

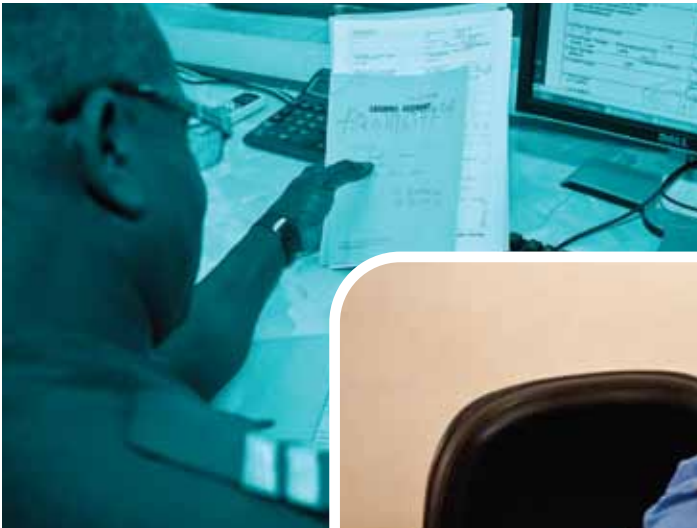


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IMPLEMENTING AN EXPEDITED CLEARANCE PROCESS AT AFLAO, GHANA

Assumptions, Risks, and Benefits



DRAFT

WEST AFRICA TRADE HUB REPORT

February 2012

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ACRONYMS

BIC	Border Information Center
COO	Certification of Origin
CBP	United States Customs and Border Protection
C-TPAT	Customs Trade Partnership Against Terrorism
ECOWAS	Economic Community of West African States
ETLS	ECOWAS Trade Liberalization Scheme
EU	European Union
FCVR	Final Classification and Valuation Report
FAST	Free and Secure Trade
HS	Harmonized System
ISA	Importer Self-Assessment
IT	Information Technology
MOTI	Ministry of Trade and Industry (Ghana)
PSI	Pre-Shipment Inspection
WTO	World Trade Organization

I. Introduction

The initial purpose of this assignment was to develop a plan and secure support from the relevant stakeholders for the implementation of express lanes on both sides of the Ghana-Togo border that would provide for the duty-free expedited clearance of ECOWAS-originating goods such as:

- ECOWAS-originating unprocessed agricultural products;
- Non-dutiable products; and
- ECOWAS Trade Liberalization Scheme (ETLS) Approved Products.¹

Ground realities fostered a shift in approach from the implementation of an “express lane” concept to one that focuses on express or expedited clearance procedures.

Primary and secondary research methodologies have been utilized to examine current customs clearance processes with an emphasis on ECOWAS goods. Initially, secondary sources of information such as reports, notes, and brochures² completed by the West Africa Trade Hub and statistics from Ghana Customs were used to develop a preliminary understanding of clearance procedures and issues. Requests were submitted to Ghana Customs for additional data.³ The available information was used to develop a general illustration of current and proposed streamlined procedures that would be discussed with stakeholders in order to evoke opinions, suggestions and, ultimately, to garner support for implementation of the express lane concept.

Interviews to discuss and validate the current and proposed customs procedures have been completed with Ghana customs personnel and BIVAC officials in Accra and Aflao. Meetings have also taken place with freight forwarders/agents, trade associations, The Ghana National Standards Board, importers, and the Ministry of Trade and Industry (“MOTI”) in order to obtain a broader understanding of the causes and nature of the bottlenecks and delays in the clearance process.

Meetings were also held with Togo Customs in order to map out their customs procedures and identify customs clearance issues. These meetings were supplemented with discussions with Ghana-based exporters that sell goods to Togo and other ECOWAS countries.

The following report is organized in the context of the preceding statements and begins with Section 2 Background that summarizes briefly ECOWAS and Ghana Customs developments as well as some examples of Best Practices in expedited customs clearance. Section 3 Findings/Key Issues covers the issues and gaps in the Customs clearance process in Ghana and Togo that were identified during the assignment based on both primary and secondary sources of information. Section 4 Conclusions/Recommendations identifies and prioritizes the possible solutions and section 5 suggests a general workplan for the next steps to roll out the express lane concept.

