

ESA Newsletter

World Customs Organization East & Southern Africa Region Regional Office for Capacity Building

ESA's place as TFA enters into force



Larry Liza,
Director

By Larry Liza,
Director, WCO ESA ROCB

The WTO Trade Facilitation Agreement (TFA) entered into force on 22nd February, 2017, marking a momentous date in the life of international trade. The World Trade Organization (WTO) announced that this number had been reached with four countries, including Rwanda from the East and Southern Africa region, depositing their instruments of acceptance with the WTO, thereby bringing the number of countries to 110, just a little above the two third majority that was required for the agreement to enter into force.

Continued on page 3

In this Issue: ↘

- EAC Raises Capacity Building Standards for the Customs Union 3
- Kenya Launches RECTS..... 5
- Mauritius Revenue Authority International Customs Day 2017..... 6
- Capacity Development of South Sudan Customs Service for the Introduction of Harmonized System Code 7
- The Distortionary Effects of ill-Customs Valuation of Imported Goods to International Trade and Economic Growth 7
- The Regional Electronic Cargo Tracking System 8
- Risk Management: Application in the Context of Trade Logistics Environment 9
- BURS Launches the Sniffer Dog Unit and Graduates Customs Dog Handlers 10
- Mauritius Revenue Authority K9 Detector Dogs Unit..... 11
- Avoid Clearing Chemical Weapons Blindly 12
- Risk Management Improving Organizational Resilience 13
- One Stop Border Posts As a Trade Enhancement Measure... 14
- Role of Customs in Fighting Terrorism in the ESA Region... 16
- Implementation of the Electronic Cargo Tracking System in Rwanda 18
- Effectiveness of the National Valuation Data Base for Customs administration 19
- Bilateral Agreement on Mutual Assistance..... 21
- Testimonial ICT Internship Experience at the ROCB..... 22

The Pearl of Africa welcomes ESA



The People and Government of Uganda are pleased to welcome the East and Southern Africa Region for key regional meetings which will be hosted by the Uganda Revenue Authority in Kampala, Uganda. The Regional Training Centers Heads meeting will be held on the **4th and 5th May, 2017** and the **26th** Regional Steering Group Meeting on **8th to 10th May, 2017**. These will culminate to the Governing Council, set for the **11th and 12th May**, but starting on the afternoon

Continued on page 4



EDITORIAL

We are pleased to celebrate our first year since relaunching our quarterly 'ESA Newsletter', which is now circulated globally. It is also, in essence, my first complete year as the Director of the WCO ESA ROCB. We are thankful for all those who have contributed to this Newsletter leading to its growth. Through this, we have also seen growth in our staff as each official gets a 'quarterly' opportunity to act as the lead Editor of the Newsletter. These editors have included Ms. Faith Mosongo (Programme Officer from Kenya), Mr. David Ladu (Programme Officer, South Sudan), and Mr. Andrew Odhiambo (Finance Officer, Kenya). I salute them all, together with our staff members Judy Mwaura, Primrose Maina, and former colleague Stephen Omalla, who got promoted and returned to his home Administration, Kenya. We are also pleased to work with Ms. Riitta Passi, the Project Manager of the WCO ESA Project, supported by Finland. Riitta will be joined by two officials, who we shall introduce in due course, starting April 2017.

From the previous issues, we have seen immense strides in Modernisation made by our Members, and their many efforts towards trade facilitation, revenue collection, enforcement and societal protection, development of human capital and regional integration. We have also continued to partner with our stakeholders, and are thankful for the contributions towards the Newsletter by Japan International Cooperation Agency (JICA), East African Community (EAC), and Southern Africa Development Cooperation (SADC) and among others.

In this issue, we are pleased to share wonderful stories, yet again, from our Members, overarched by the entry into force of the WTO Trade Facilitation Agreement. We invite you to share in the twin-stories from Uganda and Kenya launching their Regional Electronic Cargo Tracking Systems (RECTS), a Time Release Study (TRS) and a Dog Unit story by Mauritius. Botswana launched a sniffer dog unit, while South Sudan continues to receive support from JICA on Harmonized System. Rwanda is beaming with its Electronic Cargo Tracking System while Zambia has chosen to share on Risk Management. Tanzania comes in with Customs Valuation, while Zimbabwe focuses on Corruption and One Stop Border Posts. We hope you will enjoy the depths of these, and other articles shared.

Finally, I join the ESA Regional Vice Chair (South Africa) and the Uganda Revenue Authority (URA) in welcoming the ESA region's Director Generals, Commissioners, Heads for Customs, and their officials, as well as our partners for regional meetings in Kampala, Uganda. The Regional Steering Group will take place from the 8th to 10th May 2016, while the Governing Council, attended by the WCO Secretary General, will take off on the afternoon of 10th May, as well as sit on the 11th and 12th May, 2016.

Enjoy the reading.

LARRY LIZA

Director of the ROCB and Editor-in-Chief.



Acknowledgements

Uganda Revenue Authority, Tanzania Revenue Authority, Zimbabwe Revenue Authority, Kenya Revenue Authority, Rwanda Revenue Authority, Mauritius Revenue Authority, South Sudan Customs Service and the East African Community (EAC).

Editorial team

Larry Liza - Chief Editor
Ruth Ida Maina - Managing Editor
(Intern - Strathmore University)
Martin Ngugi - Design & Layout

World Customs Organization



East and Southern Africa
Region

World Customs Organization, East & Southern Africa,
Regional Office for Capacity Building, Forodha House 3rd
Floor, 3 Upper Hill Close, P. O. Box 50581- 00200, NAIROBI,
KENYA.
Tel +254 20 27 37 444 / +254 20 250 22 68

Email: larry.liza@wcoesarocb.org
rocb@wcoesarocb.org
Facebook: <https://web.facebook.com/wcoesarocb>
Twitter: <https://twitter.com/wcoesarocb>
Website: www.wcoesarocb.org



EAC RAISES CAPACITY BUILDING STANDARDS FOR THE CUSTOMS UNION

By: Directorate of Customs
East African Community

The EAC Customs training experts from the Partner States gathered in Kampala on 15th to 17th March 2017 to craft strategies for transforming the capacity building for the Customs Union. Uniquely, the EAC Customs Union is founded on a

Common Customs law applied in all the Partner States coupled with a common Customs training curriculum. Faced with a fast changing Customs operating environment, the EAC Customs training experts directed their efforts in reviewing the common EAC Customs training curriculum. Significant progress has been made in the implementation of this

curriculum in the Partner States. Regional universities have no doubt realized the strategic importance of this program and have lend the much needed strategic partnership in implementing the regional Customs training Curriculum under M.O.U.s signed between the universities and the Partner States training institutions.

Continued on page 4

ESA's place as TFA enters into force

Continued from page 1

The TFA, christened the Bali Package from the 9th WTO Ministerial Conference held in Bali, Indonesia, outlines a raft of measures that are expected to greatly ease and promote international trade. It aims to lower trade barriers by countries ensuring publication and availability of information; consultation with stakeholders (targeted before entry into force); issuance of advance rulings; procedures for appeal and review procedures; other measures towards impartiality, non-discrimination and transparency; disciplines on fees and charges; support for release and clearance of goods; Border Agency Cooperation; facilitation of movement of goods intended for import; formalities related to imports, exports and transit; freedom of transit; and Customs cooperation). The benefits of these measures cannot be further

underscored. The Agreement calls for the establishment of National Committees on Trade Facilitation (NCTFs), and has Special and Differential Treatment for Developing Countries and Least Developed Countries.

The East and Southern Africa region of the World Customs Organization, has 24 Members (countries), 10 which had accepted the TFA as at its ratification, including; Mauritius, Botswana, Kenya, Zambia, Lesotho, Seychelles, Madagascar, Swaziland, Mozambique and Rwanda.

We congratulate our Members who have ratified the TFA. We also strongly recognize that the pending ratification by the other Members does not imply their less attention to the TFA. Many other these Members have actually put into place measures towards

ratification and are at various stages of acceptance, including having given category notifications to the WTO.

Capacity

Some are holding consultations and discussions at the NCTF level while others have the process before their parliaments, or cabinets, based on the sovereign tenets of the Members. A number of Members, though, continue to face challenges towards ratification, either from their levels of developments or due to effects of political and civil stability. The World Customs Organization, and in this case, the WCO Regional Office for Capacity Building, remain committed to assisting these Members get to the point we all desire of them. After all, we are only as strong as our weakest Member!



The Pearl of Africa welcomes **ESA**



The People and Government of Uganda are pleased to welcome the East and Southern Africa Region for key regional meetings which will be hosted by the Uganda Revenue Authority in Kampala, Uganda. The Regional Training Centers Heads meeting will be held on the **4th and 5th May, 2017** and the **26th** Regional Steering Group

Meeting on **8th to 10th May, 2017**. These will culminate to the Governing Council, set for the **11th and 12th May**, but starting on the afternoon of **10th May, 2017**.

Topics of discussions at the meetings include: Trade Facilitation Agreement - Latest developments in TFA; Customs-Tax Cooperation: Working experiences and best practices; Growth of E-Commerce in ESA - Opportunities and Challenges, Experiences and Best Practices; Combating Illicit Financial Flows: Working experiences, (methodologies in respect of IFFs) and counter measures taken; Data Analysis - Determination of quality data and use of information to support decision making; Security - Border cooperation and Customs' role in combating international terrorism among others.

