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WORKING DRAFT

IMPACTS OF THE SINGLE ELECTRONIC WINDOW IN MOZAMBIQUE

IMPACTS OF THE SINGLE ELECTRONIC WINDOW IMPORTATION AND EXPORTATION
MODULES AFTER NINE MONTHS OF OPERATION IN MOZAMBIQUE

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Impacts of the Single Electronic Window in Mozambique

1. Introduction and purpose

1.1. The purpose of this report is to evaluate what has occurred since the beginning of the roll-out of the Single Electronic Window (SEW) in Mozambique, to quantify the impacts, consider which problems are “teething problems” and which are systemic and therefore likely to continue, and to provide recommendations on how these matters can best be solved.

1.2. It is equally important that the paper and suggestions be practical and supportable so that they can be implemented and it can provide lessons which can be learned by other countries in the region seeking to roll-out a similar system.

1.3. The study will also be used by ACIS and others to advocate for changes in the system as required and for the implementation of recommendations made by the consultant.

2. Background

2.1. Discussion aimed at improving Mozambique’s Customs’ ability to deliver streamlined automated customs programs at levels demanded by new international agreements and standards, stretches back well over a fifteen year period.¹ By 2005, the issue was not whether Mozambique needed a new automated customs management system, but what the new system would be and who would pay for it. There followed a series of private and public consultations aimed at defining a system that would be suitable for Mozambique as well as affordable. A series of out-reach seminars and visits abroad, financed by the Commonwealth Secretariat, were undertaken. The Confederation of Trade Associations (CTA) was particularly active during these discussions and representatives took part in some of the overseas study tours.

2.2. By 2009 a series of important decisions were in the process of being made, founded on a strong preference promoted through CTA and by the donor community to move towards a system that would go beyond a new Customs electronic processing system. There was preference, especially in light of the WCO’s Trade Chain Management initiatives, for a Single Electronic Window System (SEW) that would tie together entire stakeholder and client trading communities both nationally and internationally.

2.3. A Single Window Electronic scheme was ambitious and, without question, very expensive for Mozambique. In order to ensure capacity, stability and access, considerable investments was required in equipment such as servers, access computers and generators. Basic infrastructures including dust-free, air conditioned operating spaces were required. Training on the use of the system and on-going operating costs could be considerable. In the end, Mozambique decided to move forward on the basis of a Public-Private Partnership scheme.² The decision to finance public

¹In 2005 a cooperative effort between the World Customs Organization (WCO) and the World Trade Organization (WTO) produced a series of EDI standards for its members to strengthen the trade facilitation component of GATT Article VIII (Fees and formalities connected with importation and exportation). These were linked to trade facilitation and harmonization commitments arising from membership and participation in the World Customs Organization and the World Trade Organization. Moving ahead with enhanced EDI applications became part of Mozambique’s commitment to meet the provisions of both the WCO’s and the WTO’s Article VIII trade facilitation commitments.

² The United Nations Committee on Trade and Development has extensive information and guidelines for creating PPP arrangements on their web site at: www.unctad.info/upload/TAB. The World Customs Organization (WCO) also promotes and offers guidelines and advice on managing PPPs at WCO@ www.microsoft.com/public-private-partnerships. Guidelines for PPP arrangements have to be incorporated into

initiatives with private capital, especially in developing economies, was not unusual and had been promoted for a number of years by such organizations as the UNCTAD and the UN's International Trade Centre (ITC). Experience in the use of PPPs has shown that the investment of private capital into a system like a SEW does add a rigor and an urgency to get things up and running and profitable as quickly as possible.

2.4. A Government public tender was let through the Ministry of Finance and opened for bids in October 2009. A consortium, MCNet was selected. Under the PPP agreement CTA holds a 20% share, while the government holds a 20% share with a 3% concession fee. The remainders of the consortium shares are held by a private stakeholder company ESCOPIIL. SGS (Société Générale de Surveillance SA), as a management company, and CrimsonLogic as a technical maintenance and development company, are also key members of the MCNet Consortium. It is understood from discussions with MCNet that the majority of the capital investment to date has been provide by SGS.³

2.5. Only parts of the five modules of the SEW are currently operational in Mozambique: the Customs Management Systems (CMS) import and export modules, and the Trade Net clearing agents, shipping agents and banking modules. However, even these have not been fully implemented. Temporary import, temporary export and transit modules have not been implemented. The air and sea import and export modules became operational in April 2012 and the land modules became operational in September 2012. Their implementation was staggered across border operations which were judged ready to implement and sustain them. This report looks only at these modules and not at the whole SEW system.

2.6. It is fair to say that up until the time these modules became mandatory, few primary importers and exporters engaged with the system, took advantage of available training and information sessions or focused on to the potential costs of use of the system. However, a number of concerns have been raised subsequent to roll-out with the system being mandatory in ever more parts of the country.

2.7. These concerns can be categorized into:

- Technical
- Practical
- Cost related

2.8. Technical concerns include those which relate to the actual functioning of the system itself. For example, lack of full integration of banks into the system hampering duty payments, use of a daily exchange rate preventing pre-clearance of goods, delays in issuing of '*contramarcas*'⁴ for vessels and vehicles, potential for fraud in the way in which pre-shipment inspection certificates are loaded into the system, lack of consideration of technical specifications for project-related movements of goods, among others.

2.9. Practical concerns include the capacity of clearing agents throughout the country to access the internet and thus make use of the system, lack of computer literacy among clearing agents, difficulties with electricity and internet provision to the actual customs offices, among others.

national legislation. Although consistent with international standards, PPP arrangements vary from country to country. Also see: *India's Love affair with Public-Private Partnerships*, The Economist, December 15, 2012.

³Both SGS and TradeNet have proven track records in the development, implementation and support of Trade Facilitation Single Window systems in developing economies. CrimsonLogic has been active in implementing trade facilitation networks in more than 20 countries and their TradeNet systems are recognized by the international trade community as an extremely competitive straight- forward and comprehensive single window trade management option. The basic modules are easily adapted to national needs and CrimsonLogic provides competitive, on-going technical and management support after the systems have become operational.

⁴ The "*contramarca*" is a unique sequential identification number assigned to each means of transport arriving for Customs clearance.

2.10. Cost issues relate to delays, demurrage resulting from delays, cost to business from delays, cost to end consumer as a result of delays and the actual cost of using the system, charges being levied based on value of cargo, among others.

2.11. Issues can further be categorized as they relate to:

- Import cargo (temporary import and export modules are not yet operational)
- Export cargo
- Transit cargo

2.12. In the case of import cargo and export cargo, it is reported that significant delays are being experienced at road, maritime and air borders. These delays result in additional costs due to demurrage charges, delays in projects and business activities, and damage to business reputation. In addition, the charge per value of import appears to make the new system significantly more expensive than the previous paper-based system. Ultimately, the result is an increase in costs being borne by the end consumer.

3. Tasks

3.1. A mapping exercise is required to clearly indicate the procedures as they are to be followed for each type of cargo through maritime, road and air borders.

3.2. Based on initial mapping, the consultant should then seek to determine where bottlenecks are occurring and who is responsible for these and provide recommendations on how the bottlenecks can be resolved.

3.3. Where possible, a comparative analysis of other jurisdictions using similar systems should be employed to determine which problems are teething problems, which relate to the practical nature of the specific Mozambican context, and which are system-specific.

3.4. The consultant should attempt to quantify the cost of issues around implementation of the system to business in the first six months of operation. Recognizing that this may be difficult to achieve comprehensively, the consultant should present case examples of impacts on various sectors of business based on anecdotal examples provided by interviewees.

3.5. The consultant should further attempt to quantify the cost to business and thus to end consumers of the ongoing use of the system.

3.6. The consultant will need to interview a range of stakeholders including: MCNet national and provincial; Customs national and provincial at various types of border (maritime, land, air) crossings; and, a holistic representation of the Mozambican business community.

3.7. The consultant will need to travel in order to get a full picture of the situation, at least visiting Maputo, Beira and the Manica road border at Machipanda. Additional interviews can be undertaken by telephone and email. ACIS assisted the consultant with contacts with business.

4. Outcomes and deliverables

4.1. The final report was drafted in English and translated into Portuguese. It includes a specific indication of problems, the costs of these, short term recommendations (quick fixes) that can be implemented right away and avoid potential difficulties over the year-end period, and long term recommendations for the resolution of such problems. The report is expected to be a tool for ACIS and other organizations to lobby for changes in the system to ensure that the system is workable, cost-effective and efficient. At the same time, the report will feed into discussions around the roll-out of similar systems in the region.

4.2. The report, therefore, looks backwards at what has happened to date, attempting to quantify and determine root causes of problems faced in the first six months of operations. It also looks

ahead to what are likely to be the impacts of the SEW on both Mozambique and its neighbors. A seminar in the capital to present the outcomes of the report should be considered.

5. Working Method

5.1. The field work and assessments for this assignment were carried out through a series of visits, interviews and meetings. Thirty interviews involving 72 participants were completed. Interviews were carried out with primary users such as the clearing agents, shipping agents and terminal operators, as well as importers and exporters, many of who were also involved in manufacturing and exporting businesses. Attempts were made to balance the meetings between the operators of large, small and medium enterprises. Additional meetings were held with Customs and MCNet, the consortium responsible for the development, implementation and maintenance of the SEW. Visits were made to sea, air and land facilities. Substantial documentary and statistical support was obtained from the MCNet and ACIS websites, and from the World Bank and the World Customs Organization.⁵

6. EXECUTIVE SUMMARY OF KEY FINDINGS AND RECOMMENDATIONS

6.1. Findings

6.1.1. The complete architecture and detailed functionalities of the SEW cannot be fairly assessed until the whole system comes on-line. Given the internationally tested platforms it is built on, there is every reason to conclude that it can and will deliver adequate SEW services consistent with international standards and commitments.

6.1.2. The procedures as laid out in the import and export modules are all consistent with international customs best practices. The import and export declaration processes followed by the payment and subsequent verification and risk management applications are standard and supported by World Customs Organization best practices. The documentation packages requested are also standard and in keeping with standard international practices.

6.1.3. General support for the SEW concept is high among both primary and secondary users. 95% of the study's participants believed that SEW is a positive and necessary initiative.

6.1.4. The primary licensed users of the system, the clearing agents, freight forwarders and shipping agents, with only a few notable exceptions, were enthusiastic about the speed, ease and flexibility of SEW, especially the correction features that allowed on line amendments and corrections of submitted declarations. They are the current cheerleaders for SEW and MCNet's implementation efforts.

