Computerizing customs procedures: removing a hurdle to economic development.

Why the need for a computerized customs system?

In many developing countries, duties and taxes on foreign trade constitute the single largest source of government revenue. Paradoxically, in many of these countries manual systems are used to process customs declarations. Procedures are generally inefficient and costly, and are often subject to fraud. The numerous forms that have to be filled out are complicated and at times redundant.

As a result, the process can be excruciatingly slow. Delays of several weeks and often months, result in high overheads for both customs administrations and traders, and are inevitably reflected in the prices of both imports and exports.

This combination of high tariffs and slow movement of goods also has a harmful effect on exports and foreign investments, the main source of hard currency in many developing countries. By repeatedly failing to meet delivery deadlines with international buyers, local businesses cannot build up or maintain their clientele and lose out to faster, more reliable suppliers. Likewise, foreign investment and joint ventures are not attracted to countries where industrial supplies are delayed by customs formalities and lack of efficiency.

In many developing countries there is also a serious lack of accurate, up-to-date trade data, which hampers the formulation of realistic economic policies. Not only are the manually-produced statistics subject to a high incidence of misrecorded or non-recorded data, due mainly to human error, but they are also slow to produce.

For customs mechanisms in developing countries to become more efficient and contribute to economic growth and development, the solution is computerization. But few developing countries can afford to set up a new automated customs system from scratch.

As early as the 1980s, UNCTAD developed a customs computerization system that is both user-friendly and free. It is now installed in over 80 countries and has become the reference for customs computerization in developing countries:

ASYCUDA (the Automated System for Customs Data)

ASYCUDA – what it does and how it does it

By introducing computerization, ASYCUDA accelerates customs clearance and simplifies procedures. It also helps to increase customs revenue and provides governments with reliable and timely information to formulate macroeconomic and fiscal policies.

The system is installed at the request of developing country governments. Its implementation strategy is composed of three successive phases that ensure a low-risk, cost-effective approach, and long-term sustainability:

- a complete assessment of the current state of national customs procedures, including their legal aspects, tariffs and infrastructure, is carried out;

- the system is configured in accordance with national regulations and installed at one or two pilot sites, where national configurations and procedures are tested; training sessions are organized for customs administration staff and the trading community;

- the system is extended to other customs offices, in ports, border stations and free zones. It ensures the smooth flow of data from operational sites to headquarters and from headquarters to end-users, such as the Statistical Office and other government departments.

The first two phases have a minimum duration of 18 months and the final phase between 6 and 12 months. During this period, the Geneva-based ASYCUDA team and regional support centers provide technical and customs support to ASYCUDA. Regional support centers also deliver training and help elaborate and introduce regional standards or common clearance procedures.

In place in more than 80 countries worldwide, ASYCUDA remains the largest technical cooperation program within UNCTAD. ASYCUDA's average implementation cost is US$ 2 million, excluding equipment and infrastructure. The ASYCUDA software is provided by UNCTAD at no cost.

With the implementation of ASYCUDA, countries can expect an average 10% increase in revenue, substantive reductions in clearance times and reliable trade statistics to manage fiscal and economic analysis. The latest version of the software product ASYCUDAWorld includes business-to-government and government-to-government transactions, and is expected to have a significant impact on the development of e-government driven reforms.