ONE, ONE, COCO FULL BASKET:

THE BALI AGREEMENT AND CARIBBEAN CUSTOMS

Jose Eduardo Gutierrez Ossio 1/
Puebla, Mexico
September 2014

1/ Sr. Public Sector Specialist in the Trade & Competitiveness Global Practice of the WBG. The findings, interpretations, and conclusions expressed in this presentation are entirely those of the author. They do not necessarily represent the view of the World Bank Group, its Executive Directors, or the Governments they represent.
Content

- Introduction
- Assessments Main Results
- Summary of Findings
- Gaps Identified
- Some Detailed Recommendations
- Broader Customs Reform
Introduction

- Motivation for the paper
- SEMCAR Program and the Customs Component
- Small States facing particular challenges
- Seven countries in-depth diagnosis on Customs performance
  - Barbados (November 2011),
  - Saint Lucia (November 2011),
  - Jamaica (September 2012),
  - Saint Vincent and the Grenadines (October 2012),
  - Suriname (November 2012),
  - Trinidad and Tobago (February 2013), and
  - Guyana (February 2014)
- The objective of the diagnostic work was twofold, namely:
  - to establish a baseline scenario; and
  - to deliver technical assistance directed at the adoption of good practices
Introduction (Cont’d)

- Current practices against a set of good practices as promoted by the World Trade Organization (WTO) and the World Customs Organization (WCO.)

- Customs administrations realized the usefulness of benchmarking against international standards

- The desire to meet international standards provided a strong incentive for senior officials to design and implement new reforms based on accepted good practice.

- Ensuring trade facilitation will streamline the Global Value Chains (GVC) performance since moving goods and inputs across borders will be expedited.
Assessments Main Results

- Three main weaknesses underscored by the diagnostic work were identified: trade facilitation, information systems, and strategic thinking.
- The lack of SOPs creates uncertainty about how Customs officials make decisions compounded by the fact that appeals mechanisms generally operate poorly.
- The lack of SOPs also impacts negatively on the effectiveness of Information and Communication Technology (ICT) core systems.
- In all cases manual processes are maintained and paper based documents still need to be presented during the clearance process.
- As a result, Customs transactions are characterized by inefficient paper based procedures that operate in parallel to automated ones.
- Lack of systematic electronic submission of the cargo manifest before the cargo arrives at the country, even though in each case the ICT systems were capable of accepting electronic manifests.
- They frequently focused on meeting revenue collection targets rather than developing other equally important customs objectives including trade facilitation, community protection and national security.
Assessments Main Results (cont’d)

Figure # 1: ESC Customs Administrations:
% of import declarations that are physically or documentary examined by the Customs office

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>St. Lucia</td>
<td>100</td>
</tr>
<tr>
<td>Barbados</td>
<td>75</td>
</tr>
<tr>
<td>Jamaica</td>
<td>84</td>
</tr>
<tr>
<td>St. Vincent and the Grenadines</td>
<td>100</td>
</tr>
<tr>
<td>Suriname</td>
<td>35.21</td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td>41.15</td>
</tr>
<tr>
<td>Guyana</td>
<td>41.43</td>
</tr>
</tbody>
</table>
Assessments Main Results (cont’d)

Figure # 2: ESC Customs Administrations:
Rate of detection in examinations (as % of examinations)
Gaps Identified

Table # 1: ESC Customs Administrations Bali TFA Implementation Status

<table>
<thead>
<tr>
<th>Country</th>
<th>Implementation Time line</th>
<th>Compliant</th>
<th>Partially Compliant</th>
<th>Not Compliant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barbados</td>
<td>1-4 years</td>
<td>6</td>
<td>11</td>
<td>28</td>
</tr>
<tr>
<td>Guyana</td>
<td>1-3 years</td>
<td>7</td>
<td>10</td>
<td>28</td>
</tr>
<tr>
<td>Jamaica</td>
<td>1-3 years</td>
<td>10</td>
<td>15</td>
<td>20</td>
</tr>
<tr>
<td>St. Lucia</td>
<td>1-2 years</td>
<td>10</td>
<td>16</td>
<td>19</td>
</tr>
<tr>
<td>St. Vincent and the Grenadines</td>
<td>1-3 years</td>
<td>8</td>
<td>11</td>
<td>26</td>
</tr>
<tr>
<td>Suriname</td>
<td>1-4 years</td>
<td>5</td>
<td>12</td>
<td>28</td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td>1-2 years</td>
<td>11</td>
<td>15</td>
<td>19</td>
</tr>
</tbody>
</table>
Gaps Identified (Cont’d)

