Chapter 4

Trade Facilitation Reform in the Service of Development

by

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The aim of this chapter is to deepen understanding of the costs and benefits of trade facilitation for developing countries, as well as the costs of not undertaking trade facilitation. It focuses particularly on customs operations and customs reform undertaken recently in a number of developing countries, reviewing the key problems that such reforms have sought to overcome, the approaches that countries have adopted to address them, and the results. The discussion is supported by illustrative country case studies, to explore in further detail the rationale, the methods and the results of reform.

Introduction

Trade facilitation and the benefits it can bring to the world economy as well as to individual countries have lately been the subject of considerable attention in OECD countries. A number of studies have attempted to produce broad quantitative estimates (OECD, 2001. All these studies look specifically at the effects of trade facilitation on business activity, or, in the case of quantitative estimates, on the wider impact on the world economy. However, the specific situation of developing countries and the impact customs reform in general and trade facilitation endeavours in particular may have on their economic welfare warrants particular consideration. As developing countries seek ways to leverage trade for economic growth, policy tools and reform measures aimed at reducing border barriers to trade may provide a welcome tool for development.

This chapter seeks to deepen understanding of the costs and benefits of trade facilitation as well as the costs of *not* undertaking trade facilitation. It focuses particularly on customs operations and customs reform, although reference is also made to related areas, like port management, phytosanitary controls or logistics.[1] The country information used was assembled from publicly available documents of the relevant administrations and donor agencies, as well as from a number of original country studies commissioned by the OECD to Crown Agents, or made directly available to the Secretariat by the countries concerned.[2]

The chapter first examines the main drivers that have motivated reform endeavours and the key problems that such reforms have sought to overcome. Next are explored the types of institutional and resource-related weaknesses underlying the problems at hand and the approaches that governments have adopted to address them. Then, the results that reforms have produced are reviewed, in terms of improved revenue collection, enhanced management efficiency, reduced clearance times and business

1. The focus here is partly broader, partly narrower than the scope of trade facilitation discussions in the WTO: broader, because the reforms reviewed were not only aimed at facilitating trade but more generally at enhancing state efficiency; narrower, because, while efficient facilitation goes beyond customs reform, the rethinking of other border procedures is insufficiently documented to allow for analysis.

2. Information and data in this study refer to the following countries: Angola, Argentina, Azerbaijan, Bangladesh, Cambodia, Chad, Chile, Colombia, Egypt, Georgia, Ivory Coast, Lebanon, Madagascar, Malawi, Mauritania, Mozambique, Nepal, Peru, Rwanda, Singapore, Tanzania, Uganda, Zaire and Zambia.

burden, as well as investment attractiveness. Finally, some conclusions are presented.

The drivers of reform

Building momentum

Customs is one of the oldest government institutions. Until recently their modes of operation had changed very little over time in both developed and developing countries. In the last decades, however, customs administrations have undertaken important reforms and gradually adopted substantially different modes of operation, and even different operating philosophies. The reason for these recent transformations is a significantly changed operating environment both for government agencies overseeing international trade and for the business community. A number of factors are particularly important:

- Steady increases in trade volumes. These are a consequence of the reduction of tariff and other trade barriers during successive GATT rounds. As a result of trade liberalisation, the volume of international trade has expanded relative to the size of many national economies.
- ***Increases in trade complexity***. Whereas in the past multinational corporations might have sought to identify the most cost-effective location for manufacturing a finished product, the pressures of globalisation are now forcing them to use different locations for the manufacture of sub-components that then enter a final product. Free trade agreements and preferential trade arrangements have also made the trade management process more complex and imposed escalating demands on customs resources because of the proliferation of complicated and burdensome rules of origin for conferring preferential status.
- ***Increased speed of trade***. Modern supply chain management techniques and the rapid spread of new information technologies, the Internet and e-commerce have increased the use of "just-in-time" manufacturing. In this environment, businesses cannot afford to have imported or exported goods tied up for long periods because of unnecessary or overly complicated trade procedures and requirements.

As a result, national customs authorities and other border agencies have to process ever higher trade volumes, and the demands and expectations of the international business community have risen dramatically. In these circumstances, previously satisfactory operating methods have proven largely inadequate and needed to be rethought, while problems attributable to already sub-optimal methods are exacerbated. As levels of international trade increase, the economic consequences of outdated or excessive border regulations that delay or impede the movement of goods become ever more apparent.

The motivation of change is basically the same across countries. The business community has been a "harmonising" factor and a significant driving force for customs changes. According to a recent World Customs Organization (WCO) survey,[3] some of the most important factors motivating customs reform have been the country's economic integration into free trade agreements or customs unions; international trade liberalisation and the increase in trade volumes; the changing role of the state and the need to improve the efficiency of government agencies; the impetus of structural adjustment programmes to restore fiscal equilibrium; and the implementation of new taxation regimes.

Among developing countries in particular, international trade liberalisation and expanding trade volumes are seen as the essential driver of reform. They also see the need to diversify existing indirect tax regimes in order to maintain revenue yield and the need to improve government performance and respond to budgetary concerns. Given their capacity constraints, increased drug and security threats are also important (if lesser) priorities.

In developing countries, past and current customs and trade facilitation reform is often driven by general economic considerations, based on the recognition that customs and border procedures can play a central role in the country's economic welfare. In Lebanon, customs reform was part of a wider Revenue Enhancement and Fiscal Management Project. The project, undertaken in 1995, aimed to improve the management of the Ministry of Finance, and it targeted domestic taxation and customs with a view to regaining the country's regional trade competitiveness through reforms focused on trade facilitation. The customs component of the project aimed to increase the efficiency of the customs administration and thus to encourage trade, including exports, increase customs revenues, reduce business costs and facilitate the formulation of trade policy.

A closer look at Latin American and Caribbean (LAC) countries shows that since the mid-1980s customs reform has been a central feature of wider, and quite ambitious, structural reform programmes to liberalise and open the economies, redefine the role of the state, enhance competitiveness and democratise the political processes. Trade reform, coupled with renewed capital inflows and increased economic activity, contributed to a boom in imports (prior to the Asian crisis, the value of imports grew at an annual rate

3. www.wcoomd.org/ie/en/topics_issues/customsmodernizationintegrity/surve_e.htm.

of 18%) and a significant shift from the earlier strategy of import substitution. The growth of international trade substantially increased the customs workload in every country of the region, and it became obvious that many were unable to respond as quickly as necessary. This highlighted the need for profound changes in customs operations, so that customs could play a positive role in the overall process of trade liberalisation and attraction of investment. It emphasised the need for a shift in the mentality and attitude of customs staff from their traditional revenue collecting approach to a more service-oriented stance (Rey de Marulanda, 1999).

