



RISK MANAGEMENT AND TRADE FACILITATION IN EGYPT

**Assessment of Capacity for extending Application of Risk
Management to Cargo Inspection Processes**

October 2011

This publication was produced for review by the United States Agency for International Development. It was prepared by the advisers supporting USAID's Trade Facilitation Project in Egypt. The authors' views expressed in this publication do not necessarily reflect the views of USAID or the United States Government.

RISK MANAGEMENT AND TRADE FACILITATION IN EGYPT

Assessment of Capacity for Extending Risk Management to Cargo Inspection process Readiness

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ACRONYMS AND ABBREVIATIONS

AMS	Account Management Systems
ATR	Assistance for Trade Reform Project
CIO	Chief Information Officer
COP	Chief Of Party
COTS	Commercial Off-The-Shelf System
ECA	Egyptian Customs Authority
EOS	Egyptian Organization of Standardization and Quality
EU	European Union
FTS	Foreign Trade Sector
GOE	Government of Egypt
GOEIC	General Organization for Export and Import Control
GPS	Global Positioning System
HSC	Harmonized System Code
ICS	International Computer Systems
IPR	International Property Rights
IT	Information Technology
MALR	Ministry of Agriculture and Land Reclamation
MIFT	Ministry of Industry and Foreign Trade
MOF	Ministry of Finance
MOH	Ministry of Health
NCIS	National Customs Information System
PCA	Post Clearance Audit
PMI	Project Management Institute
PMP	Project Management Professional
RILO	Regional Information Liaison Organization
RM	Risk Management
TAPR	Trade Assistance and Policy Review programs
TFP	Trade Facilitation Project
UAT	User Acceptance Testing
USAID	United States Agency for International Development
USG	United States Government
WCO	World Customs Organization's
WITS	World Integrated Trade Solution

1. EXECUTIVE SUMMARY

The Executive Summary for this report consists of the two briefing memoranda that were delivered in October 2011 by the TFP team including Mr. Claypole before his departure. The first briefing memorandum was prepared for the Commissioner of Egyptian Customs Authority. The other was prepared for the General Organization of Export Import Control (GOEIC). Finally there is a short section on workload and productivity pertaining only to GOEIC that has been added using data completed following Mr. Claypole's departure. The Arabic version of these two memos are included as Appendix A to this report.

ECA: Briefing on Risk Management Capacity Assessment

Background

This briefing covers the main findings, conclusions and recommendations for ECA that emerged from the assignment to carry out a Risk Management capacity assessment for ECA and GOEIC. The assignment's scope of work called for an assessment of Risk Management capacity in each of the agencies separately and for an assessment and plan – if warranted -- to undertake a joint effort to develop an integrated approach to an expanded use of RM in Egypt. The Trade Facilitation Project (TFP) has other areas of activity that were outside the scope of and not addressed by this assignment.

The findings do not support an approach aimed at creating an Integrated Risk Management program as an umbrella system serving both GOEIC and ECA at this point in time. Rather, a separate GOEIC Risk Management pilot should be developed with its own specific risk management criteria¹.

Findings/Observations

ECA has on-going Risk Management program. The Sectors and Directorates responsible for the ECA Risk Management report that it is applied to 90 per cent of all Customs declarations. The Teams findings include:

- Currently 40 per cent of all declarations are sent to the Green Channel. The number of Green channel declarations has declined since February 2011. There are targets to increase this to 60 per cent by the end of 2012.
- Technically the Risk Management criteria are developed and amended daily by the RM Analysis team in Alexandria and up-loaded and distributed to all ECA port servers on batch basis.
- The port logistic systems are not operational in exactly the same format at all ports. The ECA says it is working towards consistency.

¹ These findings do not preclude or pre-judge future efforts to integrate RM information systems or other processes related to cargo inspection, clearance, and border management

- The ECA Risk Management program is supported by an Account Management System (AMS) that provides compliant large importers with Green Channel access for their consignments.
- ECA has created and staffed organizational structures to support a Risk Management system: General department of Intelligence, Central directorate of enforcement, Central directorate of AMS, General department of risks, General department of post-clearance audit, Central directorate of IT, and training courses at the National Customs Training Center.
- Post-clearance audit teams operate in each of the three ECA national regions. There are approximately 350 trained post-clearance audit officers. The yearly work plan calls for 500 post-audits, but the target has not yet been achieved.
- ECA conducts out-reach programs to support voluntary compliance
- ECA release times average one day.
- The ECA Green-Channel-Red-Channel Risk Management program is being applied to exports on phased roll-out basis as needed. ECA currently applies it in Dekhalia/Alexandria
- The ECA shares import declaration data with GOEIC by giving GOEIC a CD with aggregated (and “cleaned”) data at the end of each month.
- Both ECA and GOEIC appear have invested in “Data Warehouse” capability. ECA’s Data Warehouse is operating and producing informational publications, but is functioning independently of ECA’s risk management systems and post clearance audit activities.

Gaps & Opportunities

The Team finds that ECA Risk Management applications could be strengthened in the following areas:

- ECA officials noted that although their Risk management system is consistent nationally, their document handling systems were not. In some ports there is still no electronic connectivity between the ECA and other inspection and handling authorities. At Cairo airport and some other entry points, manifests are still delivered on flash drives and traders hand carry documents and inspection results from one inspection station and agency to another.
- The current system still relies on the purchase of a declaration and an envelope and at the data entry of hard copy and scanned documents onto an electronic file. It is only at this point that the Risk Management system can begin operating – when an ECA’s employee logs on to the system and starts the RM engine.
- The Customs Law that would provide a legal basis for post-audits is still in draft form only. The ECA partially works around the problem by requiring AMS clients to sign an agreement to allow them do post-audits on the owner’s property.
- Many parts of the physical environment in which the ECA system operates are not well maintained; equipment such as air-conditioning and plumbing are not working making the environment sub-standard.
- Work on the NCIS has stopped. Without, NCIS, ECA still lacks the capacity for internet-based entry of declaration data for implementing the wide definition of Single

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Window, a function that the private sector trading community has long been expecting ECA to deliver. ECA says it is working on a way to provide this option within the framework of its legacy computer system.

- ECA's Risk Management capacity performance would be enhanced by an NCIS, but can still continue to function satisfactorily in its absence.
- It is not clear to the RM Assessment team how the TFP can help advance the situation of the NCIS.

Recommendations

- ECA's Risk Management system is the key component to its enforcement/trade facilitation/compliance strategies and is working satisfactorily. The findings do not support a proposal for single Risk Management program incorporating GOEIC. Rather, a separate GOEIC Risk Management program with its own specific risk management criteria should be developed.
- This second RM- based system will cover all cargo that has already been classified by ECA's RM system. It would function as a "second RM gate" focused on health, safety and quality RM criteria.
- The ECA has expressed its willingness to exchange real-time information with GOEIC. This is an important first step in considering the potential for GOEIC to apply RM to imports.
- ECA has expressed its willingness for knowledge transfer with GOEIC regarding RM
- The ECA would benefit from a critical review of their post-audit programs and procedures. Many traders still prefer red channel entries to avoid post-audits. The reasons for this reluctance should be examined. The current training programs might also benefit from a review and an up-dating of course material. Also the data will inform ECA's plans for staffing and training.
- The ECA has also requested training on applying counterfeit measures pro-actively at the border. This training would support them in their current program to apply IPR court decisions while positioning them to take on a more pro-active role.
- The TFP project should assist ECA in replacing equipment damaged or lost at NCTI during the lawless episodes that accompanied the revolution in early 2011.
- ECA has expressed willingness to explore and develop cooperative initiatives with GOEIC, the port authorities and other inspection agencies to expedite inspection and release procedures – outside the framework of Risk Management. The modalities for doing were not studied in this assessment but could merit their own study.

