

**THE ROLE OF NIGERIA CUSTOMS SERVICE IN
TRADE FACILITATION INCLUDING PRACTICAL CHALLENGES
ON PROCEDURE AND DOCUMENTATION UNDER DESTINATION
INSPECTION/ASYCUDA++ ACHIEVEMENTS AND WAY FORWARD**

PROTOCOLS,

I am greatly delighted to be here today to share our experience as a Customs Administration on a cross-cutting topic; Trade Facilitation in an increasingly globalised world in which both legal and illegal trade is expanding. For trade facilitation to be well achieved, Customs Administrations need to identify and understand the key international, regional and national strategic drivers in order to respond timely and appropriately to economic challenges.

The time for discussion of the topic is auspicious in view of global economic crisis and the realisation of the importance of immediate revamp; because cross border trade is the main platform and hub of political, social, and economic relations among nations. Consequently, trade facilitation is a topic on the front burner occupying prominent position on the agenda of numerous international bodies, institutions and organisations.

Let me start the sharing of our experience by defining trade facilitation as a concept. Its definition differs to various organisations in view of its multidimensional importance and scope. In other words it is very elastic in nature and cannot be confined into a water tight compartment. A general definition of trade facilitation is

“the simplification harmonization, standardization and modernization of trade procedures in the interest of reducing transaction costs between government and business in international trade”.

As a member of World Customs Organisation, a body internationally acknowledged as the global centre of Customs, that plays a leading role in the discussion, development, promotion and implementation of modern

and secure Customs systems and procedures, it will be appropriate to define the term, trade facilitation in line with that organisation. Trade facilitation to WCO is one of the key factors for economic development of nations and is closely tied into national agenda on social well being, poverty reduction, and economic development of countries and their citizens.

Trade facilitation in the content of WCO means **“the avoidance of unnecessary trade restrictiveness which can be achieved by applying modern techniques and technologies, while improving the quality of controls in an international harmonized manner.** It is important therefore to have a deep understanding of the functions of Nigeria Customs Service [NCS] to strengthen our knowledge.

2. **FUNCTIONS OF NCS:**

It is world widely recognised that a Customs Administration is a government department with main responsibility of revenue collection and accounting for same and anti-smuggling activities. However globalisation is resulting in an increasingly complex world. The world is interconnected as reflected by expanded flows of goods, people, capital, information and technology which benefit both legal and illegal trades. The rapidly changing environment has led to a daily increasing functions of NCS to meet the demands of the society. Our responsibilities are often the subject of regular review and modification to ensure our relevance in a constantly changing world. Our functions have widened, ranging from tackling issues of commercial frauds like under invoicing, double invoicing, over invoicing which rank as the most prominent methods, Intellectual Property Rights infraction, daily heightening terrorism, trade in illicit and dangerous drugs, passengers safety, environment and toxic substance, cross border, economic crime, weapons of mass destruction, threat to public health, intelligence sharing and networking to toxic substances. These additional functions have also emerged as our priorities.

3. **ACTIVITIES FOR TRADE FACILITATION:**

Flowing from the above is the fact that the breadth of NCS responsibility reflect also the important fact that NCS has long been entrusted with administering matters for which other governments, ministries and agency have policy responsibility.

To facilitate trade and guided by WCO, we have a strategic plan to home our processes and procedures. The Service has embarked on initiatives to ensure efficiency and effectiveness in the cross border global supply chain.

- Providing strategic advice and guidance
- Raising awareness of policy makers
- Clarifying diagnostic recommendation and implementation of international standards.
- Use of information and communication Technology ICT, to reduce cost substantially and provide traders with Transparent predictable and speedy clearance
- Collaboration with stakeholders like :
- Standard Organisation of Nigeria [SON].
- Port Authority, Terminal Operators, Banks, Importers, Exporters, National Drug Law Enforcement Agency [NDLEA], National Environmental Standards and Regulations Enforcement Agency [NESREA], Federal Inland Revenue, Customs Brokers etc.
- Trade Liberalisation and reduced tariff and non tariff barriers.
- Lifting of ban on some prohibited items.

4. **DESTINATION INSPECTION:**

In replacement of pre-shipment inspection, the Federal Government granted approval for Destination Inspection of Goods in 2006 by appointing Service Providers to achieve speedy clearance and just in time delivery of goods, and also liberalisation of trade. Trade Liberalisation does not mean that the Customs role is deminishing. Even if multilateral and regional

trade agreements result in revenue reductions, Value Added Tax [VAT], and other taxes still have to be assessed and imposed on imported goods as a means of both raising taxes and also levelling the playing field in trade competitiveness.

Some measures for trade facilitation were put in place. They include:

Adoption of e-payment:-

- E-remittance
- E-manifest
- Direct Trade Input
- Risk Management; including Risk profiling
- Border Security
- Inter connectivity with other stakeholders

Adoption of Ten Building Blocks for 21st Century Customs

Simplified Customs procedures through this process:-

- Self assessment
- Payment of duty at Bank
- Request of release
- Customs Controls; based on risk management selectivity engine

Green Lane: Consignment is cleared and released

Blue Lane: Consignment is cleared and released but may need Post audit clearance later

Yellow Lane: Consignment undergoes a document check at Customs Processing Centre [CPC] and depending on findings routed to the Green Lane or one of the Red Lanes.