For instance, in the early 1990s Chile initiated a customs reform programme as part of a larger Plan for Modernising the Public Administration. Customs reform was widely recognised as a high priority in light of a cumulative expansion of foreign trade of 142% in real terms between 1990 and 1998. In addition, during this time frame, Chile concluded a number of free trade agreements, each featuring a unique set of complex rules of origin and calling for significant resources for proper administration and verification. The introduction of trade facilitation measures represented a practical way to relieve the pressure on an overworked bureaucracy.

Development assistance projects promoted by international aid agencies have been another driving force behind customs reform in developing countries. Experience shows that such projects can build momentum for reform, provided that the need is also felt at the national level and concerned administrations assume ownership of the project (see below). In the early 1990s, the adoption by Egyptian customs of information technologies and new logistics, such as just-in-time inventory control, was primarily driven by international organisations in an attempt to exploit the allocated development aid funds. However, owing to the lack of domestic awareness of the potential business impact of such technologies and of domestic demand-driven initiatives, the establishment of value-added service networks in Egypt was delayed (Cox and Ghoneim, 2000).

Finally, in countries where customs reform and trade facilitation have produced significant benefits, the process of change, automation and improvement appears to create its own momentum. This momentum is usually generated not only by expectations of further positive returns but also by the establishment of a culture of excellence among committed individuals and groups, modelled on the example of the entities that initially designed and implemented the reforms. Wide-ranging and successful customs reform and trade facilitation initiatives in Peru enabled the customs administration to obtain ISO Quality Management Certification 9002 in December 1999. This achievement, combined with high levels of existing automation and transparency, has been critical for the recent launching of second-generation reforms in Peruvian customs (Zaconeta, 2003).

Addressing key symptoms

The changed operating environment created by globalisation and trade liberalisation exacerbates and highlights a number of structural problems in the operations of customs and other border agencies. In countries undertaking reforms, clear evidence of malfunctioning has led to equally clear recognition of the need to evolve. The strongest incentives for reform efforts have been: unsatisfactory revenue collection and smuggling problems; problems of corruption; heavy transaction costs for business; poor export competitiveness and attractiveness for investment; and difficulties in implementing trade policy.

Unsatisfactory revenue collection and smuggling problems

In developing countries customs is often the largest contributor to the state budget. Yet, in some of these countries loss of revenue may be extremely high because of inefficient customs collection mechanisms. In Bangladesh it was calculated that, prior to reform, economic losses from inefficiency in Chittagong Port amounted to as much as 5% of the value of goods passing through the port, a sum that exceeded USD 600 million a year. The revenue loss to government from corruption and inefficiency in the customs and income tax departments was estimated to exceed 5% of GDP, without counting the real costs to the economy arising from discouragement of potential investors (Draper, 2001; Mombarac Ali Mola, 2001). In Zaire a thriving informal economy is estimated to generate fiscal losses of some USD 400 million a year in foregone taxes and customs fees (de Castro, 1996).

A review of past reforms in developing countries, including those discussed later in this chapter, shows that revenue enhancement appears to be the strongest incentive for customs reform. As tariff rates decrease as a result of ongoing trade liberalisation, dealing successfully with the problem of revenue collection may help maintain much needed revenue. In Peru, prior to the reforms initiated in 1990, fiscal revenues from customs represented only 23% of the state's total fiscal revenue (USD 626 million for year 1990), despite duties ranging from 10% to 84% of the value of imported goods. Following the reform, customs contributed 35% to national fiscal revenue thanks to a four-fold increase in customs revenue (USD 2.7 billion in 1996) and despite reductions in duties of between 15% and 25% (Zaconeta, 2003; Lane, 2000). Clearly, earlier revenue collection was far below potential.

In both Angola and Mozambique, the explicit goal was to raise revenue collection levels. The countries' civil wars had a disastrous effect on customs' performance, and, as part of the reconstruction effort, the authorities of both countries considered it essential to take drastic measures to boost public revenue.

Lost revenue can be due to understatement of the customs value of consignments, smuggling of goods into the country, especially in the case of high-duty goods, or diversion of collected revenue into corrupt officials' pockets. The lack of efficient detection mechanisms and insufficient sanctions in the rare cases where fraud is detected generate and aggravate opportunities for smuggling and commercial fraud. In a number of developing countries, customs lack anti-smuggling units or there is no co-ordination of anti-smuggling activities among such units, as was earlier the case in Peru. Furthermore, penalties are frequently an insufficient deterrent to fraud, and when formalities are costly, it may be financially more rewarding for traders to evade customs, as in Angola. Such situations may be all the more damaging as they put importers who actively seek to comply with customs requirements at a competitive disadvantage.

A number of developing countries choose to address valuation problems through the use of pre-shipment inspection (PSI). However, PSI may offer little help if it is not matched by more general efficiency-enhancing measures. The introduction of a PSI scheme in Mozambique without parallel enhancing of the technical and institutional capacity of the customs administration did not stop revenue collection from collapsing in 1995. In Cambodia, importers frequently choose to clear dutiable goods directly through customs, despite a PSI circumvention penalty of 7% on the c.i.f. value of the goods. It appears in this case that potential gains from customs fraud are large enough to counterbalance the 7% surcharge of the penalty.

The prevalence of smuggling, despite the attendant risks and costs, frequently reflects high transaction costs in the formal sector. In certain countries with high tariff rates, substantial red tape and inefficient administration, the dimensions of the phenomenon may be alarming. The challenge in such cases is to reduce tariff and non-tariff costs to a level where smuggling is no longer worthwhile. In addition to its impact on state revenue collection, smuggling into a country of goods that are also produced domestically and on which local taxes are paid may strongly discourage investment. Shadow or illegal imports into Georgia are estimated to amount to somewhere between 30% and 70% of total domestic demand for some commodities (The World Bank, 2000). Smuggling of beverages, petroleum and milk products into Cambodia is estimated at approximately USD 35 million of foregone revenue. Comparisons of ship manifests with import declarations suggest that only 25% of the volume of goods shipped to

Cambodia and not subject to PSI are declared to the Customs and Excise Department. It is also believed that up to 80% of the cigarettes imported into Cambodia are smuggled into Vietnam (Integrated Framework Cambodia, 2001).

Corruption problems

In many developing countries, corruption in customs administrations is strongly encouraged by the combination of very low salaries and many opportunities for rent seeking. The Integrated Framework 2001 study for Cambodia indicates that the low average annual civil service salary (only 1.1% of GDP per capita in 2001 and, at USD 0.60 a day, well below private-sector wages even for unskilled workers) creates substantial pressure to engage in additional income-generating activities simply to meet basic household expenditures. Opportunities to raise income offered by customs administration posts, in particular at the border, are reflected in the informal price ("concession fee") required to secure such a post. Some of these posts are bought and sold on the understanding that they provide access to charging for clearance services. The value of the concession fee is rumoured to have increased significantly from USD 2 000 a few years ago to USD 10 000 today; the successful bidder recoups the cost by subjecting traders to informal fees for clearance. Conversely, the successful reform undertaken by Peru is partly attributed to an increase in salary levels coupled with a clear policy of enhancing the corporate identity of customs staff, so as to make them proud of the institution.