GOEIC: Briefing on Risk Management Capacity Assessment

Background

This briefing covers the main findings, conclusions and recommendations for GOEIC that emerged from the assignment to carry out a Risk Management capacity assessment for ECA and GOEIC.

The assignment's scope of work called for an assessment of Risk Management capacity in each of the agencies separately and for an assessment and plan – if warranted -- to undertake a joint effort to develop an integrated approach to an expanded use of RM in Egypt. The Trade Facilitation Project (TFP) has other areas of activity that were outside the scope of and not addressed by this assignment.

The findings do not support an approach aimed at creating an Integrated Risk Management program as an umbrella system serving both GOEIC and ECA at this point in time. Rather, a separate GOEIC Risk Management pilot should be developed with its own specific risk management criteria².

OBSERVATIONS: Current Supports for a Risk Management Program

The Ministry of Industry and Foreign Trade (MIFT) does not have a national Risk Management program that allows for waiving inspection and testing requirements for low risk imported goods in order to focus more attention on higher risk items. However, MIFT has already introduced systems and tools that incorporate the principles of risk management, facilitate the inspection processes and would be complementary to an overall Risk Management Program. These include:

- The maintenance of a “White List” that pre-approves products from specific foreign manufacturers that meet Egyptian Standards (The list currently contains about 500 products).
- A pre-inspection program [CIQ] recently been introduced for goods made and exported from the PRC. Certified goods are not subject to testing if they arrive with the certificate from the PRC.
- Specific exemptions from inspection requirements under the Import/Export Law for industrial raw materials used as inputs.
- GOEIC/ MIFT is developing a Traceability Program compliant with EU standards and requirements to facilitate the export of Egyptian food and agricultural products.
- Whenever possible GOEIC coordinates joint inspection teams with the ECA and other inspection agencies to reduce times and costs of opening containers and taking samples.
- GOEIC's experience in sampling and testing
- GOEIC's network of certified testing laboratories.
- GOEIC's current structure and operational mandates offer a platform on which a national Risk Management pilot/program could be started. Positive features include:
 - A distributed computing system (client-server) that connects a central HQ office to all major consignment release sites in real time.
 - An extensive data base already stored in the GOEIC system that could provide a basis for a Risk Management data component.

² These findings do not preclude or pre-judge future efforts to integrate RM information systems or other processes related to cargo inspection, clearance, and border management

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- The prospect of real-time information sharing (import declaration and other data) from ECA that would support a GOEIC Risk Management Inspection approach.
- Expressed willingness on the part of GOEIC to take on responsibility for insuring product and food safety – both for imports and exports.
- Experience working on traceability with EU.
- Potential for streamlining and eventually replacing the “Annex 8” approach with an RM approach resulting in faster clearance times with a better focus on health, safety, and quality risks.

Gaps/Next steps

TFP recommends continuing to explore with MIFT/GOEIC the option of supporting a Risk management system for goods subject to inspection – using a pilot approach. Next steps will include working:

- Determine interest and willingness of the Ministry of Industry and Foreign Trade to support (a) a Risk Management development pilot/ program for GOEIC and (b) possibly a full-fledged RM program covering Annex 8 items that would require changes in GOEIC’s mission and approach to performing inspections and testing as well as changes in staffing, training, and physical facilities.
- Carry out a feasibility study with a cost-benefit analysis of investments and changes required to support a risk management program for imported (and exported goods) subject to Inspection and testing.
- Determine what legal amendments are needed to support a Risk Management system and if amendments would be required to run a pilot test using industrial products selected from Annex 8?
- An analysis of HR/infrastructure and annual operational costs to support a pilot and larger-focused program.

Once these analyses and steps have been done, the Ministry of Industry and Foreign Trade/GOEIC and USAID will be in a better position to determine the feasibility and the benefits of moving forward with creating and costing the implementation of a pilot Risk Management Program for imports and exports subject to more than ECA inspections.

Work Load and Productivity

Analytical work completed since Mr. Claypole’s departure and confirmed by him supports the following additional conclusion and recommendation.

Conclusion:

- GOEIC is facing the same workload and productivity challenges that are causing other border management agencies around the world to adopt new technology and systems that increase the productivity and effectiveness of agency resources. Risk Management is a methodology and technology that enables an agency to improve its productivity to better manage a growing workload.

Recommendation:

- The Ministry of Industry and Foreign Trade and GOEIC should explore a program for investing in new technology and procedures for using automated risk management technology to guide its cargo inspection decisions and responsibilities.

2. INTRODUCTION & PURPOSE

The purpose of this assignment is to assess the current operating procedures, capacity and mandates of two Egyptian agencies tasked with the inspection, testing and clearance of commercial consignments and to make recommendations on how existing and new Risk Management programs might be improved or developed and implemented. The report focuses on the activities of: the General Organization for Export and Import Control (GOEIC) and the Egyptian Customs Authority (ECA). The assessment has been funded and carried out through USAID's Trade Facilitation Project (TFP) managed by Nathan's Associates with the concurrence and support of the Egyptian Ministry of Industry and Foreign Trade (MIFT), GOEIC and the ECA.

The scope of work for this assignment is presented in Appendix G to this report. This assignment and report support Result 1, Task 2 in the Trade Facilitation Project Scope of Work, "Establish a coordinated risk management system for imported goods".

3. BACKGROUND

Egypt has a unique set of laws, structures and systems for inspecting and clearing goods entering and leaving the country. In addition to the Egyptians Customs Authority (ECA) operating under the Ministry of Finance, the Ministry of Industry and Foreign Trade operates the General Organization for Export and Import Control (GOEIC) which has authority and responsibility to inspect industrial goods entering the country and authority to coordinate other inspections, sampling and analyses required under Egyptian law (primarily, Health and Agriculture). In effect, certain goods (food and some industrial products) imported into Egypt must pass through both a customs clearance process and an inspection process administered by GOEIC. GOEIC also handles inspections for certain Egyptian food exports.

The United States Agency for International Development (USAID) and other donor agencies have provided extensive technical assistance to both ECA and GOEIC. USAID's most recent assistance programs were ATR (2002-2006) and TAPR-II (2005-2010). These past efforts have resulted in improved clearance times for imports entering Egypt.

As reported in the World Bank's Doing Business annual reports, clearance times for imports have been reduced from an average of 29 days in 2006 to an average of 15 days in 2010 and to an average of 12 days in 2011.

The economic value of reduced clearance times is an enormous benefit to the Egyptian Economy which saw more than 480 billion EGP (\$60 billion US) crossed Egypt's borders in 2011. At that volume, each 24 hour reduction in average clearance-time effectively lowers the carrying cost of trade by as much as 2.4 billion EGP (\$400 million) each year.

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But additional gains are possible. Clearance time gains to date have been realized mainly by streamlining and automating the customs (ECA) stage of the clearance process. This has included introducing a risk-based cargo inspection system using automated computerized risk assessment software.

Reductions in inspections and clearance times have also been achieved at the GOEIC stages of the inspection process, but not to the same extent.³ This is partly attributable to GOEIC's role as steward and coordinator for inspection and testing responsibilities vested by law in the Ministries of Health, Agriculture and elsewhere – giving GOEIC a mandate over which it does not have full control of performance. GOEIC managers, other experts and trading stakeholders looking for opportunities for improvement have expressed increasing interest in applying principles of Risk Management to its inspection programs – including those it administers for other ministries. This has created support for the idea that better integration of GOEIC and ECA processes would be the first step toward realizing additional economic benefits. There have been prior efforts made to better integrate the processes of GOEIC and ECA in support of trade facilitation, most recently under the USAID-funded Assistance for Trade Reform (ATR) project (2002-2006) and also under the TAPER-II project (2005-2010). The principal deliverables expected from this assignment are listed below.