6.1.5. Support for the SEW concept is not carried over to the primary importers and exporters when it comes to the systems implementation and application. Only two of the primary importers and exporters interviewed were fully satisfied. The rest believed that they had not been kept informed and were completely unprepared for the implementation. As of yet, they saw few tangible benefits, but remained hopeful. Their views are summarized as:

- I. Sea Modes: Initial start-up delays of four to five days in the sea modules have, for the most part, been resolved. There are still delays reportedly averaging 24 to 48 hours longer than before SEW was implemented. Most of these "shorter" delays appear to be directly and indirectly related to the SEW system. On an exceptional basis, longer time delays were reported, but most were not related to SEW.⁶

⁵ A list of the organizations that agreed to provide in-put for this report is attached as Annex 6.

⁶ Importers were all willing to provide documentation showing the increased clearance times following the introduction of the SEW. An example of truck delays for one importer is attached as Annex 5.

- II. Air Modes: The air couriers reported satisfaction and believe that SEW may have even improved their clearance times. As regards air freight, the initial implementation problems have been resolved, but there were concerns that air freight still had delays of 24-48 hours more than before SEW was implemented. Most of these delays appear to be directly or indirectly related to SEW. Longer delays were reported but these were not usually associated with SEW. The passenger processing module has not been turned on.
- III. Land Modes: Initial start-up delays of four to five days have improved since September, but there are still more delays than before SEW. Participants reported and were able to document an average of 24 to 48 hours more time required to complete clearance than before SEW. Again there were longer delays reported, but most of these were not directly related to SEW. Only one importer clearing through the facility at Matola Cargo Terminal said their consignments are released faster under SEW than under the pre-SEW system.⁷

6.1.6. It is almost impossible to estimate the cost of the delays and it would be unfair to attribute them all to SEW. Truck delays can cost US\$ 200-250 a day, and if vehicles are delayed at Matola Cargo Terminal, there are additional storage charges based on the CIF value. Container costs average US \$40-65 a day and storage charges at both airport and sea terminals are reported to be significant. Concerns were expressed that lost business opportunities, especially for those companies competing globally, could impact their operations in Mozambique. One participant noted that delays in getting parts to complete his production facility cost his business US\$ 15,000 a day. There was a thirty day delay.⁸

6.1.7. There may be room within the context of Mozambique's GDP growth and position in the international markets to absorb SEW additional cost without serious disruptions to its current levels of competitiveness. Mozambique, according to the World Bank's *Trading across Borders*, still has the lowest container processing fee among the SACU trading partners for imports and exports of containers. However, paying for the SEW system will add an additional cost onto the imports, even if only 5 US\$. The importers and exporters also face other costs including document preparation, ports and terminal handling, and inland transportation costs and fees. The total cost of importing a container is estimated at 1,541 US dollars and the cost of exporting container is estimated at US\$ 1,100. This ranks Mozambique 134 out of global total of 185. Improving and not standing still should be the end game. Markets are truly global and Mozambique should not benchmark itself otherwise.

6.1.8. 40 per cent of the primary importers and exporters were not in favor of the user fees charged by MCNet to deliver the SEW program. While recognizing the potential benefits of the SEW, opposition to the fee was greatest among those importers who were subject to the .85% rate on FOB values over US\$ 50,000.⁹

6.1.9. While recognizing the potential benefits of SEW, the majority of the importers and exporters interviewed said that the new MCNet processing fee added to their clearance costs. Since on the average release times had not decreased, these additional processing charges could not currently be off-set by efficiencies elsewhere, such as when faster clearance times would result in less pre-clearance storage fees.¹⁰

6.1.10. Most Importers and exporters believe that poorly trained and corrupt Customs officers are the weak link in the system. 70% of the study's participants believe that the transparency provided

⁷ Importers and exporters were generally eager to provide documentation to show the delays were experiencing. See example in Annex 5.

⁸ Three of the largest international importers and exporters who compete in global markets questioned if the new MCNet user fees and business delays would affect Mozambique's international competitiveness. In 2011 Mozambique was one of 6 sub-Saharan African countries with a real GDP growth of over 7%. Interestingly, Ghana where a similar SEW was implemented in 2002 with related user fees had the highest GDP at 14.4%. Sources: World Bank; CIA World Fact Book; AfrianEconomicOutlook.org.

⁹ See User Fees, WCO Kyoto Convention, General Annex Chapter 7, Application of Information Technology.

¹⁰ See Annex 2 for a comparison of costs to export/import containers.

by the SEW does not adequately extend to the second verification and inspection levels. After the initial payment of duties, taxes and MCNet fees, a conditional release is provided. The consignment may still be subjected to a secondary documentary review or physical inspection before final release. At this stage physical contact between Customs, importers, exporters and shipping agents may provide the opportunity for special and illegal facilitative payments.¹¹

6.1.11. Over 80% of the study's participants believe that Customs was too heavy-handed when the importation and exportation modules were implemented and should have gradually reintroduced rigor into their systems by allowing grace periods for importers and exporters to arrange for additional documentation being demanded by the SEW system.¹²

6.1.12. 60% of the study's participants believe that increased clearance times can be traced back to the ending of facilitative Customs programs such as prepayment and preclearance schemes in place before SEW was implemented. For the most part these schemes allowed any clearance problems, such as those involving a valuation issue, to be solved before the goods arrived. There is still great uncertainty as to the current status of these programs. Reintroduction or reactivating these programs would solve most of the on-going 24 to 48 hour delay issues.

6.1.13. The practice of holding consignments pending a valuation review is also believed to be major factor in the on-going delay times. Moving these valuation reviews into the post audit mode as quickly as possible would reduce costs, speed releases and ease criticism.

6.1.14. Currently, for standard importations, Customs still requires complete declaration packages with all attached documents scanned and attached to the file. The scanning process simply takes a lot of time and delays the declaration submission. Participants wanted Customs to immediately develop release on minimum documentation processes and quickly get into the post-audit modules.¹³

6.1.15. There appears to be ample internet and communication capacity, even at the most remote land crossings, to support a reliable SEW services by Customs. However, stakeholders' internal systems, and procedures needed to support the SEW are reported to be frequently down and not adequate.

6.1.16. Over 60 % of the study's participants believed that the need to still get physical stamps and signatures will continue to slow down the clearance processes even after these operations are integrated into SEW in March 2013.¹⁴

6.1.17. Importers and exporters are concerned that the whole delaying process may begin over again when non-Customs inspection, licensing and controlling agencies such as the Ministries of Agriculture and environment are brought into the system this coming March. Exporters in particular were concerned that these agencies may not have either the training or the equipment needed to transition to a paperless environment, especially when it came to processing information on containers packed for export.

¹¹ Mozambique's Customs Authority has over a 15-year period made enormous efforts to improve and provide professional services with high levels of integrity. The reform and integrity efforts are reported on the www.Crownagents.com site and www.Transparency.org (U4. No.). An overview is also provided by: Marcelo Mosse, Corruption and Reform in Customs in Mozambique, Centro de Integridade Pública (CIP), 2007. Still the Global Competiveness Report of 2010 noted that 17.2% of the companies surveyed in Mozambique considered corruption the second most severe problem affecting the business environment. Transparency International's Corruption Perception Index placed Mozambique as 24 out of 48 countries in Sub-Sahara region, and 120 out of 182 globally. They did not rate Customs separately.

¹² The Customs authority did maintain essential streamlined services such as those required to clear perishable goods.

¹³ Discussions during meeting with Sr. Domingos Tivane Director General of Customs, Maputo, 10-12-2012: The Director General Advised that the new SEW post audit program would soon be ready to implement.

¹⁴ See Annex 1 for a breakdown of documentation needed to import/export with an indication of the documentation not yet in electronic format.

6.1.18. Exporters are for the most part fairly neutral about SEW, but they did believe that SEW had short-circuited facilitative pre-clearance arrangements they had before it went live, and in some cases believed that this has resulted in the requirement of additional unnecessary certificates. Most estimated that either directly or indirectly, SEW had added about twenty-four hours with associated costs to the exportation process.

6.2. Key Recommendations

6.2.1. Now that the modules essential to making MCNet profitable are in place, longer lead-in times, pilot sessions, information out-reach programs tailor made to address the large, medium and small business clients should replace shorter implementation schedules.

6.2.2. CTA and ACIS must continue with the important and positive role they are playing in keeping their clients informed of the changes coming, new procedures, and new cost and new benefits and especially the consequences of not being ready.

6.2.3. MCNet and Customs must double efforts to publicize their complaints' hotlines and client service programs, and put a face on what for many is a faceless system of Electronic Data Interchanges .

6.2.4. MCNet must rush the implementation of the SEW end-user tracking module so that importers and exporters can pro-actively trace the progress of their consignments through the SEW system.

6.2.5. Customs procedures and roles are not well understood. Customs is still perceived as being corrupt, capricious, unhelpful and responsible for most of the on-going slow-downs of SEW releases.

6.2.6. Customs needs to gain a larger and more positive profile by coming out from behind MCNet and engaging the public directly

6.2.7. Customs must move quickly to implement their communication strategy and public out-reach program.

- i. Customs and not MCNet should be directly handling the complaints and questions that their primary importers and exporters have regarding Customs matters.
- ii. Customs should include on their own website complaints and survey pages such as those contained on the South Africa Revenue Service site.¹⁵

6.2.8. Customs should implement grace periods when new modules, such as the in transit module, are being implemented.

6.2.9. Customs should recognize the timeliness nature of the internet and international trade and expand 24-7 programs to borders, staging areas and other facilities necessary for the processing of SEW entries.¹⁶

6.2.10. Customs should initiate still another set of high profile integrity programs.¹⁷

6.2.11. Customs needs to make it a priority to ensure that the public is aware of their valuation verification initiatives and move the review into a post-audit environment.

¹⁵ <http://www.sars.gov.za/home.asp?pid=214>.

¹⁶ Discussions during a meeting with Sr. Domingos Tivane Director General of Customs, Maputo, 10-12-2012: Director General Tivane advised that Customs was ready to work any hours that workloads justified.

¹⁷ See above footnote 10 for brief review of previous Customs' integrity improvement issues.

6.2.12. Customs, as a priority, should revitalize and implement facilitative procedures to cover *inter alia* Authorized Economic Operators, pre-presentation of declarations and pre-payments of duties and effective offset and guarantee programs.

6.2.13. MCNet should plan for longer lead in times and outreach programs, especially for the live piloting periods

6.2.14. CTA and ACIS needs to take on a much more active role informing the end-use clients, the importers and exporters of what is expected and how to be prepared and the consequences of not being prepared.

6.2.15. With some urgency, the importers and exporters should be brought into the SEW tent by having the tracing feature of the system made available for their consignments

6.2.16. A coordinated communication strategy between all the key players should be prepared and implemented

6.2.17. Mozambique is very capable of supporting the SEW system. Part of the current problem lies with the service agents and other government agencies who have not brought their internal systems up to adequate levels needed to support the SEW.