The most immediate problems posed by corruption are the significant drain on public revenue and the surcharge imposed on trading businesses. Payments that end directly in customs officials' pockets are believed to represent considerable amounts, although it is not possible to distinguish within revenue collection problems what is due to corruption from what is due to smuggling and general bureaucratic inefficiency. Furthermore, government services relating to the clearance of imports and exports come generally at an additional informal "facilitation" cost, beyond what is normally officially required. According to the Integrated Framework study, informal payments, believed to be around USD 200 to USD 300 per vessel, are necessary to encourage customs and immigration services in the ports of Sihanoukville and Phnom Penh to operate beyond 5 p.m., although both ports are equipped to handle vessels around the clock. Such surcharges usually end up as an additional burden on the importing country's consumers, including the productive sectors that use imported inputs; in the case of exports they severely hamper the country's export competitiveness. In either case they primarily victimise the country's own economic welfare.

However, insufficient revenue collection and additional taxing of trading activities are not the only damaging effects of corrupt practices. In a 1996 joint review, UNCTAD and the World Bank noted that:

> "the key facilitation problem is not the danger to effective controls posed by practices in which irregular payments can move goods through the strictest regulatory systems, nor the extra unofficial charges levied on innocent as well as fraudulent traders, but rather the logical obligation to maintain unnecessary complexities and foster endemic delays for the general run of consignments, so as to justify bribes for exceptional simplifications."

The need to preserve corrupt officials' rent-seeking opportunities creates an incentive for physical inspection of all consignments and a serious disincentive to apply selective risk management techniques. As a result, a number of essential trade-facilitating and efficiency-enhancing measures will stand little chance of implementation, less because of the budget cost of introducing them than because of their lost-profits effect on a constituency that will oppose any change in the *status quo*.

Heavy transaction costs for businesses

Informal "fees" for importing and exporting business, as well as indirect costs for domestic productive activity are further compounded by the direct and indirect transaction costs generated by complex documents, procedural delays and lack of regulatory transparency and predictability (for a detailed discussion of the components of direct and indirect transaction costs for businesses, see OECD, 2001). In the ABAC/APFC Survey on Customs, Standards and Business Mobility (2000), business people identified customs procedures as the most serious trade impediment, with 53% of total respondents describing the issue as a "very serious" or "serious" problem. This was the case for 55% of respondents in the manufacturing sector, 50% in the services sector, 60% in the primary sector and for 69% of respondents in developing economies, but only 39% of respondents in industrialised economies. Among customs issues, the most problematic was the complexity of customs regulations for 52% of respondents, followed by lack of information on customs laws, regulations, administrative guidelines and rulings (49% of respondents) and problems with the mechanism for appealing customs decisions (43% of respondents).

Customs procedures and institutional interference play a considerable part in excessive delays at ports and border posts, although inefficiency is by no means limited to customs. Port management inefficiencies are frequently a significant factor. In India port equipment is reported to remain idle about 20% of the time, while the port of Baku in Azerbaijan is estimated to utilise only 13% of its total capacity (The World Bank, 2000). Interface points between transport modes and trans-shipment can also be the source of quite lengthy immobilisation of consignments; for example, the normal or standard half-day transit time between the container terminal and the port gate in Abidjan could be as long as 20 days depending on the handling agent (de Castro, 1996).

Excessive physical inspection of consignments slows considerably the movement of goods through customs. Before the reform in Peru, an inspection rate of 70% to 100%, combined with detailed paperwork, resulted in clearance times of 15 to 30 days. In Cambodia, despite an average vessel turnaround time of 10-12 hours, customs clearance still takes about eight days for imports and 10-14 days for exports. Not only does physical inspection at ports, instead of at the point of packing or unpacking containers, significantly slow the movement of goods, it defeats the very purpose of containerisation: the integrity of the container is breached, the contents are more open to damage and theft during inspection and subsequent handling than conventional general cargo because of the lighter packing and protection that is a major advantage of containerised transport. Modern container stuffing methods are so specialised that, once a container is opened and items are extracted for inspection, customs or port/transport staff are often unable to replace all of the contents. In Nepal, where cargo is systematically decontainerised because customs procedures, handling equipment and transport practices are not designed for container trade, potential savings through facilitation of procedures and handling methods are estimated at around 7% for non-containerised and 13% for containerised cargo.

Studies conducted by UNCTAD in the 1990s in a number of developing countries, including Angola, Chad, Colombia, Côte d'Ivoire, Mozambique and Nepal, showed that the cost of immobilisation could account for over 50% of the cost of a foreign trade transaction and that for commodities of average value transaction costs could reach 70% of the cost of the product. In Zaire, the inventory financing costs of immobilisation to the consignee were estimated at 24% of the total transit cost, in addition to 8% for banking charges, 3% for government controls and 1% for informal "facilitating" payments (de Castro, 1996). Lengthy immobilisation was also found to generate losses and damage that were particularly extensive for items in great demand (beverages, fuel, etc.). Recent estimates in Pakistan showed that reducing the immobilisation time of import containers between ship-rail and upcountry cargo delivery from 20-30 days to five days could result in annual savings of USD 200 million in transit costs.

Poor export competitiveness and investment attractiveness

Although excessive transaction costs at a country's border may be a significant market access issue for foreign trading partners, they may be an even more serious obstacle to bringing the country's production to the global marketplace. Transaction cost differentials may be quite significant for developing countries that compete with each other for export markets and for foreign direct investment (FDI) on the basis of similar resource endowments, including advantageous labour costs. The diagnostic study undertaken for Madagascar under the Integrated Framework for Trade Related Technical Assistance (2001) concluded that the constraints imposed by the inefficient functioning of customs largely offset Madagascar's competitive advantage as a manufacturing and export base owing to its low labour costs. It is argued that effective customs reform would help anchor export processing zone companies in Madagascar, integrate their value chains and encourage further FDI.

In the parallel study conducted in Cambodia (Integrated Framework, 2001), surveyed firms rated customs and trade controls as the biggest barrier to exports. Garment exporters incur significant costs, as five different government agencies are involved and undertake at least three different inspections. Fixed informal costs of up to USD 150 per consignment seem modest compared to formal fees paid to obtain certificates of origin. The cost of exporting one ton of rice includes USD 5 in formal fees (for phytosanitary inspection and rice handling) and USD 9 in informal fees paid to each of the six agencies involved (customs, quality control, phytosanitary inspection, economic police, border police and handling workers). To keep the export price of rice at a fixed level, these costs lead to a 10-15% reduction in the farm gate price of a ton of exported paddy.