4. DELIVERABLES

- An assessment of the readiness of GOEIC and the ECA to develop and implement joint risk management programs and procedures
- Identification of any major obstacles and gaps to joint Risk Management programs between GOEIC and the ECA with recommendations for dealing with them
- An overall strategy for creating a coordinated/integrated approach to Risk Management aimed at facilitating trade between the ECA and GOEIC
- Recommendations for an IT strategy aimed at supporting sharing of information and supporting joint Risk Management programs between GOEIC and the ECA
- Agreement between the ECA and GOEIC to enter into a joint Risk Management program pilot

In addition, the consultancy was asked to explore the potential for development of a common automated Risk Management system shared by both GOEIC and the ECA using a single set of weighted risk management criteria made by combining criteria from both agencies.

5. APPROACH AND ORGANIZATION OF REPORT:

The TFP consultancy team that undertook the assessment was led by William Claypole. The assessment looked at each of the two agencies individually to assess internal capacity for applying more robust and extensive risk management processes and also addressed their readiness and the feasibility for undertaking more coordinated and integrated efforts in applying risk management to inspection and clearance mandates. Assessment efforts focused on:

- Capacity Base of Current Operations

³ Monitoring and Reducing Time of Release of Egyptian Imports;

- Legal Basis and Mandates
- Organizational Structures and Staffing
- Automated Information Systems

The team also documented evidence of cooperation and expressed willingness to implement steps toward closer integration.

6. FINDINGS AND RECOMMENDATIONS

The findings and recommendations presented below are based on interviews and research conducted by the TFP consultancy team from September 4, to October 10, 2011. The section below is a summarized selection of the most important of the findings and recommendations. More findings – in particular for the individual agencies- are contained within the body of the report.

Key Findings

- ECA is using risk management including an automated risk management information system to manage its inspection responsibilities at major ports. 90 percent of Customs declarations are subject to the Risk Management channels.
- Since adopting risk management principles, average clearance times have decreased from 29 in 2006 to 15 days in 2012 and 12 days in 2011.
- ECA has implemented other aspects of risk management such as Post Clearance Audit (PCA) and Account Management Systems (AMS) that are increasing in use and helping to reduce clearance times.
- GOEIC does not have an automated risk management system in place.
- The laws and policies under which GOEIC operates do not clearly authorize a program of selective examination of import consignments but seem to allow for the possibility. A more complete review of legal foundations for an RM system is required. Legal amendments or at least new ministerial directives might also be required.
- GOEIC operates a system of reduced or rapid inspection for manufactured goods that meet criteria established by the Foreign Trade Sector (FTS) and is used by the Ministry for decisions about including importers/products on a “white list” which entitles the imported products to “Visual Inspection Only”. This is a form of risk management that guides selective inspection & testing decisions and facilitates trade.
- While GOEIC does Not have an automated risk management system, it does have computer capacity, data bases and programming skills that could be used to develop and update the information for creating and assessing criteria and risk – a key driver in a risk management system.
- There is an expressed willingness within both ECA and GOEIC to cooperate in exchanges of crucial Risk Management data and to coordinate their program activities.
- GOEIC in cooperation with the Ministry of Agriculture and with EU assistance has invested in and developed systems for traceability, inspection and certification of selected food exports to the EU. This is an advanced system using GPS technology and covering major exports

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- GOEIC has No responsibility or mandate covering inspection and clearance of pharmaceuticals or hospital equipment and supplies entering Egypt. These inspection and testing responsibilities lie with the Ministry of Health.
- The government of Egypt is considering establishing a food safety agency.
- Globally nations are seeking to improve their abilities to identify and reduce risks related to food, pharmaceuticals and other products that pose higher than average safety and health risks to the general public.
- Introduction of an RM process would be more consistent with international trade agreements and standards than Egypt's current reliance on a list of industrial products requiring quality inspection (i.e. Annex 8). GOEIC effectively operates a second stage inspection and clearance process legally mandated in Egypt. This process could be improved by use of RM, if that were legally possible.
- For GOEIC, current gaps and obstacles to moving forward with a Risk Management program include: (1) unclear legal basis, (2) inadequate infrastructure; insufficient staff training and experience, and (3) as yet unofficial commitments from the Ministry of Industry and Foreign Trade regarding the extent of willingness to fund and support an on-going Risk Management program.
- From 2003 to 2008 under the USAID-funded ATR and TAPR-II projects an automated Risk Management System was instituted in some of the larger ECA ports. A more robust IT system was in development as part of the National Customs Information System (NCIS) under the TAPR-II project that ended in 2010, but NCIS has yet to be made operational. The new system has an enhanced capacity to support a national ECA Risk Management program.

Conclusions & Recommendations

The TFP project should continue to explore the option of supporting a risk management system for goods subject to inspection by GOEIC. Given GOEIC's role in coordinating inspections at import/export release points, they remain the logical counterpart agency to work with -- within the Ministry of Industry and Foreign Trade.

USAID should support the next step of the Risk Management work by supporting a review (Feasibility Study or Business Case Report) by GOEIC to determine:

What legal amendments are needed to support a risk management system and if amendments to the law and/or implementing regulations would be required before a pilot is run using products selected from (Annex 8).

An analysis of HR/operational costs and willingness of the Ministry of Industry and Foreign Trade to support a Risk Management program by supplying the required personnel, organizational changes, training and physical locations, the costs of IT systems amendments to support a national Risk Management Program.

Also as part of the feasibility study or business case, the temporary introduction and application of RM principles and model systems on a trial or pilot basis would:

- Make the benefits of a Risk Management program easier to assess under existing laws.
- Would provide a model to help assess and document likely costs and benefits.
- Allow exploration of feasibility of introducing Risk Management on a gradual approach.

If a pilot moves forward, then as a first step, product sectors to be assessed should be taken from the Annex 8 Industrial List of goods that are subject to testing and visual inspection (Annex 8 Decree No 770/2005 pursuant to Import and Export Law 1181/1975).

ECA Risk Management is the key component to its enforcement/trade facilitation/compliance strategies. Ninety per cent of all consignments are subject to Risk Management applications.

The findings do not support a proposal for a single Risk Management program incorporating both GOEIC and ECA at this time.

Rather, a Risk Management program for GOEIC needs to be developed to the point that it is sufficiently operational and robust that it could be combined or layered onto the existing ECA program.

The ECA has expressed its willingness to exchange real-time information with GOEIC and to develop further cooperative programs with GOEIC, the port authorities and other inspection agencies to expedite inspection and release procedures. The modalities and specifics for doing this would require further study.

The ECA and Egyptian importers would benefit from an independent evaluation and review of their post-clearance audit programs and procedures. Many traders still prefer “red channel” entries to avoid post-clearance audits from customs. The reasons for this reluctance should be examined. ECA’s current training programs might also benefit from a review and an up-dating of course material.

The ECA has also requested training on applying border protection measures for handling counterfeit products and other Intellectual Property Rights infringing goods pro-actively at the border. This training might assist ECA, in its currently unclear responsibilities for enforcing court orders requiring them to stop certain goods that are infringing trademarks.

