



INTEGRITY SIGNALS END TO ROLLER COASTER RIDE:

A Customs + Trade Partnership Approach to Corruption

**Geneva, Switzerland
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POLICYMAKERS, GATEKEEPERS, TRADERS

◆ Policy and Commerce

- ❖ Economic base
- ❖ Conduct of secure but competitive trade
- ❖ Use of of technology

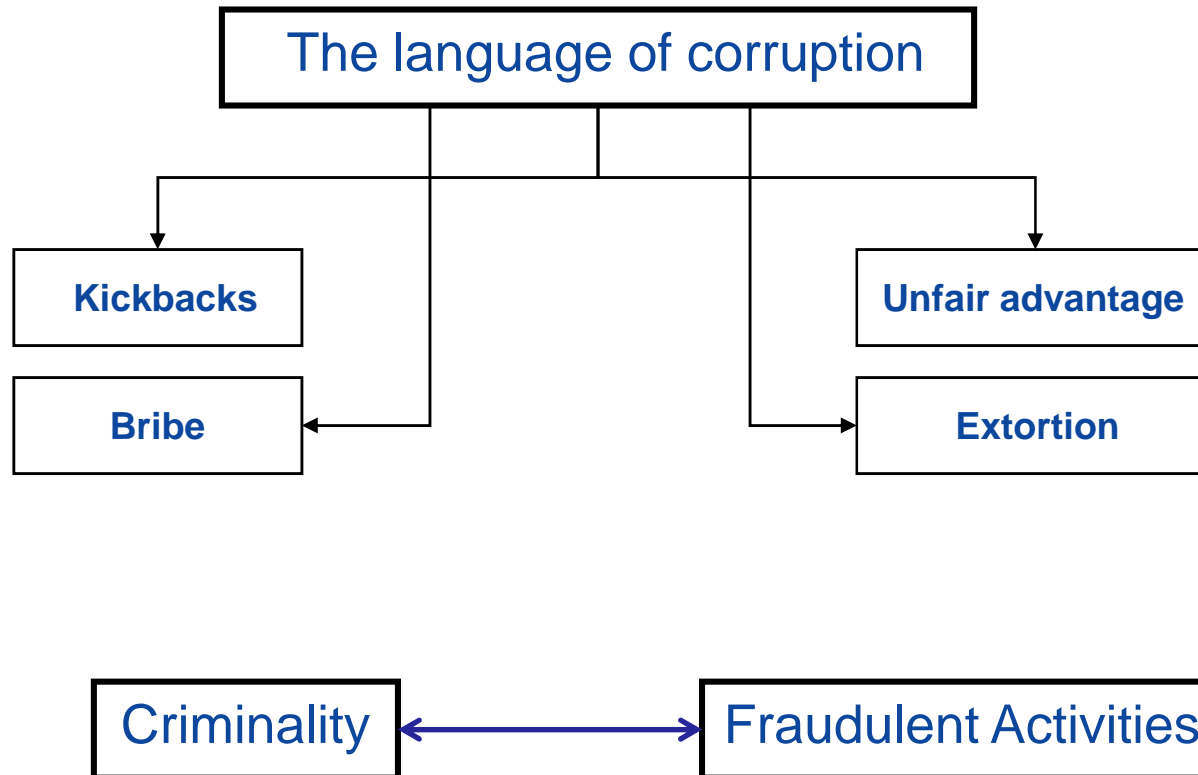
◆ Misuse of Official powers

- ❖ Complex set of rules
- ❖ Duties and accountability vs. securing monetary advantage
- ❖ Social factors

◆ Historical perspective

- ❖ Inheritance and Entrepreneurship

Corruption in the Customs context



Not many countries spared -

Case: United States, Mexico, China, India, Sri Lanka, Myanmar

Just as the blades of grass sway in the wind independently using their own position on the field and contact with the wind, so also does every person in this world differ from the next. In the customs context, even though the **field** of grass contains a set of **regulations**, when the **wind** or **trade** comes along, its interaction with the players or the blades of grass can cause differing reactions in different countries.