The Governing Council will be chaired by the ESA Vice Chair (South Africa) and attended by the WCO Secretary General, Commissioner Generals, Commissioners and Heads of Customs and representatives of the 24 Member administrations, the RILO, Regional Training Centres, Regional Economic Committees among other stakeholders.

The Regional Office for Capacity Building will present its Annual Report at the meetings, which will also receive various other reports.

In Uganda, it will not be 'all work and no play' as delegates are invited to visit the various tourist attractions and enjoy the hospitality offered by the pearl of Africa!

*Members are invited to register for the meetings through the ROCB website: www.wcoesarocb.org

EAC RAISES CAPACITY BUILDING STANDARDS FOR THE CUSTOMS UNION

Continued from page 3

Regional

In reviewing the regional Custom training curriculum, the experts took cognizance of the emerging priority areas in global and regional Customs environment and included them in the curriculum. These include the Authorized Economic Operator, the One Stop Border Post, the WTO Trade Facilitation Agreement and the Single Customs Territory. Acknowledging the changes in the administration of Customs, project management was considered a critical learning area.

The future of capacity building in the region is set to move from the current traditional lecture approach, to technology driven learning. The experts were in agreement that optimization of available expertise in the region and tapping into the global Customs

expertise will be much easier when capacity building rides on technology. This calls for the Customs institutions to start planning to equip themselves with the appropriate technology, to deliver capacity building solutions in a blended manner. The experts concluded that it is time for customs capacity building to meet international training standards and embrace experiential and more practical approaches. It was observed that the institutional framework and capacity building initiatives should shift attention to providing specialized training e.g. dog training, laboratory management, CITEs, drug trafficking among others.

The EAC region has adopted a holistic approach to Customs capacity building in the sense that besides training Customs officials, there is a comprehensive capacity building program aimed at

professionalizing the Customs Clearing agents. This program, the East African Customs Freight Forwarding Practicing Certificate (EACFFPC - is implemented jointly by the Clearing agents associations and the Revenue Authority Training institutions in all the Partner States. The program has helped transform and enhance the professional standards of the Clearing agents. However, after implementing the program for over five years and thanks to the fast changing business environment, the program was reviewed and a possibility to get it accredited was considered by the experts.

The workshop to review the public and private sectors Customs training curriculum was officially opened by the representative of the Commissioner Customs Uganda Revenue Authority, Mr. Elinathan Masiko who emphasized the importance of the training institutions providing leadership in undertaking research and coming up with appropriate capacity building interventions.

KENYA Launches RECTS

Security of transit cargo is set to receive a major boost following Kenya's launch of the Regional Electronic Cargo Tracking System (RECTS). The system which is already implemented in Uganda and Rwanda is a key game changer in curbing diversion of transit cargo along the Northern Corridor among other malpractices. Speaking during the system's launch

on 1st March, 2017, the Commissioner General Mr. John Njiraini, said that the RECTS concept was anchored on the 2014 Northern Corridor directive to Kenya, Rwanda and Uganda to embrace electronic monitoring of cargo across the region. He further said that the implementation of RECTS exemplifies the commitment of the revenue authorities in embracing technology to

surmount the obstacles that have been on the way.

Trade environment

"Initially, a lot of time was wasted at border points because this meant disarming and arming of seals. However, with this system, once the seal is armed at one point, it will only be disarmed upon reaching the destination," said



Kenya Revenue Authority Board Chair, Dr. Edward Sambili, flags off a truck transporting transit cargo during the launch of RECTS outside Times Tower.

Mr. Njiraini. The CG added that RECTS is one of the systems to be implemented by the Customs and Border Control Department which will improve service delivery and mobilisation of revenue. "In the next two months, we shall launch the Integrated Customs Management System (ICMS), which is set to improve system functionality and security. ICMS will replace the incumbent Simba system and comes with best practice features such as valuation benchmarking and dynamic risk profiling among others," said the CG.

RECTS and ICMS

His sentiments were echoed by Commissioner for Customs and Border Control Mr. Julius Musyoki who

said RECTS and ICMS are set to be integrated to ensure high efficiency in cargo clearance as well as profiling of importers. Mr. Musyoki termed the launch of RECTS a great milestone to the Kenya Revenue Authority, Uganda Revenue Authority, Rwanda Revenue Authority and all the stakeholders along the Northern Corridor.

Business community

"The launch of RECTS is a positive step forward in leveraging on ICT to enhance Revenue collection and facilitate public service delivery," said Mr. Musyoki. Commissioner Musyoki further said that implementation of RECTS translates to a better trading environment to the business community as it reduces time and cost of doing business.

"To the business fraternity, there is a better trade environment at the border crossing points; more traders are now experiencing reduced costs of doing business since less time and money is wasted at the border points," said Mr. Musyoki. The RECTS project has been funded by the UK's Department for International Development (DFID) through TradeMark East Africa.

TradeMark East Africa Chief Executive Officer Mr. Frank Matsuert who was present during the launch said that implementation of RECTS along the northern corridor will go a long way in fighting vices that have been affecting transit cargo. He also reiterated that TradeMark East Africa will continue partnering with KRA in dispensation of the Authority's mandate.



Mauritius Revenue Authority

International Customs Day 2017

The Mauritius Revenue Authority: Release of Time Release Study (TRS) Report 2017 and launch of E-Auction Sales System on International Customs Day 2017.

During the course of the official ceremony to mark the celebration of the International Customs Day on 26 January 2017 at the Custom House in Port-Louis, two important trade facilitation initiatives were among the items for this event, namely release of the Mauritius TRS Report 2017 and launching of the E-Auction Sales System.

National Time Release Study: The WCO Time Release Study is considered as a trade facilitation tool which assists Customs administrations in collaboration with other border agencies and operators in the supply logistics chain in measuring average release time of cargo and pursues reforms through the identification of bottlenecks in the supply chain.

The MRA in collaboration with various key players in the supply chain had conducted a TRS following a national workshop conducted in 2016 with the assistance and support of the WCO and Customs Cooperation Fund of Japan (CCF) and aimed at developing in-house capacity in conducting TRS. The findings and recommendations contained in the Time Release Study (TRS) which was conducted in September 2016 for goods imported and exported by sea and air was released will assist

1. Mauritius in complying with one of its category C commitments under Article 7.6 of the WTO TFA and;
2. MRA Customs as well as OGAs and other stakeholders to pursue reforms based on the



Merit Certificate being awarded to Customs officers.



Official Release of Mauritius TRS 2017.

recommendations in the areas identified in the report with a view to further minimizing dwell time in the logistics supply chain.

- **E-Auction Sales:** The e-Auction Sales platform has been developed so as to enable bidders to bid online for sales by public tender at the MRA of abandoned, unclaimed or seized goods, in replacement of the manual submission and processing of bidding documents. This system is available on a 24/7 basis and ensures that sales are performed in a transparent and

efficient manner where bidders have timely information about the award procedures. It is aimed at eliminating the perception of bias and reducing of costs and time in the bidding process.

- On the occasion of ICD 2017, WCO certificates of merit were awarded to MRA Officers and stakeholders in the logistics supply chain for their contribution and dedication in relation to this Year's WCO slogan,

"Data Analysis for Effective Border Management"

Capacity Development of South Sudan Customs Service for the Introduction of Harmonized System Code

JICA aims to introduce the Harmonized System (HS) Code to south Sudan Customs service (SSCS) to improve efficiency of customs procedures at the borders, including the collection of tariffs.

This project will facilitate the smooth trade and important given that south Sudan is a landlocked country depends on cross border trade with Kenya, Uganda, DRC and Sudan, as a member country of east African Community (EAC).

The HS Code will also enable south Sudan to compile international comparable trade statistics.

This project follows the development of Japanese experts visit to SSCS in January 2011-to March 2013, who delivered and facilitated the lectures where 455 SSCS officers participated in six different areas of customs procedures basics in juba and Mombasa.

Course objectives:-

1. The objectives of the training are to



South Sudan Customs Service officers during Training in Kampala- Uganda (URA Training centre)

get participants to understand issues on classification in specific sections and chapters of HS, to develop the Explanatory Notes of south Sudan version through case studies.

2. At the end of this training, the participants will be able (1) to understand ways of classifying specific items, (2) to develop guidance of classifications of specific items.

THE DISTORTIONARY EFFECTS OF ILL-CUSTOMS VALUATION OF IMPORTED GOODS TO INTERNATIONAL TRADE AND ECONOMIC GROWTH

By: Robert Manyama

An Agreement on the implementation of Article VII of the General Agreement on Tariffs and Trade 1994, stipulates the primary basis for customs value under the Agreement is, "the transaction Value." As defined in Article 1. Much of what is written in this article is based on the primary basis for customs valuation and the rules pertaining to the process. The Customs value of imported goods is said to be the transaction value, that is the price actually paid or payable for the goods when sold for export to the country of importation adjusted in accordance with the provisions of Article 8, Provided that the transaction is not subject to an unacceptable conditions agreed between seller and buyer in a commercial

transaction; the sale or price is not subject to some conditions or considerations for which value of imported goods cannot be determined; that the buyer and seller are not related and where they are related the relationship must not have influenced the price and no part of the subsequent sell of the goods will accrue directly or indirectly to the seller of the imported goods. These are key issues of concern which must be checked by customs besides adjustments stipulated under Article 8 of the Agreement.