The new Customs Law drafted during TAPR II Project has been re-vised. TFP was informed that it has been simplified by moving key provisions from it to regulatory making authorities such as the Commissioner and the Minister of Finance. The law might be best reviewed before it leaves the Commissioner’s office and enters the legislative system for comparison with best international practices. At that point influencing it and proposing amendments is much more difficult.

Efforts to achieve more cooperation between ECA and GOEIC specific to Risk Management should focus for now on (1) data and information sharing, and (2) opportunities for joint training.

A final recommendation involves lessons learned elsewhere by cargo inspection authorities

- (1) Risk Management facilitative programs such as computerized programs are Not successful in producing required benefits unless fully embraced by the institution adopting them and unless accompanied with investments in training and change management programs that are necessary to change traditional procedures for new arrangements.

- (2) Risk Management facilitative programs are only contributing part of border management modernization.⁴ Other policies are necessary to achieve full benefits of trade facilitation. Agencies and governments investing only in RM technology or programs rarely achieve the desired benefits.

7. CURRENT OPERATIONS – ECA AND GOEIC

A new Risk Management program aimed at facilitating the inspection and release of commercial consignments does not start with a blank page. At the port level, operational necessity has already created a co-operative framework between GOEIC, ECA and the Port Authorities. In the ports where logistic centers are operational, both GOEIC and the ECA receive electronic copies of the manifests from the shipping agents through a port operated electronic system. This allows for a preliminary screening of the goods contained in the consignments.

The current ECA Risk Management process is activated when the soft-copy declaration is entered into ECA's computerized information system. At the same time this is happening the soft-copy declaration information is flagged to the port's GOEIC office through the port automated system if the HS-code listing for the goods falls into a category that is subject to Non-customs inspection, testing or verification.

Not all sites handling international consignments have automated port systems that track and coordinate the consignment's arrival, storage and release functions with ECA and GOEIC inspection and release requirements. Where automated port systems are not operational, the interfaces between GOEIC and the ECA are for the most part dependent on hard copy exchanges with the trader and shipping agents. At Cargo Village within Cairo International Airport, for example, the trader or trader's agent is typically notified verbally of GOEIC inspection requirements at the time customs declarations are presented. Inspection and testing requirements are also printed on a print copy of a computerized version of the declaration that the importer (or agent) receives and carries with him inside a printed blank declaration form that he has purchased from ECA. Responsibility for organizing and completing all requirements is left to GOEIC and the trader. The trader is responsible for bringing the final signed test results in hard copy back to the ECA officials to finalize compliance for release. The system is time consuming, and as with any hard copy based procedure, it is open to abuse.

If consignment inspection is required by Customs, GOEIC, and/or food, health and agriculture authorities, a joint inspection team which also includes the trader or his representative is coordinated. A time and location for inspecting the consignment is set with all parties, including the port authorities and those in charge of the inspection areas. GOEIC takes the lead in coordinating the Non-ECA inspection teams. However, even if the consignment goes "Green Channel" in the ECA Risk Management system, a Customs officer joins the team since it appears that in all cases Customs must break container seals. The team has been advised that it is not always possible to form joint inspection teams, but whenever feasible Customs and GOEIC cooperate to make them happen.

⁴ *Border Management Modernization*, Editors: Gerard McLinden, Enrique Fanta, David Widdowson, Tom Doyle; The World Bank, Washington, D.C.; 2011.

If the consignment has been given ECA green channel status, and has complied with the inspection/sampling step required under FTS/GOEIC's authority, then there is provision for releasing the consignment to the importer during the time that GOEIC or other labs carry out the necessary testing for quality and safety. Following the inspection and sample taking and provided the importer has approved storage facilities outside the port, the consignment may be resealed and moved from the port. Customs, after collecting duties and taxes and fees, releases the goods "under restriction" to the importer. Goods released under restriction and awaiting test results are sealed by GOEIC at the trader's warehouse pending results from the testing. While under seal, the goods are also subject to other inspection and controls by the Ministry of Supply and in some cases by the food and health authorities.

Once the required testing has been completed and the results reported back to the importer and coordinated through GOEIC, customs is notified. If the consignment has passed all testing requirements, the Customs clearance process is closed and the goods given final release. If the goods have not successfully passed, there are provisions for appeal and re-testing.

Failure to pass tests requires the importer to coordinate with customs to return the goods to port for re-export or have them destroyed under customs supervision. In either of the latter cases a refund of the trader's duties, taxes and fees is processed. The whole process brings Customs and GOEIC officials together at both the IT and physical operational levels.

There are other areas, especially in the matters of exchanging information that also offer examples of cooperation between the two agencies. GOEIC on a monthly basis receives collated data on imports from the Ministry of Finance. Discussions are under way that will result in GOEIC receiving information on imports on a real-time daily basis. This will be essential if GOEIC is to introduce weighted criteria based Risk Management system⁵.

As a matter of course, GOEIC officials advise ECA officials when – during their inspection of testing -- they find discrepancies between the goods tested and manifest or declaration descriptions of those goods. Mis-descriptions can impact customs assessments affecting tariff classification, duty applications and valuations. Such information exchanges provide customs with data that helps to update both AMS client lists and Risk Management. From an ECA prospective this is vital information needed to support and verify Customs Green Channel releases.

All the inspection and release agencies have implemented programs aimed at improving efficiency and reducing costs and clearance times for the trader. Currently the total average consignment release time is 12 days. Of this for imports, total ECA clearance and processing times average 1 day; inland transportation and handling 2 days; ports and terminal handling 1 day; and document preparation 8 days. For Exports, the average ECA clearance times are one day; inland transportation and handling 2 days; ports and terminal handling 2 days; and document preparation 7 days⁶. Document preparation includes the mandatory Non-ECA inspection and testing times and it is within these areas that a focused Risk Management

⁵ Discussion during meetings with ECA Commissioner Ahmed Farag Seoudi, Cairo 9-7-2011 and Raaouf Hussein Roshdy, ECA Sector Head Information Technology, Alexandria 9-21-2011.

⁶ World Bank, *Doing Business 2011*, Trading Across Borders, p.57

program in terms of trade facilitation could reap the largest benefits in terms of shortening clearance times⁷.

8. CURRENT OPERATIONS - CONCLUSIONS

The current cooperative programs between the ECA, Ministry of Transport Port Authorities, and GOEIC can be leveraged to support the development and implementation of additional Risk Management components that could be a first stage platform for creating a logical and structured release process for the trader while also improving national capacity to focus inspection resources on consignments posing a higher than average risk to public health or safety. The current ECA Risk Management systems and programs are coordinated with the GOEIC (inspection requirements only in those port facilities where automated port handling systems provide a connected Notification network between the trader, the ECA and GOEIC.

The Team has been advised by the ECA that Port Automated systems, where they exist, are not consistent across all major sea ports or environments. This could affect any long-term plans to implement a national coordinated and consistent Risk Management program between GOEIC and the ECA.

The Egyptian Government through the Ministry of Transport/Port Authority, the Ministry of Finance/ECA and as appropriate national security agencies must be encouraged to work towards consistent handling, assessment, processing, and release procedures and systems that cross all consignment clearance environments. Effective Risk Management facilitative programs are only part of the trade facilitation equation.

Border protection responsibilities and clearance requirements serve multiple mandates in today's commerce, however when all agencies tasked with border protection responsibilities work together to coordinate and integrate their activities, significant efficiencies and time-savings are possible. Egypt's border agencies have begun to coordinate and use IT technology successfully to reduce duplication and delays, dovetailing the unique mandates of various agencies in a way that presents the client (importers) with a less fragmented, more expeditious clearance process. This record of past success needs to be improved upon to reach the goal of truly seamless process with reliable regulatory oversight, producing the maximum benefit to the Egyptian economy.

