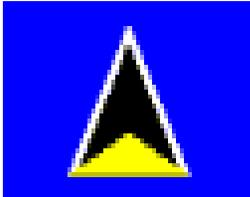


WTO TRADE FACILITATION MEASURE



CASE STUDY

Title: SAINT LUCIA'S Implementation of Automated System for Customs Data (ASYCUDA++):

"FORMALITIES CONNECTED WITH IMPORTATION AND EXPORTATION-AUTOMATION"

by SAINT LUCIA CUSTOMS AND EXCISE DEPARTMENT

Implemented in the year 2005



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1. Background: *Reasons for implementing this measure*

In 1993 Saint Lucia Customs and Excise Department implemented ASYCUDA version 2.7 which provided functions for the management of:

- a declaration process (import and export)
- direct trader input
- accounting
- warehousing
- temporary admission/importation
- statistics
- and Year 2000 compliance

Version 2.7 produced some 200 customizable reports and included a parameterized extraction module to export ASYCUDA transaction data in raw or aggregated form for processing with other systems. The system ran on Local Area Networks (LAN) on standard PCs under the prologue operating system. Version 2.7 provided a good foundation for the automation of processes, particularly significantly improving the department's accounting and statistical systems.

However, as the volume of trade continued to increase significantly, so did the department's inability to provide an effective and efficient service to the trading community experiencing at times average declaration processing times for one consignment of five to seven days in some cases.

The department at that time with its limited resources was processing and examining almost 100% of declarations received whilst at the same time experiencing massive commercial fraud mainly through under valuation, increased incorrect declarations from incompetent brokers and increased threats from prohibited and restricted trade.

In 2003 the department signed a Memorandum of Understanding with the St. Lucia Chamber of Commerce in an effort to implement a Trade Facilitation Program (TFP). The MOU was primarily designed to forge greater collaboration with the trading community, streamline clearance procedures, increase revenue compliance and create a more transparent and predictable trading environment in conformity and compliance with provisions of Articles V, VIII and X of the WTO's GATT Agreement.

As an integral part of this Trade Facilitation Program the department decided to migrate to ASYCUDA++. The main objective of the migration project was therefore to improve the Saint Lucia's economy through capacity strengthening

of the Customs Department, to generate increased customs revenue through the provision of an efficient service to the trading community and to boost its effectiveness in border security. The project is thus expected to achieve trade facilitation through standardization and simplification.

Specifically the ASYCUDA++ Migration Project sought the following:

1. to secure the collection of customs revenue and improve the efficiency and effectiveness of customs operations through ASYCUDA++;
2. to strengthen the Government's capacity in the formulation and implementation of effective economic and fiscal policy through provision of accurate and timely data;
3. to strengthen the institutional capacity of the Customs Department;
4. to enhance the Department's capabilities in disseminating trade related information to relevant users; and
5. to provide standardized data extraction from ASYCUDA++ to serve as management information on international trade.

2. Impact/benefits of its implementation: *Problems solved*

Since its implementation, the Department has observed several success indicators from the Project clearly illustrating that the expected impacts are or on their way of being attained. Some of these indicators are:

- **Reduced Processing and Clearance Times:** The green lane declaration takes an average of twenty minutes for processing and customs clearance.
- **Increased Revenue Collection:** Revenue collected in the Pilot Site of the Port of Vieux-Fort has increased by approximately 30%.
- **Procedures, Forms and processes has been simplified along with greater transparency:**

- Use of Single Administrative Document (SAD),

- Electronic Data Interface (EDI) with Direct Trader Input reducing need for broker to visit Customs offices,

- Use of electronic manifest instead of tedious manual marking-off of hard copies,

- Use of Risk Management Techniques including "flagging" of suspect shipments on the system has allowed for greater focus on those traders who pose a threat to revenue and national security.

- **Improved Trade Statistics:** trade statistics have been observed to be more complete, accessible, reliable and up-to- date.
- **Capacity Building:** Comprehensive training of staff, brokers, Government departments and traders has facilitated a transfer of technology and knowledge in state-of-the-art software and hardware.