The Agreement on Customs Valuation (ACV) elaborates generic valuation principles applicable across global market practices. The laid down principles are pertinent regardless of the economic patterns and levels of contracting parties. Dwelling on the empirical studies and commercial practices

taking place cross-border business of most developing countries a number of issues need to be considered:

1. Sources of supply of imported goods in the countries of exportation:
2. Quality of goods manufactured and imported from countries of exportation.
3. Proficient application of regulations on imported goods
4. Nature of commercially agreed terms between suppliers in the country of exportation and importers in the country of importation.
5. Patterns of business practices in developing and developed world.
6. Customs valuation tools at the disposal and the practice by Customs.



The Regional Electronic Cargo Tracking System

To Enhance Coordinated Transit Monitoring along the Northern Corridor



Commissioner Customs Mr. Dicksons Katshumbwa at the launch of the Regional Electronic Cargo Tracking System at Uganda Revenue Authority (URA) Headquarters, Nakawa- Kampala.

Transit delays at the border crossings and cross border trade barriers for example: multiple checks points, transit diversions and thefts of cargo are indisputable along the northern corridor. Establishing the Regional Electronic Cargo Tracking System (RECTS), a web- based integrated system whose main components are; e-seals (attached on containers or trucks to enable real time location of consignment); Central Monitoring Centres (CMCs) where cargo monitoring and response to transit violation in form of alerts on a 24 hour basis; real time transit violation detection (tampering of e-seals ,delays while in transit, diversion from gazetted routes); the Rapid Response Unit (RRU) which provides real time response to the field transit alerts adopted in each of the Revenue authorities i.e. Kenya ,Uganda and Rwanda aims to ease transit monitoring and to curtail such barriers to trade.

With the support of Department for International Development (DFID) through Trademark East Africa (TMEA) the three EAC countries were able to establish a Regional Electronic Cargo Tracking System that aims at;

- Having a harmonized regional e-monitoring that eases tracking of transit cargo and is done in the different

Central Monitoring Centres (Kampala, Kigali and Nairobi) thereby facilitating a single view of cargo tracking along the corridor.

- Enhancing transit information exchange among the user EAC countries.
- Eliminating NTBs, in order to reduce transit times (border scenario) and reduce the cost of doing business.
- Align the ECTS with the Single Customs Territory and the Regional Customs Transit Guarantee (RCTG) Bond. (One declaration, one bond, one tracking system).
- The need to reduce the cost of security bonds for the region's business community and automatic bond cancellation on arrival at final destination.
- To facilitate in identification of bottle necks along the transit corridor (weigh bridge, police, drivers)

On the 24th of February 2017, Uganda Revenue Authority commissioned the Regional Electronic Cargo Tracking System (RECTS).The event will remain memorable to URA as it was graced by two female ministers; The Minister of Trade, Industry and

Cooperatives Hon. Amelia Kyambadde and State Minister of Finance for Privatisation and Investments, Hon. Anite Evelyn. Other dignitaries included Honourable Members of Parliament, representatives from World Customs Organization (WCO), Trade Mark East Africa (TMEA), Development partner (DFID) and other Revenue Authorities in the region.

Minister of Trade Hon. Amelia Kyambadde views the transit trucks that had just been flagged off on the system in the Regional Central Monitoring Centre at URA, Nakawa.

The benefits that the business community across the region will enjoy but not limited include:

1. Real time monitoring of transit Cargo this is possible with the central monitoring centres in KRA, URA and RRA.
2. Reduced cost of doing business and increased turnaround of imports and exports.
3. Enhanced Cargo security since the system provides real time detection of transit violations and rapid response teams are on standby to counteract any violation.
4. Reduced clearance times given the seamless flow of transit cargo.

The above benefits will broaden and strengthen regional integration initiatives. The system will perform at full capacity once the following have been implemented;

1. Fuel sensors that will identify changes in volume and density petroleum products to curb siphoning and adulteration of transit fuel.
2. Automatic Number Plate Recognition system (ANPRS) to tracking audit trail of transits along the gazetted transit routes.
3. The Smart Gate Operations (Automated Gate Operations) linked to the customs systems to enhance automatic reconciliation and Bond cancellation of transits upon crossing territorial borders.

Continued on page 9



The Regional Electronic Cargo Tracking System

Continued from page 8

- 4. The CCTV camera system to be installed at all customs stations in order to improve transparency, service delivery, supervision and a better audit trail.

It's worth noting that the RECTS initiative will result into positive outcomes for our Revenue Administrations, our businesses, and our society at large. With the necessary financial and political will, the desired outcomes will be maximised.



Risk Management: Application in the context of Trade Logistics Environment

*By: Happy F. Lifweba
FCCA, FZICA, and MCA*

Risk Management application for regulatory agencies has extolled the merits of doing 'more with less', being smart and targeted, being effective, being efficient, being all-knowing!

The Revised Kyoto Convention, famously dubbed as the blueprint for customs modernization recommends Risk Management as one of the tools that can help enhance Trade Facilitation. The challenge Customs administrations are grappling with - is how much control should be exercised or retained in controlling the flow of goods at the border? It is a delicate balance between two strategic pursuits that sometimes may seem to be contradictory as far customs services is concerned. On one hand Customs must maximize revenue collection, the governments of developing countries demands it as it still contributes a significant portion to the treasury - this means for customs to be meticulous

in examining and inspecting the cargo details declared - these rigorous checks applied by customs and other government agencies on consignments can be up to 100% of the declarations. Now consider this - there is lack of tools, lean operational budgets, diminished manpower and major infrastructural constraints, the result is chaos at the border; on the other hand customs must facilitate trade - making the passage of cargo easier and faster, reducing dwell-time for traders, increasing truck turn-around, reducing rent-seeking opportunities etc.

Ironically the argument going for Trade Facilitation, which ideally flies in the face of skeptics due to lack of assurance that the correct revenues will be collected, is the benefits that can be derived from implementing the TF measures such as the simplification, harmonization and the streamlining of clearance procedures. Even more telling, is smart

regulation principles, customs and other government agencies must apply the 'whole-of' government approach where information symmetry, one stop payment facilities, joint inspections, shared risk management engines/platforms, shared services and facilities should be the in-thing in the context of coordinated border management and trade facilitation implementation. A sample of case studies where the aforementioned have been applied, indicates more revenue by both customs and other government agencies due to shared information for clearance, automation and the quality declarations where chances of playing government agencies has reduced on account of increased transparency and visibility of traders profile to the government agencies.

Recognising all the risks that the government must address such as

Continued on page 10



BURS Launches the Sniffer Dog Unit and Graduates Customs Dog Handlers

By: Tshepo Seetso



Botswana Unified Revenue Service (BURS) recently launched the sniffer dog unit popularly known as Canine Unit and subsequently celebrated the graduation of 8 customs officers in the detector dog handling course. Welcoming guests at the glamorous event, the Commissioner General Mr. Ken Morris said as a build-up to the event, the graduates were selected following a rigorous selection process and successfully completed a 14 weeks Detector Dog Handling Capability Course late in 2016 facilitated by the South Africa Revenue Service (SARS).

The Commissioner General informed the gathering that BURS has over the years continued to modernize the entire domestic taxes and customs and exercise ICT systems. He said BURS has instituted several strategic initiatives geared towards promoting taxpayer compliance. "For instance, in the financial year 2015/16 we implemented the e-services payment platforms which allow our clientele base to file and pay taxes in the comfort of their offices and homes." "It may be of great interest to all of us to note that, in the 2015/16 fiscal year, SARS collected revenues amounting to over R1 trillion on behalf of the Republic of South Africa. This surely must be an accomplishment in

the entire African continent! SARS also has a robust modernization Programme in the area of tax and administration", said the Commissioner General. Mr. Morris said this is the reason why SARS has been our strategic partner in building Botswana Unified Revenue Service Sniffer Dogs' capability. Speaking at the ceremony the SARS Commissioner, Mr. Tom Moyane said BURS can be proud in the knowledge that the trainees received a 90%+ pass mark for their theoretical and practical work, based on the South African Qualifications Authority Unit Standards. "Congratulations to the first detector dog handlers – this is your moment of glory as you put your names down in your country's Customs history", he said.

Commissioner Moyane stressed that the SADC region has become attractive to international drug trafficking syndicates due to the exploitation of non-existent or ineffective border (land, sea and air) controls, limited cross border and regional cooperation as well as serious deficiencies in BURS Detector Dog Unit to ensure that the State is not compromised and your citizens are protected at all times and secondly that through working together, we can turn the situation around", said Commissioner Moyane.

Continued on page 11

Risk Management: Application in the context of Trade Logistics Environment

Continued from page 8

safety, health, security, local industry decimation, potential job losses, revenue losses, environmental protection, aqua-security and many others, a government-wide approach needs to be deployed in order to mitigate the risks of freeing up trade opportunities with the rest of the World. The other option is to continue to work the way we have always worked; being Protectionist, even more so, perhaps increase the controls since the world is no longer safe – what with drugs, weapons of mass destruction, proliferation of psychotropic drugs, human trafficking, biological warfare, fake or replicated products/merchandise, fake medicaments, transnational crimes, threats from rogue nations and mafia groups etc. But this will mean loss of the benefits of participating in International Trade. Too much control without careful analysis means very high costs of doing business leading to reduction in welfare gains from trade, retardation in development and a sure ticket to continued poverty and social stress.