9. LEGAL BASIS AND OPERATIONAL MANDATES

GOEIC

This section is based mainly on interviews with senior GOEIC officers, materials supplied by them and a review of materials available on GOEIC's website⁸.

⁷Ministerial Executive Regulations (ERs) to the Import and Export Law (770/2005 Article 85) provides maximum times for retuning test and inspection results. Industrial goods are subject to a 5 day limit; food and agriculture to 7 days with some exceptions; for example, dioxin testing takes 15 days.

⁸A planned interview with the legal officers of the Ministry of Industry and Trade and the Foreign Trade sector had not taken place as this report was finalized.

GOEIC's legal foundation rests on responsibilities vested in the Ministry of Industry and Foreign Trade by Presidential Decree 1770/1971. The decree makes GOEIC an operational arm of Ministry of Industry and Foreign Trade.

GOEIC operates on behalf of 37 separate client standards and inspection organizations. The principle client organizations are: The Ministry of Agriculture, Livestock and Fishery, Animal Welfare and Land Reclamation (MALR); MALR Laboratory for Pesticides; MALR Laboratory for Food and Feed; MALR Research Center; Ministry of Health (MOH) Central Laboratory; MOH Food Institute; Ministry of Foreign Trade and Industry (MIFT) Egyptian Organization of Standards and Quality Control (EOS); Department of Supply and Domestic Trade (Ministry of Social Solidarity).

GOEIC's original legal competencies have since been supplemented with a number of legal and regulatory amendments including: (1) Law 121/1982 on the Registration of Importers; Presidential Decree No 106/2000 on facilitating inspections and control of imported and exported goods; (2) Prime Ministerial Decree No 1186/2003 on inspection and control measures for exports and imports; and (3) Prime Ministerial Decree No 770/2005 issuing the Import and Export Regulations pursuant to the Import and Export Law. Some of the provisions of these laws (e.g. power to list and de-list laboratories in Egypt eligible to inspect food) have not yet been implemented. Overall, these amendments have tended to increase rather than decrease the area and scope of responsibilities assigned to GOEIC.

The Egyptian Organization for Standards (EOS) develops and sets official standards and testing methods for industrial goods listed in Annex 8 of the Import and Export Regulations. These goods are subject to GOEIC laboratory testing depending on the specific regulations and testing standards developed jointly by GOEIC and the EOS. In some cases Annex 8 industrial goods are subject only to visual inspection if conditions provided for in Articles 69, 94 and 105 of the Executive Implementing Regulations are met. Visual inspection still requires the opening of boxes and containers and the examination of the actual goods for such things as marking and labeling or even consistency with Egyptian religious and social sensitivities.

In addition to these functions, GOEIC is mandated to issue certificates of Origin for Goods originating in Egypt, keeping Importer and Exporter registers for the MIFT and maintaining lists of mediation results when importers or exporters appeal inspection results. In conjunction with technical assistance from the European Union (EU) and in cooperation with the Ministry of Agriculture, GOEIC has also developed and will administer a "Traceability" program to assist in managing, identifying and certifying production and supply chain information for certain food crops exported from Egypt. GOEIC collects information, statistical forms and in some cases tests samples to determine the quality of exported goods. Demands for improvement in the efficacy of this inspection process increased significantly in the late summer of 2011 after the EU imposed a ban on all fresh produce exports from Egypt following a spate of illness and fatalities in the EU related to fenugreek imports from Egypt found to be infected with E-coli.

The GOEIC data base is used by MIFT for research and analytical reports provided to the Minister of Industry and Foreign Trade and the Minister's monthly report to the Prime Minister and the President. The data base and analytical capacity also play a role in

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providing evidence related to allege “dumping” or other trade infringement activities triggering trade remedies. GOEIC receives monthly aggregated import information and data from the ECA. The GOEIC data base is also used by MIFT for research and forecasting.

Any GOEIC change in responsibilities such as adoption of RM or market surveillance functions would require additions to their mandate. For this assessment it is sufficient to recognize that GOEIC is assigned by law a central role in coordinating, scheduling, managing and reporting on the Non-ECA inspections that various agencies, including themselves, are required to perform before a consignment can be cleared. In performing this role, GOEIC is operationally bound by the provisions of more than 500 inspection specific regulations issued under the authority of other Ministries such as Agriculture, Health and Food.

A detailed review of these laws and regulations, and the multiple provisions supporting and defining GOEIC’s legal and operational responsibilities and roles, was beyond the scope of this assignment, but a structured and detailed review would be an essential first step before undertaking any investments that would further and significantly alter GOEIC’s current responsibilities and operational procedures.

It should be Note that not all products and inspections of in-bound consignments are under GOEIC’s inspection responsibilities. Pharmaceuticals, for example, and hospital equipment and supplies are not subject to inspection and clearance by GOEIC. There are also some government agencies such as police and national security officials who can detain and inspect a cargo without arranging coordination with the ECA or GOEIC.

Currently GOEIC has no legislative authorities that provides for a risk management approach to its legislated responsibilities.

Currently GOEIC has no legislative authority that would enable it to engage in the equivalent of a “post-clearance audit”.

ECA

The Egyptian Customs Authority (ECA) operates within the framework of the Egyptian Ministry of Finance. In addition to enforcing anti- smuggling and currency monitoring and control laws, the ECA is mandated to collect duties taxes and fees on goods imported and exported from Egypt. The ECA also administers a number of other related trade programs and regimes including inter alia: temporary importations, goods transiting Egypt, free zones, duty free stores, and various drawback programs for export production. The basic framework for these mandates is pursuant to the Customs Law No. 66 of 1963 as amended by No. 95/2005 and Executive Regulations Decree 10/ 2006.

In addition to the Customs Law’s primary mandates, Customs is delegated a series of administrative functions by the Ministry of Industry and Foreign Trade (MIFT) through the Regulations of the Import and Export Law. These include collecting fees on behalf of the MIFT, verifying certificates of origin for imported goods (and the application of other border measures pertaining to preferential trade agreements), and managing the release and control of special programs such as: industrial inputs, goods destined for embassies and charitable foundations, and the enforcement of Intellectual Property Rights (IPR) court orders/findings on imported goods. The ECA is also responsible for the collection of import data which is collated and in the Ministry of Finance before being passed to MIFT.

Risk Management within the ECA is built upon Articles 30 and 50 of the Customs Law No. 66/1963 as amended by No. 95/2005 for Articles 30 and 51. These Articles provide the ECA with the option to waive the requirements to inspect all goods before release and to perform post audit investigations on goods that have been released. Both Articles have regulatory authorities allowing for the issuing of regulations and operating procedures. Executive Regulations issued as No. 10/2006 provide for green and red channel release system and obligation of the importer to maintain books and records that would support an ECA post-audit program.

The 2005 Customs amendments and the 2006 implementing Executive Regulations provided a legal basis to support a Customs Risk Management initiative. These do not, however, go so far as to provide Customs post audit officials with the legal authority to enter an importer's premises and audit books without the importer's permission. If Customs officials wished to inspect an importer's book without permission, they have to get a warrant from the General Prosecutor's office.

In order to get a warrant from the General Prosecutor's office, the ECA has to show a priori grounds for suspecting a breach of law. This runs contrary to the basic Notion of post audit review, which is a safe-guard which allows the ECA to reduce the delays, inconvenience and costs associated with conducting all assessments before the cargo leaves the Customs area. The anomaly is planned to be addressed and resolved by Egypt's new Customs Law, a draft of which has been under revision since 2008 and has been effectively postponed by the national revolution that took place in early 2011. In the meantime, the ECA Risk Management' Post Audit system relies on the willingness of the importer to voluntarily provide access to importation records and consignments moved and held outside the port.