3. Legislation/Administration/Training:

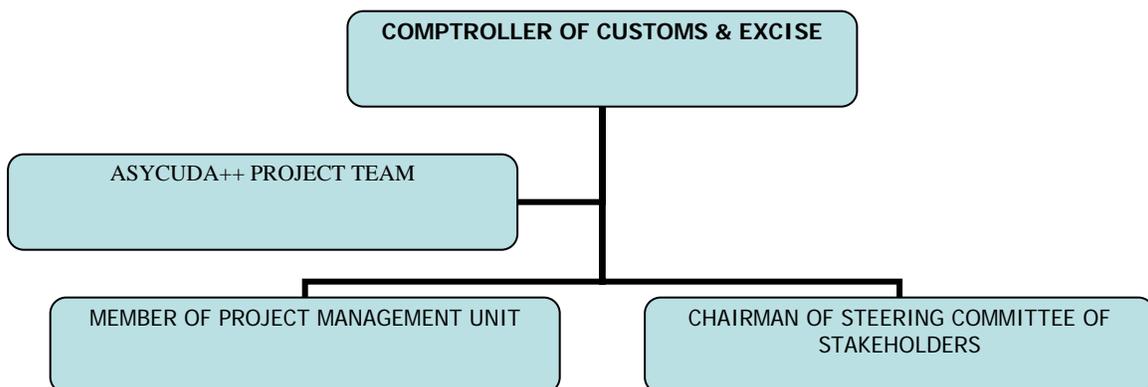
3.1 Amendments to Legislation

A project document was drafted detailing implementation procedures, equipment procurement, project team structure and responsibilities. The Customs (Control and Management) Act No. 23 of 1990 was amended to reflect requirements for facilitating the acceptance of electronic declarations as well as the time for the receipt of electronic passenger and cargo manifests for aircraft and sea going vessels.

3.2 Administration

Implementation of the measure required administrative reorganization with the establishment of a dedicated project team with technical and functional experts, new post clearance units replacing the entry processing units and, dedicated container examination teams. It also necessitated the establishment of full-service one-stop shop centers at the transit sheds removing the need for traders to move between the main Customs offices and the sheds.

The Comptroller of Customs retained the overall responsibility to oversee the implementation along with the requirement of reporting to a Project Management Unit (overseeing government's financial input) and chairing a steering committee of key stakeholders. A project director and manager retained operational supervision of the project team **(see chart below)**.





Project Management Unit members visiting transit shed

3.3 Training

This project required specialized Information Technology skills in Oracle 9i and UNIX software, the platform and operating system being utilized respectively. Three new IT technicians were hired, the local Customs IT Manager was seconded to UNCTAD as its Local IT Expert attached to the project and four existing senior customs officers with basic IT skills were assigned to the project to provide functional support. The entire project team was provided with all requisite training in the software and platform.

A comprehensive training program was undertaken for all brokers, Customs staff, and government officials interfacing with the system and private sector traders.

A marketing campaigning involving, the mass media-interviews, press conferences, private and public sector consultations, t-shirts, banners, flyers, brochures and television infomercials were all utilized to inform the private sector and the general population.

4. Implementation Information

4.1 Time frame for implementation

Initially, eighteen months were allocated for the project. Full implementation however took twenty four months to facilitate delays in infrastructure works at the transit sheds and main offices as well as restructuring of organization.

4.2 Stages of Implementation

4.2.1. Preparatory phase:



Senior Customs Officials being briefed at Pilot Site Tour

- diagnostic study undertaken

4.2.2. Pilot phase:

- Training of the National Project Team (Foundation)
 - *Technical, Functional, Train-the-Trainers*
 - *Evaluation / Certification*
- Awareness activities
- Prototype building
 - *Integration of national legislation/procedures/codification*
 - *Configuration according to organisational structure, telecom.*
 - *Definition of specific country reports*
 - *Training of end-users and advanced training of NPT*
- Prototype testing
 - *Port of Vieux-Fort*
- Review / Pilot acceptance
 - *Pilot test methodology & scenarios*

4.2.3. Full Roll-Out Phase (to date 80% complete)

4.3 Technical Assistance

Technical assistance was received from UNCTAD with the provision of IT experts to advise and provide technical training for the project.

4.4 Costs of implementation.

The project was financed by a grant of \$437,000US from the Caribbean Development Bank and the Government of Saint Lucia's counterpart funds of \$2million EC(1US=2.7169EC).

4.5 Equipment, software and infrastructure required for implementation

Equipment utilized included personal computers, servers, and other information technology items. The system utilized a client/server architecture which provides flexibility and high efficiency. Also, a LAN/WAN architecture facilitate a large number of users to input and process data without adversely affecting performance. The operating systems used are UNIX and DOS, and its server RDBMS engines are ORACLE. Message Handlers and SQL interfaces facilitates communications with customs brokers, banks, carriers and others.

Major infrastructure works involving changes to the layout of offices and the provision of communications facilities accompanied the hardware and software purchase and installation.

4.6 Problems encountered in implementation

- Fear of change from internal and external stakeholders (still existing to a lesser extent).
- Limited resources at the department's disposal to undertake all requisite training- staff, brokers and others.
- Delays in effecting infrastructural changes at transit sheds and main offices (still existing).
- Lack of budgetary support for marketing and PR campaign (still existing).
- Slow ownership by administrative personnel.
- Slow "buy-in" by some external stakeholders (still existing).
- Occasional disruptions in the internet service (still existing).