- Article 1: No major dissemination of critical information.
- Article 2: No systematization of consultation processes.
- Article 3: No formal procedure to cover advancing ruling.
- Article 4: No effective appeals mechanism is operating.
- Article 5: No systematic risk management criteria exist.
- Article 6: Budget issues challenge fees and charges rationalization.
- Article 7: No major and effective trade facilitation measures were found.
- Article 8: Duplications and overlaps exist.
- Article 9: it is not possible to change another import destination within countries.
- Article 10: Trade facilitation aspects are not at the core of the organizational culture.
- Article 11: No effective control measures are in place (i.e. control of times, weights, or electronic controls based on an information system).
- Article 12: No formal agreements exist between Customs administrations or border agencies were identified.
Some Detailed Recommendations

Sequencing

- In order to successfully implement Article 10.1 (Review of formalities and documentation requirements and reduction and rationalization of these requirements) it is first necessary to identify and collate all requirements. This also needs to be undertaken to achieve Article 1.1 – and 1.2 (Publication and Availability of Information) and would greatly assist effective implementation of Article 2 (Prior publication and consultation).
- In order to implement Article 10.4 (Single Window) Arts 10.1 and 10.2 need to be completed first.
- All require strong and effective inter-agency coordination such as outlined in Article 8 (Border Agency Cooperation).
- That in turn requires a sound and fully effective coordination and governance mechanism as proposed under Art 13.2 (National Committee on Trade Facilitation).
- Logically, establishing the National Committee on Trade Facilitation would be a sensible first step.
## Some Detailed Recommendations (Cont’d)

<table>
<thead>
<tr>
<th>Article</th>
<th>Recommendation</th>
<th>Estimated Time Frame</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article 1: Publication and Availability of Information (Publication, Information available through Internet, and Enquiry Points)</td>
<td>The ESC Customs administrations should work in completing and signing off the SOPs for the main customs regimes such as imports, exports, and transit. In addition, countries interested on attracting investments for free zones and duties free should complement the mentioned SOP package by producing the associated SOPs for the indicated suspensive regimes. The SOPs could be as simple as the Guyana's ones or they might include references to legislation, workflows, definitions, systems functionalities, and others in accordance to each administrative legislation guidelines. The bottom line, however, should be improving the control mechanisms to preserve revenue collection and promoting the use of risk management systems and border agencies collaboration and coordination. Ideally the process should be carried out in consultation with the involved private sector to incorporate their views on the operational procedures and promote voluntary compliance. Assessments motivated the ESC Customs offices to update critical information through their Corporate Web page such as legislation updates. In the same spirit once the SOPs have been completed, they should be uploaded into the Corporate Web page as the Guyana Customs did by the end of the assessment. Finally ESC Customs offices should not only continue the dissemination information about enquiries points but also keep a track record of the status of the lodged enquires.</td>
<td>3 months to 1 year.</td>
</tr>
</tbody>
</table>
Broader Customs Reform

Figure # 11: ESC Customs Administrations
Blue Print for a Change Management Strategy for Customs Modernization

- Workload Analysis
  - Workload Analysis
  - Adjustments to the organizational structure
  - HR Profiles and policies

- Change Management issues
  - Communication
  - Human factor
  - Managers role
  - Expectations
  - Uncertainty
  - Capacity building
  - Case by case solutions

- Feedback Mechanisms with Stakeholders

- Core Information System
  - Core Information System
  - Control mechanisms
  - Chart flows for dissemination and training
  - Risk management
  - Legislation update

- Modern Customs
  - Modern Customs
  - Performance Oriented Bali ATF full implementation

- Base Line
  - Base Line
  - SOPS
  - HR Competences
  - Reallocation of staff

- "Hard" Aspects
  - "Hard" Aspects
  - "Hard" Aspects

World Bank Group
Trade & Competitiveness