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Reducing Import and Export Processing Times in Mozambique

Assessment and Recommendations

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1. Introduction

The World Bank's Doing Business Indicators offer a standard for comparing business indicators at locations worldwide. Global businesses may use these indicators when deciding where to make investments and enter or expand markets. Recent work by the World Bank has ranked Mozambique, specifically the port of Maputo, as being in the lower third throughout the world for imported and exported cargo. According to the indicators, it takes 39 days for cargo leaving Mozambique to be exported and 38 days for cargo to be imported. This ranking may put Mozambique at a serious competitive disadvantage as it may be perceived as indicative of an unfavorable business climate. Excessive time delays are generally considered to be a nontariff barrier to trade that discourages the new businesses and foreign investment considered necessary to reduce poverty and create jobs.

Recognizing the importance of reducing clearance times and improving DB indicators, USAID asked Nathan Associates Inc. to develop a work plan to reduce import and export processing times to less than 20 days before December 2008. We carefully reviewed World Bank findings and methodologies, as well as other literature, and interviewed a variety of persons involved in the import/export process including the following:

- A representative of the clearing agent (broker/freight forwarder) community.
- Two leaders of Intertek, the preshipment inspection company used by the government for items on the "positive list."
- Leaders of Customs and their consultants, former representatives of Crown Agents.
- Employees of the Customs administration in Maputo at the Frigo inspection site and at the land port of Ressano Garcia.
- Leaders in the Mozambique Tax Authority (ATM), of which Customs is a component (including the President and members of his staff as well as a representative of the IT Department).
- Officials of the Maputo Port Development Company and the operators of the port container terminal (MIPS).
- Representatives of a regular importer/manufacture who brings soap, detergent, food products and other commodities into Mozambique.
- A local bank officer, fully familiar with the process for issuing letters of credit.

- Head of the Customs and Trade Facilitation Working Group of the Confederation of Mozambican Business Association.
- Several local business people engaged in importing and exporting.

This report identifies numerous opportunities for the government and the private sector to make improvements that will boost Mozambique's standing in Doing Business rankings. The Customs administration is viewed as a potential leader for such improvements not because it is the source of problems but because it is in a position to make the most difference. In addition, it is the only government entity positioned to take over inspection functions that, until now, were accomplished by Intertek, the preshipment inspection service provider. This administration has benefited significantly from the modernizations of the past 10 to 12 years and is now well positioned to manage and move forward on trade facilitation. By assuming leadership, Customs can be an engine that helps drive its country's economic growth.

Section two covers three topics: preshipment inspection, customs, and bank letters of credit. We describe ways to reduce import times by improving the efficiency and effectiveness of preshipment inspection, one of the most time-consuming of the activities considered by the World Bank. We also discuss the need for a revised legal framework eliminating the requirement for preshipment inspection and the need to abolish the "positive list." We recommend actions that must be taken jointly by the Customs administration of the Government of Mozambique and the preshipment inspection company, Intertek.

We then describe ways to help improve the Customs activities of the Government of Mozambique (Alfandegas) and improve import and export processing times. We describe establishing a valuation regime; changing certain aspects of the legal framework under which the Customs administration and associated entities, including clearing agents, function; forming a robust public-private dialogue mechanism, including recommendations for specific dialogue topics; and the value of automation initiatives, identifying initiatives that should be implemented first. We then address issues associated with Letters of Credit, also one of the most time-consuming portions of the import/export process.

A comprehensive Action Matrix and Work Plan is presented in Appendix A. If carried out as provided for in this document, this plan should result in significant improvement in Mozambique's ranking in the World Bank Doing Business Indicators.

2. Improving Doing Business Indicators

World Bank indicators are based on the import/export process of a 20-foot container arriving at the nearest seaport to a country's largest (most populous) city, in this case, Maputo. In addition to being Mozambique's most populous city, Maputo is the country's largest seaport. For 2006, the year the figures below represent, the assumption is that the company involved in importing or exporting has 200 employees, operates in the country's most populous city, is a private, domestically owned limited liability company that exports more than 10 percent of its sales to international markets and does not have any special import or export privileges. The shipment in question is valued at \$20,000 and the cargo is considered to be non-sensitive (i.e., does not contain hazardous goods, requires no special import or export license and has no special handling requirements).