¹Presentation “Express Lanes” for non-dutiable ECOWAS products: Ghana-Togo Border Pilot” Draft Concept Note USAID West Africa Trade Hub September 2011

² BIC Aflao West Africa Trade Hub Meeting Notes, ETLS Gap Analysis Report,

³ Statistical data relating to types of transactions being cleared in Aflao that is needed to establish Indicators

2. Background

2.1 ECOWAS

Full implementation of the ECOWAS Trade Liberalization Scheme (“ETLS”) has been elusive since its inception in 1975.⁴ Proponents of ECOWAS believe that implementation will help reduce costs and improve competitiveness and trade within the region while making the members less dependent on developed nations for markets.⁵

Article 3 of the ECOWAS Revised Treaty calls for the “The liberalization of trade by the abolition, among member States, of customs duties levied on imports and exports, and the abolition among Member States, non-tariff barriers in order to establish a free trade area at the Community level.”⁶

When ECOWAS came into force this article was, initially, applied to ETLs unprocessed agriculture goods and traditional handicraft products. In 1990, manufactured products became eligible for duty-free entry into ECOWAS member states. Protocol A/P1/1/03 relating to the definition of the concept of the products originating from member States of ECOWAS to the following criteria:

- Wholly produced goods (article 3 of the protocol); or
- Goods not wholly produced in Member States where their production requires the use of material classified under a different tariff heading from that of the product; or
- Goods not wholly produced in Member States where their production requires the use of materials which have received a value-added of at least 30% of the ex factory price of the finished goods.⁷

ECOWAS certificates of origin can be obtained for originating goods that qualify under the criteria mentioned above but not required for unprocessed agricultural goods. The certificates are granted according to company and harmonized system tariff number and required for duty-free entry between ECOWAS members.

2.2 International Best Practices

Modern customs administration plays a pivotal role in the facilitation of global trade within and among various geographic regions by providing members of trade community “with transparent, predictable, and speedy clearance of goods.”⁸ Customs authorities balance the need for trade facilitation and control by utilizing the right mix of tools at their disposal which are often mutually interdependent and must be responsive to changing conditions and needs of the participants. Full implementation of WTO rules involves the evolution of core

⁴ www.ecowas.int

⁵ “Pilot Study on Impact of Open Expedited Trade on Private Sector Investment In ECOWAS” West Africa Trade Hub Report November 2011

⁶ Presentation “Express Lanes” for non-dutiable ECOWAS products: Ghana-Togo Border Pilot” Draft Concept Note USAID West Africa Trade Hub September 2011

⁷ Presentation “Express Lanes” for non-dutiable ECOWAS products: Ghana-Togo Border Pilot” Draft Concept Note USAID West Africa Trade Hub September 2011

⁸ Customs Modernization Handbook

customs capabilities such as a robust risk management, valuation⁹, effective exemptions, reliable tracking systems for transit goods, and simplified rules of origin.

Efforts to reduce customs clearance times are worthwhile and have a positive impact on increasing volumes of trade and export prices. According to a recent study by Nathan Associates, a 50% reduction in clearance times within the Sub-Saharan Africa region would increase the volumes of trade in light and heavy manufactured goods by 21%-24%; increase prices of exported goods up to 2.4%; and intra-regional trade by 20%.¹⁰

Developing countries are allowed under WTO rules to receive technical assistance in trade facilitation “which may include, *inter alia*, training of personnel, assistance in preparing implementation measures, access to sources of information regarding customs valuation methodology, and advice on the application of the provisions of the Agreement.”¹¹

Inspection companies can and are often utilized to help developing country members with the implementation of WTO rules, especially, customs valuation methodology. The WTO Agreement on Pre-shipment Inspection “recognizes the need of developing countries to do so for as long and in so far as it is necessary to verify the quality, quantity or price of imported goods” and that “user Members shall ensure that all pre-shipment inspection activities, including the issuance of a Clean Report of Findings or a note of non-issuance, are performed in the customs territory from which the goods are exported or, if the inspection cannot be carried out in that customs territory given the complex nature of the products involved, or if both parties agree, in the customs territory in which the goods are manufactured.”¹² Ghana uses inspection companies for destination inspection rather than for the intended purpose which is for pre-shipment inspection in countries of export or manufacture.

The use of pre-shipment inspection (“PSI”) companies is a controversial topic. Advocates of PSIs argue that PSI intervention deters fraud in international transactions and reduces opportunities for malpractice and corruption in customs administrations. They also claim that PSIs improve tax revenue collection and reduce distortions in trade transactions.¹³ On the other hand, critics of PSI counter that inspections of shipments at time of export are a burden on importers and exporters and create delays and additional costs. Moreover, they argue that there is no guarantee that the goods imported are the same as goods inspected as changes often occur following inspection and inspection results are erratic and untrustworthy. The government authorities are advised to clearly define the PSIs’ roles and responsibilities in contracts and to closely monitor performance. Finally, contracts between developing countries and PSI companies should be fully endorsed by the national customs administrations rather than being simply imposed on them by other departments.