6.2.18. MCNet, in conjunction with ACIS, should publish all the sites, clearing agents and freight forwarders who are available to provide SEW services in Mozambique.

6.2.19. MCNet should provide a forum for the internet providers to sell their services and products to potential SEW users.

6.2.20. The CTA and ACIS should make their primary membership aware that “system is down” excuses for delays are used to cover other service delivery problems that have nothing to do with SEW.

6.2.21. Before the new modules are implemented, the capacity of the other government departments to deliver electronic feeds to the SEW must be assessed. Moving toward electronic verifications and away from rubber stamps is essential.

6.2.22. MCNet can do a better job of emphasizing the positive outcome of what people are paying for and can continue to explain exactly the conditions of the agreement with the government and promote the eventual benefits that the SEW will have for Mozambique’s business community.

6.2.23. Of those interviewed, all except three, recognized the need for the SEW system and that PPPs were internationally accepted ways of paying for and maintaining it. For their part, the MCNet consortium must continue to promote the positive side of the SEW arrangements and emphasize how Customs is using its 20% and how the CTA is using its 20% to improve client and stakeholder services.

6.2.24. In the case of high value bulk importers, proposals may be made to the Government to provide tax off-sets against SEW charges after a predetermined ceiling has been reached.

7. SEW: MAPPING THE SEW PROCESS

To date only a few key functionalities dealing with import and export have been implemented in the SEW program. It is within these modules and their implementation that the issues examined in this report have occurred. Understanding how these modules fit into the architecture and functionalities of the entire SEW system is essential to understanding the current issues that have surfaced and recommending ways forward. This short section may also help clear up some of the misunderstandings that still exist, primarily among the importers and exporters about what the SEW system is and what it is capable of delivering.

7.1. The SEW System

7.1.1. Customs and trade management systems around the world are remarkably consistent in design and application. In the case of SEWs, existing modules that provide functional interfaces between the main players in the international trade and supply chains are adjusted to meet national peculiarities. For instance programs may be added to enforce the application of a particular national law or regulation, or to track who is using the system, or who has used their “over-ride” authorities. Among many other things the systems provide rapid, uniform, impartial and transparent applications of procedures; they can also add an automatic and inflexible application and rigor many clients and stakeholders need time to adapt and adjust to. Successful launches of SEWs, especially in the import and export module applications, are usually preceded by a substantial pilot periods¹⁸ with “administrative” flexibility and parallel applications of new and old procedures and laws.¹⁹

7.1.2. The usual modules and functionalities in Mozambique’s SEW have been adjusted and developed to provide connectivity between the Government clients and stakeholders. These modules include:

- Customs brokers (clearing agents)
- Freight terminals, ports and warehousing
- Shipping agents, freight forwarders and logistics companies
- Government ministries and departments
- Other government controlling and collecting agencies, including the Central Bank
- Commercial banks

7.1.3. In addition, a separate Customs component, the Customs Management System (CMS) was developed to replace the former Trade Information Management System (TIMS). Those developing the new SEW assessed that the TIMS system lacked the functionality and in some cases the application sequences to deal with proposed new and expanded SEW functions. The Customs functions will provide for inter alia:

- Manifest submission and analysis
- Declarations for all Customs treatments and regimes
- Transits
- Transfers
- Payments
- Temporary entry and export
- Risk management
- Guarantees
- Importation and exportation of vehicles
- Customs warehousing

¹⁸ SEW has been implemented in Mozambique after pilot periods of roughly 10 months and in “geographic” stages as local facilities were ready to operate it. This is consistent with the timings and approach used by the South Africa Revenue Service when they implemented mandatory electronic filing in 2006.

¹⁹ World Bank: Customs Modernization Hand book, 2005, ed. Luc De Wulf and Jose B. Sokol in their section on *The Role of Information Technology in Customs Modernization* compare the most popular off- the- shelf Customs systems and discuss transparent tendering techniques.

- Duty free zones, shops and special economic zones
- Full range of customs treatments and trade agreement applications
- Travelers and passenger processing
- Exemptions
- Post-audit

7.1.4. The system is linked through a series of primary and back-up servers supported by generators. Client and stakeholder access is through the internet. Access is provided to users through series of security gates. After completing information and training systems, authorized users are granted passwords to allow them to complete the functions they are licensed and trained to do.

7.1.5. Primary importers and exporters who do not currently have in-house licensed clearing agents do not have access to the SEW and are unable to track the process of their consignments. A tracking feature is to be made available through the SEW to importers and exporters in 2013.

7.2. SEW: Importation and Exportation Processes

7.2.1. A number of importers raised concerns that the SEW system was not completely “legal” and that its developers and administrators were placing demands on them that were not supported by law or regulation. Amendments to the 2009 Customs Law in February 2012 clearly provided the legal backing for the importation and exportation modules that are currently operational. A further decree set the user fees for processing declarations.²⁰

MCNet Declaration User fees

	Customs Declarations with FOB Values US\$			
Customs Regime	Less than 500 US\$	501-10000 US\$	10001-50000 US\$	Over 50000 US\$
Imports	US \$5	US \$24	US \$64	0.85% of FOB
Exports	US \$24			US \$64
Transit/other	US \$24			

7.2.2. SEW did not substantially change the importation or exportation processes except that now the exporter, importer or their agents must prepare, or convert, and submit through the system all documentation in soft copy or electronic format.²¹ The importer, or their agent, is still required to collect and provide, for instance, commercial invoices, manifests, shipping information and acquire all related approvals such as container packing, forestry export approvals, including foreign exchange permissions, import licenses, pre-shipment inspections, phyto-sanitary documents, and any other proofs required by law.²² SEW has not yet eliminated the need for physically stamped

²⁰ Boletim Da República 1st Series Nr. 10, Diploma Ministerial No. 25,12/03/2012.

²¹ Ministerial Diploma Nr. 16/2012 Article 40 provides legal authority for the electronic format.

²² Since the modules dealt with importation and exportation, Customs was the primary regulatory agency involved in the implementation. It was both opportune and understandable that Customs would use the implementation of perhaps the two most important modules in the SEW system to re-establish rigor into customs applications which by all accounts had become fractured and unevenly applied across Mozambique. Decisions were taken in most circumstances, not to over ride the system and to insist on complete documentary packages as the law required before release of the goods.

documents when required by law or regulation.²³ Final stamped and stapled hard-copy packages must still be assembled for final gate clearance and final foreign exchange reconciliations.²⁴ Some of these steps will be streamlined into the EDI environment as more regulatory, inspection and licensing agencies are brought into the SEW system.

7.2.3. For the most part, these documentary requirements are not yet available in electronic format. Scanning and transforming them into electronic format for submission through the SEW to Customs has added another burden on to the importer and exporter, but particularly to their clearing agents. The small to medium size importers and exporters do not believe that the scanning and electronic submission process that has replaced physically carrying and presenting documents to the customs office, has yet saved time, money or effort. The notable exception to this is the shipping agents and freight handlers responsible for presenting ships manifests. Most of these have been converted to internal standard data sets and are presented to the SEW directly in electronic format.

7.2.4. As noted previously, the declaration packages can only be prepared and presented by licensed clearing agents to Customs.

7.3. Sea and Air Modes: Import

7.3.1. Sea and air modes have been discussed together because the processes are essential the same. The major difference lies in that that air manifests are not in soft copy yet and time frames for their notifications are much shorter than in the case of the sea manifests.

7.3.2. In the case of sea and air modes, the process begins with the vessel or air craft providing a pre-arrival report to port and customs authorities indicating both the intention to arrive and in the case of ships, seeking permission to enter the port and discharge cargo.

7.3.3. The submission of the arrival notice allows SEW to create a unique arrival Notice Number. This number allows the shipping agent to identify and issue a draft manifest that is forwarded to Customs and the Port Authorities. Once the manifest has been identified by the unique number, the system proceeds to allow the port authorities to issue a rotation number assigning the vessels a time for arrival and a berth. At this point there is unlikely to be amendments to either the vessels arrival or the manifest. Once the rotation number is assigned the original manifest and its unique identification number²⁵ is made available to the shipping agents who can proceed to prepare and present the consignment declaration packages to customs, quoting the unique reference and consignment numbers.

7.4. Sea and Air Modes: Import: Completing the Process

7.4.1. The presentation of the soft copy package to customs begins the second step in the SEW process. The declaration package is forwarded automatically and randomly to a Customs officer for a preliminary review to determine if the package is complete and accurate. In the case of imports, the system has been programmed to calculate duty and taxes against the tariff classification contained in the declaration. If there are inconsistencies here, such as the tariff number not matching the commodity description or the product requires a phyto-sanitary certificate that is not attached, this prevents further processing and the clearing agent is requested to correct or provide additional information through the SEW system's correction window. The whole declaration may be rejected and a request made to submit it again.

²³ Ministerial Diploma Nr. 16/2012 Article 37 briefly lists the documentation to accompany a declaration.

²⁴ See Annex 1 for a list of usual documents with an indication of those that still have to be physically scanned into SEW.

²⁵ Ministerial Diploma Nr 16/2012 1/02 Article 41 provides for the unique identification number requirement.

7.4.2. It is important to note that the SEW system and the law provide for over-rides by the Customs officials. When an over-ride is made, both the reason and the official who made it are noted in the system.

7.4.3. Once the declaration package is judged complete by the officer and the system, a request for payment is made. The payment is made directly from the bank to a government account. It does not pass into a customs account. The system will issue a notice of payment and a subsequent conditional “saida” or exit permission. Following this stage, the importation enters the Risk Management mode and may be selected for a further review and verification by Customs. If Customs has concerns about valuation or documentary authenticity, the shipping agent will be requested to provide further information and the shipment will be held. In addition the shipment may be selected for physical examination and the importer or his representative, Customs and warehousing officials will be required to physically be there when the container or shipment is opened and inspected. All consignments are also subject to a scanning fee and are required to be scanned, or at least to make the shipment available for scanning. Not all land sites have scanning facilities.²⁶

7.4.4. In addition to above noted steps, the importer or his agent must also receive stamped payment receipts for warehousing, special inspection operations, and the use of port facilities. Once the package is complete and the final approval is received, an exit permit is issued that allows the consignment to leave the port facility. Within 90 days a full hard copy package with all appropriate original stamps and payments receipts attached must be presented to the bank for final foreign currency reconciliation.