Light Red: Consignment needs x-ray examination at scanning site and may be rerouted to Green Lane or Deep Red Lane.

Deep Red Lane: Consignment needs physical examination at terminal.

Others will report findings and reroute to Green Lane indicating release from Customs control.

Furthermore, to facilitate trade and ensure compliance there is access to information on tariff and relevant organisations. Realizing that trade supply chains are vulnerable to illegal activities such as evasion and avoidance of duties from across borders, fiscal fraud, privacy and counterfeit of goods, NCS has taken some initiatives that have resulted to modest achievements.

5. **ACHIEVEMENTS:**

We have recorded modest achievements over the years in terms of our revenue drive, anti-smuggling activities and collaborative functions with other Government Agencies [OGAs]. The advent of paperless process has given a new impetus to trade facilitation. Some of our key achievements include:-

- Customs modernization process.
- Clearance of goods within 48 hours
- Development of Lagos-Kano-Jibya [LAKAJI] corridor
- Paperless trade through effective ICT.
- **Transparency:** through availability and accessibility of information on laws, regulations and administrative policies and procedure.
- **Simplification:** including streamlining of border related rules to achieve practicable and efficient way.
- **Cooperation:** amongst and between, government authorities, Business and trading community.
- **Due Process:** access to an unbiased administrative appeal process and ability to seek redress in accordance with the relevant legislation.
- **Consistency and Predictability:** clear and precise procedure guidance based on standard policies and operation procedures applied on a non-discriminatory and uniform manner.
- **Communication and Consultation:** during the development, implementation and review of rules.

- Use of a WCO SAFE Frame Work of Standards to Secure and Facilitate Global Trade, Revised Kyoto Convention [RKC] and international best practice.
- Legislative reform by redrafting the Customs and Excise Management Act [CEMA] CAP C.45 Laws of the Federation of Nigeria [LFN].
- Partnership with Customs and Business and Customs to Customs.
- Exchange of information and intelligence – one of the pillars of WCO,
- Professionalism through training and re-training of officers and men of the Service.
- Improved welfare package [Increased salary].
- Procurement of surveillance equipments for existing helicopters to enhance aerial surveillance.
- Purchase of seagoing launches
- Repair and rehabilitation of existing Serviceable launches.
- Purchase of specialised operational vehicles.
- Conduct of Time Release study with the objective of improving predictability and transparency of Customs procedures.
- Food security Transit for handling of emergencies with the objective of designing a model.

6. **PRACTICAL CHALLENGES:**

Uptill date we grapple with some daunting challenges. Prominent on the list are:-

- Inadequate funding
- Weak Legislation
- Cybercrime due to increased use of Information and Communication Technology through Computers and the Internet which have opened new doors for criminal activity.
- Weak penalty. Maximum penalty for underpayment is six Hundred Naira [N600.00] which has been in use since 1958
- Non compliant traders

- Insincere declaration by Importers/Agencies valuation, over Invoicing, under invoicing description, concealment.
- Multiplicity of government Agencies with direct intervention In the clearance process particularly as it affects physical checks.
- Undue interference – Threat/Blackmail to bend the rule
- Integrity issues
- Lack of trust between the private and public sectors
- Inadequate coordination between governmental agencies
- Logistics – inadequate cargo handling equipments at Terminals
- Inadequate office accommodation both at the headquarters and Area Commands.

7. **CHALLENGES OF IMPLEMENTING ASYCUDA++:**

- [1] Resistance to change by Stakeholders and Officers
- [2] Near Computer illiteracy of both the Officers and Stakeholders
- [3] Payment delay Alert from Interswitch and e-Tranzact.
- [4] Other Governmental Agencies attitude to automation and Their reluctance to interface with ASYCUDA.
- [5] Lack of security consciousness of Officers leaving open their User name and password.
- [6] Lack of integrity of Importers/Agents through false declaration, Wrong addresses etc.
- [7] Inefficient/Insufficient infrastructure in Terminals.

8. **THE WAY FORWARD:**

Customs-Business-Partnership is an important element of cross border activities. Synergy among various stakeholders is imperative towards the attainment of national economic goals. All hands must therefore be on deck in filling identified gaps. The Service is ready to rise to the overwhelming challenges and support all regulatory framework for efficiency and effectiveness. While mediocrity is condemnable and reprehensible exceptional and outstanding performance should be

commended/rewarded. We have embarked on capacity building to enhance performance through training and re-training of officers.

In the midst of diverse requests from government, adequate support should be given to the Service in all its ramifications. You will agree with me that if trade facilitation is the engine room of economic development, a good Customs Administration like NCS is the oil in the machine. Accordingly, attention should be given to our myriad of needs for better service delivery.

9. **CONCLUSION:**

Team work on the part of all including both private and public sectors is a sin-qua-non. We will remain steadfast and committed to our statutory duties to make our economy one of the first twenty in the world. We shall not compromise our position, much as we are ready to remove bad eggs from the system. I thank you all for your attention.