Customs administrations interpret broadly certain provisions of the WTO rules such as “reasons to doubt...”¹⁴ to justify physical examinations of large numbers of transactions to verify description of goods, quantities, and, ultimately, value. However, rapidly increasing volumes and the complexity of international trade has forced many customs administrations to adopt practices that effectively facilitate

⁹ Article VII of GATT 1994

¹⁰ “Impacts of Better Trade Facilitation in Developing Countries: Analysis with a New GTAP Database for the Value of Time in Trade” Nathan Associates May 7, 2008

¹¹ Article VII of GATT 1994

¹² WTO Agreement on Pre-shipment Inspection

¹³ Customs Modernization Handbook

¹⁴ Article VII of GATT 1994

trade and reduce clearance times. For example, customs administrations are using risk management tools to only identify high risk shipments for examination. Developing countries such as Morocco reduced examination rates from 100% in 1996 to 10% in 2003 through the use of risk management tools and systems that, simultaneously, reduced the rate of examination and increased the rate of detection. Physical examination can also be reduced through the use of express lanes that generate faster customs clearance in other countries.

Most of the expedited customs clearance processes require membership in preferred trader programs and are supported by robust risk management systems that allow for post clearance audits to safeguard national revenue collection and safety. For example, participation in the U.S. Customs-Trade Partnership Against Terrorism (“C-TPAT”) and Importer Self-Assessment (“ISA”) programs entitles approved US importers to faster clearance times and audit exemptions. US Customs and Border Protection conducts a one-time spot document inspection each year at an unspecified time to ensure compliance. Additionally, membership in the Free and Secure Trade (“FAST”) program allows truckers/carriers from Canada and Mexico to enter the US without delays. C-TPAT and ISA participants that are engaged in the electronics and pharmaceutical industries are now eligible to participate in a pilot scheme for industrial centers which offers these participants faster clearance.

Many countries have implemented advanced manifest information systems for, primarily, air and sea cargo. For example, US Customs has implemented advanced cargo/manifest systems for all modes of transportation and cargo companies are required to provide manifest information from 30 minutes to 24 hours before arrival in the US depending on the mode of transportation. The information can be delivered in a range of formats that are deemed acceptable to US Customs and Border Protection (“CBP”).¹⁵ The European Union (“EU”) also requires operators of the “active means of transport entering the customs territory of the Community” to provide notification of arrival so that the entry summary declarations can be made with the relevant authorities.¹⁶

3. Findings – Key Issues

3.1 Overview of Ghana Customs Transactions in Aflao, Ghana

The discussions with Ghana Customs in both Accra and Aflao were designed to confirm their support of the express lane concept in both principle and action. Ghana Customs in Accra supports the express lane concept and is committed to its successful implementation but is in more favor of expedited customs processes because of realities that preclude the option of ending examinations of goods. Operational support from Ghana Customs in Aflao which is the proposed site of one of the express lanes on the Ghana side of the border is critical.

Total ETLs imports that were cleared in Aflao in 2011 exceeded GHC 20 million.¹⁷ The table below lists the 10 leading imports that were cleared through Aflao based on declared values and tax revenue receipts.

¹⁵ Title 19 Customs Code of Federal Regulations

¹⁶ <http://ec.europa.eu/ecip>

¹⁷ Ghana Customs Calculations

3.2 Current Ghana Customs Procedures in Aflao, Ghana

The objective is to implement new procedures that will reduce clearance times from 7 days (if issuance of the FCVR is delayed) to 1 day or less for ECOWAS originating goods. Discussions focused on each phase within the clearance process to ascertain the causes of delays. Agents and importers are allowed to submit documents including pro-forma invoices to BIVAC's review up to 21 days prior to the arrival of goods at Aflao. Agents/importers are expected to finalize Invoices up to 10 days before the arrival of good in Aflao. BIVAC begins the preparation of the FCVR once the goods arrive and will be finalized assuming no errors are discovered within 3 days after the goods have arrived in Aflao. On the other hand, finalization of the FCVR finalization can take 7 days after the arrival of the goods if errors are discovered. Ghana Customs said that about 40% of transactions have errors prior to issuance of the final FCVR (See Figure 1). Once the FCVR is issued then the agent/importer can declare the merchandise and complete the clearance process which should take 1 day (See Figure 2). Overall, Ghana Customs in Aflao supports the express lane concept but seriously doubts whether the process can be reduced to less than three days.

