Experience of Pakistan Customs on Automation, Trade Facilitation and Single Window Initiatives

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Scheme of Presentation

• The Perspective: Goals Of National Trade Facilitation Strategy
• Pakistan Customs — Short to Medium Term focus
• Situation before launching of Pakistan Customs Computerized System (PaCCS)
• Objectives and salient features of PaCCS
• Achievements and setbacks
• Lessons Learnt and Way forward
Trade Facilitation Strategy

• To reduce cost and time of international trade transactions
• To achieve greater compliance and consistency with international trade related conventions and standards
• To establish competitive trade corridors to support domestic cargo and transit trade
• To achieve a uniform automated platform for processing cross-border transactions
• To improve partnership arrangement with multinational agencies
Customs – Short to Medium Term Focus

• System automation
• Reduction in dwell time
• Harmonization, simplification and transparency of procedures and documentation
• Data exchange, management and assessment
• Intelligence based risk management and physical intervention
• Post clearance audit
Customs – Short to Medium Term Focus

• Regional transit development
• Technical capacity building
• Regulatory agencies and private sectors service providers to be engaged towards creation of a single window environment
• Increased interaction with regional TF bodies and supra-national institutions
• A standard approach to supply chain management and security
Situation before introduction of Pakistan Customs Computerized System
Pre-PaCCS
Pre-PaCCS

• Multiple windows
• Paper environment
• Complex clearance procedures
• Clearance Speed
• Fragmented Customs
• Corruption
• Multiple copies & multiple mandatory documents
• Documents had to be carried from desk to desk by the declarant
• Average Customs clearance time minimum 3 days
Pre- PaCCS

34 signatures and 62 verifications

Customs documents had to be carried desk to desk
Pre-PaCCS
Report showing the time lapse between GD filing & clearance by Customs

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A Major Break Through

In Feb 2002, Central Board of Revenue started work on Customs Administrative Reforms (CARE).

In March 2005 Pakistan Customs Computerized System (PACCS) was launched.

PACCS, a result of tireless in-house work done by Customs Officers over four years, with M/S Agility as I.T Support Company
Objectives

• To adopt risk-based clearance system (Revised Kyoto Convention)
• To bring transparency, uniformity and efficiency by R-engineering the processes
• To minimize customs clearance and dwell times
• To maintain records electronically
• To modernize customs procedures as per international best practices
• To achieve a balanced approach between control and facilitation
• To reduce cost of doing business
• Minimize Dwell Time (clearance time at port till clearance -- under 24 Hours)
• Minimize Customs Processing Time (Under 04 Hours)
• Paperless and single window environment (at customs level and then at national level)
• Transparency and Integrity (no surprises for trade, less interaction with the customs and less discretion of customs)
Starting Point

• Single window
• Paperless virtual environment
• Self assessment
• Clearance Speed
• Integrated Customs
Salient Features

• One window, 24x7 virtual system
• Automated self assessment/processing of declarations
• Risk-based selectivity approach in assessments and inspections
• Simplified procedure for duty drawback
• Efficient Management Information System
• Elimination of multiple procedures
• Adherence to international standards
• On-line manifest filing by shipping lines
• All routine custom processes performed online by customs without involvement of trader or agent
Salient Features

• Online connectivity between the carriers, Customs and terminal operator

• One electronic document for the carriers

• Online inventory and monitoring of ports. No Customs staff at the gates (e-gates)

• No requirement by Customs for export manifest

• Risk screening prior to arrival of the vessel

• Instant duty drawbacks with the sail of vessel
Salient Features

• PaCCS Modules
  • Advanced Carrier declaration
  • Advanced screening for Risky Cargo
  • On line Goods declaration
  • Payment Management System
  • Risk Management System
  • Assessment Management System
  • Clearance Management System
  • Status Reporting System
  • Adjudications
  • Auctions
  • Warehousing
Efficiency

Dwell time 07 Days
Import 04 Days
Export 79 Hrs
Customs Processing Time 37% in 24 Hrs
Setback

• Issues with the system managers (m/s Agility)
• Pilot Project extended beyond time limit
• Dependence on developers for changes in system
• Development of Weboc
• Termination of arrangements with m/s Agility
• Replacement of PaCCS with Weboc
• Roll out of Weboc
Lesson Learnt

• Political support and commitment
• A well defined legal arrangement with IT Support Company
• Focus should be on the outputs rather than the inputs
• Involvement of private sector in identifying and monitoring progress
• Other government agencies to be persuaded for change
• Financial aspects
• Effective collaboration between stakeholders
• Create broader ownership
• Appropriate regulatory environment
• Step-by-step approach for analysis, planning and implementation of Single Window
• Ownership of the reform by customs (we have initial opposition which slowed down development process – now gradually developing)

• There should be a dedicated reform team from beginning to end (frequent changes in team was a severe blow initially -with no ownership)

• Strategic planning (long term and short term planning document developed at much later stage for indigenous system – initially not focused and directionless)

• Liberate the reform team from red tape (project office set up, purchasing/tendering process, incentives for attracting brains, motivation to perform, hiring of IT consultants from private sector etc)

• Customs must re-engineer its business processes (not necessarily automate old archaic manual process)
• Administrative impediments (It has not been declared as project as yet - no approval from Planning Commission and Ministry of Finance)

• Legislative Inertia (difficult to get through legislation and procedural approvals relating to other ministries/departments)

• Appropriate remuneration and special allowance for reforms project team

• Lack of Succession Planning (new officers posted – legacy not passed on)

• Resistance to change (small customs agents and traders opposed fearing they will be out of business after automation – opposition from junior staff for fear of transparency)
• Lack of Self Reliance – government and customs have no funds to finance expenses of reform project
• Effective Capacity Building (still facing capacity issues for junior staff)
• Delayed Support and Troubleshooting (problem with foreign company)
• Requirement of IT staff not properly gauged (customs and business analyst completed many modules but software could not be developed due to lack of shortage of IT personnel)
Way Forward

• Roll out of system to all customs stations Started
• Connecting with other governmental agencies
• Infrastructure and logistics services for expanding regional trade
• Creation of an integrated national logistics platform to improve operations of entire import – export chain
• Integration of national single Window into regional information exchange system
Inter-Government

Tremendous Impact Across Essential Government Organizations

- Economic Affairs Division
- Ministry of Foreign Affairs
- Ministry of Education
- National Bank
- Civil Aviation Authority
- Ministry of Commerce
- Ministry of Health
Way Forward

WeBOC Implementation across Pakistan
Integration with allied government agencies
Creating a National Single Window bringing business, logistic providers, service sectors on a platform for seamless integration of trade
Integration of NSW into Regional Information Exchange System
Thank You