7.5. Sea and Air Modes: Export

7.5.1. Except for the requirement to scan and present the export package, little has changed in terms of the export processes. Stuffing reports, special trading licenses, bank transfer and payment notices, commercial invoices, phyto-sanitary certificates, rules of origin certificates, and proofs of fumigation, even for empty containers, and scanning proofs are still required. Again, the major SEW change is the need to scan, present, and have the export declaration package reviewed by the SEW system for completion and approval by the first reviewing Customs officer. Corrections may be asked for and provided through SEW. Once the export passes all SEW checks, the payment request is made for all duties, taxes and fees, including the SEW user fee. Upon payment, a conditional release is granted.

7.6. Sea and Air Modes: Export: Completing the Process

7.6.1 Once the SEW fee has been paid, the export consignment may still be subject to a further risk management analysis. The original export package may be reviewed and corrections requested. The consignment may be selected for physical inspection and the containers or shipment opened or partially unloaded. Exporters allege that the document scanning process and the customs provision approval of the package, followed by a final physical scanning of the container or consignment, and then a final release still add about a day on to the export process that had not been there before SEW became mandatory. The export process does not require the SEW system to issue a *Contramarca*.

7.7. Land: Import

7.7.1. The process operates somewhat differently for the land modes, especially for truck shipments. As in the case of sea and air, there have been no substantial changes to the importation documentary requirements. Commercial invoices still have to be supplied for consignments. Permissions and proofs of payment are still required from the Central Bank. Truck

²⁶ The processes and order in which a declaration and consignment are processed through the SEW system are contained on the MCNet website <http://www.mcnet.co.mz/procedures.aspx>.

manifests and shipping arrangements all remain the same. Physical stamps are still required. Because of the local and independent nature of the trucking business, no international standards for electronic manifests are being applied. Trucking manifests appear to be without exception, hard copy.

7.7.2. Once the pro forma invoice and shipping manifest is available, a copy is sent to the importer or his agent. Up to three days before the arrival of the truck at the border crossing, the agent may present the trucking manifest online to Customs and request a *contramarca* per consignment if the truck's manifest provides for a consolidated shipment. If not, one *contramarca* for the road manifest is issued. The shipping agent forwards this information to the exporter and his shipping agent and a hard copy is provided to the truck driver.

7.7.3. Upon arrival at the designated border post, the driver presents his hard copy to the customs agent who then matches it with the SEW information on the SEW system. If the numbers match, Customs issues a "memorandum" which allows the truck to proceed to the customs clearance staging area where the shipping agent may collect scan and send the soft copy along with the declaration to the customs officials.

7.7.4. From this point on, the process in the SEW is essentially the same as for the air and sea modes. The SEW system matches the declaration package against the tariff classification, the duty rates and taxes and fees applicable. The system and, or, the Customs officer may request the clearing agent for corrections. At this stage the clearing agents may also request amendments to the declaration if more information has become available or an error has been found. The system may require a correction fee of 500 Meticaïcs. When these corrections have been made, SEW will request a payment notice. Upon receipt of payment notification, a conditional release document is issued and the release process moves into the risk management modes.

7.8. Land Import: Completing the Process

7.8.1. As in the case of air and sea modes, the risk management mode may trigger an additional documentary review during which the customs officials may request additional proof of values, or documentary authenticity. The consignment may also be selected for physical examination. The container will have to be opened or bulk broken in the presence of the declarant, customs and warehousing or shipping agents. Few of the truck staging areas have adequate warehousing or unloading facilities. A secondary inspection can trigger truck delays that considerably add to the costs associated with clearing the consignment.

7.8.2. At any point along in this process, requests may be made through the system for amendments to the original declaration. The request may be made by the clearing agent, shipping agent, or customs. More duties and taxes, for instance, may be requested. The consignments also have to show that they have been made available for and have paid the scanning fee. Warehousing and handling, and inspection fees all require physical stamped payment receipts before the final exit notice is issued and the consignments are allowed to leave the truck clearance areas.

7.9. Land Export

7.9.1. As in the case of the sea and air shipments, the SEW process has not greatly changed for the processing of exports by land conveyances. All the previous documentation has to be collected and the containers and trucks loaded or "stuffed" with the appropriate supervisions of customs, police and often agriculture or forestry officials. Once appropriately sealed or secured, and all permits such as those issued by the Forestry Department have been typed and made available, and paid for, the entire export package is scanned and presented to customs through the SEW. The SEW will verify the declaration against documentary needs for the commodity claimed on the declaration as well as any taxes, duties and fees. Corrections may be requested. When the system and or the customs officer judges the export package to be complete, the SEW user fee and all other duties and taxes and user fees are paid through a bank and a conditional release is issued.

7.9.2. The conditional release may be followed by secondary verification procedures that may entail unloading or opening containers. If the consignment is already loaded, this may trigger delays and additional trucking costs and in some cases, repacking, verification and sealing costs.

7.10. Findings: Mapping the Processes

7.10.1. The complete architecture and detailed functionalities of the SEW cannot be fairly assessed until the whole system comes on line. Given the internationally tested platforms it is built on, there is every reason to conclude that it can and will deliver adequate SEW services consistent with international standards and commitments.

7.10.2. The procedures as laid out in the import and export modules are all consistent with international customs best practices. The importer and export declaration processes followed by the payment and subsequent verification and risk management applications are standard and supported by World Customs Organization best practices. The documentation packages requested are also standard and in keeping with standard international practices.²⁷

7.10.3. The Customs law has been amended to give the SEW a legal and regulatory backing. It is not obvious that this has been done for the other government departments and controlling agencies that are scheduled to come into the trade net system in March 2013.

7.10.4. In all instances, the reliance on hard copy stamped or signed documents and payment receipts hinder the efficient operation of SEW and make the scanning and declaration process less efficient and reliable. There is currently little information on how the controlling agencies are moving towards paperless certification and payment modes.

7.11. Recommendations: Mapping the Process

7.11.1. Further operational reviews should be completed as the functionalities of the modules are rolled out

7.11.2. MCNet should emphasize the positive nature and success of SEW by promoting and publicizing the systems positive Key Performance Indicators such as improved times of release and how the forty percent of the user fees earmarked for Customs modernization and private sector development are contributing to the national good.

7.11.3. An aggressive, unified, communication strategy should be developed and implemented to clarify the programs, especially those customs facilitative programs that are available through the SEW modules that are currently operational

8. CURRENT IMPLEMENTATION OF THE SEW IMPORTATION AND EXPORTATION MODULES: SUCCESSES, SLOWDOWNS AND COSTS

8.1 Development and Roll Out

8.1.1. Since at least 2009 there has been an extended period of module development, equipment up-grading testing and installation, legal redrafting and implementation to support the use of the program, module development, training sessions, Gazette publications detailing new laws and

²⁷ See: WCO Kyoto Convention (Revised) General Annex, Chapter 3, Clearance and other Customs Formalities

regulations, newspaper notices, pilot periods, and website development. The system is being implemented using a phased in approach as the modules are finalized and the primary and regulatory legislation is approved. Currently only four Modules are partially operational: Bank payments, Clearing agents, Importation & Exportation and Clearance Procedures with some risk management capabilities.

8.1.2. The modules and functionalities dealing with sea, and air freight became operational in April 2012 in Maputo and later in Beira.

8.1.3. The applications for land transportation and exports became operational in September 2012.

8.1.4. Initially the Banking Module, so essential to making the SEW both facilitative and profitable, was slowed and its application restricted. Private commercial banks were reportedly slow to take up the required training and adjust their own internal systems.

The following Customs modules are scheduled for implementation January 2013:

- Electronic transit management, including electronic tracking
- Temporary Import and Export, re-import and re-export
- Temporary import and export of vehicles
- Simplified declarations for airport passengers and informal traders
- Exemptions
- Warehouse management

In February additional Customs modules will be rolled out for:

- Office management
- Post clearance audit
- Oil terminals
- Deferred payments/Customs cashier
- Unlicensed cargo and warehouse auctions
- Directory order

The Trade Net elements to be added during this time period include:

- Consignment document request
- Unique consignment number
- Master and supplementary document requests and approvals
- Ministries and Departmental Agencies module interface with declaration
- Central Bank exchange control

8.2 Sea Mode Roll Out

8.2.1. Initial start-up delays in the sea modules have for the most part sorted themselves out and clearance times are returning to pre-SEW levels. When SEW became operational for seaports in April 2012, the shipping and clearing agents estimated that an additional three to four days was added onto the clearance time for containers. In most cases they blamed this on the inflexibility of the SEW system that now required complete document packages that had not been previously requested by Customs Authorities.²⁸

²⁸ The opportunity was also taken by Customs officials to use the MCNet training of clearing agents to sort out the licensed from the unlicensed clearing agents. Licensed clearing agents had been required under the previous system, but a number of unlicensed “facilitators” had established relationships between customs

8.2.2. The delays were compounded by confusion surrounding the status of a number of facilitative customs programs such as pre-arrival documentation presentation, pre-payment schemes and post-audit schemes. There is still considerable confusion surrounding the status of these programs. Most importers and clearing agents say they are not operational. MCNet says they are, or at least some are. Most of these programs such as the Authorized Economic Entities²⁹ program which allowed high compliance importers to post security and clear on minimum documentation subject to post-audit, were still in the process of being over-hauled by Customs and had not (and in most cases still have not) been rolled out in the SEW system.

8.2.3. The clearance agents also had to adjust their systems and ensure that they were geared up to deliver the electronically scanned packages to the SEW system. This meant mandatory training and licensing sessions with MCNet before they could use their passwords to access SEW. For many of them, it also meant installing generators, new computer equipment and learning when the optimum time to send a declaration to Customs actually was. If declarations were sent late on Fridays, they could be delayed at Customs until Monday morning. All of the clearance agents interviewed believed that Customs had not yet adjusted to the 24/7 schedule of electronic commerce. In this regard, the Director General of Customs has given his assurances that where demand merits it, Customs will provide the service.³⁰

8.2.4. Also, initially, bank payments were frequently delayed. Only a few banks were actually connected to the SEW when it first became operational. Payments made through other banks could delay the clearance for up to three days as checks and transfers were cleared. There was a general unsubstantiated suspicion expressed by over 50 percent of the importers and exporters interviewed that MCNet favored one particular commercial bank and ensured that it had a head start and was able to attract new customers because of its ready access to the payment functions in the SEW system. Roughly the same number expressed concern that the clearing agents purposely slowed down payments by sending declarations late on Fridays when they knew they would not be cleared until Monday.