Figure 1: Overview of Clearance Procedures in Aflao, Ghana

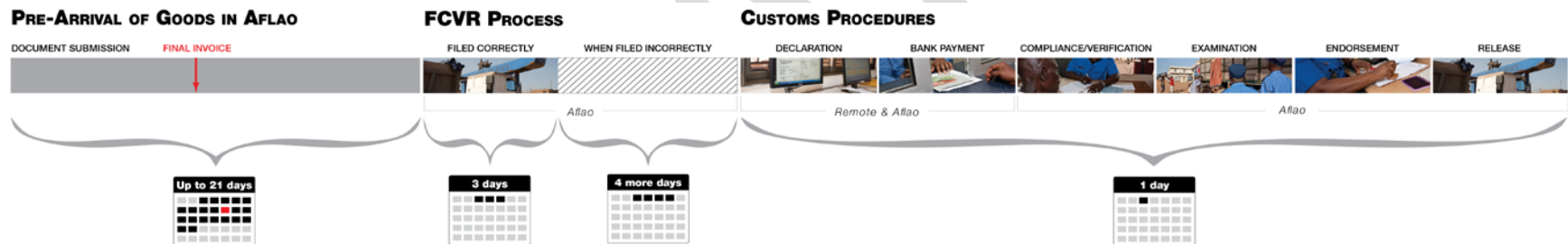
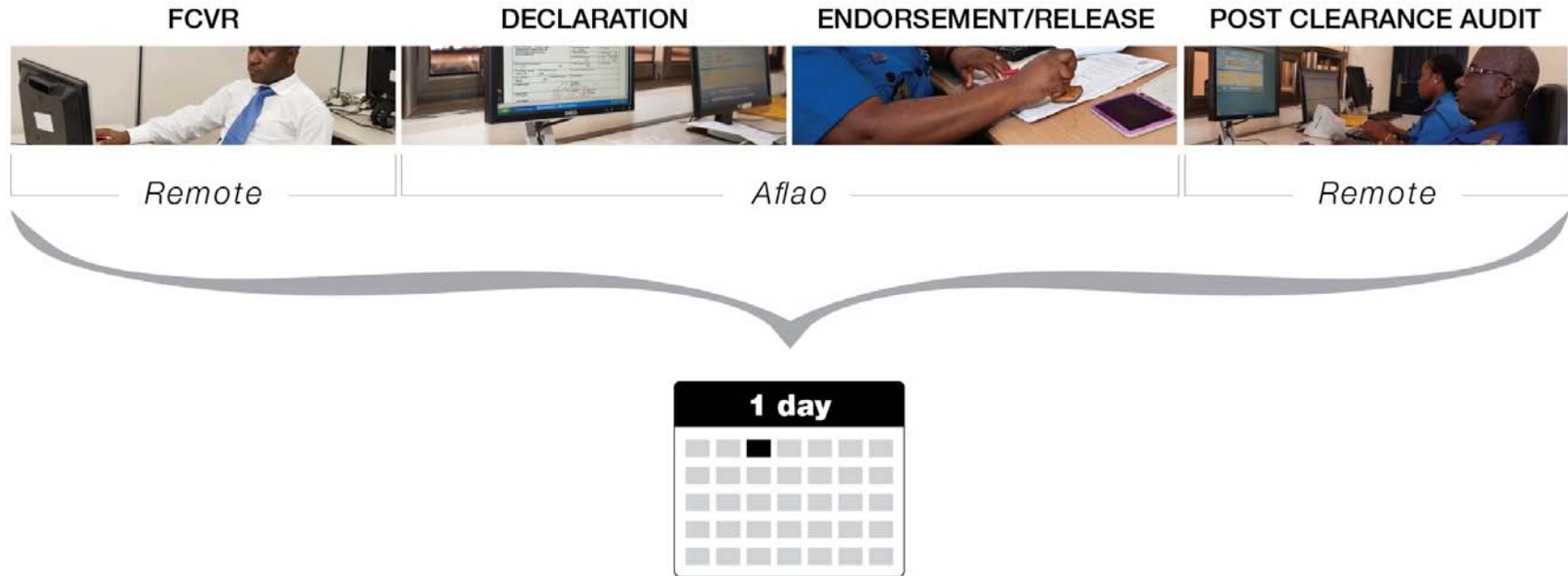


Figure 2: Proposed Customs Procedures in Aflao, Ghana

PROPOSED CUSTOMS PROCEDURES



3.2.1 Declaration Phase

Importers and their agents can submit documents to BIVAC up to 21 days before the arrival of goods so that BIVAC can prepare the final classification valuation report (“FCVR”). Submission of documents is often done in person at the border because of internet access/connectivity problems. In many cases, delays in the receipt of the FCVR can be attributed to missing documents and inaccurate information that importers/agents fail to provide and that BIVAC needs in order to complete the FCVR. As BIVAC is contractually responsible for verifying the valuation, they need complete and accurate information. The FCVR will be based on a complete set of documents such as invoices, ETLs Certificates of origin (“COO”), permits from other government departments (food, drug, etc) and packing lists. The COO comes from the exporter. BIVAC checks the description, quantities, and quality provided by the agent/importer and will revert back to importer if any documents are missing, incomplete, or inaccurate.

Documents with declared values greater than USD 3,000 require that BIVAC take pictures and sends these back to BIVAC in Accra so that they can perform a background check. As most declarations are above USD 3,000, BIVAC Accra is overwhelmed with requests and completes the FCVR done on a first come first served basis from ALL customs stations around Ghana. The value threshold is set on the basis of total trade volumes and value of goods. BIVAC does not have a priority system for processing any declarations when finalizing FCVRs.

BIVAC sometimes requires a sample to verify description of goods and the corresponding valuation. New products can often take a long time because BIVAC must verify factory and do background checks. BIVAC will often verify the accuracy of the invoice details by checking with the exporter of the merchandise. After the FCVR is finalized, agents can use GCNET to obtain the customs declaration. To get around the USD 3,000 value threshold, agents breakdown consignments into smaller parcels that fall below the value threshold and clear each one individually which is easier.