- Some technical issues were encountered with the warehousing and clearance modules mainly concerned with differences with existing standard practices involving the breaking down of bulk packages for warehousing purposes and the facilitation of partial clearance by the Port Authority.

5. Lessons Learned/Recommendations for other countries implement the same measure.

5.1. Obtain high-level policy support and commitment and professional project staff.

This is absolutely necessary where an entirely new system with tremendous national implications is implemented. The Customs Department utilized very senior and high quality personnel with good project management and technical skills in the ASYCUDA++ National Project Team- a Deputy Comptroller was assigned the duties of National Project Director; The Comptroller retained a direct involvement in the project. It was also absolutely essential that there is high level policy support from senior government officials and a highly visible support from all levels of the National Customs Administration to ensure adequate resources are allocated for short, medium and long term project maintenance.

5.2. Place sufficient emphasis on pilot testing

A complex and new project requires careful and thorough testing prior live implementation of the system;

5.3. Undertake adequate national awareness

National awareness, conducted in a timely, thorough manner will ensure a smoother implementation and encourage greater support from internal and external stakeholders.

5.4. Embark on a well structured training program

Training must be properly planned and timed, and must take into account sustainability (train-the-trainers) and refreshers.

5.5. Organizational Restructuring

Projects with fundamental organizational impact such as ASYCUDA++ will always most certainly dictate the future conduct of the department's business. It is therefore imperative the organization adequately comprehends all consequences (both intended and otherwise) of these changes and make adequate preparations for all stakeholders who will be so affected and thus enable greater success at being able to cope with them.

5.6. Great emphasis must be placed on timely and sustained involvement by key Government agencies

Authorities must ensure that key Government agencies (Port Authorities, Ministries of Trade, Finance and Commerce in particular) who are involved in international trade and are required to interface with the system, fully appreciate the need to reduce administrative hurdles and other unnecessary bottle-necks which restricts the business community from realizing the full benefits of trade facilitation. Economic progress is highly dependent on the ability of the country to remain competitive through simplification and standardization of Customs clearance procedures and port Clearance.

6. Critical Success Factors

The following factors were crucial to success of the project and the trade facilitation program to date:

- High level Government support
- Highly skilled and committed project team
- Focused and committed project leadership
- Productive partnership with key stakeholders particularly the Saint Lucia Chamber of Industry and Commerce, the Brokers Association and the Shippers and Airlines Associations

CONCLUSION

Implementing trade facilitation measures such as Customs automation in a small developing country as can be deduced from the Saint Lucia experience, can be a costly, resource consuming exercise. It is imperative therefore that as much assistance as possible is secured to safeguard its effective implementation. The potential benefits, however holds much for economic development in general and trade competitiveness in particular.

In his address to the 5th Annual General Meeting of the Saint Lucia Marine Terminals Limited, Saint Lucia's Prime Minister, Dr. Kenny Anthony quite aptly recognized and lauded the trade facilitation efforts of the Customs and Excise Department through the ASYCUDA++ project. The Prime Minister stated:

"The local maritime industry continues the drive to design a port community system linking stakeholders in the industry by moving towards a paperless port and enhancing efficiency via information communication technology. In this regard, the Automated System for Customs Data (ASYCUDA++) project, with SLMTL as the pilot site is commendable. The primary aim of this project is to implement an imports/exports processing system, which maximizes efficiency within the Customs clearance process, provides an efficient service to the trading community, and ensures an effective control and collection of revenue. Moreover, this system will provide quality information for decision-making as well as more concise statistical data on trade."

Dr. Anthony went on to acknowledge the importance of the maritime industry stating further, *"It is a significant economic multiplier for prosperity at a national and regional level, since it is a facilitator of international trade, which is a major revenue earner. Moreover, the industry is a facilitator of other revenue earning streams, such as tourism and agriculture."*

I understand that SLASPA is formulating a strategic plan that will include SLMTL. This is a necessary undertaking in order that the Port Authority aligns internal operations with the external environment. The overriding objective should be to so position the Authority that it will anticipate changes and adapt in a proactive manner. This positioning is of paramount importance since Saint Lucia's sustainable development hinges on the maritime industry."

The above statement quite adequately underscores the tremendous importance of such a project to the economic development of the country. It should also assist all national players in international trade in understanding their role in firstly, being able to fully appreciate the current requirements of the global trading environment and secondly, in being responsive, adaptive and responsible to this environment. Anything short of this is a recipe for chronic economic failure.

Saint Lucia is well on its way to maximizing tremendous benefits from the ASYCUDA++ project. The Customs and Excise Department is fully appreciative of its key role in this regard and is already actively considering a migration to ASYCUDA World as part of its new strategic plan. ASYCUDA World is expected to provide a better user-friendly interface with greater resilience to telecommunications breakdown, an Internet client-server n-tier model, Document Object Model and Ergonomic User Interface.