

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

When UNCTAD's computerized customs system -- known as ASYCUDA -- was installed in Afghanistan, customs revenue increased from US\$ 50 million in 2003/2004 to nearly US\$ 400 million in 2008<sup>1</sup>. Put in operation in Cameroon in 2007, the system helped customs income climb by 19% during the first four months of 2008, as compared to the same period the previous year, the country's Customs Directorate reported.

ASYCUDA also dramatically reduces delays. It used to take a month for cars imported from Iran to be cleared through Afghan customs; now, the process takes one day<sup>2</sup>.



<sup>1</sup> Source: World Bank

<sup>2</sup> Source: United Nations Assistance Mission in Afghanistan

## Streamlining customs: more revenue for governments, less delay for businesses

Customs inefficiencies can be costly for countries and for their domestic businesses. Many nations depend on duties and taxes from foreign trade as a major source of government revenue. Domestic firms must bring in vital materials and equipment and, to prosper, often must sell their products on international markets. If the passage of goods is rapid and inexpensive, that helps them compete with firms overseas.

The combination of high tariffs, complicated procedures, and slow movement of goods over borders that often prevails at customs posts can discourage foreign investment, a major source of hard currency in many countries. And if numerous documents must be filled out, often by hand, and approved by a variety of officials, that increases opportunities for bribery and other forms of corruption.

An additional difficulty is that paper-based, decentralized procedures make it hard for countries to produce up-to-date trade data -- and rapid information on foreign trade is extremely valuable, because it helps governments make astute decisions about their economies. Since customs traffic continues to increase as the global economy grows, it is clear that nations must be responsive and shift to automated systems as paper-based, decentralized methods are less and less able to keep up.

Since the early 1980s, over 90 countries have turned to UNCTAD for its customs-management information system and for the training needed to operate it.

## UNCTAD's approach to customs modernization

The Automated System for Customs Data (ASYCUDA) is installed at the request of governments. It generally results in a substantial increase in customs revenue, in significant reductions in clearance times, and in rapid, reliable trade statistics that help governments carry out fiscal and economic analysis.

The ASYCUDA software for the computerization of customs operations, which was initially funded by donors and developed over the years through contributions from donors and beneficiary countries, is provided by UNCTAD within the framework of technical assistance projects. It has been continuously updated since its introduction in the early 1980s; the latest, web-based version enables business-to-government and government-to-government transactions, and helps countries provide e-government services.

The implementation cost of ASYCUDA can range from half a million to several million US dollars, depending on the specific conditions in each country and in that country's customs service.

**The normal implementation process, which involves the participation of the national customs staff, has three main phases:**

1 UNCTAD staff and host governments carry out a review of existing national customs legislation, procedures, tariffs, and infrastructure, and recommend changes to bring all these into line with international standards.

2 The ASYCUDA system is configured to integrate the national regulations by trained national personnel supported by UNCTAD staff, and is installed at one or two pilot sites. There it is tested and training sessions are held for customs administration staff, business officials, and other members of the national trading community.

3 The national ASYCUDA system is extended to other customs offices at ports, airports, border stations, inland clearance offices, and export-specialized "free zones." The performance is monitored and adapted to ensure the smooth flow of data from operational sites to customs headquarters, and from headquarters to other government departments that use trade data, such as national statistical offices and commerce and finance ministries.

During the implementation process, which can take from one to several years, the Geneva-based ASYCUDA team and regional support centres provide technical support and guidance, with the final goal of making the beneficiary country independent of external assistance through local capacity-building. The regional support centres may help to elaborate and introduce regional standards or common clearance procedures into the system, and also may offer specific technical or functional training.

Now operating in 90 countries on five continents, ASYCUDA has been UNCTAD's largest technical cooperation programme for more than 25 years.