8.2.5. Shipping agents also reported that there were initially some data issues that prevented the transference of the vessel manifest into the SEW customs electronic files. The manifests kept coming back for correction. The problem may have been as simple as one protocol requiring a capital letter and the other delivering as a lower case letter. These issues have for the most part been settled and worked out, although one shipping agent did bring up an ongoing issue dealing with a bill of lading that has both duty free and dutiable goods on it. The customs processing system requires that a separate declaration be provided for the duty free goods. But the system only recognizes one *Contramarca* per bill. In order to get the system to accept the declaration, the shipping agent creates another dummy bill of lading. The interviewee worried about statistical integrity, knowing that the dummy bill will not match back to the original manifest.

8.2.6. The shipping agents at the sea ports are among the most enthusiastic supporters of the SEW and are quick to point out that the initial delays were for the most part "teething" problems and have, equally, for the most part been settled. Average release times for the sea ports are returning to pre-SEW levels, but there are still importation delays reportedly averaging 24 to 48 hours more for clearing containers than before SEW was implemented. Unfortunately most of these "shorter" delays still do appear to be indirectly related to a still incomplete SEW systems. The new Customs post audit and Authorized Economic Operator programs are not due to be made operational until February 2013. And there is still on-going confusion surrounding pre-clearance and pre-payment programs.

officials and the importers and exporters. Long-standing relationships between importers and these unofficial agents were reportedly disrupted and led to some temporary delays.

²⁹ Discussions during meeting with Sr Domingos Tivane Director General of Customs, Maputo, 10-12-2012: Director General advised that the new SEW Authorized Economic Operator program was ready to be implemented.

³⁰ Discussions during meeting with Sr Domingos Tivane Director General of Customs, Maputo, 10-12-2012: Director General advised that Customs was ready to work any hours that workloads justified.

8.2.7. The importers of bulk cargo reported that the customs and port officials were quick to recognize the special unloading needs of bulk cargo and as necessary provided unloading permissions before the *contramarca* and subsequent declaration processes were complete in the SEW.

8.2.8. All of the shipping agents except one dealing with sea cargo believed that the SEW system was adequate and stable enough to handle the electronic submission of the declaration packages and to handle any subsequent amendment, payment and release notification functions. The clearing agents believed that their systems now had the capacity to service all their clients and stakeholders. In terms of the sea mode, the users were satisfied that back-up generators were able to handle any slowdowns caused by unreliable electrical power.

8.2.9. Clearing agents and shipping agents were generally concerned that so much hard-copy was still required to complete the declaration packages and port-release documents. Hard copy and physical stamps still have to be obtained before scanning into the SEW system. They believe that the advantages of the SEW are considerably reduced because hard copy is still required for the warehousing, scanning, inspection handling and gate releases. Over 50 per cent of the clearing agents said that the need for hard copies and increased document packages that had to be scanned reduced the over-all benefits of the SEW for them.

8.2.10. Most clearance agents and importers noted that time was still lost waiting for documentation such as exemption certificates that although issued through Customs, are not yet part of the SEW system. One clearing agent noted that these systems that support the SEW electronic environment were frequently down. It was reported that in one case the computer system producing exemption certificates was down for five days. This was a general complaint by all users of the system. They rightly pointed out that it is not enough for the MCNet system or even their own systems to be adequate to deliver the SEW program if the other government departments that are required to produce supporting documentation do not have adequate delivery systems and technology.

8.3 Air Mode Roll Out

8.3.1. Clearing air freight shipments also underwent the initial same 4-5 day delays as was experienced by sea freight. As with the sea freight, the clearing agents and the importers were not prepared for the inflexibility of the system in its demands for complete documentation packages as required by law. Again, clearing agents scrambled to get their own systems up and running and to cope with the request for more and complete documentation.

8.3.2. Again, there was confusion over exactly what customs programs remained in effect and which ones were being over-hauled and redesigned. With few exceptions, importers and clearing agents claim that they were told by customs officials that pre-presentation of documents and prepayments were no longer possible because no processing could begin before the manifest was available and *contramarcas* assigned.

8.3.3. The delays have been considerably reduced, but most of the clearing agents and importers and exporters report that for air freight additional delays of 24 to 48 hours are still experienced when compared with pre-SEW clearance times. One importer who employed an in house clearing agent reported that 85% of their shipments took longer to clear than before the implementation of SEW.

8.3.4. Most of these delays in the air mode were traced to the ending of Customs facilitative programs and special Customs initiatives such as reviews of Customs values. Other reasons given included slow payments through the banking modules and excessive corrections demanded by the SEW process. Longer delays were reported on an incidental basis, but these were not usually associated with SEW. Informal traders and passenger modules have not been turned on.

8.3.5. The air couriers who had access to bonded warehouses facilities reported satisfaction and believe that SEW may have even improved their clearance times. They were able to maintain their previous Authorized Economic Entity status and pre-clearance and pre-payment programs.

8.3.6. In terms of the air mode, all of the participants interviewed believed that the MCNet system was reliable and provided adequate stability to the SEW. They also believed that the internet services they used were now adequate to provide the interfaces needed to transfer documents and declarations electronically. At the airport facilities, back-up generators made up for unreliable electricity supplies. Two in-house clearing agents reported that some of the smaller independent clearing agents who handled air freight shipments for independent clients still had not brought their technical operations up to adequate levels. This may still account for some air freight slowdowns.

8.3.7. As in the case of the sea mode, clearing agents and importers reported delays because computer systems in other government departments were “down” and not able to deliver even in hard copy the increased supporting documentation the SEW declaration window was requesting.

8.3.8. The questions of payments through commercial banks were raised by most importers, exporters and clearing agents engaged in air freight operations. They believed that initially the banking module was too restrictive and did cause slowdowns as payments were transferred from banks not on the SEW system. They believe that these concerns will be addressed by the increased number of commercial banks now using the SEW system. Few of them were aware of the new ATM payment features announced by MCNet and explained on their website.

8.4 Land Borders Roll Out

8.4.1 The land border module experienced all of the usual teething pains experienced at the sea and airports when SEW became operational in September 2012. Once again importers and exporters were requested to provide complete declaration packages, including not only pre-clearance documents, but also phyto-sanitary certificates, and as required for some products, purity and safety certifications. Importers and clearing agents say that in many cases this certification had not been requested previously by Customs and other regulatory agencies. MCNet advises that the SEW system was developed in accordance with legal requirements and did not request more documentation than *should* have been provided with declarations before its implementation.

8.4.2. The refusal of Customs and other regulatory agencies to over-ride the system and to stick with applying the letter of the law did seriously delay clearance times for many importers as their suppliers struggled to collect the required documentation abroad. This is not always a simple matter since one product like powdered milk may have several different suppliers. Each has to be contacted, the certificates issued and collected and matched with the exported products and the importer. Setting up this type of documentation supply chain requires time, planning and investment. In the meantime, shipments were delayed at the border, trucking costs increased, and shelves emptied.

8.4.3. Some of the land border sites had particular problems. Most of the clearing terminals that are inland from the actual border do not have adequate (and in many cases) no storage or unloading facilities at all. The truck all too often became the storage unit as the clearing agents and importers tried to meet the documentary needs of the SEW. Importers found themselves being billed for the trucks at up to 250 dollars a day, as well as paying hotel and meal bills for the drivers. The situation was particularly difficult for the small and medium sized retailers who relied on just-in-time deliveries from truck to shelf. For them, lost sales extended financial losses well beyond the cost of extra trucking fees and hotel bills.

8.4.4. Some importers reported the “frustration” of having their goods caught as part of a consolidated consignment. If one consignment on the manifest was held up, all of the consignments were delayed either because there was no place to unload the offending consignment or because the shipping agent did not want to break bulk and make additional and delayed deliveries. In some cases importers reported that shipping agents and clearance agents requested them to come to the truck staging areas to collect their own goods.

8.4.5 Importers, shipping and clearance agents and terminal operators report that release times have improved at land borders since initial implementation in September 2012, but there are still more delays than before SEW. Participants reported and were able to document delays averaging

24 to 48 hours more than before SEW. Again there were longer delays reported, but most of these were not directly related to SEW. All of the participants blamed the continued delays on the ending of the facilitative programs, especially pre-payment and pre-presentation of documents, and customs' reluctance to undertake customs valuation reviews in a post-audit environment, rather than holding consignments pending settlement. Only one importer clearing through the facility at Matola Cargo Terminal said their consignments are released faster under SEW than under the pre-SEW system.

8.4.6. On the technical side, the land border environments did provide some challenges not evident at the sea and air ports. Initially there were reports that SEW Customs functions related to the notifications and clearance of truck arrivals at the border were not always reliable and caused backlogs. Also, some of the staging areas for trucks such as that at Manica were serviced by clearance agents who did not always have adequate equipment or internet capacity to effectively scan and transmit the SEW declarations. Regular power supply was also more problematic at the land border clearance sites and at least one clearance agent reports that lack of regular power and a back-up generator continues to slow his SEW requests for a *contramarca* and declaration submissions. However, generally importers and clearance agents believe that the MCNet and SEW interfaces are now technically capable of delivering an adequate SEW land border program.

8.4.7. As with the other modes, importers, exporters and clearance agents said the reluctance or slowness of commercial banks to join the SEW payment module has slowed down release times. They seemed to be unaware of the new ATM payment options that MCNet has provided.

8.5 Findings: Current Implementation of the SEW Importation and Exportation Modules: Successes, Slowdowns and Costs

8.5.1. General support for the SEW concept is high among all users. 95% of the study's participants believed that SEW was a positive and necessary initiative and has the potential when fully implemented to standardize and harmonize procedures, speed releases, cut down on clearance costs and facilitate cross border trading. The goodwill to make Mozambique's SEW a success is there.

8.5.2. The primary licensed users of the system, the clearing agents, freight forwarders and shipping agents were, with only a few notable exceptions, enthusiastic about the speed, ease and flexibility of SEW, especially the correction features in it. They thought the training provided to them by MCNet was adequate. They are the current cheerleaders for SEW.

8.5.3. The complete architecture and detailed functionalities of the SEW cannot be fairly assessed until the whole system comes on line. Given the internationally tested platforms it is built on, there is every reason to conclude that it can and will deliver adequate SEW services consistent with international standards and commitments.

8.5.4. The procedures as laid out in the import and export modules are all consistent with international customs best practices. The importer and export declaration processes followed by the payment and subsequent verification and risk management applications are standard and supported by World Customs Organization best practices. The documentation packages requested are also standard and in keeping with international practices.

8.5.5. The Customs law has been amended to give the SEW a legal and regulatory backing. It is not obvious that this has been done for the other government departments and controlling agencies that are scheduled to come into the trade net system in March 2013.

8.5.6. In all instances, the reliance of hard copy stamped or signed documents and payment receipts hinder the efficient operation of SEW and make the scanning and declaration process less efficient and reliable. There is little evidence that any of the controlling agencies are moving towards paperless certification and payment modes.