Risk management is therefore a foundational trade facilitation tool that must be embraced by all. Not only is it foundational but is an essential ingredient to all the trade facilitation measures that will need to be implemented, just to highlight a few, single window implementation may actually increase the delays in clearance, automation may actually lead to more loopholes, publicity and transparency may lead to public outcry by the citizenry of the measures the government wants to take. It is therefore important to identify the pitfalls and manage them the best one can because the flipside of good thing bite and can bite real bad!



BURS Launches the Sniffer Dog Unit and Graduates Customs Dog Handlers

Continued from page 10

Delivering the keynote address when officially launching the Canine Unit, the Chairperson of the BURS Board of Directors, Dr. Taufila Nyamadzabo said that empirical evidence has shown that the use of sniffer dogs by law enforcement

agencies worldwide for counteracting cross border trafficking in habit forming drugs and other forms of contraband has been the most effective when compared to other methods.

“This is more so because dogs are trainable, easy to deploy and capable of using their smelling capabilities to reach goods concealed in difficult to reach parts of vehicles etc., in a non-intrusive manner”, said Dr.Nyamadzabo. He said the deployment of the sniffer dogs at

strategic points of entry has the potential to save the economy of Botswana millions of Pula that are lost through illicit cross border trading while at the same time reducing physical inspection-related side effects that are more often borne by traders such as pilferage, and breakage of cargo and the attendant delays experienced by travelers at entry and exit points. These acquired dogs can detect ammunition, narcotics, and currency, ivory and animal bones.

MAURITIUS REVENUE AUTHORITY K9 DETECTOR DOGS UNIT



Labrador sniffer dogs (Darius, Carol & Hollanda) from France and were handled by three MRA Customs dog handlers. The Unit was strengthened in year 2010 with the procurement of 3 additional Labrador sniffer dogs (Milo, Max & Yaro) from the South African Revenue Service (SARS). In 2013, three (3) more Labrador sniffer dogs (Cassidy, Milan & Zeus) were procured from SARS to replace the 3 sniffer dogs purchased in 2004.

It is worthwhile noting that SARS provide much assistance to the MRA in the training of the detector dogs as well as the dog handlers.

The detector dogs are deployed at the various point of entry at the port and airport and have proved to be very efficient and effective in the detection of illegal drugs such as cannabis and heroin entering the country, enabling the MRA Customs department to fulfill its border protection mandate.

Sniffer dogs, in the context of the ongoing Customs Reform and Modernization Programme, initially focused on people, process and technology, have proved to be a very important non-intrusive inspection (NII) tool in the detection of illicit drugs.

It is scientifically proven that a dog's sense of smell is forty times more sensitive than that of human beings. This is because

dogs have an additional organ not present in humans and which allows them to taste odors. They can thus sniff out a wide variety of odours that the human nose would miss and this special characteristic made dogs very useful for jobs like tracking, rescue and detection of inter alia drugs, explosives and currencies.

The **MRA, K9 Unit** was set up in 2004 with the procurement of three (3)

Street Value of Drug Seizures by K9:

Year	Street Value of Drug seized/Rs
2012	31,809,741
2013	193,717,709
2014	139,841, 131
2015	156, 400, 676
2016	61,422,050 (As at May)
TOTAL	583,191,307

Summary of K9 Detection for 2010 – 2015

YEAR TYPE OF DRUG	DRUG CASES BY K9					
	2010	2011	2012	2013	2014	2015
Cannabis	6	3	13	13	18	12
Cannabis seeds	3	1	4	2	5	3
Hashish	3	2	5	3	2	3
Ectasy(Tablets)	1	0	0	0	0	0
Cocaine	1	0	0	2	1	0
Heroin	5	4	4	11	5	7
Subutex	0	6	1	2	0	0
Psychotropic Substances(Tablets)	2	1	0	1	1	0
Synthetic Cannabinoids	0	0	0	3	8	7

Avoid Clearing Chemical Weapons Blindly

By: Musarandega Lillian,
Zimbabwe Revenue Authority

Did you know that many chemicals used for peaceful commercial purposes such as industrial, medical, agricultural and research can, unfortunately, also be used to make deadly chemical weapons? The Organisation for the Prohibition of Chemical Weapons (OPCW), an organisation created towards making a world free of chemical weapons, defines a chemical weapon as a toxic chemical and its precursors, intended for military and arson purposes. Sarin, for example, was first synthesised by a group of scientists researching on new pesticides yet is so lethal that the gas has been known to kill people less than one minute after coming into contact with the vapor.



Chemical weapons are formulated to inflict temporary incapacitation, sensory irritation or death to humans. For example, chlorine is used to make drinking water safe by killing disease causing pathogens. The gas can be used in chemical warfare to cause pulmonary edema – fluid buildup in the lungs which leads to death.

Precursors are chemical ingredients from which other chemicals are produced. Whilst they are harmless themselves, their movement should be monitored and controlled since they are the raw materials of chemical weapons.

1980s

Chemical weapons have been used as early as 1000BC and the First World War (WWI) saw massive use of chemical weapons. During the Cold War, the United States and the Soviet Union both maintained enormous stockpiles of chemical weapons enough to destroy much of the human and animal life on Earth. Iraq used chemical weapons in Iran during the war in the 1980s where horrific pictures of the victims shocked the world. The United Nations has identified about 70 different chemicals that can be used as weapons in modern combat scenarios.

Table 1: Examples of chemical weapons and their effects on humans.

Type	Examples	Effect of Chemical Weapon
Blood Agents	Hydrogen Cyanide	Prevents the transfer of oxygen to the cells, causing the body to asphyxiate (suffocate).
Blister Agents	Sulphur, Mustard and Lewisite used in WWI	Burns the skin, eyes, windpipe and lungs. Lethal in high concentrations. 
Riot -Control Agents	Tear gas	Causes difficulty in breathing, chest pains and skin irritation. Used to control riots and unruly crowds. Tear gas is not a chemical weapon unless used as a method of warfare. 

Challenges that Customs Officials face in the control of chemical weapons include:

- Difficulty in identifying chemical weapons because of their nature (powders or liquids).
- Identification challenges as packaging differ per consignment or importer.
- There are many different trade and common names for the same chemical.
- Safety issues arising from exposure and handling the substances.
- Sampling and analysis is too costly to use routinely.

steps towards identifying chemicals weapons. Dangerous goods warning signs, markings and documentation such as invoices and import licences can provide valuable information about hazardous chemicals. Customs Officials are urged to always ask for a Certificate of Analysis when clearing chemicals. This, coupled with sampling and analysis of the chemicals, aids the identification of chemical weapons. Proper identification aids classification, which in turn advises monitoring, evaluation and decision making processes.

Table 2: Information Customs Officers may find on some documents

Document	Information
Declaration form	Chemical Name
Invoice	Chemical Name, Chemical Formula
Import and Export License	Chemical Name, Relevant Regulations
Dangerous Goods Transport Documents	Systematic chemical name developed by the United Nations (UN Number)

Despite the challenges, it is worthy to note that Customs Officers do not need chemical expertise in order to take positive

The OPCW has also produced a Handbook on Chemicals which assists with the identification of chemical weapons. The

Continued on page 13

Avoid Clearing Chemical Weapons Blindly

Continued from page 12

Handbook gives information such as the chemical and trade names, Harmonised System for the classification of goods code, molecular formula and the Chemical Abstracts Service (CAS) number. The CAS number is a unique numeric identifier for a chemical. The Handbook can be downloaded for free on the public OPCW website "www.opcw.org".

Other inorganic acids and other inorganic oxygen compounds of non-metals.

Other inorganic acids:

2811.1100 -- Hydrogen fluoride (hydrofluoric acid)

2811.1900 -- Others

Tariff heading 2811.1900 is a risky residual tariff heading where chemical weapons such as Hydrogen Cyanide is classified. The OPCW has therefore made recommendations to the World Customs Organisation (WCO) for the insertion in the 2017 HS Nomenclature of 33 specific subheadings of chemical weapons. This is aimed at facilitating easy classification, control and monitoring of international trade in the chemical weapons and the extraction of statistics.

Weaponized

Concerns over the use of chemical weapons has escalated in recent years in the wake of terrorism and political instability in some countries. We cannot have a situation where these deadly chemicals fall into the hands of the wrong people as they kill or make innocent people sick. The weaponized chemicals can contaminate the soil and water sources for extensive periods. Customs Officers being at the heart of trade control systems, should play their role in preventing illegal trade in chemical weapons. Any complacency threatens all our social and economic gains. Customs, is it not time that we exert our efforts and capabilities against this threat to a peaceful and safer world?