In April 2007, the World Bank's Doing Business team delivered a presentation in Mozambique on trading across borders, in which they broke down the relevant measurements reported in the Doing Business 2006 report. According to their measurements, most of the time to import and export in Mozambique is spent in preshipment inspection and in issuing letters of credit (Table 1).

Table 1. Trading Across Borders in Mozambique

Import	Days	Export	Days
Preshipment Inspection	15	Securing Bank L/C	14
Securing Bank L/C	14	Other Documents	3
Other Documents	3	Customs	2-3
Customs	2-3	Scanner	few hours
Scanner	few hours	Ports	4-5
Ports	5-7	Transportation	2
Transportation	2		

Note: The Doing Business Indicators compute the time, documents and costs for trading across borders. They measure the process for imports from the conclusion of the purchase contract to the arrival of goods at the importers warehouse. For exports, the process is measured from the conclusion of a sales contract to the shipment of goods from the port of exit. All measures exclude the time of ocean transport.

SOURCE: Trading Across Borders in Mozambique, available at http://www.tipmoz.com/upload/tipcat_files/cat3_link_1177578175.ppt.

PRESHIPMENT INSPECTION

Preshipment inspection (PSI) is mandated by law for specific commodities on the positive list. Some commodities on the list include used vehicles, chemicals, pharmaceuticals, detergent, and some food products. A complete copy of the list as well as the legal framework that established the requirement for PSI is provided in Appendix B. Note that allowable maximum time frames for various steps of the PSI process are also mandated by law. Many factors are outside of the control of the PSI company. For example, while the law allows three days for the company in Mozambique to notify the counterpart office in the country of export of the need for the inspection and the law allows three days for the associated company in the country of export to notify the exporter of the need to schedule an inspection, there is no requirement for the exporter to make the merchandise available for inspection within a reasonable time. Accordingly PSI may take far in excess of 15 days.

Because of the excessive delays associated with PSI and the amount of time the World Bank attributes to it, we concluded that it will be necessary to phase out PSI in the next 12-18 months. The Customs leaders interviewed say they like PSI because they believe it increases revenue collection by aiding correct valuation of imported goods. Valuation is a legitimate Customs responsibility and Customs should address the problem of undervaluation directly on all commodities. The current situation, relying solely on PSI for accurate valuation, is antiquated and inconsistent with modern Customs methods. Because of such significant reliance on PSI, phase out should be incremental, commodity by commodity, by no later than December 2008, as knowledge transfer is completed and Customs officers acquire the ability to accomplish these functions. If the country retains any aspect of PSI, the two-week time frame will continue to be included in the calculation of the number of days required for import. Accordingly, PSI must be completely eliminated. Elimination will immediately reduce the number of days required for imports by 15 days.

Recommendations

To accomplish PSI phase out in the next 12 to 18 months we recommend that Customs and Intertek jointly review inspection requirements for commodities on the positive list and determine (1) which are most suitable for rapid transition and (2) which will need more knowledge transfer and should therefore be delayed until later in the phase out. Because of the brief time between now and December 2008, we recommend this process begin as soon as possible and that the final plan be presented to the President of the ATM no later than September 31, 2007. We learned, for example, that for pharmaceuticals PSI consists of checking expiration dates to ensure that expired drugs are not imported. As the Customs authorities learn that this is all that PSI accomplishes they will quickly realize that their officers are more than capable of doing this same work.

1. ***Develop strategies to eliminate PSI.*** It will be necessary to develop strategies with clear timelines and specific procedures for elimination of PSI. This will require assisting the Customs administration in recognizing the benefits of eliminating PSI, demystifying the process for them, and facilitating joint meetings between Intertek and the Customs administration in planning and implementation of the transition from reliance on PSI. For example, when the senior leaders of the Customs administration were advised that all the PSI

company does when inspecting pharmaceuticals is check the expiration date they seemed stunned. They believed that the inspection process involved laboratory analysis of products being imported.