10. LEGAL BASIS AND OPERATIONAL MANDATES - CONCLUSIONS

GOEIC's current operational mandate within the MIFT makes it a logical candidate agency for the development, implementation, coordination and on-going administration of a Risk Management program designed to serve the purposes of e principal GOE Ministries concerned with safety and health standards pertaining to imported and exported goods.

GOEIC has been vested with legal responsibility to coordinate inspections and deal directly with the trader, clearly establishing the agency as a kind of "single window" that traders and other inspection agencies must deal with when goods subject to more than an ECA inspection are being imported and exported. Article 78 of decree No. 770/2005 Regulation lays out the coordinating role of GOEIC in relation to the other Inspection and testing Agencies such as Ministry of Agriculture.

Consultations and on-going close cooperation with the MIFT's legal advisors is essential to determine what and how legal changes to support a MIFT/GOEIC Risk Management system, including a pilot program) can most effectively be developed and implemented.

This study was Not able to document exact legal provisions or bases that would support the case for GOEIC creating a system of selective cargo inspection decisions based for example on a red-yellow-green channel release process for goods rated on a high, medium or low risk. However already practices other forms of selective inspection. GOEIC officials also

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confirm this study's finding that there are existing legal provisions that would provide the necessary authority for conducting post-clearance audits – a feature that is considered essential to proving and confirming the integrity of a Risk Management program. These will have to be addressed and provided for in law or regulation.

Article 64 of the Import-Export regulations exempts certain classes of goods that are to be further manufactured in Egypt from GOEIC inspection. A GOEIC coordinated and managed Risk Management program should eventually apply to the full range of Annex 8 goods which would also imply amending this article so that risk criteria could be applied to these goods along with the other goods listed in Annex 8. (It should be noted here that the Foreign Trade Sector FTS is reportedly engaged in a process of revising the Import-Export Regulations, however, drafts of proposed revisions were not available to this TFP assignment team).

Article 5 of Presidential Decree 1770/1971 does give GOEIC the authority to initiate studies aimed at facilitating the import and export of goods⁹. The results of these studies are required to be presented to a Steering Committee made up of clients and stakeholders which could report their finding to the GOEIC Chairman. This may support a Risk Management study, but an effective Risk Management Program will require the development of a specific legal authority allowing GOEIC to exempt certain consignments or classes of goods meeting a set of Risk Management Criteria from any except an occasional random inspection.

To simplify authorization issues, an initial Risk Management Pilot Program at MIFT/GOEIC and a possible follow-on Risk Management program could be restricted to Annex 8 -- industrial goods over which GOEIC has express legal authority to inspect and test for quality. Annex 8 of the import Export Regulations is more clearly established as subject to GOEIC's administrative control. Even here, however, there will be special challenges. GOEIC works with the EOS and 107 other consultative committees that include private sector interests to develop standards and testing methods for the Annex's industrial goods. Once the goods are on the list, and a standard has been issued, GOEIC role is defined and it seems to have No legal alternative but to at least visually inspect the goods and subject to Articles 69 and 94, to carry out the specified tests.

The issue of Non-tariff barriers may be raised in any Risk Management or simplification processes affecting Annex 8 goods. However, a true risk management system would be more in compliance with international trade law than the current system of 100% inspection with lab charges applied to all goods tested.

The support and advice of the MIFT for implementing a Risk Management pilot is essential. GOEIC is an implementing agency that derives its legal authority from MIFT.

ECA

The distinctive mandates of the ECA and GOEIC do not argue for the development of a single Risk Management Program to serve for both organizations. While a computer program could be designed to evaluate and apply risk criteria appropriate to each agency, the

⁹ GOEIC recently implemented a pre-inspection process whereby the Chinese Inspection and Control Department, using Egyptian standards can certify goods prior to shipment to Egypt. Goods arriving with a "CIQ" Certificate may be exempted from GOEIC inspections.

foundation for that step should be developing such appropriate criteria. Each agency's mandates, although dealing with the same classes of imported and exported goods, are distinct. GOEIC deals with coordination, development and application of specific industrial standards for a select set of industry manufactures listed in Annex 8 plus food safety, health and agricultural provisions. Custom's' main concern is its mandate to collect duties and taxes and preventing smuggling on all classes of goods.

The body of goods and products and in many cases the weighted Risk Management data inputs (such as product, origin, shipping routes, importer and exporter, certification authorities) will be the same for any future ECA and a MIFT/GOEIC Risk Management programs. However risk criteria, judgments and weightings of risk criteria will be different. Cooperation in establishing protocols and automated compatible systems for the exchange of real time information and data is essential during the development and piloting stages of any new MIFT/GOEIC Risk Management program.

Customs does not yet have a full legislative authority to implement a complete Risk Management program. Their current Risk Management Program still depends on the willingness of the trader to allow access to books and records during a post-audit procedure.

11. ORGANIZATIONAL STRUCTURES

GOEIC

Organizationally, the Chairman of GOEIC, as a distinct authority, reports directly to the Minister of Industry and Foreign Trade, but operates in close coordination with Foreign Trade Sector (FTS) of MIFT, which develops the executive regulations issued by the Minister that GOEIC implements. At the GOEIC Headquarters' level, the functions reporting to the Chairman's office are divided into the following General Departments for Technical Inspection, Financial Inspection, Monitoring, Information, Organization and Management, Training, and Public Service and Management.

The Headquarters' GOEIC Departments oversee the work of 27 regional branches (located at border crossings), and 74 testing laboratories throughout Egypt, 46 labs for testing food and 76 labs for testing manufactured imported products. GOEIC inspection teams are on site at all major sea, air and land ports, 26 border posts. Regional offices also make GOEIC inspection and control officers available to remote sites that are seasonally or periodically active. This includes, in cooperation with other concerned Ministries such as Health, Agriculture and Social Solidarity, the testing of goods in approved privately owned warehouses as well as the onsite inspection of containers being packed for exportation. GOEIC currently has approximately 3,200 technical personnel and support staff of which one-third is technical professionals.

The General Directorate for Information and Documentation has a well-established and equipped Computer Department affiliated with it. It maintains different data bases and programs in support of several departments within GOEIC. These include Inter alia: exporters register data base, importers register data base, commercial agents' data base, scientific offices register data base, and statistical bases for exportable items, agrarian and food imports industrial imports, and exported goods. Data is also maintained on industrial inputs

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and incentive programs. The Computer Department is currently involved in the development and launch of a “traceability” program aimed at ensuring the traceability along the supply chain to the origin of locally produced and exported agricultural products.

The General Directorate for Information and Documentation also maintains a Decision and Support Department that prepares studies and analyses from available data and information collected from GOEIC and Non-GOEIC sources and provides reports and analyses to the MIFT and its departments. This directorate employs approximately 15 persons and could provide the promising platform upon which to develop of an Intelligence function that would be crucial to the launch of a Risk Management Pilot in GOEIC could be located.

MIFT/GOEIC also maintains and supports a well-equipped and professionally staffed Training Center. The main training center is located at the GOEIC offices at Cairo international airport. The central training facility consists of three training halls, two computer laboratories, and a language laboratory, a conference room and a library. At any one time, the training halls can accommodate 60 trainees, the computer lab 12 and the language lab 13. The conference hall can accommodate 100. There is a regional training center at Dekhalia in the Port of Alexandria. Smaller training halls and facilities are maintained at GOEIC branches in Port Said, Damietta and High Dam, Aswan. The training centers provide a ready-made in-house resource that would support the launching either a pilot or a complete Risk Management Program.