8.5.7. Support for the SEW concept is not carried over to the primary importers and exporters when it comes to the systems implementation and application. Only two of the primary importers

and exporters interviewed were fully satisfied. The rest believed that they had not been kept informed and were completely unprepared for the impacts that the implementation of the SEW import and export modules would have on them. They reported continuing delays and increased costs as their main concerns. In summary:

- I. Sea Modes: Initial start-up delays in the sea modules have for the most part sorted themselves out and clearance times are returning to pre-SEW levels. There are still delays reportedly averaging 24 to 48 hours more than before SEW was implemented. Most of these “shorter” delays appear to be still directly and indirectly related to the SEW system. On an exceptional basis, longer time delays were reported, but most were not related to SEW.
- II. Air modes: The air couriers reported satisfaction and believe that SEW may have even improved their clearance times. As regards air freight, the initial implementation problems have been sorted out and release times have improved, but there were concerns that air freight still had delays of 24-48 hours more than before SEW was implemented. Most of these delays appear to be directly or indirectly related to SEW. Longer delays were reported but these were not usually associated with SEW. Informal traders and passenger modules have not been turned on.
- III. Land: Release time have improved on the land border since initial implementation in September 2012, but there are still more delays than before SEW. Participants reported and were able to document an average of 24 to 48 hours more than before SEW. Again there were longer delays reported, but most of these were not directly related to SEW. Only one importer clearing through the facility at Matola Cargo Terminal said their consignments are released faster under SEW than under the pre-SEW system.

8.5.8. It is almost impossible to estimate the cost of the delays and it would be unfair to attribute them all to SEW. Truck delays can cost US\$ 200-250 a day, and if they are delayed at Matola Cargo Terminal, there are additional storage charges based on the CIF value. Container costs average US\$ 40-65 a day and storage charges at both air port and sea terminals are reported to be significant. Concerns were expressed that lost business opportunities, especially for those companies competing globally, could impact their operations in Mozambique. One participant noted that delays in getting parts to complete his production facility cost his business US\$ 15,000 a day. There was a thirty day delay.

8.5.9. 40 per cent of the primary importers and exporters were not in favor of the user fees charged by MCNet to deliver the SEW program. Those who imported shipments of less than US\$ 50,000 were, however, generally agreeable to paying the fee provided that they were able to realize some tangible benefits from the system such as decreased clearing times, better and faster data collection and accuracy, reduced paper storage and greater transparency. Few believed this to be the current case.³¹

8.5.10. Even while recognizing the potential benefits of the SEW, opposition to the fee was greatest among those importers who were subject to the .85% rate on FOB values over US\$ 50,000. The importers of high value consignments, particularly those who import grains and construction materials said they will continue to object to paying .85% of FOB price per declaration to the MCNet consortium. They see it as anti-business, punitive and a cash cow for the consortium’s shareholders. They don’t like it even though they admit that the costs they incur will be passed onto the consumer.³²

³¹ The SEW from declaration presentation to final hard-copy reconciliation shows that the number of separate processes undertaken has been reduced from 32 to 7. Most of these are directly related to internal customs processes and are not obvious to the importers, exporters or their clearing agents. MCNet presentation, November 22/2012 SPEED/ACIS, Maputo

³² The issue of charging user fees based on a percentage of value which leads to distortions in the charges levied for essentially the same services is on the surface contrary to Article VIII of the GATT and has been the object of several disputes brought to the WTO. The US Customs Service currently collects a Harbour Maintenance and a Merchandise Processing Fee based on a percentage of invoice value per consignment. The fees however are capped at less than 500 US \$. See: [WTO Fees and Formalities Connected with Importations and Exportations, February/1988/L6264-355/245](#).

8.5.11. Determining what the increased cost to the consumer and SGS' profits compared to savings in time and paper and storage cost by those paying the user fee is almost impossible to estimate and would require significant and perhaps unwarranted interpretations and prying into private business matters. Much of the data is proprietary and confidential business information. On an inferential basis, one major rice importer paid in excess of 150,000 US\$ in MCNet fees in October 2012 using the 0.85% calculation.

8.5.12. Most importers and exporters believe that poorly trained and corrupt Customs officers are the weak link in the system. 70% of the study's participants believe that the transparency provided by the SEW does not extend to the second verification and inspection levels.³³ There is no evidence to substantiate these claims and in the international Customs community, Mozambique's Customs Authority is highly regarded. Customs verifications at the second level of review are widely believed to be the causes of most delays following the implementation of the import-export SEW modules.

8.5.13. 80% of the study's participants believe that Customs was too heavy handed when the importation and exportation modules were implemented and should have gradually reintroduced rigor into their systems by allowing grace periods for importers and exporters to arrange for additional documentation being demanded by the SEW system.

8.5.14. 60% of the study's participants believe that increased clearance times can be traced back to the ending of facilitative Customs programs such as prepayment and preclearance schemes in place before SEW was implemented. Poor communication channels between all the parties continue to exasperate the situation. There is great uncertainty as to the current status of these programs. MCNet says they are indeed still operational; importers and exporters say that they have been told by Customs that they are not, and nothing can be done before the issuing of a *contramarca*.³⁴ Whatever the current situation, reintroduction or reactivating these programs would solve most of the on-going 24 to 48 hour delay issues.

8.5.15. The practice of holding consignments pending a valuation review is also believed to be major factor in the on-going delay times. Moving this valuation reviews into the post audit mode as quickly as possible would ease criticism, reduce costs and speed releases.

8.5.16. SEWs work best when coupled with Customs facilitative programs. Currently Custom is requiring complete declaration packages with all attached documents scanned and attached to the file. The scanning process simply takes a lot of time, and delays the declaration submission. Participants wanted Customs to immediately develop release on minimum documentation processes and quickly get into the post-audit modules.

8.5.17. There appears to be ample internet and communication capacity, at most land crossings, to support a reliable SEW system. However, stakeholders' Internal systems and procedures needed to support the SEW are reported to be frequently down and not adequate. One clearing agent reported five-day slowdowns in receiving exemption approvals because the internal customs "system" was down. Assessing and ensuring that there is adequate capacity throughout the electronic chain is necessary if SEW is to meet its full potential and this should be taken into account in the planning of future implementation schedules.

8.5.18. Customs warehousing, terminal operations and other controlling and licensing agencies maintain internal control systems that have not yet been integrated with the SEW. Most still require stamps on physical documents, some of which still have to be scanned and up-loaded in the SEW system. Over 60 % of the study's participants believed that the need to still get physical stamps and signatures will continue to slow down the clearance processes even after these operations are integrated into SEW in March 2013.

³³ An excellent analysis of Risk Management and Trade Facilitation at the inspection levels is contained in Border Management Modernization, Editors: Gerard McLinden, Enrique Fanta, David Widdowson, Tom Doyle, The World Bank, Washington D.C., 2011.

³⁴ Ministerial Diploma Nr 16/2012 1/02 Article 1(f) defines the *contramarca*.

8.5.19. Importers and exporters are concerned that the whole delaying process may begin over again when other controlling and inspecting government agencies are brought into the system this coming March. They may well be right.

8.5.20. Exporters are for the most part fairly neutral about SEW, but they did believe that SEW had short-circuited facilitative pre-clearance arrangements they had before it went live, and in some cases has resulted in the requirement of additional unnecessary certificates. Most estimated that either directly or indirectly, SEW had added about twenty-four hours with associated costs to the exportation process.

8.5.21. The hostility towards SEW by some importers and exporters is based on a fundamental objection to paying a private, profit making organization to carry out a government obligation. The fact that different processing fees are applied for essentially the same service (i.e. submitting entries through MCNet) aggravates the situation. The 0.85% payable on high-value bulk cargos is particularly objected to by affected importers. This criticism is not apt to go away and will in all likelihood continue to be directed towards SEW. The phrase used by a number of interviewees was "legalized corruption" which expressed their profound skepticism of the way in which the consortium arrangement is structured.

8.6 Key Recommendations: Current Implementation of the SEW Importation and Exportation Modules: Successes, Slowdowns and Costs

8.6.1. Now that the modules essential to making MCNet profitable are in place, longer lead-in times, pilot sessions, information out-reach programs tailor made to address the large, medium and small business clients should replace rushed implementation schedules.

8.6.2. CTA and ACIS have an important positive role in keeping their clients informed of the changes coming, new procedures, and new cost and new benefits and consequences of not being ready. Websites are not enough. This will require MCNet working with these organizations to promote access to information.

8.6.3. MCNet and Customs should publicize their complaints hotlines and client service programs, and put a face on what for many is still an EDI faceless system.

8.6.4. Consideration should be given to fast-tracking implementation of the SEW end-user tracking module so that if consignment delays are costing more money, the importer at least knows where and why the delay is happening.

8.6.5. Customs procedures and roles are not well understood. Customs is still perceived as being corrupt, capricious, unhelpful and responsible for the slow-downs of SEW releases. The practice of customs holding the release of trucks and containers pending the settlement of valuation reviews, rather than allowing conditional releases subject to post-audit, promotes the notion they are undermining the benefits of the SEW and it should be amended by the Customs authorities.

8.6.6. Customs would gain a larger and more positive profile by coming out from behind the MCNet and engaging the public directly. Customs and not MCNet should be directly handling the complaints and questions that their primary importers and exporters have regarding Customs matters. Customs should include on their own website complaints and survey pages such as those contained on the South Africa Revenue Service site.