2. ***Meet with the President of the Mozambique Tax Authority***, to share with him the plan for Customs to take over PSI and ensure his support. Encourage him to designate a responsible manager and hold him or her accountable for the implementation of the phase out. Note: The results of the phase out will significantly affect and increase Customs work accomplished domestically. To assure that Alfandegas has the support to enable the transition, the President should be encouraged to establish a task force of knowledgeable managers and officers, reporting to the accountable official, to ensure that capacity building needs, such as training, resource requirements, knowledge transfer and equipment requirements, are identified as early as possible in the transition process for each commodity. To ensure the accountable manager has necessary support, it is recommended that he/she be required to report progress to the President at least every 60 days.
3. ***Identify processes and capacity necessary for Customs to carry out Intertek's PSI functions***. It will be necessary to assist both Intertek and the Customs administration in accomplishing the required commodity-by-commodity transfer of responsibility. This will include
 - Reviewing the precise procedures (commodity-by-commodity) that Intertek follows. These procedures should be documented as they will be the basis for building capacity in Customs to perform the role currently performed by Intertek.
 - Identify for transfer the tools Intertek uses in inspections (including software and databases) and develop a plan transferring valuation and other tools from Intertek to Customs.
 - Develop a schedule for Customs officers to accompany Intertek inspectors in the country where exams now take place. This will enable officials to begin to build the capacity through hands-on training.
4. ***Build inspection capability and capacity in Customs***. Identify inspection methodologies for each commodity on the positive list.
 - Identify exactly what an Intertek inspector does inspecting any particular commodity on the PSI list.
 - Document the specific actions taken by the PSI company.
 - Develop commodity-by-commodity training materials for the Customs administration to use when training officers in procedures to be adhered to when examining cargo formerly subjected to PSI.
5. ***Identify and help fund specific new equipment and software needs*** to ensure knowledge transfer is possible. Equipment could include computers, software programs, other inspection technology that Intertek might use or might be used in other countries as best practices dictate. It is anticipated that the transition from PSI will require equipment upgrades in Customs and ATM. Such equipment might be expensive and the amount remaining from the

initial \$750,000 won't go far; however, part of the initial review will include determining equipment needs and then maybe buying some minimal equipment to get them started.

6. ***Facilitate communications*** between the leadership of ATM and the Customs Director General to assure target dates are met.
7. ***Assist the Director General in developing the new legislation*** to enable the Customs administration to take over the PSI functions by December 2008.

One or more consultant(s), as needed, will be required to work closely with the involved parties to ensure these actions take place and the transition occurs in an orderly and deliberate manner. This might require approximately 2 or 3 weeks up front and then one week every five or six weeks to follow up with the onsite leaders, monitor progress, and maintain enthusiasm for the transition.

CUSTOMS

In the past several years (primarily since September 11, 2001), the mission of many Customs administrations has broadened to include security and increased reliance on ever more sophisticated technology. This broadening has been particularly difficult for countries in the developing and least developed portions of the world. Accordingly, it must be recognized that the Customs administration of Mozambique has made incredible progress since beginning its modernization program in 1995 and now needs tougher laws and improved technology to maintain that progress and enjoy the benefits of further modernization. Here, our recommendations are intended to ensure that an improved legal framework, valuation capacity, automation, and interaction with the international trade community through robust public-private dialogue are in place so the Customs administration can assume leadership in transforming import/export activities. We believe this is an excellent opportunity for the Alfandegas to demonstrate the excellence of its organization and its leadership potential.

The World Bank indicators measure a variety of components associated with the entry/exit process for goods crossing a country's borders. Customs requirements are only one of these components. During interviews, however, it seemed clear that Customs could very well be a transformational force. Most interviewees consistently referred to Customs requirements and made it sound as if compliance with those requirements governed all actions associated with border crossing. This comment was specifically made by the representatives of MIPS and the clearing agents interviewed. Accordingly, our work plan notes several actions that will enable Customs to lead streamlining of import and export processing requirements. It is important to note that this is not indicative of any failing on the part of Customs but rather exploits the opportunity for it to assume strong leadership in driving change throughout the import/export process. Others—clearing agents, importers and exporters, port managers, port facility operators—will follow Customs' lead in improving and streamlining processes. Accordingly, our recommendations reflect the need for collaboration throughout the process to ensure a smooth transition to the revised procedures that should emerge once recommendations are implemented.