Trade Allegations Submission Form

Please review before proceeding

First Name:	
Middle Name:	
Last Name:	
Phone Number:	
Contact E-Mail:	
Who are you?	
If this is an Immediate Threat to Loss of Life or Damage to Property?	no
Violation Type:	Antidumping/Countervailing Duties
Violation Description:	Failed to report
Violator Product:	Shoes
Country Of Export:	
Product Category:	64 Footwear
Violator Name:	The researcher
Violator Address 1:	
Violator Address 2:	
Violator City:	
Violator State:	
Province or U.S. Possession:	
Violator Zip Code:	
Country:	
Additional Parties:	

Submit

Edit



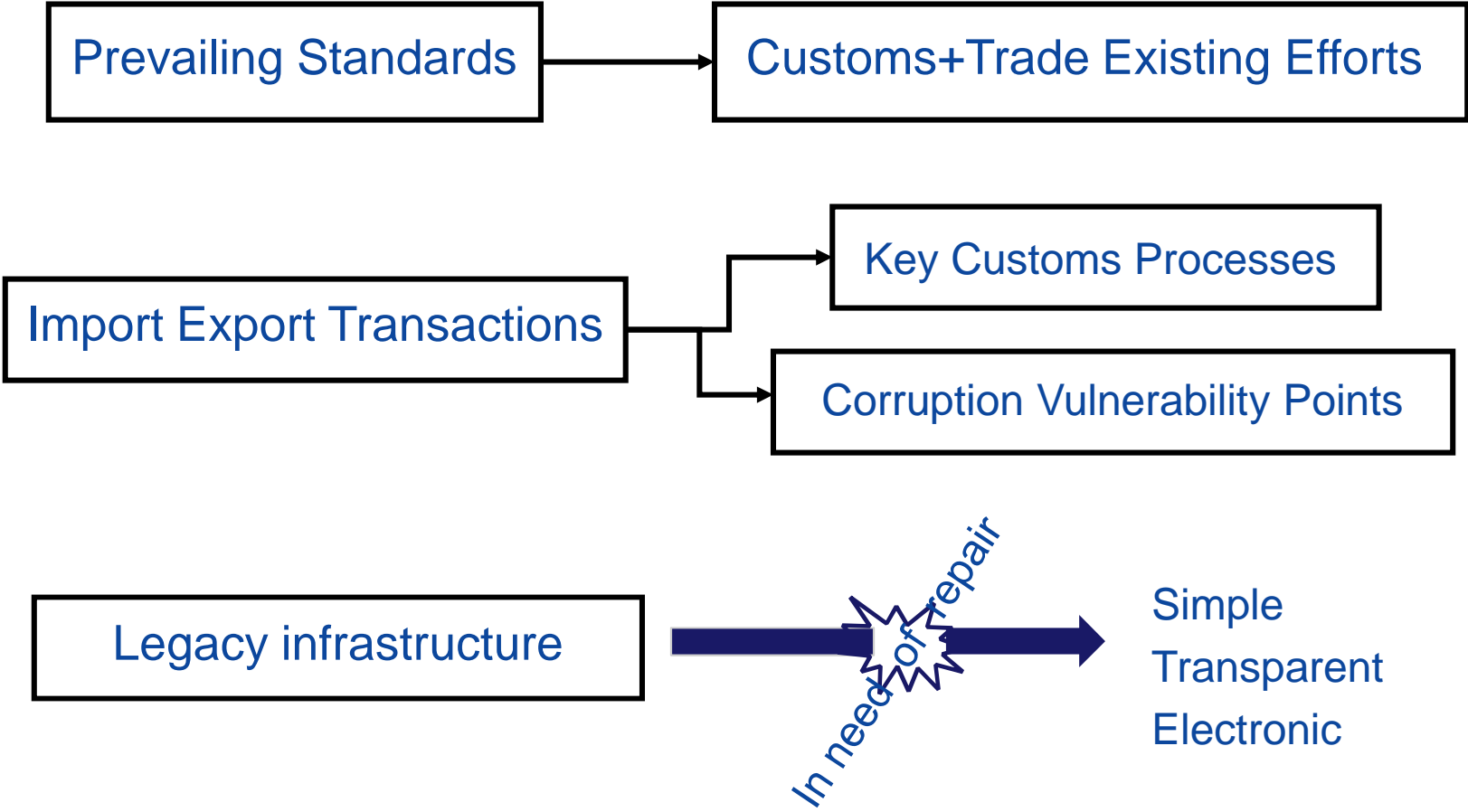
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Perception, a CULTURAL Misunderstanding