8.6.7. Customs should move quickly to implement their communication strategy and public out-reach program.

8.6.8. Customs should implement grace periods when new modules, such as the in transit module, are being implemented.

- 8.6.9. Customs should recognize the timeless nature of the internet and international trade and expand 24-7 programs to borders, staging areas and other facilities necessary for the processing of SEW entries.
- 8.6.10. Customs should initiate still another high profile integrity program.³⁵
- 8.6.11. Customs should make it a priority to ensure that the public is aware of their valuation verification initiatives and move the review into a post-audit environment.
- 8.6.12. Customs should as, a priority, revitalize and implement facilitative procedures to cover *inter alia* Authorized Economic Operators, pre-presentation of declarations and pre-payments of duties and effective offset and guarantee programs.
- 8.6.13. MCNet should plan for longer lead in times, especially for the live piloting periods.
- 8.6.14. CTA and ACIS must continue their efforts to inform the end-use clients, the importers and exporters of what is expected and how to be prepared and the consequences of not being prepared.
- 8.6.15. A coordinated communication strategy between all the key players should be prepared and implemented.
- 8.6.16. MCNet in conjunction with ACIS should publish all the sites, clearing agents and freight forwarders who are available to provide SEW services in Mozambique.
- 8.6.17. MCNet should provide a forum for the internet providers to sell their services and products to potential SEW users.
- 8.6.18. CTA and ACIS should make their primary membership aware that the “system is down” excuses used by some shipping agents to explain clearance delays should be verified.
- 8.6.19. Before the new modules are implemented, an assessment of the capacity of the other government departments to deliver electronic feeds to the SEW must be undertaken. Moving toward electronic verifications and away from rubber stamps is essential.
- 8.6.20. MCNet could do a better job of emphasizing the positive outcome of what people are paying for.
- 8.6.21. MCNet might explain exactly the conditions of its agreement with the government and the benefits that the SEW will have for Mozambique’s business community. MCNet should Promote the positive side of what Customs is using its 20% for and what the CTA is using its 20% for
- 8.6.22. All players involved in implementing and promoting the use of SEW must continue to emphasize the positive and play on the fact that of those interviewed, all except for three, recognized the need for the system and that PPPs were international accepted ways of paying and maintaining for it.
- 8.6.23. In the case of high value bulk importers proposals may be made to the Government to provide tax off-sets against SEW charges after a predetermined ceiling has been reached.³⁶

³⁵ See above footnote 10

³⁶ The issue of charging user fees based on a percentage of value which leads to distortions in the charges levied for essentially the same services is on the surface contrary to Article VIII of the GATT and has been the object of several disputes brought to the WTO. The US Customs Service currently collects a Harbour Maintenance and a Merchandise Processing Fee based on a percentage of invoice value per consignment. The fees however are capped at less than 500 US \$. See: WTO Fees and Formalities Connected with Importations and Exportations, February/1988/L6264-355/245.

Annexes

Annex 1: Usual Documentation Required for Consignment Clearance through SEW (Highlighted Areas Indicate Where physical scanning into the SEW System in normally still required).

Document	Customs Regime	Comments
Pro-forma invoice	Import	Required to obtain foreign currency payment proofs/issue provisional <i>contramaca</i> for land border importations
Manifest	Import/Export	Lists consignments on a conveyance (electronic for most sea modes)
Bills of lading	Import/Export	Lists of consignments contained in a manifest (electronic for most sea modes)
Commercial invoice	Import/Export/ Transit	Commercial details including value of goods in each consignment
Packing list	Import/Export Transit	List of goods contained in each consignment on a manifest (Maybe electronic for some sea modes)
International Trading Licenses	Import/Export	Issued by the Ministry of Industry and Trade for all commercial shipments
Foreign Currency Approvals	Import/Export	Proof that goods intended for export/import have been paid for
Certificates of Origin	Import/Export	Mandatory for exports. Required for preferential tariff treatments on importations
Phyto-Sanitary Certificates	Imports/Exports Transit	
Pre-shipment inspection Certificates	Imports	Applies to certain goods such as used Vehicles
Quality Certificates	Exports	Required for specific goods such as forestry products
Special Import/Export approvals /Certifications	Exports/Imports	For example, permission to export certain hard woods issued by Ministry of Agriculture
Bill of Entry	Transit Export	For goods transiting Mozambique
Customs Memorandum	Import/export	Permission to move consignments from border to Customs/from Customs to border
Stuffing Report	Export/Transit	Prior to sealing containers/conveyances approvals needed by Customs, police, other relevant ministries. May be electronic for sea modes.
Customs Declaration	Import/Export	
Proof of payment	Import/Export	Proof of payment of all duties and taxes and user fees
Conditional Release	Import/Export	
Proof of Scanning	Import/Export	
Inspection/Warehousing Reports/payments	Import/Export	
Special Customs regime documents	Import/Export	Inter Alia: Temporary Import and Export, Free zones, Duty free shops, Special Economic Zones
Final Gate Release	Import/Export	

Source: clearance and shipping agents, freight forwarders

Annex 2: Comparative List of Estimated Importation and Exportation Container Costs

Mozambique	2013	2012
Export Costs per Container	1,100 US\$	
Import cost per container	1,545 US\$	
Trading Across Borders Rank	134	135
South Africa		
Export Costs per Container	1,080 US\$	
Import cost per container	1,940 US\$	
Trading Across Borders Rank	115	145
Zimbabwe		
Export Costs per Container	3820 US\$	
Import cost per container	5200 US\$	
Trading Across Borders Rank	172	170
Tanzania		
Export Costs per Container	1,040 US\$	
Import cost per container	1,565 US\$	
Trading Across Borders Rank	134	133
Nigeria		
Export Costs per Container	1,380 US\$	
Import cost per container	1,540 US\$	
Trading Across Borders Rank	131	131
Portugal		
Export costs per container	685 US\$	
Import Costs per container	899 US\$	
Trading Across Borders Rank	30	30

Source: World Bank Trading Across Borders, 2013

Annex 3: Example of mandatory charges to import/ export two containerized consignments valued at 50000 US\$ and 50001 US\$ Exclusive of Duty and Taxes.

Activity	50000 US\$		50001 US\$		Comments
	Import	Export	Import	Export	
Customs Activity					
Declaration Fee	9.10	9.10	9.10	9.10	Flat rate
Customs Administrative Fee	N/A	N/A	N/A	N/A	A fee of 1.82 is charged for transit/transshipped consignments
Assistance for Stuffing/ Stripping	1.40	1.40	1.40	1.40	Customs Officers have to be available for packing, unpacking and sealing export /import containers off site. One unit used in examples
Customs Escort	45.50	45.50	45.50	45.50	Not always applicable or applied. One unit used in examples.
Cancellation of Correction of Declaration	1.85/20	1.85/20	1.85/20	1.85/20	One lowest unit used in example
Entry/Exit from Bonded warehouse	N/A	N/A	N/A	N/A	Applicable to bulk and break bulk cargoes
SEW Charges					
Processing Fees	64.00	24.00	425	64	
Scanning					
Processing Fees	100	50	100	50	
Customs Agents Fees					
Document preparation and SEW submission	375	375	376	376	Market competitive forces affect this rate. It is also variable depending on volume of goods processed. Average rates vary between 0.75 % - 0.50% consignment values for non-in-house clearing agents. Use of licensed clearing agents is mandatory
Document Preparation Exclusive of Customs and Clearing Agents fees Including Inter alia: Export/import Licensing, Foreign Exchange Stamps and Transfers, Department of Forestry and Agricultural approvals	250.00	150.00	250.00	150.00	The cost of document preparation extends well beyond the role of Customs and SEW to various departments that charge for stamping, inspections and licenses etc. Because their charges are often product specific, these figures are at best class D averages. Document processing fees prepared in the country of export are often negotiated into the price, but may add absolute additional costs.
Ports and Terminal Handling					
	400	365	400	365	Based on World Bank averages
Inland Transportation and Handling					
	370	300	370	300	Based on World Bank averages
Totals	1616.85	1321.85	1978.85	1362.85	

Sources: World Bank, Trading Across Borders, Doing Business in Mozambique, 2012-2013; Diploma Ministerial Nr 5, 1st Series 01/02/2010; Diploma Ministerial Nr. 10 1st series 12/03/2012; interviews with clearing agents; MCNet website.

Annex 4: Doing Business in Mozambique, World Bank Group Indicators based on averages and comparisons, 2012 Benchmarked to 2013

Indicator	Mozambique	Sub-Sahara Africa	OECD
Number export documents	7	8	4
Days to Export	23	31	10
US\$ per container exported	1,100	1,190	1,028
Number import documents	10	9	5
Days to Import	28	37	10
US\$ per container imported	1,545	2,567	1,080

Doing Business in Mozambique, World Bank Group, Export/Import Procedures averaged days and costs, 2012 Benchmarked to 2013, Mozambique

Procedure	Export Days	Export Cost US\$	Import Days	Import Cost US\$
Document Preparation	13	185	18	435
Customs Clearance/Control	2	250	3	340
Ports and terminal Handling	4	365	5	400
Inland Transportation/ Handling	4	300	3	370
Totals	23	1,100	28	1,545

Annex 5: Example TIMS time Release report

Data	Doc	Dias	MT/dia
17/01/2012	TIM'S 671110	10,229.51	3 3,409.84 - 16
08/02/2012	TIM'S 672844	13,365.60	4 3,341.40
23/02/2012	TIM'S 674062	8,977.33	3 2,992.44
13/03/2012	TIM'S 676013	4,685.80	2 2,332.90
30/03/2012	TIM'S 677691	2,660.00	1 2,660.00
17/04/2012	TIM'S 679216	8,990.27	3 2,996.76
23/04/2012	TIM'S 679632	3,506.42	2 1,753.21
07/05/2012	TIM'S 680937	3,072.30	2 1,536.15
22/05/2012	TIM'S 682742	5,699.64	4 1,424.91
13/06/2012	TIM'S 683013	6,408.03	2 3,204.02
21/06/2012	TIM'S 685334	2,660.00	1 2,660.00
27/06/2012	TIM'S 686308	8,026.34	3 #DIV/0!
10/07/2012	TIM'S 687527	5,612.31	3 1,870.77
14/07/2012	TIM'S 688135	2,956.94	2 1,478.47
20/07/2012	TIM'S 688766	3,666.79	3 1,222.26
28/07/2012	TIM'S 689643	3,366.31	2 1,683.16
03/08/2012	TIM'S 690437	2,739.12	2 1,369.56
10/08/2012	TIM'S 690996	2,971.98	2 1,485.99
20/08/2012	TIM'S 691962	4,045.20	2 2,022.60
28/08/2012	TIM'S 692831	8,180.43	3 2,726.81
03/09/2012	TIM'S 693420	4,743.55	2 2,371.78
12/09/2012	TIM'S	9,207.99	4 2,302.00
20/09/2012	TIM'S	7,466.13	3 2,488.71
24/09/2012	TIM'S	16,403.55	7 2,343.36
10/10/2012	TIM'S	12,324.93	6 2,054.16
23/10/2012	TIM'S	19,195.35	4 4,798.84
25/10/2012	TIM'S	14,831.59	3 4,943.86
31/10/2012	TIM'S	20,850.20	5 4,170.04
		208,797.27	

Annex 6: Companies, Associations and Government departments interviewed for the preparation of this Report

ACIS (Associação de Comércio e Indústria)

Agriterra, DEC, Lda, Mozibife Lda

Bearing Man, Maputo

Bell Equipment, Mozambique Lda

Bulerih-Q, Mozambique Lda

Business Connexion, Mozambique

CEP Chimoio

CMM Beira

Companhia Industrial da Matola

CTA (Confederação das Associações Económicas de Moçambique).

Delta Corporation, Mozambique

DHL Mozambique Lda

Dirrecção Geral das Alfândegas

Distribuidora Nacional de Acucar (DNA)

F.H. Bertling, Logistics Lda

GarFex Mozambique Lda

IFDA, Lda-Ilido Ferro, Despachante Aduaneiro

Internet Solutions

LevasFlor

Maersk , Mozambique Lda

Manica Freight Services

Matola Cargo Terminal

MCNet (Mozambique Community Network S.A.)