Recommendations

1. ***Strengthen the legal framework under which Customs operates.*** An improved legal framework will give Customs the authority to manage the behavior of other participants in the import/export process. Specifically, it will be necessary to
 - Provide Customs the authority (and the associated punitive powers) to require accurate information on value and quantity, description of goods and other important information such as country of origin. Customs currently has no authority to enforce requirements for accurate declarations. Many, including some Customs officials, estimate that only 20 percent of imported goods are properly declared. With additional authority, significant improvements in revenue collection and Customs' ability to control the import process should be seen. The current legal framework fails to acknowledge the need for Customs to promote compliance with incentives for importers to provide accurate declarations and disincentives for importers who deliberately deceive Customs. Under the existing framework and procedures, the worst thing that can happen to an importer who undervalues goods or otherwise provides false information, is the imposition of duties owed on the correct value, quantity, or country of origin of the merchandise. Accordingly, many importers undervalue goods or misrepresent quantities because they have nothing to lose. The revised legal framework should provide the Customs administration with the power to levy significant fines for the first instance of an improper declaration and criminal sanctions for subsequent non-compliance.
 - Review the legal framework under which the clearing agents are governed. At present, only a clearing agent can file documents with Customs for the import or export of goods. Under these circumstances the clearing agents must be viewed as full partners with the government to assure compliance with specific requirements. Customs must have the authority to impose a regulatory framework within which the clearing agents must operate. This means holding them accountable for the accuracy of documents they submit. Where there is evidence of noncompliance by a clearing agent, Customs must have ultimate authority to revoke the agent's license for egregious wrongdoing or impose significant fines when inaccurate information is provided.
 - Review the legal framework governing timely submission of documents, payment of duty, and requirement for timely release of goods. Current legislation allows 10 days for payment of duty and release of cargo and requires Customs to wait up to 25 days to take action on unclaimed cargo. As mentioned earlier, this is neither efficient nor acceptable in today's fast-paced global trade environment. There is a need to identify what will need to be changed in the existing law to streamline the requirements and mandate more expeditious payment of duties and timely pick up of released goods.
2. ***Establish a valuation regime.*** There are opportunities for improving the valuation capacity of the Customs administration. Developing a valuation scheme and enforcing the requirements for accurate valuation of imported merchandise will be time consuming and somewhat costly but should pay dividends for the country for years to come. With regard to valuation, it will

be important that the experts involved be familiar with World Trade Organization (WTO) valuation requirements. Specifically, we recommend that Customs

- Develop a cadre of experts to assess value on specific commodities (e.g., food products, pharmaceuticals, textiles, autos and auto parts).
- Review applicable tariffs and identify ways to streamline. For example, local Customs officials complained about serious undervaluation of used vehicles. Identify ways to simplify valuation. Establish a table of values for vehicles imported (e.g., a vehicle manufactured between 1970 and 1980 that weighs x pounds will be valued at Y meticals; vehicles manufactured from 1980 to 1990 that weigh x pounds will be valued at Y+ meticals).
- Train a knowledgeable workforce to appraise merchandise, assess appropriate duties, and levy fines for failure to provide accurate values. This will ensure that Customs has the capability to continue to collect revenue while accurately and quickly assessing value.
- Identify specific valuation protocols for all goods, concentrating first on those most frequently imported or those whose valuation is most likely to be challenged. These specific protocols, developed on the basis of information initially provided by Intertek and supplemented as needed by methodologies from other sources (e.g., other Customs administrations, the WTO or the World Customs Organization), will provide specific instructions and background about valuation procedures, past rulings, etc. to aid appraising officials in determining the appropriate methodology to be followed when appraising goods. This will be especially beneficial if/when importers or other parties try to question the valuations imposed on goods.

3. *Aggressively pursue opportunities for improved automation and access to advance information.* Where automation is now used, clearing agents present hard copies of documents to Customs officers and the officers then manually key in the information. This is indicative of the redundancy that currently plagues the existing processes.

- Explore alternatives for advance information on imports and exports. This will enable Customs to know what shipments are coming and to make decisions regarding release of goods at the time of arrival. For example, clearing agents and the carrier could provide information on import shipments (e.g., a description of goods, importer or consignee, value, exporter or foreign manufacturer and any other data elements Customs deems necessary to enable it to make clearance decisions prior to or at the time of the arrival of the goods). If Customs is familiar with the goods, the importer, exporter, and other factors and judges the shipment to be low risk, it could be released as soon as it is discharged from the vessel without having to go through Customs processing on arrival.
- Develop a risk management system. A risk management system will enable Customs to identify potentially fraudulent shipments in advance of arrival of the merchandise so that action can be taken without needlessly slowing down other imports or exports.