BIVAC has a five-year contract which began in 2010 with MOTI to provide destination inspection services to border stations in Ghana and is required to have full system and service capabilities in each of the contracted locations.¹⁸ MOTI has commissioned a technical and financial audit report of the BIVAC contract that will be completed by consultants in early 2012. After receipt of this report, MOTI will launch its own independent audit of the contract. There does not appear to be any other monitoring and evaluation system in place.

3.2.2. Bank Payment

The agents take all hard copies of documents to the bank at the Aflao customs stations and pays outstanding duties and/or taxes. Proof of payment is a bank debit receipt is part of the set of required documents that are brought to the compliance/verification team

3.2.3 Compliance/Verification

¹⁸ In interview with Ministry of Trade and Industry, the team was informed that BIVAC is contracted to provide reference valuation databases and risk management modules at each location.

Agents/importers bring all documents including the Customs Declaration, bank payment receipt, and relevant permits from other agencies (for high risk goods) to the compliance verification team. The compliance/verification team conducts a document review by checking the tariff classification of the goods, stated description and quantities. The compliance/verification seems to also be checking for valuation¹⁹ by comparing declared values to those found in their reference valuation databases. If there are any errors, then corrections must be made by the agent and they are asked to redo the customs declaration, pay excess duties/taxes owed, and return again to the compliance/verification window. Agents claim that Ghana Customs sometimes rejects classification and valuation decisions that are made by BIVAC. Ghana Customs automatically applies valuation uplifts and often does not give agents/importers a chance to prove that the declared values are accurate and correct as required under WTO valuation rules.²⁰

Ghana Customs counters that there are repetitive mistakes made by agents who are poorly trained. Agencies are required to be licensed in order to clear goods of importers but their employees are often not well-trained and make many errors for a variety of reasons which range from taking on too much business to sloppiness and fraud. The licenses are renewable each year but there is no testing after getting the license. While the license can be revoked for repeated mistakes there is no blacklist for agents. Ghana Customs reports that for every 10 customs declarations, there are 6-7 that have errors.

3.2.4 Examination

Ghana Customs and agents concur that there is falsification of documents so examinations are necessary. Customs examiners argue that they often find quantities greater than what was stated in the documents when they do examine the goods. Most examinations are done at sight and offloading occurs infrequently and mostly for consolidated shipments. Ghana Customs claim that they do not typically offload ECOWAS goods in exports-

Ghana Customs asserts that the examination phase is vital because of the high level of misrepresentation and fraud that takes place concerning the stated classification and quantities that appear on documents prepared by agents and/or importers. Agents claim that the examination process is often delayed because the examinations team is under-staffed²¹ and that there is no priority system for examinations which, presently, take place on a first-come first-served basis. Furthermore, examinations must be conducted by other agencies for “high risk” goods.

3.2.5 Endorsement/Release

After the examination phase, the declaration is endorsed by the appropriate officer and the goods are made available for release. Ghana Customs said that Aflao is congested because trucks use the area for parking well after entries are completed. Many trucks are part of convoys and wait for the other trucks to arrive so that they leave in groups. There do not appear to be any delays on the Ghana Customs end at this stage of the process.

¹⁹ Overlaps with BIVAC’s stated function which is valuation.

²⁰ http://www.wto.org/english/tratop_e/cusval_e/cusval_info_e.htm

²¹ Examinations team claims to have 7 employees doing an average total of 35 examinations each day

3.3. Proposed Customs Clearance Procedures in Aflao, Ghana

3.3.1 Expedited Processes

The streamlined procedures initially proposed relied heavily on securing expedited customs treatment under a priority traders program (“Gold card”) for ETLS originating goods as validated by active certificates of origin that are accurately presented along with other documents in a “pre-declaration” phase which would move to approval and release of merchandise within one day. These goods would not be subject to additional compliance/verification review or examination and would be approved for immediate release. The risk management modules of the GCNET system would be utilized to, specifically, flag transactions according to importer and/or agent numbers which would be subject to random inspections to ensure compliance with Customs rules.

Ghana Customs Aflao has acknowledged that there are delays in the issuance of the FCVR systems and does provide a “permit system” to allow importers/agents in good standing to clear goods prior to obtaining the FCVR by presenting only an invoice. In this case, agents pay estimated duties/taxes that often exceed the final assessed amount. Once final documents are produced and submitted, importers/agents can file post declarations and get refunds or pay the difference.

The West Africa Trade Hub team asked both BIVAC and Customs why they must always confirm the valuation of certain types of ECOWAS merchandise that do change much in value over time. Ghana Customs believes that some of these goods are comprised of raw materials that often do change, substantially, in price which causes the values of the end-products being imported to also increase. Ghana Customs is willing to evaluate whether processes can be simplified for importers of such merchandise.