Risk Management

Improving Organizational Resilience

By: Happy F. Lifweba, FCCA, FZICA, and MCA

Historical Brief

The study of risk can be traced from the concepts of probability. Probability is fundamental to mathematical concepts which have helped improve the quality of life and overall decision making. We read in history some accounts that in the 17th century a French nobleman De Mere challenged a mathematician Blaise Pascal who in turn approached another famed mathematician to help solve a puzzle on how to share the stakes of an unfinished game of chance between two players, one of whom was ahead of the other player - what ensued from that project is what we may safely assume to be the beginning of the study of probability or probability theorem.

The study of risks and how to manage them has gained prominence in the modern day around the World. Incidentally the pioneers in probability usage and risk management have been insurance businesses and Banks. However risk management as we may understand it today covers all aspects of endeavors. The coping or the avoiding of risk has come of age from the olden times of using superstition, guesswork, or gut feeling and sometimes witchcraft and many other forms of ancient craft or rituals that has been used to predict the outcome of certain activities or events. Science has now consigned all that to the ancients and to the unbelievers in science and mathematics!

Definition of Risk Management

Risk being a derivative of probability is defined as a chance of something adverse happening or missing an opportunity for something positive!

'The process of identifying, analyzing and providing for risk factors in the best

interest of an entity's overall objectives. It is about making a decision to do something based on an evaluation of the risks. It is not simply about taking risks.'

Risk management should therefore be thought of in the context of contingent planning, towards the preservation of value or the creation of value against all the possible risks that might arise.

Whatever the definition of risk management, one must have the discipline in collecting information, analyzing it and identifying potential risks and assessing them systematically for potential harm to the objectives of the organization. It requires senior management to have a right attitude which should translate in good policies and procedures.

Sources of Risk

In strategic management studies, organizations are encouraged to carry out 'SWOT' Analysis. SWOT denotes Strength, Weaknesses, Opportunities and Threats. Strength and Weakness are internal and usually within the organizations sphere of control while Opportunities and Threats are external and always outside the purview of the organization and must be analyzed in the context of an environment.

Weighing in on the Strengths and Weaknesses, the Seven (7) Ss need to be analyzed for organizational resilience. These are Structure, Strategy, Systems, Leadership Style, Staff (competence), Skills, Systems, and Shared Values. The first three of these are tangible while the other four are intangible. Analysed together, the seven elements help in assessing the effectiveness of an organization. In short this is a necessary step for introspection.

The Environmental ecosystem is more complex making it difficult to analyse! It

Continued on page 14

One Stop Border Posts

As a Trade Enhancement Measure

By: *Sendra Chihaka*,
Zimbabwe Revenue Authority

Section 1 Article 8 of the WTO TFA, obliges member states to regulate the activities of various border agencies who are involved in import, export and transit procedures as well as the border activities of two countries relating to trade activities across shared boundaries. The measure requires that countries use measures like aligning business hours, joint patrols and establishment of one stop border posts amongst other measures to ensure smooth flow of trade.

SAFE

The concept of agency cooperation lies within key World Customs Organization instruments like the amended International Convention on the Simplification and Harmonization of Customs Procedures, the Revised Kyoto Convention and the SAFE Economic framework to secure and facilitate global trade (the SAFE Framework). The major tenet of the Revised Kyoto Convention is on harmonization of customs operations and collaboration with other customs administrations (Standards 3.3 and 3.5), the use of Single Window facility and One Stop Border Posts. The basis of this tenet was as a result of experience showing that there are many benefits associated with

border agency cooperation. Currently, border agency cooperation is the focus of the trade facilitation agenda, with various initiatives like OSBPs and single window being developed.

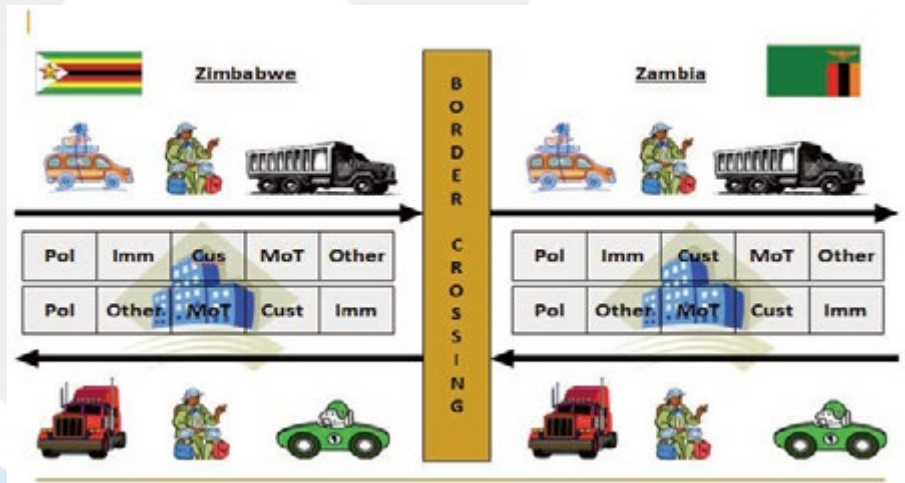
Benefits and challenges of establishing an OSBP

OSBP refers to a border post between two countries whereby traffic stops once

inter alia, offices of both countries being located near each other, defined control zone(s) located in one of the countries where customs and immigration officers from the two countries conduct their duties according to their respective countries' laws and officers from both countries carry out joint inspections.

OSBP origins can be traced back to

Fig 1: Chirundu border post before OSBP



in either direction while entry and exit formalities are carried out under one control zone (Kieck, 2010) OSBPs are established by bilateral agreements or Memoranda of Understanding. According to the WCO, OSBPs are characterized by

Western Europe where the concept has been practiced since the early 1960's (Kieck, 2010). Besides Chirundu, the concept has also been replicated in the United States, Canada and at Malaba,

Continued on page 15

Risk Management: Improving Organizational Resilience

Continued from page 13

needs to be looked at in the context of:

- Globalization;
- Technological developments
- International treaties, supra-laws and extraterritorial laws;
- Influence of multilateral organizations;
- Government policy and changes in national legislation;
- Competition among others.

In line with the WCO theme for 2017, Data analysis is key to realizing the benefits of risk management. Without going into details about the efficacy of risk management, organisations must understand that they are at the center of receiving and generating a lot of data on a daily basis, which data is rarely analysed to understand the 'what, who, when, how and why'.

Data is at the center of pre-mortem and post-mortem analysis to enable organisations become resilient. Information is so readily available than never before but intelligent use is still very far for most organisations in developing countries.

One Stop Border Posts As a Trade Enhancement Measure

Continued from page 14

between Uganda and Kenya.

The main objective of OSBPs is to minimize delays at cross-border points on busy transport corridors usually caused by long and uncoordinated activities. Under the OSBP mechanism, all traffic stops once in one direction of travel leading to facilitating faster clearance of vehicular and human traffic (AUC, 2013).

Chirundu situation before OSBP

Before the introduction of the OSBP there were 15 border agencies and procedures were duplicated on both the Zimbabwean

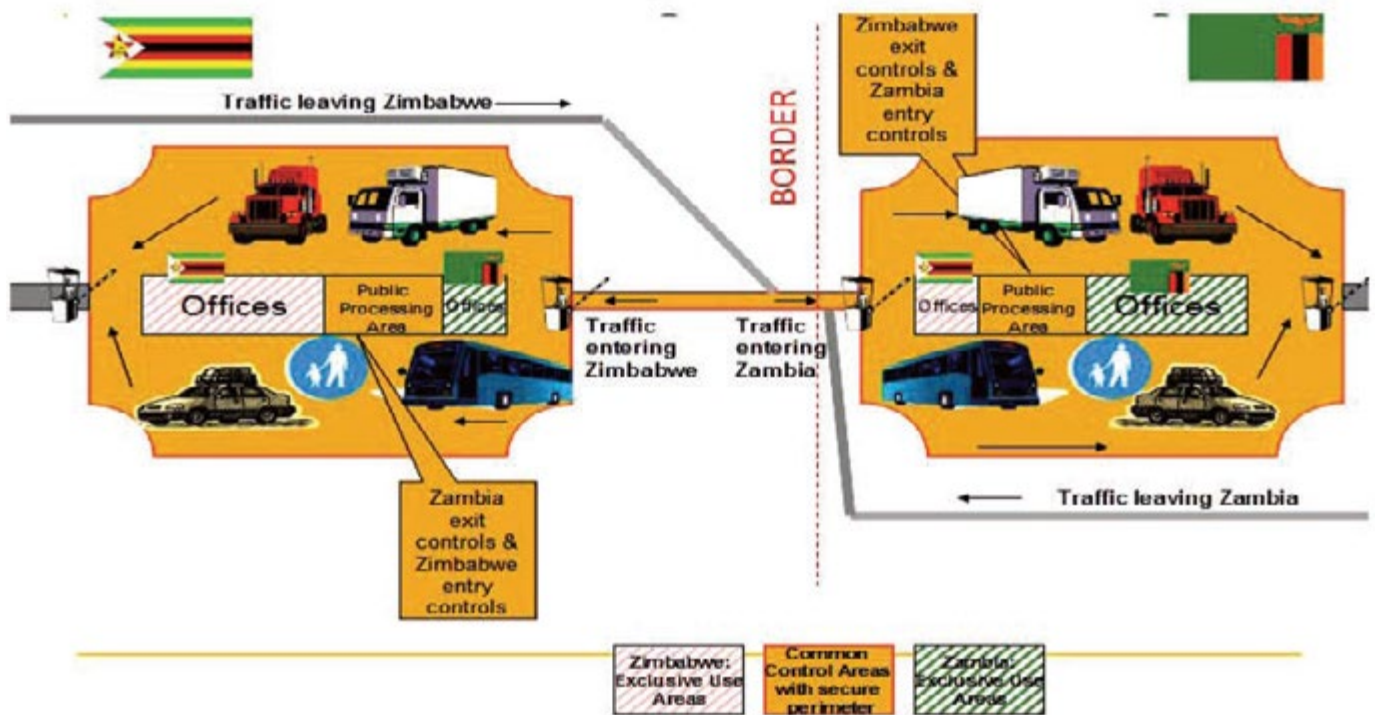
major objectives of introducing the Chirundu OSBP.