- Work with the ATM to enable electronic payment of duties as soon as possible. The inability of clearing agents and importers to pay via bank transfer adds time to the import process.
- As much as possible, ensure systems implemented by the Customs organization are compatible with other systems in the Government of Mozambique and with private sector systems. This will be especially important when moving forward on implementing a “single window.”

- 4. *Improve level of Customs control over the work of clearing agents.*** Mozambique’s regulation of brokers encourages a competitive, professional, and knowledgeable brokerage community. Since Customs opened the licensing process to anyone who could pass the test and meet the requirements, the numbers of brokers has increased, and many of these have solid expertise. Some of the small firms, however, need to further develop professional competence to minimize mistakes and keep abreast of Customs regulations. Monitoring broker quality and performance will be a critical role of Customs in the newly expanded market. Specifically, it will be necessary to
- Improve procedures regarding control of clearing agents. At present, clearing agents are initially licensed by Customs. There are no ongoing requirements for agents to be recertified or remain current with new and/or revised, updated procedures, and requirements.
 - Develop opportunities for continuing education to ensure they and their employees remain current with evolving procedures. This will enable agents to remain up-to-date on procedures and practices and minimize data entry and valuation errors.
 - Meet regularly with clearing agents. Regular meetings will help maintain close contact and ensure that agents receive immediate and regular feedback from Customs on requirements and pending changes.
 - Develop a system for monitoring the performance of clearing agents and their compliance with Customs requirements. By monitoring performance and relaying this information to clearing agents, agents will know how they need to improve, thus improving the reliability of information provided by agents.
 - Establish a clearing agent compliance unit in the office of the Director-General (or other prominent place in the organization). The office should be responsible for monitoring performance of clearing agents and providing feedback about performance improvements. This office could also be responsible for holding regular meetings with the agents to disseminate information and listen to their concerns. A confidential hotline or other private mechanism should be established for agents to share information about difficult situations at the port or in other transactions involving Customs officers.
- 5. *Strengthen Public-Private Dialogue.*** Customs maintains dialogue with the trade community, and cooperation between Customs and the public sector on trade facilitation has improved. The Confederation of Mozambican Business Associations (CTA) has formed public-private consultation groups in several business and trade areas, and the government is striving to

maintain dialogue with the private sector through such bodies. In addition, the Technical Superior Council for Customs (CSTA) is a forum in which both the public and private sector meet to discuss customs-related issues. Such partnership can allay the concerns of small and medium-sized enterprises about keeping abreast of changing requirements and procedures for exporting and importing. Specifically, the dialogue should be strengthened to

- Allow for entities doing business at the port of Maputo to review, on an ongoing basis, the exact steps for imported and export cargo. This should help realize time savings without reducing port management effectiveness. For example, identify procedures for low risk, repetitive duty paid shipments to be picked up by the consignee or clearing agent hired transport directly after discharge of the vessel.
- Include the clearing agent community to gain feedback on the proposed legal framework, ways to ensure clearing agents are full partners with the government to ensure accurate data is submitted, duty is paid on time and goods are picked up from the port within acceptable time limits.
- Include other partners who can add to the efficiency of the import/export process and arrange meetings/outreach activities with them.

To accomplish these recommendations a number of consultants will be required. Specifically, it is envisioned that legal expertise, valuation expertise, and experienced Customs managers will be needed to further develop and implement these recommendations. The number and desired expertise of these consultants will need to be determined, consistent with identifying the highest priority work and evaluating available resources constraints.

BANK LETTERS OF CREDIT

According to the Doing Business Team's breakdown of the indicators noted earlier, it takes 14 days to secure a letter of credit for import cargo and 14 days for export cargo. But one knowledgeable representative of one of the local banks says it takes only 24 to 48 hours for an established customer (or one with the necessary funds to cover the LOC in the event insufficient banking history information is available to cover any debt) to obtain a letter of credit. This was confirmed in discussions with a local, very experienced importer.