- ◆ Uniform worldwide code of conduct far removed from reality
- ◆ “Bribe” - ringing in different connotations in diversity
- ◆ Accepted practices
- ◆ Queue culture, gift-giving and the importance of society
- ◆ Changing face of international trade supply chain
- ◆ Global trade regulatory compliance standards
- ◆ Addressing inadequacy – the missing link
- ◆ Overall public resistance to corruption

The Trading Landscape



An assessment of key findings in an African country

Initiating a framework for enhancing integrity within customs	
Preparation	Policy manual
	Project outline
	Alignment with trading community
	Development of prioritized list of solutions
	Establishing credibility
Readiness	Availability of resources
	Prototypes of solutions created
	Total involvement of exporters and importers
	Building effective communications
Consolidation	Best ideas to scale
	Replication of success
Kick start	Identifying leaders
	Transferring power
	Processing skills
	Ensuring solutions are sustainable

- *Keeping the sociological aspect at the core..... while*
- *Setting the correct tone at the top*

An assessment of key findings in a S.E. Asian country

Entry of goods	<p>Importer information into ASYCUDA outsourced leading to unnecessary and excessive personal contact</p> <p>Factual inaccuracies and incomplete documentation</p> <p>Misuse of privileged (green) channel</p> <p>Delays due to multiple government agency alert and hold orders</p> <p>Lacking automated document processing</p>
Warehousing	<p>Disorganized storage areas, not well-lit – delays in locating, examination and release</p> <p>Improperly marked packages assuming leniency to back of line</p>
Appraisement	<p>Non-disclosure of 'Related Parties'</p> <p>Valuation not equivalent for 'arms length' transaction</p> <p>'Assists' to transaction value not declared</p> <p>Freight value undeclared –importers' collusion with airlines, freight forwarders</p>
Audit (Liquidation)	<p>Performed under same customs location</p> <p>Trade permitted unrestricted access</p> <p>Lacking computers</p>
Check-in area (departure and customs)	<p>No public notice displayed re: Customs rules for export</p> <p>Currency/personal goods declaration form only available after x-ray screening</p> <p>No supervision of declarants – many fail to declare</p>

- *The nature of these culturally accepted interactions promoted integrity compromising situations*
- *The trade + customs took this opportunity to address and correct this to enhance integrity*

Surveys and personal interviews

Customs respondents

Response times	Entry filing
Ratio of Inspections	Documentation scrutiny – physical exams
Lag times	Goods release
Periodic reporting	Alert, inspection, release
Frequency of communications	Informal dispute resolution

Trade* respondents

Duty payment reductions	Under invoicing, misclassification
Inaccuracies	Incomplete documentation
Shipment inspections	Selectivity, inspector discretion
Processing fees	Discreet facilitation of goods release

* *Importers, Customs Brokers and Freight Forwarders*

Issues for future research

Study of the impact of culture as trade interacts with customs

2 countries each in 2 distinct geographic regions – source (high integrity) and target (low integrity)

Benchmark success of source country

Repeat for geographic region 2

Result: Measure of the perception of corruption and the 'bribe'

Creating indicators from success stories

Compiling data

Testing and developing indicators in target country

Result: Measure of anti-corruption levels

Scoring system

Best practice use

Steps towards integrity that works

Result: Announce a corruption index

Recommended Controls/Practices

Private Industry Action

Independent commission of citizens – trade initiator, facilitator, arbiter

Customs Action

Anonymous reporting
Incentivizing openness

Public-Private Partnership

Outsourcing e-complaints
Private donations into a public fund

Conclusion

Answer:

Bridging legal inadequacies of law

Seeking international recognition for a graft-free institution

Committee to monitor CRM (Corruption Risk Manager)