Difficulties in implementing trade policy

Inefficiencies in customs administration affect not only revenue collection but also customs' ability to collect data and compile external trade statistics. Peru's external trade statistics used to be delayed by an average of ten years because of very poor connectivity and a largely manual system of collecting and transmitting information (Zaconeta, 2003). In Mauritania there are strong discrepancies between national trade data and International Monetary Fund (IMF) and United Nations (UN) data, which indicate values about 50% higher than national statistics for exports and nearly 100% higher for imports (Integrated Framework Mauritania, 2001). Although poor collection of trade information does not have the same economic impact as insufficient revenue collection or excessive transaction costs for business, it may generate serious difficulties for the implementation of trade policy, trade surveillance and trade monitoring, including for contingency protection and wider macroeconomic planning. The lack of accurate data also severely compromises the introduction of efficiency-enhancing risk management techniques in customs. The lack of accurate statistics is also regretted by the private sector which would find them useful for market analysis and formulation of marketing policy.

Designing efficient reform programmes

In reaction to the indications of malfunctioning described above, reforms in developing countries have aimed mainly at addressing a lack of efficiency, effectiveness and transparency. In most, if not all, cases they targeted the operation of customs as a government institution and not the impact on the private sector. However, successful customs reform quickly leads to broader improvements in the area of trade facilitation. As successful and less successful reform endeavours clearly show, the essential first step is to correctly identify the problem areas to be addressed. It is widely agreed that a common cause of failed reform is inadequate or insufficient initial analysis or diagnosis. For instance, difficulties for cross-border trade often owe less to the applicable regulatory framework than to procedures and methods of implementation that have developed over the years. A fair number of procedural burdens might be lessened without major legislative changes but might call for a rethinking of the human resource policies applied by border agencies.

Operational problems may arise from a number of interrelated causes that must be addressed comprehensively to ensure the success and sustainability of reform operations. Comprehensiveness and coherence are essential to success, but every reform project faces capacity constraints which make this difficult. For instance, investment in infrastructure facilities and equipment will not reduce commercial transaction costs unless operations relating to foreign trade are free from unnecessary institutional or physical interference. If goods movements continue to be subject to a thorough physical inspection or face several weeks of immobilisation for border crossings, transport infrastructure investments may add to a country’s debt burden without contributing to cost-effective international trade transactions. Conversely, an improvement in transit procedures will fail to solve landlocked countries’ problems if the road and rail network behind the border remains virtually non-existent. It has also been argued that changing the customs valuation process without overall customs reform is unlikely to improve the predictability of the customs process or mitigate significantly the potential impact of the customs process as a non-tariff barrier (Finger and Schuler, 1999).

Consultations with internal and external "focus groups" offer a very promising way to define the requisite changes. Acknowledging this, many reforming countries have established permanent structures for consulting stakeholders. On the other hand, outside experts were used successfully only when the customs administration had a clear understanding of what they wanted them to study. The involvement of economic actors, and in particular the trading community, is essential not only because policy makers can profit from their specific expertise, but especially because it encourages traders to buy into the proposed reforms. It is not uncommon for old, inefficient systems to unintentionally generate privileges and benefits for some traders, who may then hinder the government's reform efforts in order to preserve them. In Pakistan, where the old duty-drawback system effectively provided a "subsidy" to exporters by repaying sums that exceeded the duties collected at import, traders were unwilling to support reforms that would suppress such advantages. The example of Pakistan shows how difficult it is to introduce reforms when there is reluctance, or outright resistance, on the part of the trading community.

To maximise potential benefits, a national strategy needs to take account of the context in which the elaboration of reform policies is undertaken, including the country's particular political and economic goals and constraints, its business culture and sectoral structure, as well as the domestic and international organisational requirements that may influence or be affected by the adoption of the measures. It further needs to factor in infrastructural constraints (including applicable technical requirements and know-how) and the capacity to change. For any reforms driven by international endeavours, including in the WTO, the national strategy needs to instil a sense of ownership among domestic government and business stakeholders and be founded on a clear view of how reforms can best support their development efforts.

Targeting reform areas and the difficulties in the way of change

The main areas in which developing countries have recently undertaken reforms are legislation, information management, human resource policies, organisational structure and enforcement procedures. Some of these are more costly to overhaul than others, but if the reforms are successful, the costs seem to be recouped relatively quickly. This points to the need to think through and plan the reform strategy appropriately in advance. Many of these endeavours clearly require support in the form of technical assistance from donor agencies and countries or private-sector participation (see Box 4.1).

Box 4.1. Some examples of reform costs

***Central and Eastern Europe*:** Total budget allocated for PHARE customs modernisation in the ten candidate countries: ECU 90 million for 1990-97, of which ECU 70 million was contracted (about USD 108 million and USD 84 million). Of these, ECU 42.74 million were used for computerised declaration systems; ECU 6.85 million for anti-smuggling equipment (from x-ray equipment and gas chromatographs to communications equipment); ECU 13.77 million for training; and ECU 2.35 million for management.

***Armenia*:** USD 1.60 million, funded by the World Bank between 1993 and 1997, to draft a new customs law, train staff and automate customs procedures.

***Lebanon*:** USD 3.82 million to train staff, introduce a new tariff classification and automate customs procedures.

***Tunisia*:** USD 16.21 million to automate and simplify customs procedures.

Tanzania (estimated)**:** USD 8-10 million over three years for a comprehensive reform of customs procedures, including computerisation (ASYCUDA, systems for warehouse inventory control and statistical reporting); valuation procedures (adopting the WTO system); speeding up cargo controls; refurbishing customs buildings; administrative reforms (establishment of a new division for valuation and classification, recruitment and training of staff, establishment of an appeals tribunal); legislative reforms (including the implementation of the Harmonized System).

Regulation

Developing country administrations engaged in reform often reported being confronted with archaic legislation, obsolete customs laws that were ill-suited to the new dynamics of international trade, new transport techniques and information technology, or legislative ambiguities that were open to conflicting interpretation. Prior to the reform in Angola there was a colonial legacy of 119 separate customs-related laws, surviving in parallel to more recent legislation, that were outdated, not consolidated and inconsistently applied. Reforming countries often review, consolidate and sometimes repeal existing legislation, aiming through deregulation to replace public interference with market-based commercial practices. In some cases they introduce new customs legislation to reflect new priorities and methods of carrying out the customs function. Regulatory reform often offers an opportunity to introduce provisions that comply with recently undertaken GATT and WTO commitments. The review, simplification and updating of the regulatory framework, together with the rethinking of the institutional framework, are essential prerequisites for modernising the operations of customs and other border agencies and for introducing a stronger focus on facilitation. Legislative reform is the preferred avenue for expressing the political will for change and sets the stage for the more difficult area of institutional and human resources reform.