Figure 2 shows the new border setup since the OSBP was introduced. Clearance of Northbound vehicle and traders is done on the Zambian side whereas those that are Southbound are cleared on the Zimbabwean side.

Studies by various scholars point out that there are several advantages associated with OSBPs in general and Chirundu in particular. Overall efficiency and economies of scale are enhanced by sharing intelligence and infrastructure. Clearance formalities

An evaluation conducted by the African Development Bank (AfDB) recently of the Chirundu OSBP revealed numerous benefits linked to the new facility. These include faster and simpler border processes, improved government revenues (30% increase for Zambia) reduced duplication of processes, reduced transaction costs, reduced costs of consumables and increased trade flows which was a recipe for investment and growth promotion. The investigation also revealed that the time taken by trucks to cross the border has reduced from 3 days to just 2 hours while the fast-track preclearance process was taking about 15 minutes. Time taken to clear private vehicles fell to 20 minutes from 1–2 hours, and buses from 2 hours to 1 hour (JICA/EAC, 2011).

Fig 2: Chirundu OSBP (source AfDB)



and Zambian sides of the border with clearance of goods taking up to 3 days.

Figure 1 shows the setup of Chirundu before the establishment of OSBP. About 220 trucks were cleared daily and congestion was rife.

Benefits associated with the Chirundu OSBP

Facilitating of trade through reducing processing times at the border as well as reducing transaction costs compromising the region's competitiveness were the

and procedures are reduced thereby significantly reducing costs (UNECE 2012). OSBPs can help in reducing fraud through allowing clearance of goods using a single customs document. Rather than weakening controls, agency cooperation between counterpart administrations, reinforces control and trust if well executed. Reduction in waiting times and costs subsequently leads to a reduction in cost of consumer goods and competitiveness of goods within the region.

Another study by Muqayi S and Manyeruke C, (2015) indicated that the establishment of Chirundu OSBP brought about a fall in smuggling activities, health challenges, administration costs and enhanced regionalism and a boost to the Zimbabwean political economy. The reduction in time spent at the border reduced time that truck drivers spend at the border hence reducing prostitution leading to a reduction in HIV rates. Bureaucracy also reduced

Continued on page 16

One Stop Border Posts As a Trade Enhancement Measure

Continued from page 15

which dealt a blow to rent-seeking activities. Intra-regional trade also improved significantly. In order to cater for small traders Zimbabwe and Zambia introduced the COMESA Simplified Trade Regime which enables the traders to use simplified documentation to clear goods. This resulted in the improved welfare of a large number of people who rely on informal trading due to lack of formal jobs. Compliance levels have also improved since simplified procedures encourage proper declaration of goods and use of official routes.

Curtis, B (2009) revealed that on average 400 trucks transit daily in either direction at Chirundu up from 220 in 2008. Moreover, Fesarta (2013) revealed that although truck flow had increased by 65% since 2011, transit time fell by 36%. Although it is difficult “to quantify the

correlation between improved customs procedures and employment creation, empirical evidence suggests that increased trade volumes and reduced prices of goods will lead to higher demand by consumers, thereby stimulating the economy and the jobs market. Also, the improved facilitation of cross-border trade should incentivize informal traders to formalize their activities. This will enable them to gain better access to credit and training, to grow their businesses, and increase their workforces” (UNCTAD).

In Kenya, the introduction of the OSBP at Malaba resulted in reduction from 4-7 days to 2 hours in time required for railroad. The time for road cargo, was reduced from 4 days to 3 hours (JICA/EAC, 2011).

Challenges of establishing OSBPs

Although there are numerous benefits associated with OSBPs, there are also challenges associated with the same. For

instance, it is difficult to introduce an OSBP on a border that was not initially designed as one since there some changes to physical infrastructure that should be carried out in order to adjust processes to include the limitations of the physical infrastructure. The OSBP concept at Chirundu came after Zimbabwe and Zambia had started construction work and this meant that costly modifications had to be done on the existing structures (Ministry of Commerce, Zimbabwe).

According to Mubaiwa S, (2013) policing duties can to some extent become compromised since vehicular and human traffic is not searched on one side of the border even in cases of suspecting transportation of dangerous goods as this violates One Stop Border statutes. This is mainly due to problems associated with demarcation of boundaries. Moreover, establishing OSBPs requires huge financial resources.

ROLE OF CUSTOMS IN FIGHTING TERRORISM IN THE ESA REGION

By: *Vincent O. Ongore*
(Head of Post-graduate studies at RTC, Kenya)
Antonina Matundura
(Customs Officer, and Trainer at RTC, Kenya)

Violent extremism and terrorism have assumed a global dimension, with no region safe and secure enough to be complacent. These twin social vices have captured imagination of the global community since the 9/11 attacks on the World Trade Center in New York that killed more than 3,000 people and left many more affected. Although there has been concerted effort by state parties and other stakeholders to keep terrorist activities under close watch, with the hope of obliterating them from the surface of the earth, these efforts appear not to bear much fruit as the spate of terrorism is on the upward trajectory. Research has shown that terrorism is supported by a formidable network of

financiers whose businesses are routinely laundered through the international trade chain and global financial system, which mostly pass undetected through Customs territories. Africa, with its porous coastlines and weak border security, has been identified as one easy transport corridor for terrorist-supporting business activities.

Support

The absence of a stable, functioning state in Somalia for two-and-a-half decades has worsened the security situation in the horn of Africa due to proliferation of small arms and easy movement of illicit trade, whose proceeds support terrorism. The bulk of the incidents of terrorist attacks in this region have occurred in Kenya, Tanzania and Uganda due mainly to geographical proximity to

Somalia. Other factors including weak monitoring of borders, and corruption among enforcement officers have also been mentioned as possible facilitators of terrorism. The rest of Eastern and Southern Africa may be safe for the time being, but given the increasing ferocity and mutative nature of terrorism today, it would be foolhardy to sit on our laurel, and hope that it will not occur on this soil. In this regard, Customs administrations must play an integral role in the wider scheme of ensuring safety and security of society, besides revenue collection.

Traditionally, the role of the customs rotated primarily around collecting customs duties and indirect taxes on imported goods. In recent times, however, numerous developments, including e-commerce, the threat of terrorist attacks and the globalization

Continued on page 17



ROLE OF CUSTOMS IN FIGHTING TERRORISM IN THE ESA REGION

Continued from page 16

of business and organized crime, have conspired to alter the environment in which customs business operates. In an era where terrorist activities and other serious crimes are committed on a cross-border and trans-national basis, and often through Customs territories, the mandate of Customs authorities must be enhanced to encompass non-fiscal tasks aimed at improving internal security.

The new challenge facing Customs today is to ensure smooth flow of legitimate trade while applying necessary controls on the one hand, and also guarantee the protection of the safety and security of society, on the other hand. To achieve the correct balance between these demands, customs procedures and control methods must be modernized and co-operation between the different services, including state security agencies, must be reinforced. As implementers of international trade policies in their respective home countries, Customs are necessarily in the front line in the fight against fraud, terrorism and organized crime.

Any effort towards enhancing peace and security in the ESA region must therefore, begin with a common approach in modernization of Customs systems and processes. Most Customs administrations in the ESA region have already embraced Information and Communication Technology (ICT) as a basis of Customs service delivery, albeit at different levels of sophistication. The South Africa Revenue Services (SARS) under whose ambit the Customs administration operates, is by far more advanced in its processes than most of the region, except perhaps Kenya. Uganda, Rwanda and Tanzania are not left too far behind in Customs modernization agenda. The Customs systems within the ESA region should be able to talk to one another, or at least have a window for speedy querying of relevant information if the fight against terrorism is to succeed. Tremendous effort has been expended towards a tripartite framework for a single

market including East African Community (EAC), Common Market for Eastern and Southern Africa (COMESA), and Southern African Development Community (SADC). The envisaged single market can only function properly when there is a common application of uniform rules, and an ICT platform that facilitates communication among member Customs administrations, at its external borders. Ultimately, though, all the Customs-related ICT systems

World Customs Organization (WCO) Regional Intelligence Liaison Offices (RILO) should be strengthened and formally mandated under the relevant instruments of the Tripartite Agreement to assist in combating organized crime and terrorist activities in the ESA region.

within the ESA region should be merged in order to achieve efficiency, effectiveness, and goal congruence in the fight against terrorism and other organized crimes that pass through Customs territories.