Although a computer-guided, integrated Risk Management system does not exist in GOEIC, specific areas use methodologies and practices based on Risk Management concepts and approaches that are established in program directives issued pursuant to Articles 94 and 105 of the Import and Export Regulations. Upon application by either importer or exporters and after a review and analyses of their goods, certain importers and exporters of Annex 8 goods may be placed on a “Visual Inspection Only” or “White list”. The list is for both specific goods and importer/exporter specific and exempts consignments of those particular goods from a detailed laboratory testing and analyses. An element of Risk Management is also employed during visual inspection and sample taking. Procedure Manuals within GOEIC detail the appropriate levels of visual inspection as well as sample taking that are consistent with the nature and volume of the goods being inspected. Both these current risk-based procedures would flow easily into a more comprehensive GOEIC risk management program.

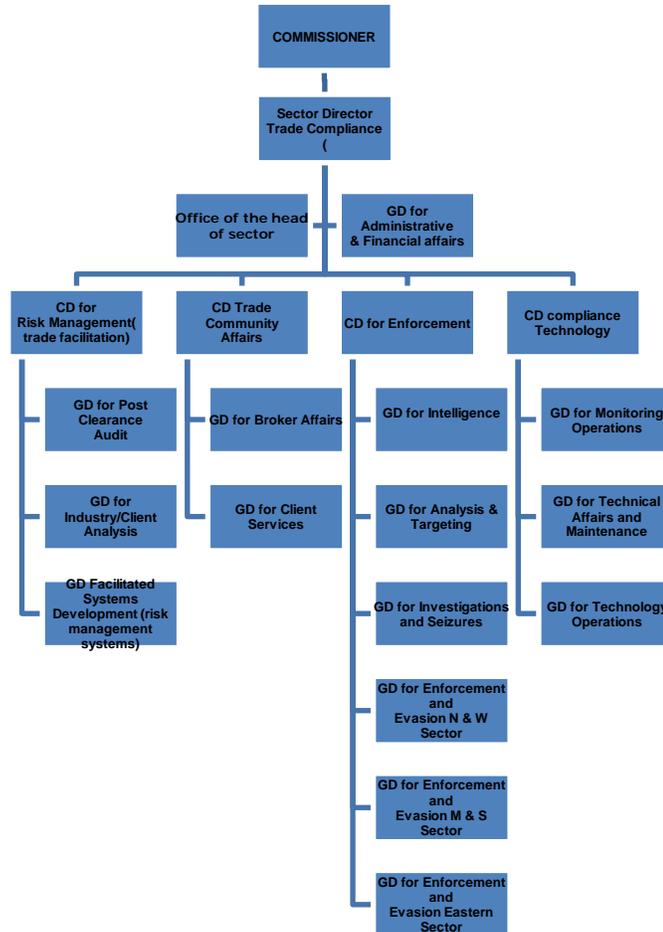
ECA

A formal Risk Management program aimed at streamlining the release of goods was developed and implemented in the ECA with joint technical assistance from the EU and USAID, 2006-2008. The EU worked with the ECA to develop the modeling and the training; while USAID under Trade Assistance and Policy Review programs, TAPR I and II, introduced the required organizational and operational changes during the broader reorganization of the ECA.

A Sector for Trade Compliance was created in ECA. Under this Sector two Central Directorates were organized and staffed (see Chart 1): the Central Directorate for Enforcement which included General Directorates for Intelligence and Analysis and Targeting; and the Central Directorate for Risk Management and Trade Facilitation which included General Directorates for Industry and Client Analyses, Post Clearance Audit and the

Central Directorate for Facilitated Systems. These were cross-linked with the Central Directorate for compliance Technologies.

Chart 1: ECA Trade Compliance Organization Chart



These directorates were organized and made operational through a protracted staffing process that continued through 2008. During this period training plans were developed that dealt with the theory and practice of Risk Management and the specific techniques of targeting and conducting Post Audit investigations.

The current Customs Risk Management program remains based on these organizational arrangements. An Intelligence Unit in Cairo receives and analyses information from national and International sources, including the World Customs Organization’s (WCO) Regional Information Liaison Organization (RILO) program. The intelligence information is fed through to the General Directorate for Analysis and Targeting. The analysis of the information results in the creation of a series of weighted Risk Management Criteria that are reviewed daily and up-loaded onto a network of regional ECA servers.

The Risk Management program is an element of the Customs automated release programs. Once the trader enters the Customs information data electronically into the Customs electronic system, the Risk Management “footnotes program” applies the criteria and system flags the consignment as either a green channel release without inspection, or a red channel release that will require inspection.

Currently an average of 40% of all consignments is flagged as “Green Channel”, with no inspections made. The team has been advised that this percentage is down from the pre-revolutionary averages. The enforcement and trade compliance teams within the ECA have advised that current plans call for increasing “Green Channel” releases to 60 percent of all consignments by the end 2012.

In 2010 the ECA Risk Management program was expanded to pilot a green-red channel system for export consignments. The system is now operational at Dekhalia/Alexandria. There are plans being developed to extend it to all the ECA sites responsible for Commercial consignments.

The ECA Risk Management Program is backed up by a new Post-Release Audit Program. There are three post-release audit teams, one for each of the ECA’s regional offices. The number of officers assigned to the teams fluctuates, but each regional team is designed to accommodate 50 officers. For the last three years of the program the number of annual audits has fluctuated from 300-350. The current work plan for fiscal year 2011, calls for 500 post-release audits, a target that some post-audit officers estimate will not be met given the disruptions of the revolution.

The ECA Risk Management program is supported by both formal training in the National Customs Training Institute (NCTI) and on-the-job instruction. Operational procedure manuals have been prepared. The NCTI courses contain modules covering both the theory of Risk management as well as detailed post audit courses where targeting, selection, executing and follow-up are taught.

The ECA Risk Management program is also supported by an Account Management System (AMS) that is aimed at streamlining release procedures for compliant major importers. In order to qualify for the program the importer must meet three basic conditions: The total value of imports over the previous two years must have been greater than \$ 5 million US dollars. The trader must not have committed any customs offences over the previous three years and must agree to allow the ECA to conduct post clearance audits of his commercial books and records. The AMS client must get verification from the National Security Agency that there are no outstanding criminal actions or proceedings on record. The AMS program provides access to the Green Channel process, subject to a 3% verification random check.

The AMS program is a major component of both the ECA’s voluntary compliance and Risk Management programs. The AMS program is one of the major Risk Management criteria applied to the ECA system. Approximately 40% of all the consignments cleared by the ECA into Egypt are done so under the AMS program. 60% of all Green Channel consignments are directly connected to the AMS program.

12. ORGANIZATIONAL STRUCTURES - CONCLUSIONS

MIFT/GOEIC currently lacks an express mandate that bestows authority and would sanction development of new systems and structures to implement and support a national Risk Management program. GOEIC currently has no comprehensive Risk Management program operating across the full scope of its inspection activities. Consequently the basic Risk Management operational structures and elements such as intelligence gathering and analyses, risk management analysis and criteria development and application and post-clearance audit functions are either absent from the current organization and operational structure because they are functions not yet fully planned and authorized (by) GOEIC or they are presented in a limited for but not yet sufficiently developed, for a variety of reasons, to support a robust system of risk management supported cargo inspection and testing.

As part of any pilot Risk Management project, MIFT/GOEIC should use the pilot activity to identify new operational needs and assess new human resource requirements and organizational and staffing options. Expansion beyond a pilot project focused on a select few Annex 8 products could require senior ministerial support across several ministries within the Egyptian Government. Even a significant pilot project might need review and clearance with the Ministry of Justice and Ministry of State and Administrative Development.