According to the banker with whom we met, completion of other aspects of the letter of credit to pay for goods to be imported may take weeks or even months. This process can include verification of details of the shipment (i.e., are the goods being imported the same goods the importer ordered, is the quality and quantity of the shipment satisfactory to the importer, was the shipment received timely, are the freight and other bills in order, etc) and is subject to many variables including valuation of currency and other factors. Once all of these and similar aspects of a transaction are finalized, then authorization for final payment can be made. In some situations, an importer may request issuance of a letter of credit to a supplier in foreign country even before the goods to be imported are manufactured. When that happens, there may be even lengthier delays.

It appears that the Doing Business team recognizes certain flaws in their methodology and questionnaire that may have resulted in such a high measurement. First, the questionnaire is

provided almost exclusively to freight forwarders who are unfamiliar with the process for securing letters of credit. In addition, the time required for issuance of a letter must be distinguished from the need of some individuals to actually arrange a line of credit and obtain financing. The time required to establish credit worthiness should not affect the measurement of time required during the import process because that is a separate business function, irrespective of whether or not credit is required for an import or just a domestic purchase. The questionnaire does not make this distinction, and the Doing Business team acknowledged this flaw. Though they suggested they would be modifying their 2008 questionnaire, in the interim it may be helpful to undertake an independent study of the methodology employed by the World Bank and determine whether there are means by which to streamline the issuance of letters of credit in Mozambique. USAID may wish to employ an economist familiar with financial system issues in Mozambique to analyze the World Bank methodology for Trading Across Borders and make recommendations to the World Bank on if and how their methodology might be improved to more accurately report time associated with letters of credit.

Recommendations

1. ***Continue discussions with World Bank*** to ensure accurate measurement of time calculation of L/Cs in future questionnaires (particularly regarding time calculation for exports, which should be removed).
2. ***Produce a briefing paper*** that analyzes World Bank methodology for measuring L/Cs and makes recommendations on improving the method for measuring the time it takes to issue letters of credit.
3. ***Conduct a short survey of bank officers and the private sector.*** Should the World Bank methodology not be altered sufficiently to accurately capture the time it takes to secure a letter of credit, we recommend that USAID carry out a short survey of bank officers at various banks in Mozambique to see each bank's exact process and procedures for issuing letters of credit, how long they report it takes to issue and pay letters of credit, and other aspects associated with letters of credit. It would be important to verify the findings of the survey with the private sector. If the numbers are very different from what is reported by the World Bank, it will be important to communicate survey findings to the Bank. If the survey numbers show that there is sufficient room for policy interventions to reduce the time it takes to get letters of credit issued, USAID may wish to support such efforts. In addition to providing a thorough analysis of the time associated with issuing letters, the survey would identify where assistance might be provided.
4. ***Support interventions that implement recommendations in Financial Sector Constraints on Private Sector Development in Mozambique.*** It is possible that many of the issues related to letters of credit can be addressed by implementing the recommendations in Bruce Bolnick's *Financial Sector Constraints on Private Sector Development in Mozambique* report¹ Interventions that support, among other things, improving creditworthiness of private sector enterprises, developing competition in the insurance sector and creating credit

¹ Available at http://www.tipmoz.com/upload/tipcat_files/cat3_link_1182959892.pdf

information systems in Mozambique may also help to decrease the time needed to issue letters of credit.

5. ***Support awareness building campaigns geared specifically to letters of credit.*** Finally, USAID may wish to support seminars and public information campaigns that raise awareness of the steps and time necessary for letters of credit to be issued. These activities can also help Doing Business questionnaire respondents to better understand the intricacies of letters of credit so as to respond more accurately on future questionnaires.