Ghana Customs states that omitting or reducing existing processes such as Customs compliance/verification and/or examination is challenging because there are IT related problems regarding risk management and post clearance audit functions at AFLAO. Ghana Customs claims²² that these functions are not easily available to Customs staff and they have to get authorization to obtain data from Accra.

²² This contradicts information received from other parties that claim that Ghana Customs has full GCNET information technology capabilities including a new valuation database and access to risk management module and can do post-clearance audits. Full GCNET implementation has not yet occurred because staff not empowered to use GCNET to its fullest potential.

3.4 Summary of Issues in Aflao, Ghana:

1. Importers and/or agents contribute to clearance delays because they often provide incorrect, inaccurate, and even untruthful documents and information to BIVAC and Ghana Customs.
2. Clearance delays are caused because BIVAC is approving Final Classification and Valuation Reports (“FCVRs”) in Accra instead of onsite in Aflao.
3. Clearance delays are caused because Ghana Customs has a compliance/verification process which duplicates much of BIVAC’s work.
4. Clearance delays are caused because of congestion at Aflao which affects border traffic and clearance times.
5. Expedited processes are difficult to roll out because Aflao and other border have not fully utilized the complete range of GCNET system functionalities including risk management modules.
6. Expedited processes are not used even for lower risk merchandise and/or importers/agents.
7. Certification of ECOWAS originating goods is delayed by a cumbersome verification process.
8. Customs does not own a national valuation and classification database.
9. Clearance delays are occurring because examinations
10. Expedited processes are not in place for transit consignments because a tracking system is not operational.

3.5 Overview of Customs Transactions in Kwadjoviakope, Togo

The total declared value of merchandise that passed through Kwadjoviakope was CFA 35 billion in 2011.²³ Of this amount, approximately CFA 20 billion was for merchandise entered for consumption in Togo. The remaining value of trade was comprised of transit goods marked for other final destinations. The table 2 in the annexes summarizes the top ten imported goods that accounted for 58% of all goods that were cleared in Kwadjoviakope in 2011.²⁴ All of these goods were cleared as ECOWAS originating goods.

3.5.1 Current Customs Procedures in Kwadjoviakope

Goods that are cleared for consumption in Togo pass through five phases: declaration, verification, inspection, payment of duties and taxes, and release. Cotecna is responsible for the classification and valuation of import merchandise. Valuation and inspection are, reportedly, a problem for consolidated shipments but additional details were not provided. Based on interviews, the entire process takes from 1 hour to 1 day to complete. Exporters in Ghana are not experiencing problems with customs clearance in Togo.

²³ Le Bureau De Kwadjoviakope Du 1er Janvier Au 30 Novembre 2011

²⁴ Le Bureau De Kwadjoviakope Du 1er Janvier Au 30 Novembre 2011

4. Conclusions & Recommendations

The findings have indicated that Customs clearance delays in Aflao are happening at various points in the import process for both ECOWAS and non-ECOWAS originating goods. The following conclusions and corresponding recommendations have been categorized below according to the basis of high, medium, and low priority. Priority is determined by the potential impact of the proposed recommendation and prospects for imminent implementation within existing administrative powers and regulatory framework. Conclusions and recommendations that were deemed as “high priority” are those that can have an immediate impact on trade facilitation and can be implemented within the existing rules within a reasonable timeframe²⁵ without changing laws. Others were rated as “Medium priority” that are important for trade facilitation but might involve longer implementation timeframes

4.1 High Priority

Conclusion 1: Customs clearance is being delayed for ECOWAS goods because there is no expedited clearance process in place that prioritizes consignments of low risk items and/or agents/importers. All consignments are treated the same which does not create an incentive for compliance.

Recommendation 1: Create an expedited clearance process that prioritizes consignments of two types: 1) “Low risk goods” that are comprised of merchandise that do not change much in value over a specified time²⁶ and/or 2) Agents in good standing with customs that would comprise a “gold list of agents”. Consignments that fall under these categories would move to the front of the line for FCVR approval and Customs examinations. Priority lists work in other countries and would work in Ghana as it would influence other agents to comply with Customs rules as they would be losing business to “gold list” agents.

Conclusion 2: Agents are contributing to the delays during the declaration, compliance/verification, and examination phases of the process because they often not providing all the required documents at the right time and, when they do, there are many mistakes and even acts of fraud.

Recommendation 2: Use GCNET risk management capabilities to monitor transactions of agents and assign appropriate risk assessment. Agents that are deemed a low risk can become part of the “Gold List” of reputable agents that are eligible for express clearance of goods. Random examinations of these agents can be scheduled to ensure compliance. Alternatively, agents with a reputation for negligence or even fraud can be black listed.