One of the first steps to be taken is the simplification of the tariff structure and associated arrangements, including trade preferences and duty exemptions. Many of the reforming countries previously had quite complex tariff regimes, including an important number of different duty levels (39 in Peru, ranging from 10% to 84%, which the new customs law reduced to two tariff levels of 15% and 25%). Large differences in rates on the same goods from different sources also add to administrative problems, including the scope for unofficial payments. The reduction of the number of tariff bands makes daily customs operations much easier and facilitates enforcement. Another important step is the introduction of WTO-compliant customs valuation methods. In some cases, as in Angola, once a proper valuation framework is in place and customs staff has been trained, customs can again take responsibility for valuation and do away with PSI schemes.

Automated customs procedures often require regulatory changes to authorise the use of new processes, such as electronic signatures. Other changes relate to banking and insurance operations. Amendments to exchange control regulations may be needed to cover the use of multimodal transport documents in documentary credits issued and negotiated by national commercial banks. A change in the legal status of freight forwarders may be considered to give national operators easy access to the foreign exchange needed to operate as an international freight forwarder. A change in policies concerning import/export insurance may also be necessary.

Information management

Many developing country reforms included introduction of information technology (IT) to assist customs data management and electronic data interchange (EDI). Many countries adopted ASYCUDA equipment and software, with the assistance of UNCTAD. In Lebanon, the introduction of ASYCUDA to accompany the application of the Harmonized System (HS) and of the Single Administrative Document (SAD), cost USD 2.5 million in 1995. In Cambodia, a similar amount was calculated in the context of the 2001 strategic plan for IT development and implementation in order to purchase and implement ASYCUDA or another off-the-shelf system such as the French SOFI, but this did not include staff training and resources for locally maintaining and upgrading the system. IT implementation costs should of course be viewed against the benefits of IT systems in terms of increased revenue; for ASYCUDA, these were estimated at over USD 215 million in the Philippines and USD 100 million in Sri Lanka.

Box 4.2. Peru: Embracing the digital domain

One of the most important projects implemented in Peru's second-generation reforms has been the creation of a customs portal. Previously, customs information on line was only available to a limited number of approved parties with password-protected access. Other parties had to submit documentation by means that were more administratively burdensome. To overcome this inconsistency and offer better service to all traders, it was decided to "optimise customs services through the Internet, enter into the so-called 'Global Information Society' by massively applying and using information technologies, foster a culture of transparency in the state and the Peruvian society, reduce corruption risks, democratise government decisions through greater and enhanced user participation".

The first version of this initiative, Paperless Customs, was a success and led immediately to two more ambitious versions, Digital Customs and Customs Portal. After introducing several legal changes required by this process, the Customs Portal www.aduanet.gob.pe was officially launched on 26 January 2001. User feedback indicated that the huge volume of information available overwhelmed users, and it was decided to reorganise the data into three general categories:

- *Infoaduanas* provides detailed customs information for traders and agents, customs staff and the general public.
- *Remate de aduanas* provides complete information concerning the auction of unclaimed and abandoned goods.
- *Compras de aduanas* contains public information concerning the procurement of goods and services by customs.

The programme was entirely designed and implemented internally, which substantially reduced its final cost. Peruvian customs are justifiably proud of their achievement, which demonstrated the success of first-generation reform in the area of human resources. Total development costs were USD 557 935, broken down as follows:

Development personnel (7 persons)	9 285
Internet server	6 800
Web motor (Java Web server)	650
Java development software	120 000
Firewall (security system)	412 000
7 Computer terminals Pentium III	8 400
Other costs, incl. maintenance	800

The customs portal has been an important facilitation measure. On a practical level, it has drastically reduced customs' paperwork and stationary costs. More importantly, it has increased and improved interaction between customs and traders. A true measure of the importance of this dialogue is the more than 25 000 visitors the portal attracts each day. Aduanet has greatly improved compliance with customs laws and procedures by enhancing users' awareness of applicable requirements and obligations and making it easier for them to comply. An additional motive of satisfaction on the users' side is the possibility to customise digital information to their specific issues and questions.

Source: Zavala (2001).

Information technology can assist and support the introduction of efficiency- and facilitation-enhancing measures in the customs process and is essential for the successful implementation of risk management techniques, but it should not be implemented in isolation or seen as an aim in itself. It is necessary to have a global perception of how and why things are done in a certain way and reform underlying commercial and official procedures and practices before embarking on extensive computerisation. A sudden shift from manual to automated methods without such preparation carries the very real danger of preserving outdated practices and primitive information flows in very expensive computer systems. Errors can be very costly: the expense of setting up and operating an inefficient system adds to the transaction costs borne by businesses. If these are official systems that make legal demands on businesses, these inefficiencies will be passed on and multiplied.

The technical infrastructure of automation involves not only information technology resources, but also telecommunications platforms and legislation governing inter-organisational relations. Automation can be seriously constrained by limited connectivity, variable reliability, high connection costs and a poor general telecommunications infrastructure. In addition, although hardware and software can entail significant costs, they account for only part of true corporate investment in information technology. Additional costs and challenges relate to what is often referred to as "organisational capital" and its importance for successful automation is demonstrated by the Peruvian Aduanet (Box 4.2). Automation that is "imported" without appropriate involvement of and ownership by customs staff may fail to achieve the overall modernisation of customs processes.

Human resources policies

Modification of human resource policies was an essential part of reforms undertaken in developing countries to address the low levels of professionalism that previously plagued customs administrations. This appears as one of the most difficult but very rewarding aspects of customs reform. Prior to the 1991 reform, of the 4 000 staff in Peruvian customs only 2% had university education and a considerable proportion were unsalaried assistants, living on tips and gifts. There were no career plans, as both recruitment and promotion depended entirely on political interference. As a result, customs staff lacked credibility and authority, and there was no training strategy for improving the situation.

Two of the three pillars of Peru's first-generation reform concerned human resource policies to improve the administration's moral stance and professional standards (the third pillar concerned the modernisation and automation of customs procedures). Personnel involved in corruption cases were immediately laid off and the remaining staff were tested for competence so as to retain only those who were sufficiently qualified for customs work. Subsequently, the salaries of those retained increased tenfold and a Code of Conduct was established to communicate the change in culture and standards throughout the organisation. Peruvian customs also adopted new recruitment policies, increasing the proportion of university graduates and widening the range of skills in customs administration by hiring a number of mid-career specialists in economic analysis, statistics, audit and information technology, to support the increasing emphasis on systems-based audits and use of information technology. A policy of intensified training was introduced, and all personnel, including new staff upon recruitment, underwent a year of specific customs training. This brought the level of professional staff in customs from 2% to 55% in 2000, the rest of the staff being customs technicians (16%), specialised technicians (9%) and administrative personnel (20%).