Appendix A. Action Matrix

Recommended Actions	Technical Assistance Needs	Timeframe	Estimated Impact
PRESHIPMENT INSPECTION			
1. Develop strategies to eliminate PSI	Develop Strategy for Transition of preshipment inspection functions from Intertek to Customs	Immediately	Completely eliminate preshipment inspection by December 2008
	Develop implementation plan to completely eliminate preshipment inspection by December, 2008	Within 15 days following completion of strategy development above	Reduce World Bank doing business indicators for cargo being imported into Mozambique by 15 days
	Monitor progress of transition as well as knowledge and tool transfer	On-going	
2. Identify processes and capacity necessary for Customs to carry out PSI functions	Commodity-by-commodity review of Intertek procedures; Transition one commodity on the positive list per month from PSI to inspection after arrival by knowledgeable Customs authorities	Monthly	
	Identify & procure tools Intertek uses to accomplish inspections (software, databases)	Ongoing	
	Develop plan for hand-off of valuation and other tools	Ongoing	
	Develop training schedule for Intertek & Customs officials		
3. Build inspection capability & capacity within Customs	Document specific actions taken by Intertek	Ongoing	
	Develop commodity-by-commodity training materials		
4. Meet with President of Mozambique Tax Authority	Ensure ongoing dialogue with President of ATM and assist in the identification of appropriate individual/taskforce.		
5. Facilitate communication between leadership of ATM and Customs Director General	Guide the DG and President of the ATM during the transition process	Simultaneous with development of transition plan	
6. Identify and help fund specific equipment and software needs	Identify equipment and software needs for Customs	Ongoing	
7. Assist in developing new legislation	Work with Customs to identify areas of legislation that should be revised. Draft new/amendments to legislation.	As soon as possible	
CUSTOMS			
1. Strengthen legal framework	Establish an enhanced legal framework to ensure Customs has the necessary authority to implement necessary reforms. These will include a framework providing that accurate valuation information be provided to Customs and that failure to provide accurate information will be penalized and also a framework changing the current time allotted for	Near-term	Enable Customs to be more effective and therefore enable new processes which will encourage speedier release of merchandise

Recommended Actions	Technical Assistance Needs	Timeframe	Estimated Impact
	various functions		
	Review legal framework that governs clearing agents		
	Review legal framework governing timely submission of documents, payment of duty and requirement for timely release of goods.		
2. Establish a valuation regime	Assist Customs to develop a cadre of experts specialized in specific commodities	Concurrent with elimination of PSI	Eliminate reluctance of Mozambique officials to eliminate PSI and simultaneously improve revenue collections and transparency in the valuation process
	Develop a new position description for valuation specialists		
	Organize a visit to one or more appropriate locations so that involved leaders of the Mozambique Customs administration will gain a better understanding of valuation as an important Customs function		
	Identify specific valuation protocols for all goods.		
	Conduct review of applicable tariffs and identify opportunities to streamline (i.e. establish table of value for used vehicles)		
	Train workforce to appraise merchandise, assess duties, and levy penalties for undervaluation.		
3. Pursue opportunities for improved automation and access to advance information.	Convene a two or three day brainstorming session between all partners involved in the import and export process to explore alternatives for advance information and automation.	Near-term	Reduce time consuming procedures; clearing agents need to travel to the Customs offices to physically present documents, pay duty, etc.
	Assist Customs to develop a risk management system.		Enhance effectiveness of Customs functioning
	Work with ATM to enable electronic payment of duties.		Streamline processing at port and reduce time requirements
	Prioritize recommended systems development initiatives		
	Prepare a phased implementation plan, consistent with available resources		
4. Improve level of Customs control over the work of clearing agents	Assist Customs to develop procedures requiring recertification of clearing agents.	Near-term	
	Develop continuing education curriculum; identify opportunities to implement curriculum.		
	Establish regular meetings between Customs and clearing agents		
	Develop system for monitoring performance of clearing agents and compliance with Customs requirements.		
	Establish clearing agent compliance unit within Customs.		

Recommended Actions	Technical Assistance Needs	Timeframe	Estimated Impact
4. Strengthen Public-Private Dialogue	Extend CTA consultation groups to include all entities doing business at the port of Maputo, and the clearing agent community.	Near-term	Reduce processing times, eliminate repetitive work and ensure proper communications mechanisms are in place to facilitate timely import/export procedures.
	Hold public-private consultations to identify procedures for low risk, repetitive duty paid shipments and gain feedback on any proposed revisions to legal framework.		
BANK LETTERS OF CREDIT			
1. Continue discussions with World Bank to ensure accurate measurement of time calculation of L/Cs in future questionnaires (particularly regarding time calculation for exports, which should be removed).	Continue dialogue with World Bank to ensure updates to methodology and questionnaire reflect on-the-ground realities.	Near-term	Reduce number of days included in the import process for L/Cs and eliminate the number of days included for issuance of an L/C in the export process
2. Analyze World Bank methodology for measuring L/Cs and makes recommendation	Produce briefing paper; make recommendations on improvement of methodology for measuring time for issuance of letters of credit.		
3. Gain input from bank officers and private sector of exact process and procedures for issuing letters of credit.	Conduct a short survey of bank officers and the private sector. Support efforts revealed in surveys as key areas of intervention.		
4. Support interventions that implement recommendations contained in Bruce Bolnick's Financial Sector Constraints on Private Sector Development in Mozambique report.	Interventions that support improving creditworthiness of private sector enterprises, developing competition in the insurance sector and creating credit information systems in Mozambique may also help to decrease the time needed for issuance of letters of credit.		
5. Support awareness building campaigns geared specifically to letters of credit.	Support awareness building activities (seminars; public information campaign) activities geared specifically at building awareness of the steps and time necessary for letters of credit to be issued.		