To fully derive the benefits of the tripartite arrangement, and effectively fight terrorism and related crimes using a common approach, these common rules must go beyond the Customs Union as such - with its common tariff. They must extend to all aspects of trade policy, such as preferential trade, health and environmental controls, the common agricultural and fisheries policies, the protection of economic interests by non-tariff instruments and external relations policy measures. Terrorists are known to constantly modernize and employ very complex schemes in an attempt to circumvent Customs enforcement

officers. A properly functioning cooperative framework involving all these aspects of trade policy will go a long way in suffocating the terrorist organizations of the means of perpetrating their dastardly acts across the region. The World Customs Organization (WCO) Regional Intelligence Liaison Offices (RILO) should be strengthened and formally mandated under the relevant instruments of the Tripartite Agreement to assist in combating organized crime and terrorist activities in the ESA region.

Questions have been asked about preparedness of some member states within ESA to accede their authority on Customs matters to the regional authority. This issue has been of particular concern to the less advanced members of the region who believe that their economic wellbeing might be jeopardized under ESA tripartite arrangement. It is important to note that once the tripartite arrangement is fully operational, there should be provisions that give traction to Customs authorities to be responsible for the supervision of international trade passing through their territories to ensure fair and open trade.

Besides, they will be responsible for the implementation of the external aspects of the internal market, common trade policy and the overall supply chain security. To achieve these, Customs authorities shall put in place measures aimed, in particular, at the following: Protecting the financial interests of the region and its member states; Protecting the region from the market distortion effects of unfair and illegal trade while supporting legitimate business activity; Ensuring the security and safety of the region and its residents, and the protection of the environment, where appropriate in close cooperation with other authorities and state agencies; Maintaining a proper balance between customs controls and facilitation of legitimate trade as is expected of a modern Customs administration.

The above assurances should put paid the argument of lack of preparedness of some member states to fully join and embrace the idea of the tripartite arrangement on Customs matters. The singular importance of integrated customs administrations within the ESA region with respect to

Continued on page 17



IMPLEMENTATION OF THE ELECTRONIC CARGO TRACKING SYSTEM IN RWANDA

On the third floor of Rwanda Revenue Authority (RRA) headquarters in Kimihurura, a City of Kigali suburb, modern flat screens beam images of cargo trucks as they enter, transit and exit Rwanda. Beside the screens is a Google map with a tracker of Rwanda's two main routes to and from the sea—the Northern and Central corridors—tracking the movement of trucks carrying Rwanda bound and transit cargo.

This is the Central Monitoring Centre (CMC), the watchtower of RRA's newly installed Electronic Cargo Tracking System (eCTs). The eCTs is a web-based system used to monitor transit cargo from the point of entry to the exit in order to improve its safety and promote fair terms of trade by eliminating offloading of undeclared goods on the Rwandan market. The system will reduce the cost

of doing business by reducing transit time, enhancing cargo safety and helping traders to better predict arrival of goods.

Funded by TradeMark East Africa (TMEA) through a grant from the United Kingdom Department for International Development (DFID), the system will be launched on 24th March 2017 and will add to on-going efforts to reduce the cost of doing business in the region, through improved cargo predictability, increased truck turn-around time that will ultimately lead to lower transport costs.

High costs

Transport delays and cargo theft are among the key concerns to importers and exporters who have been forced to pay high insurance cover for goods on transit, adding to the already high costs of doing business in the country. With improved

security of cargo, Rwandan importers can expect reduction in transit risk, leading to a decline in insurance premiums and ultimately reduction in transport costs. It is expected that lower costs of importing goods will trickle down to consumers in form of reduced prices of goods in the long term.

How it works

Using advanced technology such as electronic seals fixed on trucks, officers manning the CMC can detect any illegal activity when a seal is tampered with or when a truck carrying the goods deviates from geo-mapped route.

This is possible because the seal is loaded with important information about the truck such as the type of cargo it is carrying, driver's details, truck details, container details, origin and the route

Continued on page 19

ROLE OF CUSTOMS IN FIGHTING TERRORISM IN THE ESA REGION

Continued from page 17

fight against terrorism cannot be gainsaid. The Customs administrations and the supporting agencies should be capacitated to detect and prevent any schemes designed to aid border crossing of illicit goods that can contribute to financing of terrorist activities within the region.

Regarding the fight against international (imported) dimension of organized crime and terrorism, there is need for the Customs Union, once established within the ESA region, to prioritize security of the supply chain by adopting international standards on trade facilitation that can stop fiscal fraud and the financing of terrorism. There are already exist instruments for fighting terrorism, including, but not restricted to: Vienna Convention (1988); United Nations International

Convention for the Suppression of the Financing of Terrorism (1999); Inter-American Convention against Terrorism (2002); and Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the crime and on the financing of terrorism (2005).

Member states should take decisive actions to adopt them for the sake of building their capacity to protect society against the abuse of international supply chain, and Customs by terrorists and their financiers. The ESA region is rich in its linguistic diversity. Rather than see this as a reason to disunite the region, it should be viewed as a source of synergy given that terrorism is occurs in different shapes, forms, and languages. Legal systems too, are different, borrowing heavily from what the colonial masters

bequeathed to different countries. Thus, the Portuguese speakers like Angola and Mozambique have legal systems that heavily reflect what obtains in Portugal. French speakers too borrowed heavily from France just like the English speakers adapted the Common Law.

For the Customs administrations to work seamlessly within this diversified region, there is need for a common legal understanding and mutual assistance on customs, and to strengthen unified approach in investigations relating to terrorism offences. Finally, Customs should play a diplomatic role in bringing the heads of state and government within the ESA to a common understanding of the urgent need to approach the fight against terrorism and its financiers as a united front. There is light at the end of the tunnel.



Effectiveness of the National Valuation Data Base for Customs administration

By: Robert Manyama

National Valuation data base is one of the essential tools used by customs in the verification of the accuracy of information declared to customs for clearance of imported goods. The tool is widely used as a benchmark for determination of **ad valorem** import duties on goods. WCO through its guidelines on the development and use of a National valuation data base advocates the use of the national Customs Valuation data base as a risk assessment tool only.

Majority of developing countries in particular still rely much on international trade for fiscal revenue to finance fiscal budgets. Empirical experiences portray multiple challenges faced by customs

in the determination of valuation of imported goods. A few of these challenges include: inadequate national and international trade policies which fail to define import and export regulation principles unless the goods in question fall under prohibited or restricted schedules.

The customs administrations of most developing countries play a great role of revenue collection and contribute substantially to national coffers in terms of per cent of total fiscal revenue collection. In some countries as Tanzania, customs contributes as high as 38 per cent of total revenue collected by the Tanzania Revenue Authority (TRA). The revenue collection role of customs is too crucial and sensitive to be compromised.

The effectiveness in performance is measured to the greatest extent possible in terms of revenue collection percentage of the set target.

Though Customs has multiple roles which must not be underestimated due to their essence, revenue collection is currently ranked the first among all. It is unquestionable that the largest percentage of the customs administration resources will incline to supporting revenue collection and leave other customs roles either underperformed or not performed altogether. This operations pattern creates million dollar problem,

“an effective and efficient Customs administrations in developing

Continued on page 20

Implementation of the Electronic cargo Tracking-system in Rwanda

Continued from page 18

it is supposed to travel to the final destination. Any tampering with the electronic seal or deviation from the defined route automatically sends alerts to the CMC and the RRA Rapid Response Unit stationed at the nearest post is promptly alerted by the CMC to take action. Using a navigation system on a tablet, officers can trace a problem to the exact spot and both audio and video images re-rayed to the CMC from the scene.

Cargo safety

In addition to improving safety of cargo, the eCTs will eliminate some of the loopholes in regional Customs laws that prescribe weak punishment for violation of customs procedures, partly blamed for smuggling. This is not only costing government millions of francs in tax revenue, but also threatens to drive out of business some tax compliant importers due to unfair competition.

Under the East African Community Customs Management Act, an exporter or importer who deliberately breaks

customs seal is fined \$2,500 irrespective of the value of the taxes such a trader attempted to evade. RRA officials say that such non-deterrent punishment often encourages non-compliance.

Indeed, figures show that despite previous efforts to promote fair trade, illegal cargo continues to enter the country through physical smuggling and technical violation of customs/transit procedures where tax evaders offload into the market goods not declared to customs.

The eCTs will deal with this problem through real time monitoring and use of CCTV cameras to be installed at customs offices to minimize possible connivance between customs officers and traders; Automatic Number Plate Recognition (ANPR) devices that capture number plates of trucks as they enter or exit; as well as seals fixed on trucks to deter offloading of goods destined for another country.

More benefits

When drivers are aware that they are being monitored, they will do everything quickly and according to procedure. This reduces time wasting because the system

sends an alert when a truck stays in a particular spot longer than needed. Importers who wish to monitor the movement of their goods can do so and this can help them know the exact time their goods would reach the market.

On the other hand, customs officials may not have any excuse to delay validating bonds because all evidence about the arrival of trucks is captured in the system and can be retrieved any moment it is required. “When bond cancellation process is quick, it frees them for use on another consignment”, says Fred Seka, the Chairman to the Association of Clearing and Forwarding Agents.

In Uganda where eCTs is already in use since 2014 through TMEA funding, the system helped traders cut the time required to transport cargo from entry border points (Malaba and Busia) from six days to one day and a half; subsequently pushing down transport costs. Transporters lose \$200-\$250 each day a truck spends while on transit and the cost of transport tends to increase for cargo destined further inland such as Rwanda.