Although initial radical measures for ensuring sound human resources and securing integrity and competence seem particularly important, they have to be accompanied by regular follow-up measures, such as enhanced training, performance assessments and internal audit. In Mozambique, staff performance is assessed on a quarterly basis during the two-year practical training period, and afterwards it is regularly monitored by an internal audit unit, which focuses on systems and procedures, and a staff irregularities unit, which investigates cases of internal fraud and corruption. The system is further supported by the introduction of a Code of Conduct. In Angola, the introduction of an annual appraisal system allows for better matching staff skills to job descriptions and properly identifying candidates for senior positions.

Organisational structure

Several developing countries have focused on streamlining and enhancing institutional structures, and have introduced changes in their concepts of financial and operational management. Reforming governments acknowledge the importance of appropriate and sufficient financial and material resources to create and sustain a productive, high-technology customs administration and they have given customs financial and budgetary autonomy, thereby allowing flexibility in spending, while also strengthening accountability. In Peru, the new customs law initially reserved 2% of customs duty revenues for operational expenses. An additional 1% was then devoted exclusively to infrastructure investments; this enabled Peruvian customs to invest USD 109.3 billion over the period 1991-2000 to build new premises for numerous border posts, totally renovate the automobile fleet, and purchase computer equipment. Making customs responsible for their own financing and linking the level of resources available for their operations to their efficiency in collecting customs revenue meant that, as customs revenue increased, the customs budget also increased. The annual 3% of revenue reserved for the customs budget, which represented USD 18.73 billion in 1991 reached USD 72.57 billion in 2000, an increase of 287% in nine years (Zaconeta, 2003).

Many countries have moved in the direction of an integrated revenue authority operating independently of other government departments in order to improve customs accountability and efficiency. Revenue authorities generally combine customs and tax services to benefit from efficiencies in sharing administration costs, for example for information technology and joint auditing and intelligence gathering. In countries where the civil service is constrained by limited labour and financial resources, revenue authorities have been able to improve revenue collection at little additional cost. In Africa, Uganda, Tanzania, Rwanda, Zambia and Malawi have recently reorganised their customs departments into revenue authorities. In general revenue evasion has declined and revenue collected per staff member has increased. In Tanzania revenue collected per customs staff member tripled after a revenue authority was established. These benefits have to be measured against the one-time costs of establishing the revenue authority.

Enhancing efficiency at the border has also brought customs closer to users by removing layers of management and reducing institutional duplication. Opaque institutional frameworks for border control, with unclear mandates and responsibility dispersed among different agencies, wastes time and resources for both government and business. In Cambodia, a single agricultural import is subject to sanitary and phytosanitary (SPS) controls by the Ministry of Agriculture, checkpoint security and smuggling prevention controls by the Frontier Defence Department, controls by the Economic Police for the suppression of fraud, and monitoring of quality by Camcontrol. In addition, it is the responsibility of the "chief" of border operations at one of the 28 land and river border checkpoints, which represent the provincial governor or the administration of the nearest main provincial city.

Clarifying the roles and responsibilities of several overlapping agencies involved in border control and inspection means not only alleviating the burden of duplicative requirements and controls upon business users but also halving the costs these agencies incur. Customs may take the lead and co-ordinate other agencies' interventions, or even act as a single window for border controls. It is admittedly difficult to get the various agencies involved to work together in the absence of impetus at a relatively high political level. However, as reforms in developing countries have often built upon a relatively unsophisticated institutional environment, single-window entities seem to have been easier to put in place than in developed countries.

Finally, a number of countries have privatised some management and operational activities that could be transferred to the private sector in certain policy environments, so that government agencies could concentrate on their main tasks. Privatisation of port operations seems to be quite successful. When the government of Chile authorised the private sector to establish stevedoring companies as a way to introduce competition in cargo handling and storage operations, cargo-handling productivity in the port of Valparaiso increased from 2 060 boxes of fruit per hour in 1978-79 to 6 500 in 1985-86. At the same time, vessel port-stay times decreased from 129 to 40 hours and per box costs from USD 0.54 to USD 0.26 (ECLAC, 1992). Guasch and Hahn (1999) report that competition in operations at port terminals in Buenos Aires has led to an 80% reduction in fees charged, while opening port operations to multiple parties in the port of Montevideo has increased productivity by 300% within a year of deregulation.

Procedures and enforcement

Procedures and enforcement have been a focus for a number of developing countries. The aim is to expedite clearance of legitimate shipments while accurately targeting irregular transactions. Modernised enforcement strategies and working methods emphasise flexible, risk-based and targeted operations, employing intelligence as the principal weapon to identify fraud and smuggling, and effective deployment of limited resources. Achieving sustainable progress in this field raises many difficulties. Although many customs procedures seem outdated and cumbersome, they are often deeply entrenched and difficult to change. In Pakistan, reform of the legislative framework to introduce more trade-enabling post-import controls was expected to benefit both government (by suppressing some exporters' undue advantage) and businesses (by reducing excessive transaction costs). However, the reluctance of customs to relinquish traditional controls over the movement of goods, and concerns that revenue performance would deteriorate, have meant that, in practice, most customs procedures have remained unchanged and the reform has not delivered the expected outcomes.

In some systems, procedures appear designed to maximise opportunities for negotiation between traders and customs officials. They offer no objective basis for limiting what an official might demand, no basis for knowing what is expected at each step and no basis for appeal to a higher authority, even if there were provision for such appeal. As officials use those opportunities to supplement very low salaries by inspecting each consignment, there is a strong disincentive to adopt a risk management system that is already hampered by the lack of information and data management capacity.

Partnerships with businesses and other government agencies, as well as closer co-operation with foreign customs administrations to combat drug trafficking and other commercial fraud activities more efficiently, are among the most useful tools for improving enforcement. Business partnerships were used with considerable success in Mozambique, where reform planning relied quite heavily on feedback by traders, whose continuing involvement was ensured through a public relations section established by the reform project board.

Some countries that lack the capacity to implement risk management techniques themselves use pre-shipment inspection companies to reengineer the import process. This information is used as a basis for targeting inspections on high-risk shipments and away from companies with a good record of compliance. However, although the involvement of pre-shipment inspection companies has made it possible to move away from 100% physical inspection, it maintains the dependence of the customs administration on external support and delays the acquisition of inhouse capacity.

This makes it possible to move from 100% physical inspection to selective inspections and concentration on high-risk shipments, and to eliminate repetitive inspection of companies with a high level of compliance. However, to reap the full benefits, the customs administration itself has to be involved in rethinking the procedures.

Quantitative reform results

There are a number of success stories in the area of customs reform in developing countries, although there have also been failures. The most important immediate evidence of success seems to be the increase in customs revenue together with a reduction in operating costs; these often pay back relatively quickly the investments in customs modernisation. This sort of success usually allows for introducing further improvements and ensuring the long-term sustainability of the reform process. Equally importantly, many of the internal efficiency-enhancing measures have a very clear positive impact on trade facilitation. The clarification and consolidation of customs legislation, the adoption of risk-based controls and the limitation of physical examination, the improvement of the quality of customs staff, to cite a few measures, strongly facilitate trade because procedures are simplified and made more efficient, clearance times are reduced and undue transaction costs eliminated. The following examples offer a very brief reminder of the kind of benefits that successful reforms have brought both to the governments that undertook them and to the trading community.

