for some of them to accept the paradigm shift.

In addition, the importer often acts as the principal, with several other parties

acting on its behalf in the Customs clearance chain. Its main challenge then is to fulfil its contractual obligations based on the work done by its various agents. These are autonomous entities whose interests do not always coincide with its own. Delays are maintained, moreover, by some of these bodies dragging their feet on purpose to justify the additional charges they are paid or to legitimize the practice of corruption for their own benefit.

Lastly, some of the operators need to change their perception of the Customs administration. Between Customs and the head of a company, there are several intermediaries who often depict Customs as a “fearsome” administration, and as a result, certain importers may be reluctant to enter into a contract with Customs.

#### **Altering relations between importers and their partners**

Cameroon Customs had noted that the encouraging results generated by setting up performance contracts with inspectors could be jeopardized by the fairly unscrupulous conduct of some stakeholders in the port community.

The importers were accordingly invited to participate in a scheme of contract-based links with Customs, since they are the first link in the chain of those placing orders with several other port entities, and mutual pressure could be exerted with a view to improving the procedures.

The nature of the professional relations among these entities has changed as a result. For instance, importers create competition among several Customs clearance agents, enabling those performing least well to be eliminated. In return, the clearance agents have taken up the habit of pressurizing the operator to place the documents needed for clearance at their disposal more quickly.

Certain operators have threatened to leave their bankers because they had not made the expected transfers in good time. One multinational, which could not drop its Customs clearance agent because they were both part of the same group, wrote to its agent to express its dissatisfaction with the delays that had been ascertained, and – tired of the struggle – asked Customs to step in to make the agent listen to reason.

Customs also receives regular requests to organize meetings between the operators and any stakeholder in the port community who appears to be responsible for the blockages that exist, in particular the port authority, the management of the container park, the association of consignees and some of Customs’ own departments.

#### **Rapprochement with the AEO concept**

The programme of performance contracts signed with importers is similar to the AEO programme as defined by the WCO. The contracts grant facilities to companies and, to a growing extent, take account of the concerns about the security of the supply chain, bearing in mind the threats associated with political turbulence, and movements of the Boko Haram sect on our frontiers.

Nevertheless, the concept of performance contracts has been retained for the following reasons:

- they allow for greater flexibility by adapting the facilities to an importer’s successive “performance levels”;
- the AEO concept is not yet a priority in the CEMAC, where the operating mechanisms are still very rigid.

#### **Advantages of contracts with companies**

From the time the contracts are signed, 40% of the operator’s declarations (blue channel) are cleared without controls at the port. If Customs retains the option

of being present during the unloading of some of the containers, it may do so only at the place of delivery (by an onsite inspection). The proportion of the company’s goods passing through the blue channel may be increased or reduced depending on its “performance”, although it may not exceed the set ceiling of 90%.

Companies under contract benefit from personalized follow-up by Customs. The latter may exert its influence in the port community to ensure that other port entities are more expeditious in processing the business of the operators concerned. Furthermore, the operators have a focal point within Customs (the Risk Management Unit) to which they regularly refer their complaints, which are handled in real-time. Customs has also undertaken not to sanction certain minor infringements, if their processing could have an impact on the timeframes of the operators with contracts.

Today, the average clearance period at the Port of Douala is 20 days, whereas for operators with a contract it is 11 days. The checks and the time prescribed for the clearance procedure are reduced to what is strictly necessary, limiting the number of occasions of unwarranted payments and charges associated with procedural complexities.

Thought is currently being devoted to granting companies payment facilities in the form of a “collection credit” – for Customs, this means releasing declared goods immediately against the deferred payment of duties and taxes within an average period of 20 days. In return, Customs has also derived many advantages from this, gaining credibility and improving its public image.

**More information**  
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