Appendix B. Items Subject to PSI



REPÚBLICA DE MOÇAMBIQUE
MINISTÉRIO DAS FINANÇAS
DIRECÇÃO-GERAL DAS ALFÂNDEGAS

ORDEM DE SERVIÇO Nº 43/GD/DGA/2006

Assunto: Actualização da lista de mercadorias sujeitas à Inspeção Pré-Embarque

Sendo necessário actualizar a lista dos produtos constantes da Tabela Anexa ao Diploma Ministerial nº 19/2003, de 19 de Fevereiro, a que se refere o nº 1 do artigo 2 do mesmo diploma legal, relativamente às mercadorias passíveis de inspeção pré-embarque, informa-se a todos os funcionários destes serviços, despachantes aduaneiros, Intertek, agentes económicos e demais interessados, que a lista da mercadorias sujeitas à inspeção pré-embarque passa a ser a seguinte:

<i>Capítulo e posição pautal</i>	<i>Exclusões da Inspeção pré-embarque</i>
Capítulo 2 PP 0207.12; 0207.14; 0207.25; 0207.27; 0207.33; 0207.36 – Carnes e miudezas comestíveis, congeladas, das aves da posição nº 01.05	Nenhuma
Capítulo 11 PP 11.02 – Farinhas	Quantidade até 20kg
Capítulo 15 PP 15.07; 15.08; 15.11; 15.12; 15.13; 15.15 – Óleos alimentares e em bruto	Quantidade até 20 litros
Capítulo 17 PP 17.01 – Açúcar	Nenhuma
Capítulo 25 PP 25.23 – Cimento Capítulo 28 – Produtos Químicos Capítulo 29 – Produtos Químicos Capítulo 30 – medicamentos	Quantidade até 100kg Nenhuma Nenhuma Quantidades razoáveis para consumo pessoal
Capítulo 34 PP 34.01 – Sabões, produtos e preparações tenso activas	Nenhuma Nenhuma
Capítulo 36 PP 36.05 – Fósforos	Nenhuma
Capítulo 40 PP 40.11 – Pneus novos PP 40.12 – Pneus usados	Quantidade 5 pneus
Capítulo 50 PP 50.07 – Tecidos de seda ou de desperdício de seda	Nenhuma
Capítulo 52 PP 52.08; 52.09; 52.10; 52.11; 52.12 – Tecidos de algodão	Nenhuma
Capítulo 54 PP 54.07 – Tecidos de fios de filamentos sintéticos (excepto as redes mosquiteiras – 5407.42.10) PP 54.08 – tecidos de fios de filamentos artificiais	Nenhuma
Capítulo 55 PP 55.12, 55.13; 55.14; 55.15; 55.16 – Tecidos de fibras sintéticas descontínuas	Nenhuma
Capítulo 63 PP 63.09 – Roupa e calçado usado	Quantidade até 45kg
Capítulo 84 PP 84.15 – Máquinas e Aparelhos de ar condicionado PP 84-18 – Refrigeradores e congeladores	Nenhuma
Capítulo 85 PP 85.06 – Pilhas secas PP 85.07 – Baterias	Nenhuma
Capítulo 87 – Viaturas origem PP 87.01 a 87.05 – 87.11	Viaturas novas que nunca tenham sido registadas na

A presente Ordem de Serviço entra em vigor a partir de 1 de Julho de 2006.

Direcção-Geral das Alfândegas, em Maputo, aos 26 de Maio de 2006

O DIRECTOR-GERAL
António Victor Barros dos Santos