Improved revenue collection

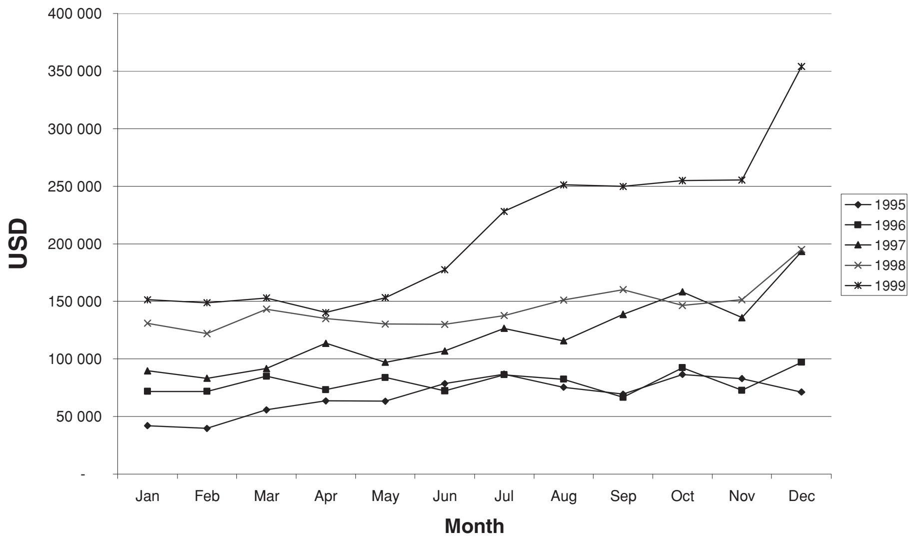
The most remarkable achievement of the Peruvian reform was the combination of a reduction in tariffs and personnel and a huge increase in revenue. Following the reform, staff numbers were reduced by approximately 30%, from 3 800 to 2 600 persons, and customs revenue increased by 335%, from USD 626 million in 1990 to USD 2726 million in 2000. The increase was largely due to more efficient customs controls, as the percentage increase in revenue was considerably higher than the percentage growth of imports during that period.

In Mozambique, the tangible benefits from increased revenue collection have greatly exceeded the overall costs of the five-year reform programme. During the programme's first two years, customs revenue increased by 38.4% in spite of significant reductions in duty rates and a 0.2% decrease in imports (Figure 4.1). Investments made during the initial stages of the programme were recouped within 14 months. Moreover, it is estimated that the improvements in customs revenue collection, the use of importer identifier numbers, the introduction of automation and improved co-ordination among agencies increased not only customs revenue but also valuable intelligence information which can be used by the authorities to improve the collection of domestic taxes.

Moreover, it is estimated that more effective collection of taxes at the borders, and the use of importer identifier numbers, the introduction of automation and improved co-ordination among agencies have all led to an increase in the availability of information that is valuable for verifying and auditing traders' other tax obligations.

Cost-to-collection ratios in Mozambique compare favourably with OECD benchmarks (where the cost to government of collecting USD 1 000 of revenue lies in a range of USD 15-25) and are now superior to those in many other developing countries. The costs of customs revenue collection during the first four years of the reform programme varied between 1.86% and 3.42% of total revenue collected (Table 4.1). This suggests that while customs costs increased dramatically during the early, very demanding stages of the programme – as new staff were recruited and trained, and the customs administration's infrastructure was developed – these extra costs have been compensated for by subsequent rises in overall collection levels.

Figure 4.1. Revenue performance of customs in Mozambique



Source: Crown Agents, 2003.

Table 4.1. Measuring the efficiency of customs in Mozambique

USD millions

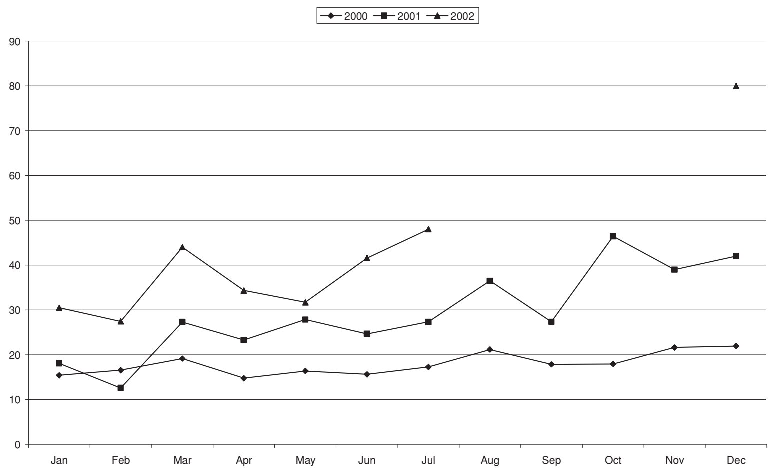
	1997	1998	1999	2000
Revenue collected	125.5	146.0	198.3	236.4
Total customs costs	2.33	5.00	6.14	6.4
Cost as a % of revenue	1.86	3.42	3.10	2.71

Source: Crown Agents, 2003.

In Angola, customs revenue figures in 2001 were 50% above those recorded in the previous year, rising from approximately USD 230 million to USD 345 million, and expectations for 2002 were around USD 500 million (Figure 4.2); the total cost of the reform over the two years was USD 84 million. The increase in revenue indicates that the reforms in effect pay for themselves during the lifetime of the reform process.

Figure 4.2. Revenue performance of customs in Angola

Monthly revenue receipts, 2000-02



Source: Crown Agents, 2003.

Reduced clearance times

In Peru, electronic cataloguing and identification of high- and low-risk shipments allowed officials to reduce physical inspection rates from 70-100% to a maximum of 15% and average clearance times fell to between two hours and two days. In Chinese Taipei the new air cargo and sea cargo systems have reduced average customs clearance time for air cargo to 21 minutes and for sea cargo to two hours, 35 minutes. In Costa Rica, the trade facilitation programme has decreased the average clearance time for goods from six days in 1994 to 12 minutes in 2001, with just under two hours for goods undergoing physical inspection.

In the Bangladesh port of Chittagong about 40% of bills of entry are now cleared in two working days or less. In 2001 the average number of bills of entry cleared in two days or less increased by 25% a month. Bills of entry taking seven days or more for clearance were reduced from about 26% to 21%, usually because follow-up customs enquiries were necessary (Mobarak Ali Molla, 2001). In Maputo 80% of road imports and 62% of imports by sea are cleared by customs within 24 hours of submission of correct documentation; this is 40 times faster than the pre-reform rate, making Maputo one of the most efficient terminals in Africa.

