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Customs Facilitation & the Panama Canal Expansion

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Overview: The Panama Canal Expansion

- Panama Canal Authority: expansion 50% complete (Source: Bloomberg.com – article published January 17th 2013)
- Commercial Transit expected to commence in June 2015 (2.5 years from present)
- Successful completion will allow Post-Panamax Vessels to transport up to 13,000 TEUs, more than double the current maximum of 5,000 TEUs
- Significantly impacts upon trade possibilities in the ACS region... where are we now and what are some change imperatives?

Where are we now: Ease of doing business within ACS region

- Highest ranked ACS full member states on World Bank's Ease of doing business report (as at end of 2012):
 - Colombia (ranked 45th out of 185 countries)
 - St. Lucia (53rd)
 - Panama (61st)
- For the 3 top ranked countries, the Trading Across Borders rankings are 91st, 109th and 9th respectively... (cont'd)

Where are we now: Ease of doing business in ACS

- Apart from Panama, no country within the ACS region is ranked within the top 15, and few ranked within the top 50 in terms of Trading Across Borders
- Lowest Ranked ACS countries:
 - Honduras (125th)
 - Suriname (164th)
 - Venezuela (180th)
- Majority of remaining lowest ranked countries are African states
 - Most important economic players globally ranked higher than the ACS member states

Global Competitiveness Report 2012-2013

- Highest Ranked Countries in Government Provision of Services for improved business performance (World Economic Forum's GCI Report 2012-2013)
 - Barbados 45th (out of 139 countries)
 - Mexico 57th
 - Colombia 69th
- Reports indicate “low” ranking of ACS members relative to the rest of the world
- Considerable room for improvement within the ACS (change imperatives to be discussed later)

Modernizing the Customs Facilitation Environment

- The United Nation's UNCTAD – Developed the Automated System for Customs Data (ASYCUDA)
- Latest version: ASYCUDA World - Benefits:
 - Automated handling of all steps of Cargo clearance process for all Customs procedures
 - Built in capability to support national specific requirements and frequent regulation changes
 - Copes with different organizational structures
 - Full risk assessment and selectivity module

Modernizing the Customs Facilitation Environment (cont'd)

- ASYCUDA World – Benefits
 - Full support of e-government and capability to inter-operate on-line with external/governmental systems and databases.
 - Increased capabilities for accounting, post-clearance audit, statistics and information management.
 - Easier aggregation of data at regional and international levels. Better and faster economic decision-making
- SOURCE: ASYCUDA Website:
<http://www.asycuda.org/default.asp>

ASYCUDA World and Customs Trade Facilitation

- Benefits reveal that it is a major tool in Customs Trade Facilitation globally
- Benefits are in line with the Mandate and Objectives of the ACS Working Group
- However ASYCUDA World: not yet implemented in all ACS countries (only partially implemented in Trinidad and Tobago in 2012)
 - Some ACS member states are still using the most outdated version of ASYCUDA – v2.7
- **Significance:** countries must expedite actions necessary to implement ASYCUDA World to meet the goals of Trade Facilitation



Barriers to full ASYCUDA World Implementation in T&T

1. Outdated legislation and challenges associated with amendment
2. Integration with other government agencies (e.g. Ministry of Trade and Industry, Ports of Port of Spain and PLIPDECO)
3. Inadequacy of Customs and Excise personnel to properly administer the system

Barriers to full ASYCUDA World Implementation in T&T (cont'd)

4. IT infrastructure of importers and exporters (users of the system)
5. Human and cultural factors – resistance to change from within
6. REGIONAL BARRIER: ACS countries at different stages of economic, institutional and socio-cultural development

Other elements in the Trade facilitation Process (T&T)

- The efficiency of a country's Ports
 - NAVIS SPARCS N4
- Processes involved in product certification and implementation of standards (TTBS, CFDD)
- The Single Electronic Window for Trade Facilitation
 - Electronic Signatures, Electronic Payments, Efficiency in business start up, faster process in obtaining licenses/trade certificates
- Connectivity of and compliance by Shipping Lines / Shipping agents

Other elements in the Trade facilitation Process (cont'd)

- Payment of demurrage charges to container recover/detention agencies
- Training of users of all users of the system
- Lack of continuity in government policy and strategy due to changes in political administrations

Impending Panama Canal Expansion – Imperatives for ACS members

- Each country must benchmark itself against the rest of the world – role of the Logistics Performance Index; GCI, Ease of doing business report etc.
- Benchmarking should be followed by evaluation of financial, institutional, human resource, infrastructural and other requirements to meet international standards
- Also involves stakeholder consultations with other regulators and players in the Trade Facilitation process
- Role of the CSME and ACS: essential point of reference for ensuring regional uniformity in Customs Administration

Thank You

