

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

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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

Days.	Count	%age	Cum %age
0	10	0.71%	0.71%
1	125	8.93%	9.64%
2	197	14.08%	23.72%
3	172	12.29%	36.01%
4	206	14.72%	50.73%
5	195	13.93%	64.66%
6	151	10.79%	75.45%
7+	343	24.51%	100%

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

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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

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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

- 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)

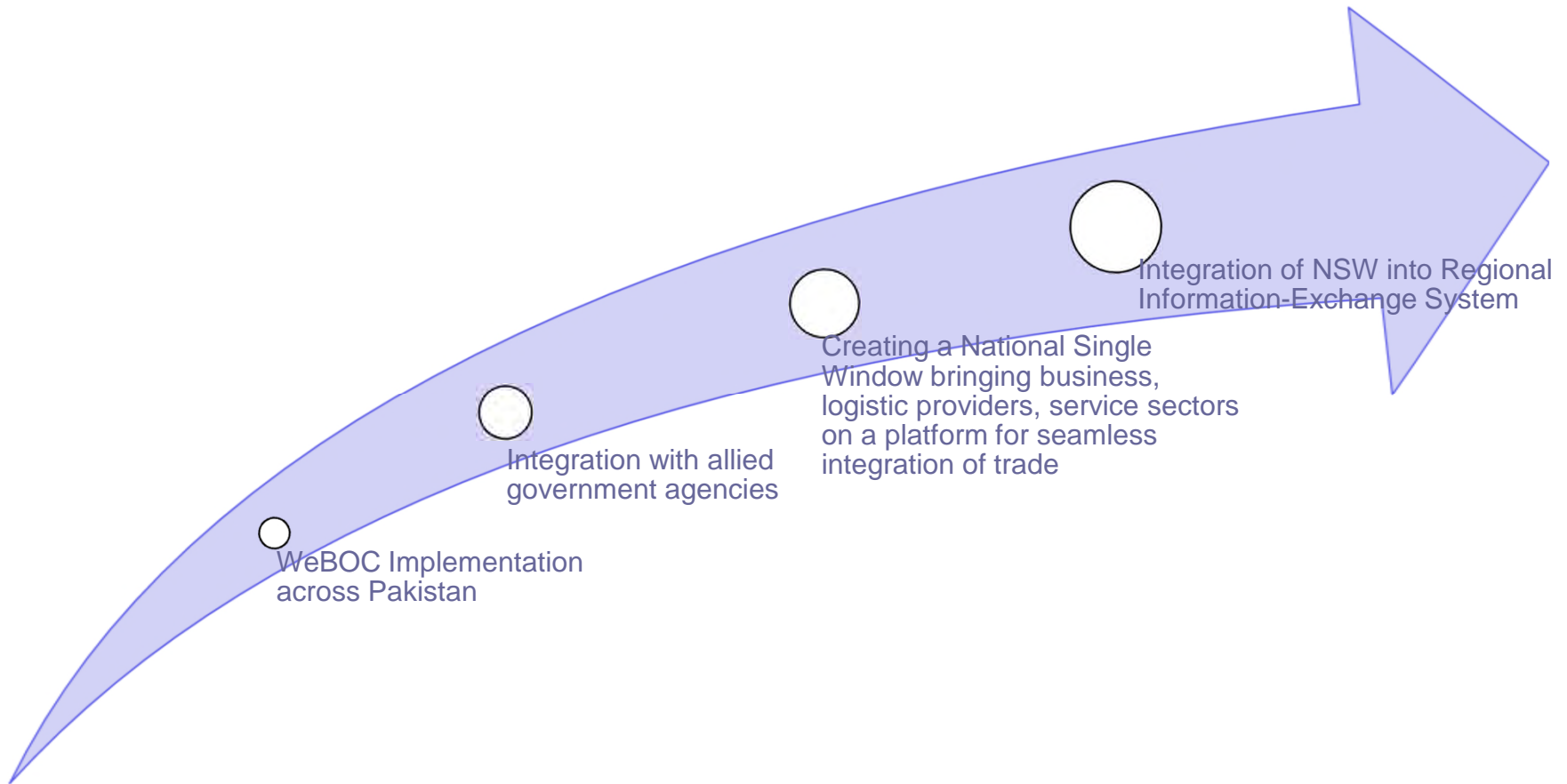
- Lack of Self Reliance – government and customs have no funds to finance expenses of reform project
- Effective Capacity Building (still facing capacity issues for junior staff)
- Delayed Support and Troubleshooting (problem with foreign company)
- Requirement of IT staff not properly gauged (customs 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



Way Forward



Thank You