Effectiveness of the National Valuation Data Base for Customs administration

Continued from page 19

countries, may become an apparent source of performance inefficiency of Revenue Authorities, under which Customs operates.” This subject however fits for another discussion.

As a consequence of inadequate international and national trade policies, an obvious hurdle to effective customs valuation is created due to existence of a large informal sector which partakes in the import and export business. Such entities hardly keep reliable accounting records for post-clearance audit (PCA) to take effect later on. Customs must ensure

An effective and efficient Customs administrations in developing countries, may become an apparent source of performance inefficiency of Revenue Authorities, under which Customs operates.

that the declarations for such small entities are correct before permission to remove imported goods from ports is granted. Valuation of imported goods must be determined with a view that after release of goods, the declarant may not be easily found. Customs would allow removal of goods as guided under Article 13 of the WTO Valuation agreement in case valuation by customs is disputed upon providing adequate revenue security to the satisfaction of customs. Empirical studies show that appeal machinery against valuation by Customs is known to business community but small business entities do not institute objections after

release of goods on which such entities notified customs their intention to submit objection after removal of goods.

The tax evasion culture attributes wrong traits to business community that profit gains through evading payment of import duties and taxes as another business efforts adding to their profit. That business culture incites declarants to present to customs falsified declarations which would cost Customs time and resources to resolve. Unless proven beyond doubts that the declarations presented to customs were falsified, a declaration with low price of imported goods is not considered a fraudulent declaration. This principle makes customs resort to rejection of the presented low prices, seek explanations from declarants and when dissatisfied resort to subsequent valuation methods. Undoubtedly there is a rampant undervaluation of goods in declarations submitted by small scale importers customs may resort to remedial measures which end up frustrating international trade.

Some countries like Tanzania have extended coastline and a number of uncontrolled ports and porous entry points all collectively and may others create unfair play field due to the weakness being exploited for smuggling activities. Where smuggling imports a large percentage of commodities in the market to compete with commodities on which ad valorem duties were paid for, it goes with saying that compliant declarants will face tough times in the market, fail to sell their imported goods and eventually convinced to join perpetrators of the smuggling activities.

Inadequate specialized knowledge and skills within customs administrations. Very few customs administrations have seen and implemented capacity building on customs valuation to her officers on specialized economic sectors. For instance, valuation of paper, machinery and spare parts, clothing etc.

Unwillingness of some importers to avail

required information about international transactions is among the challenges making customs to honor Transaction value method. The declarant usually provide only what is asked by Customs to resolve a stalemate. Inadequate proficiency of customs officers charged with responsibility to determine valuation of imported goods coupled revenue collection pressures tend to override professionalism.

Inadequate expertise and capability of valuation officers to differentiate between fraudulent practices in valuation of imported goods from cases of dumping prices on imported goods. Moreover, costs incurred on imported goods in the country of exportation are usually not shown in the information submitted to customs by declarants.

Objective of the WTO Valuation of imported goods:

Customs valuation of imported goods seems to have only a single objective which is determination of value of imported goods with a view to determine ad valorem duties payable on imported goods. The WCO advocacy that national valuation database is only a risk assessment tool poses challenges to most customs administrations particularly those of developing countries. It connotes those Customs administrations which use Valuation data base act contrary to WTO valuation agreement. A need for further study seems obvious with a view of making valuation database a dual purpose tool for both risk assessment and determination of valuation of imported goods. The interview mechanism used by Customs to seek clarification and information on doubted declaration can hardly be used in a business environment where tricks to beat weak valuation system is an order of life.

Establishing and Capturing of data for Valuation base:

WTO valuation agreement emphasizes on observing sequential order of the application of the six valuation methods. It is ostensible that the further you move from the first method the less close to commercial reality the valuation method becomes. Valuation database is a tool which comprises of transaction

Continued on page 21

Bilateral Agreement on Mutual Assistance

By Baku

Namibia Customs and Excise Acting Commissioner Ms. Susan Beukes and Mr. Aydin Aliyev, the Chairman of Azerbaijan State Customs Committee signing a Bilateral Agreement on Mutual Assistance to strengthen the potential of Customs Cooperation. Once in place, this common Agreement will make a real contribution to the development of both administrations in terms of training of customs personnel in the areas of: ITC, customs valuation, customs classification, scanners, canine, risk management and many more.



Effectiveness of the National Valuation Data Base for Customs administration

Continued from page 20

data captured from previous accepted declarations. The credibility of the data stored in the data base for application to another declaration is the reason for varied opinion among the WTO member States. There is not yet a convincing data capturing format which will capture all necessary data for laid down valuation methods.

The world is apparently changing very fast; hence some Companies may be willing to invest on this crucial solution which is likely to be an ICT solution. The Customs valuation data base must have adequate intelligence necessary for capturing relevant data and align the data along the Valuation Methods. The search engine must also be robust to be able to retrieve a lot stored information based on defined key parameters which will be in conformity with the WTO valuation rules. Unless the customs valuation data base store data conforming to commercial reality, WTO member states will have difficulty time to have a consensus on the utilization of the same for determining valuation.

Valuation databases which are maintained by some Customs administrations which operate on basis of statistical ranges of prices, my own views make concur with WCO in that respect that such derived statistical data suit for risk assessment of the declaration information. Where a Customs valuation data base is for a dual use that is as risk assessment tool or for valuation specific formats for each purpose must be defined. Customs national valuation data base cannot be used without violation of the WTO Valuation rules unless the same is used under the umbrella of national Valuation rules which again must be assess against the WTO valuation rules .

WTO

A Customs administration in the process of establishing a valuation data base suitable for use as reference or benchmark for conducting valuation of imported goods needs to do a number of things: The database must capture and provide historical data within the

range which are relevant to checking of a declaration by customs against each valuation method. The data base needs to differentiate the value of an item captured but suitable for identical Methods from the value of the same product captured but suitable for similar valuation methods. There are Six WTO Valuation methods. The quantities purchased and levels of business the goods are purchased must be known as well. Specific terms such as discounts and other adjustable costs incurred by the buyer of goods which fall under Article 8 of the WTO Valuation Agreement must also be considered.

The design of the valuation data base and credibility of the data captured is critical. The current National Customs Valuation database most customs administrations do not confirm to WTO valuation principles.

The required intelligence and format of a robust customs or national valuation data base is an assignment developing countries should undertake through researches and further studies to come up with a feasible solution conforming to commercial reality; hence capable of being used as reference points for carrying out valuation.

ROCB STAFF PROFILES



Larry Liza
Director
Larry.liza@wcoesarocb.org



Andrew Odhiambo
Finance Officer
andrewodhiambo@wcoesarocb.org



Faith Mosongo
Programme Officer
Faith.mosongo@wcoesarocb.org



David Ladu
Programme Officer
david.ladu@wcoesarocb.org



Judy Mwaura
Executive Assistant
Judy.mwaura@wcoesarocb.org
rocb@wcoesarocb.org

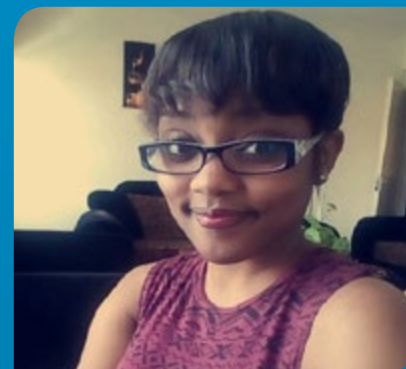


Primerose Maina
Administrative Assistant
Primrose.maina@wcoesarocb.org



Riitta Passi
Project Manager
(WCO ESA Project)

TESTIMONIAL ICT INTERNSHIP EXPERIENCE AT THE ROCB



Ruth Ida Maina
Website Administrator (Intern)
Strathmore University

Taking a step forward in one's career or personal life can be quite a toil and heavy on our mental scale by being burdened and worried with all the right choices we must make.

My name is Ruth Ida. I joined the ROCB on 9th January 2017, as a website administrator under a 3 month internship Programme. I am a 3rd year student in Strathmore University, Kenya, pursuing a degree in Business Information Technology. I hold a Diploma in Business Information Technology also from Strathmore University. I previously worked as an intern in Orange Telkom Kenya as an Assistant Network Administrator as well at Egerton University Nakuru Campus (Kenya) as a Lab Technician.

My duties as a website administrator at the ROCB include: Maintaining the Web environment by identifying system requirements, installing upgrades and monitoring system performance. Other roles pertaining the website include ensuring website functionality and perform software updates, monitoring, assessing, and reporting on website performance, ensuring current domain registration and hosting and developing and/or update content.

Sincerely, getting into the World Custom Organization family was not only a great opportunity but a life changing event. Not only do I get to sharpen my career skills but I also obtain further practical trainings. I got to meet a number of IT experts who have helped me expand my vision and perceptions of the career field I decided to trade on. They say in a journey you are never traveling alone. I am deeply grateful to the ROCB team for their support and most importantly the Director Mr. Larry Liza for handing me a key into that door that held change and possibilities and giving me the push that motivated me.

As I conclude my internship to resume my studies I look forward to continually working for the ROCB virtually.