Mediterranean Shipping Company

Mozambique Florestal S.A.

Mozfoods, S.A.

Mundi Import and Export

Nestle Mozambique Ltd

TCT Industrias Florestais

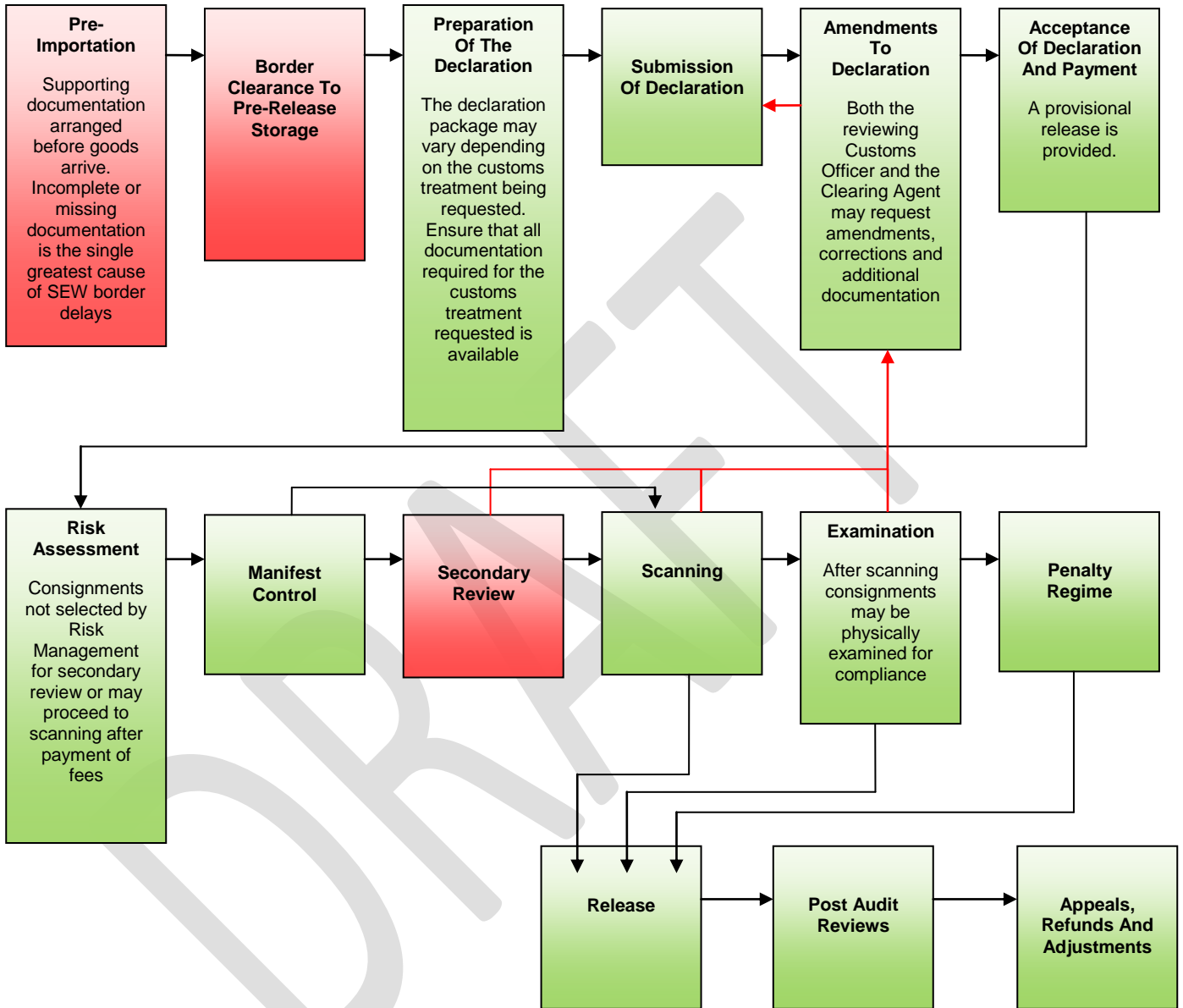
UTI Mocambique Limitada

Vodacom Mozambique

Annex 7: Acronyms

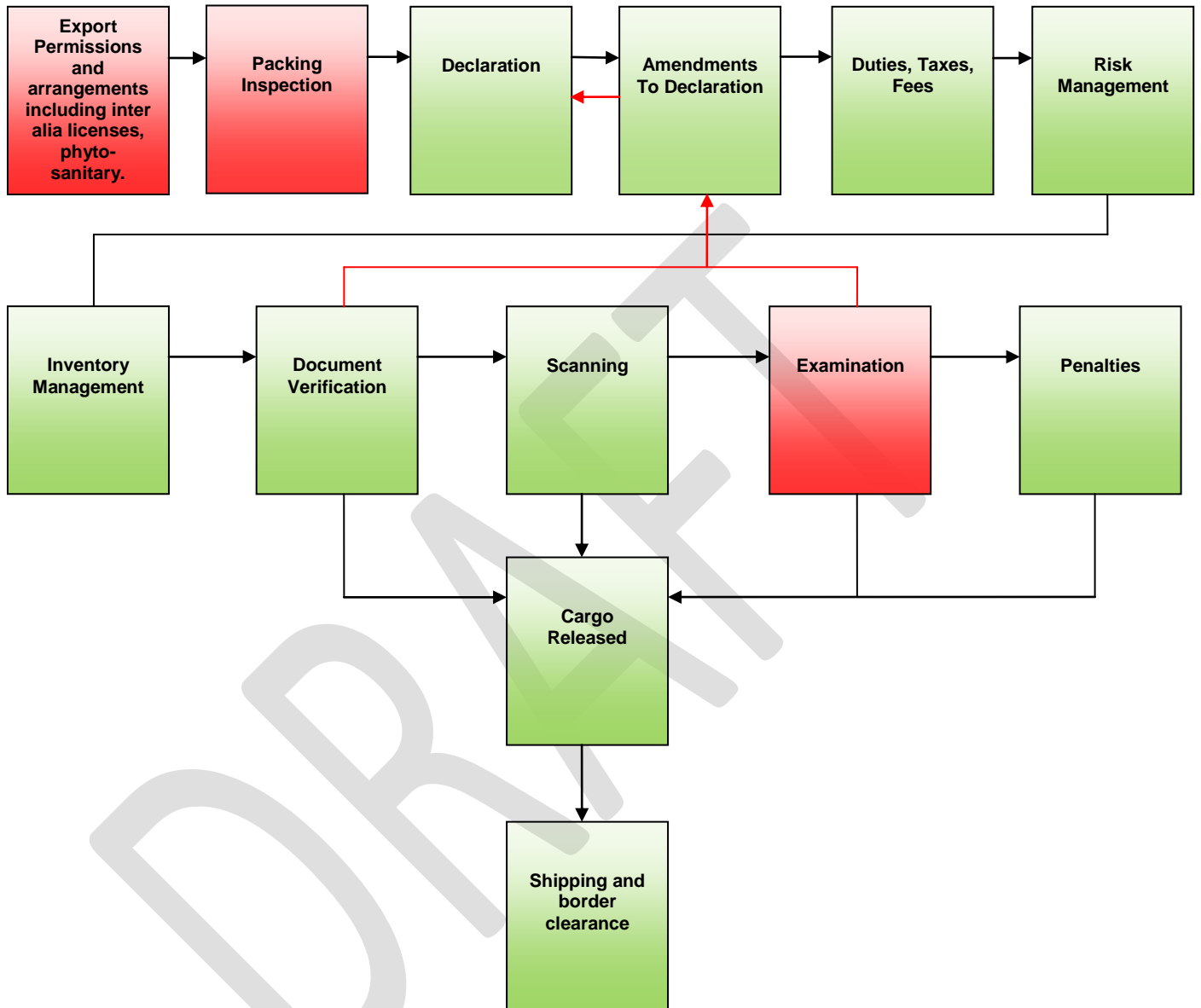
AFDB -- African Development Bank
ACIS -- Associação de Comércio e Indústria
B/L -- Bill of Lading
CIF -- Cost Insurance and Freight
COO -- Certificate of Origin
CTA -- Confederação das Associações Económicas de Moçambique
DFID -- Department for International Development
EDI -- Electronic Data Interchange
FOB -- Free On Board
GATT -- General Agreement on Tariffs and Trade
GDP -- Gross Domestic Product
ITC -- International Trade Commission
IMF -- International Monetary Fund
MCNet -- Mozambique Community Network
PPP -- Public-Private Partnership
SADC -- Southern African Development Community
SARS -- South African Revenue Service
UNCTAD -- United Nations Conference on Trade and Development
UNDP -- United Nations Development Programme
UNECE -- United Nations Economic Commission for Europe
USAID -- United States Agency for International Development
US\$ -- US Dollar
WB -- World Bank
WCO -- World Customs Organization
WTO -- World Trade Organization

Annex 8: Import Flow Chart Of SEW Technical Applications



Areas Importers Identified As Difficult To Meet SEW Technical Requirements

Annex 9: Export Flow Chart Of SEW Technical Applications



Areas Importers Identified As Difficult To Meet SEW Technical Requirements

Annex 10: Frequently Asked Questions And Answers

1. Question: What are the security features of the system? Can a Customs officer short-circuit the random assignments of declaration packages?

1. Answer: According to MCNet, the system cannot be shorted unless an authorized person makes an over-ride. The over-ride is noted along with the identity of the person who made it. Including this transparency as part of the end-user tracing module will help ease the security concerns.

2. Q: If you scan certificates, how do you know if the stamp is real?

2. A: You don't, but customs can demand a hard copy at the second verification and do post clearance audits. Many Governments private businesses are moving toward secure electronic signatures. All major airlines now use secure electronic signatures to match travelers with tickets and boarding passes.

3. Q: When will the problems be solved?

3. A: All of the problems will never be solved, but there could be longer pilots and trial periods to eliminate as many problems as possible.

4. Q; why can't I get a refund for a basic mistake that even customs recognizes should result in a refund? Why don't Customs off-sets work?

4. A: This is a general complaint and one which MCNet should take up with the Government and their Customs partner to solve. The current situation does not appear to meet basic international best practices.

5. Q: Doesn't the fact that exchange rates are assessed at the time of release undermine the whole pre-payment argument?

5. A: Only one person had a problem with this. Customs can correct the values in the system and ask for more money or offer an off-set against future duty liabilities, but it is caught up with the whole question of refund.