Conclusion 3: BIVAC is generating substantial delays at Aflao because FCVR approval takes place at Accra instead of in Aflao. These delays occur because of the “first-come first-served” approach to handling these entries which come to Accra from all customs border stations in Ghana. The FCVR approval requests from Aflao that go to Accra are assigned a number and are, subsequently, handled in the order in which they arrived without any type of priority system.

²⁵ Based on assessments of political will that may or may not be accurate.

²⁶ WTO Valuation rules state a 90—day period as test reference values of shipments of identical or similar type

Recommendation 3: The FVCR approval process should be done by BIVAC in Aflao rather than in Accra as this would reduce many of the delays that result from simply having to wait in line to be processed.

Conclusion 4: Transit shipments are adding to the delays at Aflao and other border stations because they are subjected to same scrutiny as transactions for consumption in Ghana.

Recommendation 4: Implement cargo tracking system to ensure that cargo in transit leaves Ghana.

4.2 Medium Priority

Conclusion 5: The amount of traffic at the border and lack of parking space, primarily, on the Togo side contributes to delays in the physical movement of goods. Truck drivers are staying even after their consignments have been cleared by Ghana Customs.

Recommendation 5: Enforce penalties to discourage drivers who stay after goods have been cleared by Ghana Customs.

Conclusion 6: Risk management capabilities at Ghana Customs Aflao are constrained because full system functionality has not been implemented by all customs stations including Aflao. Operators at Aflao can flag importer/agent numbers and monitor consignments in real-time if personnel are asked to do so but the data requests have to be relayed to Accra which prevents the applications of risk management and post-clearance audit measures that could be utilized for priority traders that would form the basis of expedited customs clearance processes.

Recommendation 6: Customs personnel at Aflao should be trained and empowered to utilize the risk management modules of GCNET so that expedited clearance processes can be developed.

4.3 Low Priority

Conclusion 7: Ghana Customs should be able to perform the full range of clearance responsibilities which includes classification and valuation.

Recommendation 7: Empower Ghana Customs to assume full responsibility of customs role by offering specialized classification and valuation training supplemented by the development of a robust reference valuation database.

Conclusion 8: Examinations of merchandise deemed “high risk” by multiple agencies is adding to delays at Aflao. Each agency with the appropriate jurisdiction over the imported merchandise requires that the goods be examined to ensure compliance with safety and quality standards.

Recommendation 8: Customs should conduct examinations of goods on behalf of all other agencies to reduce delays.

5. Suggested Workplan – Aflao, Ghana

Milestones (MS)	Tasks (T)	Assumptions (A)	Risks (R)	Responsible Parties	Deliverable
MS 1. Expedited clearance for low risk goods and reputable agents	<p>T.1.1: Review customs data transactions over 90-day period to identify “low risk” goods that do not change much (>10%) in value</p> <p>T.1.2: Compile list of “low risk” merchandise</p> <p>T.1.3: Limit low risk merchandise entries to dedicated consignments (no consolidated shipments)</p> <p>T.1.4: Develop an equivalent gold list of agents to supplement gold list for importers</p> <p>T.1.5: Implement expedited procedures</p> <p>T.1.6: Use selectivity module to do random examinations of low risk goods and importer/agent gold lists</p>	<p>A.1.1: Data is readily available</p> <p>A.1.2: Can easily identify dedicated shipments</p> <p>A.1.3: Customs will use all GCNET capabilities</p> <p>A.1.4: Customs has procedures in place to use selectivity module as needed</p>	<p>R.1.1: Customs does not offer expedited service on a consistent basis as per the types of goods and importers/agents</p> <p>R.1.2: Increased attempts to commit fraud</p>		<p>List of low risk goods</p> <p>Gold list of agents</p>
MS 2 BIVAC FCVR procedures at Aflao	<p>T.2.1.: Present findings to Ministries of Trade, Transport, and Finance to secure consensus</p>	<p>A.2.1: Will happen next month</p>	<p>R2.1: Issues affecting Transport and Finance not known so meeting/presentation is premature</p>		<p>Report of findings</p>
	<p>T.2.2.: Conduct joint meetings with BIVAC, Customs, and ministries to develop plan to prepare and implement final FCVR process in Aflao</p>	<p>A.2.2: BIVAC has systems in place to make seamless transition to Aflao</p>	<p>R.2.2: Changes cannot be easily implemented (Regardless of contract)</p>		<p>Meetings with all parties with MOU at end</p>
MS 3. Use selectivity module to monitor and control agents acting negligently or fraudulently	<p>T.3.1.: Secure agreement from Customs</p> <p>T.3.2: Establish criteria for determining “systemic negligence”</p> <p>T.3.3: Use selectivity module to monitor shipments of such agents</p> <p>T.3.4: Block shipments if necessary</p> <p>T.3.5: Encourage participation in agents gold list to minimize</p>	<p>A.3.1: Customs ready to use full capabilities of selectivity module</p>	<p>R.3.1: Could hold up traffic more if most agents are negligent/fraudulent</p>		<p>Established negligence criteria protocols</p>