Reduced transaction costs

In Chile, the cost of implementing customs automation amounted to some USD 5 million. Two-thirds of this was borne by the private sector which had participated in the discussions and planning that accompanied the reform process; this amount was very quickly recouped through estimated business savings of more than USD 1 million a month The introduction of the system has also meant a decline in data entry errors from 14% to 2% (WTO, 2000).

Studies suggest that Singapore's TradeNet reduced trade documentation processing costs by 20% or more, owing to the replacement of over 20 paper forms required previously by a single on-line form and resulting savings in time and better deployment of staff. Faster turnaround made it possible to better organise shipments and overall production activities (see Box 5.5 in Chapter 5).

Trade facilitation as a development tool

Several conclusions may be drawn from the experiences of developing countries discussed in this chapter concerning the reform of customs administrations and the best means of implementing reforms.

An increase in revenue is often a stronger incentive for reform than trade facilitation. Most customs and border procedure reforms in developing countries are primarily motivated by a wish to augment government revenue, while successive tariff reductions in recent years have made more efficient revenue collection a necessity. Despite increasing evidence that trade facilitation has significant positive effects on the economy overall, some poorer countries still seem to view it as a luxury. In some cases, there is a perceived conflict between facilitation aims and governmental objectives. The case of Pakistan underlines the possible tension between a government's need to protect revenue and the trading community's demands to be freed from unnecessary regulations and interference. The reluctance within customs to relinquish traditional controls over the movement of goods and to rely instead on more trade-enabling post-import controls reflected concerns that revenue performance would deteriorate.

Successful reform quickly translates into improvements that greatly facilitate trade. Many of the efficiency-enhancing measures have a very clear trade-facilitating effect. The clarification and consolidation of customs legislation, the adoption of risk-based controls, the limitation of physical inspection and the improvement of the quality of customs staff all contribute by simplifying procedures, reducing clearance times and eliminating undue transaction costs.

Both successes and failures suggest that *the design of customs reform programmes must be tailored to particular circumstances and needs, so as to ensure ownership and sustainability*. Sufficient attention needs to be paid to involving both customs and trade in the reform design process and to sensitise them to the longer-term gains from the measures planned.

A *holistic approach to customs reform can yield more sustainable results than a piecemeal approach in terms of trade facilitation*. The modernisation programmes described in this chapter suggest that a phased, comprehensive customs modernisation programme is likely to lead to trade facilitation as a natural consequence of the overall transformation. Even though increased revenue may be the immediate spur for reform, the demands of government and of the trading community need not be at odds with each other. The alternative to wide-scale reform – piecemeal efforts to meet specific trade-related international standards such as customs valuation – is likely to be less successful, not least because such initiatives do not necessarily take into account the capacity of a customs administration to cope with change.

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Acronyms and Abbreviations

ABAC	APEC Business Advisory Council
ACE	Automated Commercial Environment
ADB	Asian Development Bank
AFIP	Federal Administration of Public Revenue (Argentina)
APEC	Asia Pacific Economic Cooperation
APFC	Asia Pacific Foundation of Canada
ASEM	Asia-Europe Meeting
ASYCUDA	Automated System for Customs Data Processing
BDV	Brussels Definition of Value
BSCC	Baltic Sea Customs Conference
CAP	Collective Action Plan
CASE	Customs Automation Services (Jamaica)
CBR	Central Board of Revenue
CCRA	Canada Customs and Revenue Agency
CEMP	Customs Expansion and Modernisation Programme
CGE	Computable general equilibrium
CIS	Commonwealth of Independent States
CRMS	Customs Risk Management System
CTB	Customs and Tariff Bureau
CTG	Council for Trade in Goods (WTO)
DDA	Doha Development Agenda
DFAT	Department of Foreign Affairs and Trade
DFID	Department for International Development (UK, ex ODA)
DI	Destination Inspection
DTRE	Duty and Tax Remission for Exporters

EC	European Commission
EDI	Electronic Data Interchange
ESCAP	Economic and Social Commission for Asia and the Pacific
EU	European Union
FAST	Flexible Anti-Smuggling Team
FDI	Foreign Direct Investment
FoB	Free On Board
FTA	Free Trade Agreement
G7	Group of Seven
GAINDE	Gestion automatisée de l'information douanière et économique)
GATT	General Agreement on Tariffs and Trade
GoP	Government of Pakistan
GSP	Generalised System of Preferences
GTAP	Global Trade Analysis Project
HS	Harmonized System
IADB	Inter-American Development Bank
IAP	Individual Action Plan
ICC	International Chamber of Commerce
ICT	Information and Communication Technology
IDA	International Development Association (World Bank)
IMF	International Monetary Fund
IOC	Input Output Co-Efficient
IOCO	Input Output Co-efficient Organisation
ISIDORA	Internet-Integrated System For Customs Operations and Regulations (Chile)
IT	Information Technology
JETRO	Japan External Trade Organization
JICA	Japan International Co-operation Agency
JSEPA	Japan-Singapore Economic Partnership Agreement
LAC	Latin American and Caribbean countries

LDC	Least Developed Countries
MIS	Management Information System
MOF	Ministry of Finance
MoFP	Ministry of Finance and Planning (Mozambique)
NAFTA	North American Free Trade Agreement
NCTS	New Computerised Transit System (EU)
NGTF	Negotiating Group on Trade Facilitation (WTO)
ODA	Overseas Development Administration (UK, now DFID)
PAT	Port Authority of Thailand
PRINCE	Project Management in Controlled Environments
PSI	Pre-Shipment Inspection
SAD	Single Administrative Declaration
SBE	Single Bill of Entry
SIM	*Sistema Informático María*
SIU	Staff Irregularities Unit
SME	Small and Medium-Sized Enterprise
SOFI	Computer System for International Freight *(Système d'ordinateurs pour le fret international)*
SPS	Sanitary and Phytosanitary
SRC	Survey and Rebate Cell
TEDI	Trade Electronic Data Interchange
TEPI	Trade, Export Promotion and Industry Initiative
TIMS	Trade Information Management System
TPR	Trade Policy Review
TTCs	Trade Transaction Costs
UMA	Angolan Technical Unit for Customs Modernisation
UN	United Nations
UN/CEFACT	United Nations Centre for Trade Facilitation and Electronic Business
UN/EDIFACT	UN Directories for Electronic Data Interchange for Administration, Commerce and Transport

UNCTAD	United Nations Conference on Trade and Development
UNECE	United Nations Economic Commission for Europe
URA	Uganda Revenue Authority
USTR	United States Trade Representative
UTRA	Mozambique Customs Rehabilitation Unit
VAN	Value-Added Network
VAT	Value-Added Tax
WCO	World Customs Organization
WTO	World Trade Organization

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