	scrutiny T.3.6: Suspend/revoke licenses of agents for repeat offences				
MS 4. Implement cargo tracking for transit shipments	T.4.1: Secure directive from customs to implement tracking T.4.2: Launch tracking systems with Customs	A.4.1: Infrastructure in place A.4.2: Readily operational after approved A.4.2: Established with full monitoring system	R.4.1: System not applied uniformly.		Directive from Ghana Custom
MS 5. Enforce Penalties for illegal parking	T.5.1.: Discuss issue with Ghana Customs to secure agreement		R.5.1: Customs not want fines imposed		
	T.5.2.: Determine amount of fine on hourly or daily basis	A.5.2.1: Can agree on an amount that would deter loitering	R.5.2: Customs still keeps fines too low		Written agreement on fine amount
	T.5.3.: Announce introduction of parking fines and provide notice period	A.5.2: Customs gives agents time to see notice and prepare	R.5.3: Customs modifies fees after complaints		Publication of notice
	T.5.4.: Impose parking fines	A.5.3: Customs has administration needed to handle parking fee system	R.5.4: Customs imposes fines inconsistently or incorrectly		
MS 6. Full GCNET Capabilities in Aflao	T.6.1 : Discuss with Customs how to enable full systems capabilities in Aflao including risk management functions T.6.2: Train personnel in Aflao to use full system T.6.3: Experiment with expedite procedures by waiving examinations for select importers or agents	A.6.1: Customs has IT systems in place at Aflao A.6.2: Aflao has scope to use all GCNET modules A.6.3: Customs willing to conduct such experiments	R.6.1: Customs refuses to give expedited clearance to priority agents/importers		Continuous support to Working Group
MS 7. Ghana Customs alone does full customs clearance	T.7.1: Develop skills in all areas of customs compliance over next 4 years T.7.2: Develop valuation database T.7.3: Fully utilize all GCNET modules including risk management and post-clearance audit	A.7.1: Customs believes it still does not have capabilities	R.7.1: Customs not ready		Ghana Custom handles entire customs process

6. Annexes

Table 1: Top 10 Imports – Aflao, Ghana 2011

Hs Code	Hs Description	Cif Gh¢	VAT	IMPORT EXCISE	PROC. FEE	EDIF	NHIL	TOTAL
3306900000	Other Preparations for oral or dental hygiene (inc. denture fixative), nes	3,665,724	458,216	0	36,657	18,329	91,643	604,845
3402200000	Washing and cleaning preparations, put up for retail sale	2,740,729	347,763	0	27,821	13,911	69,553	459,047
3901200000	Polyethylene having a specific gravity ≥ 0.94 , in primary forms	2,725,609	340,701	0	27,256	13,628	68,140	449,726
1704900000	Sugar confectionery (incl. white chocolate), not containing cocoa, nes	2,496,635	312,079	0	24,966	12,483	62,416	411,945
3923290000	Sacks and bags (incl. cones) of other plastics (excl. ethylene)	1,487,218	185,902	0	14,872	7,436	37,180	245,391
3808911000	Insecticides, Mosquito coil	1,229,566	153,696	0	12,296	6,148	30,739	202,878
2202901000	Malt drnk	315,804	84,070	47,282	6,327	3,163	16,814	157,656
7214100000	Iron/Steel b&r, h/r, incl twisted after rolling – forged	868,804	108,601	0	8,688	4,344	21,720	143,353
9404210000	Mattresses of cellular rubber or plastics	737,162	92,145	0	7,372	3,686	18,429	121,632
7210490000	Iron/Steel frp, w ≥ 600 mm, p/c with zinc, not corrugated, nes	482,240	60,280	0	4,822	2,411	12,056	79,570

Table 2: Top Ten Imports – Kwadjoviakope, Togo

Description	Country of Origin	Value (CFA)
Salt, sulfur, earths and stone, plastering materials, lime and cement	Ghana	2,372,279,792
Mineral fuels, mineral oils and products of their distillation bituminous substances, mineral waxes	Ghana	1,934,689,722
Iron and steel	Ghana	1,514,210,469
Tobacco and manufactured tobacco substitutes	Cote d'Ivoire	1,411,200,000
Beverages, spirits and vinegar	Ghana	895,265,080
Preparations of cereals, flour, flour, starch or milk cakes	Cote d'Ivoire	778,517,800
animal fats and oils or vegetable and their cleavage products; dietary fat developed, waxes of animal or vegetable	Ghana	760,228,920
Machinery and electrical equipment and parts thereof; recording or sound reproducing apparatus	Ghana	736,920,773

for recording or reproduction of images and sound and television		
Automobiles, tractors, cycles and other vehicles, and parts and accessories	Ghana	723,888,577
Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, cleaning products, candles and similar articles, modeling pastes, waxes	Cote D'Ivoire	559,877,589

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