National intelligence and Risk Management development and maintenance functions could be easily fitted within and be supported by GOEIC's existing Headquarters' environment and structures. These include:

- Computer department with a well-trained staff and real time connectivity with all regional offices
- Trade Decision and Support department that analyzes trade data and prepares reports
- Well-equipped training department with both headquarters and regional training facilities

Given the close operational environments that ECA and GOEIC share and the similarities in Risk Management guided inspection systems, ECA's experience should have valuable lessons to offer any risk management development program to be undertaken for GOEIC. Opportunities should be sought to explore areas where the ECA experience in developing, implementing and maintaining a Risk Management would be useful to GOEIC. Likely opportunities include:

- Shared training programs already developed by and for the ECA that may be useful during any Pilot phases of a GOEIC Risk Management application.
- Site visits by GOEIC to ECA Risk Management Intelligence Unit and other operational departments central to creating risk criteria and ratings.
- Also it is fundamental that ECA improve data sharing with GOEIC on the import side.

13. AUTOMATED INFORMATION SYSTEMS

GOEIC

Automated national IT systems applicable to land, air and sea environments are essential to the operation of a Risk Management program aimed at expediting the clearance of goods while maintaining and supporting adequate levels of compliance and national safety.

GOEIC does not have an operational automated Risk Management System, but RM principles are applied. For example, inspecting officers refer to a “white list” process. Goods subject to the “White List” are included in the electronic information directives (Lists) that GOEIC officers consult before taking samples or coordinating inspection teams.

Leaving aside capacity and specific design issues, the automated systems and capacities currently in use by MIFT/GOEIC possess many of the basic structural requirements needed to support the development of an MIFT “National Risk Management” program focused on risks to public health and safety arising from authenticity and quality standards of imported products.

The GOEIC/MIFT IT system is a “client-server” system, but with centralized capacity providing communication services to all the field offices in real time. There is a data warehouse capacity that already contains historical data on importers, exporters, producers and agents. This is the basic information that could be “mined” for development of Risk Management analysis data.

There are already excellent support systems and in-house training programs and facilities for the system’s operators. The hardware is up-to-date and well maintained. This is not meant to suggest that an RM system could be easily or readily “grafted” onto the existing system. MIFT and GOEIC officers have pointed out the need for more capacity and re-engineering as well as improvements in the database itself, which was not designed with RM in mind. See Annex C a letter from Dr. Samir A. El-Gammal, CIO Advisor to the Minister of Trade and Industry for Information Technology and Decision Support.

ECA

The ECA has already implemented an automated Risk Management system nationally on its current IT platform. The operational Customs system appears to lack some features that could further simplify and expedite release procedures and automatically feed intelligence data to the Customs Risk Management operators. It is understood that much of the intelligence information is currently collected in hard copy before being sent to the Risk Management units to be converted into weighted risk management criteria for up-loading and distribution throughout the automated system.

Also, as of this report date, importers and their agents cannot submit their declarations electronically from their off-site offices. Pilot testing of this function are reportedly underway

or beginning soon within the structure of the current ECA automated system to allow some electronic presentation of declarations. In the meantime importers or their agents must still

present themselves to the Customs/Port logistic centers, buy and complete a hard copy declaration form and envelope and then enter the data into a Customs workstation

computer located in the Logistic Center or the port Customs office. It is only at this point that the data enters the Customs computerized system becomes compatible with the ECA automated Risk Management program. The necessity of transferring hard copy to soft copy within the customs facilities has potential to skewer the timeliness of the Risk Management application. It also discounts the trader's mandatory Customs documentation input time from the total release times.

Despite these short-comings, customs release times for both imported and exported goods average approximately 1 day, excluding paper preparation and port handling time. Green Channel goods for AMS clients clear Customs requirements average of 3 hours¹⁰.

Currently both ECA and GOEIC system have to interface within the "Logistic Center" process in those ports where it is operational. GOEIC and ECA systems are linked only through the Port automated handling, storage, tracking and release system. There are no IT automated systems linking the ECA and GOEIC/MIFT at sites where the port automated handling and tracking systems are not available.

The RM team made a number of inquiries about the status of the new National Customs Information System (NCIS) that was under development during the TAPR-II project. User Acceptance testing was underway for NCIS when the TAPR-II project ended in October 2010. Testing was not completed; new system has not been rolled out and little or no activity has taken place since 2010. When contractual project funding from USAID ended, ECA and the vendor ICS have not managed to continue a testing and roll out process between themselves, although this RM team was told of strong interest to do so - on the part of some champions within ECA and the software vendor, ICS. Private sector operators are vocal in their disappointment at not being able to use "off-site" and "on-line" declaration entry – a feature that was to be part of the NCIS. It was not within the scope of this assignment to delve extensively into reasons for stoppage of development since October 2010 or to explore options for re-starting the process. The head of ECA IT reported that ECA will soon offer off-site declaration entry as feature on its current computer system, without NCIS. It is known that the NCIS anticipated a closer integration between ECA and GOEIC operations. That integration would not pre-empt efforts to develop stand-alone RM capacity within GOEIC, because the difference in mission between the two entities justifies individual commitment and investment by GOEIC in how best to use RM to accomplish its mission. However, developers engaged in the task of developing RM capacity at GOEIC would be well advised to consider cost savings and other the impact that might be possible as a result of NCIS

¹⁰ At the time the report is being prepared we are still awaiting Customs release time information. The 3-hour release time for AMS goods was given during meetings with the ECA Risk Management, AMS and IT directors.

becoming operational and available to GOEIC as an IT platform for use in implementing its own RM criteria.

Inspection Work Loads and Productivity Challenges:

This section contains information about the scale and trends of the inspection and testing responsibilities facing GOEIC, ECA and Egypt, both current volumes under conditions of GOEIC'S current mandates and unofficial projections of future import volumes. All countries in the world are facing an increasing work load related to inspecting the increasing amount

of goods entering their borders through international commerce. The original source for most of this information is the Egyptian Customs Authority, whose data is also used to produce the data tables made available through trade World Customs Organization. Other sources include GOEIC and the WITS Database maintained by the World Bank.

References are made to the set of imported goods subject to inspection and testing according to Decree No. 770/2005 pursuant to the Import/Export Law 1181/1975 which includes the list and description of items comprising Annex 8 – the items that GOEIC is obliged to inspect and test. The exact list of items on Annex 8 is subject to change by the Ministry of Industry and Trade at any time. For the tables in this report, TFP has used the Annex 8 list as it stood in October 2010. It should also be kept in mind that the proposals under discussion for introducing and implementing Risk Management systems in GOEIC include an incremental approach or a “pilot application” that could be started initially on a subset of items on the Annex 8 list and later expanded to cover all items on the Annex.

Other scenarios include expanding RM to cover GOEIC'S inspection responsibilities beyond Annex 8 list consignments to include imported food items. Still another scenario, not examined here, could include application of RM for all imported items considered to represent a significant risk to health and safety issues – a larger mission than is currently assigned to GOEIC. Also, the Ministry of Industry and Trade has asked GOEIC to prepare to apply RM to cover GOEIC's responsibilities for inspecting certain categories of Egyptian food exports, a mission responsibility that could also be enlarged in the future. The latter proposals mean that the mission and scope of inspection responsibility assigned to GOEIC could well be larger in the future than the figures presented here - which focus on Annex 8 and Food Imports only – would indicate.

Increasing imports

Table 1 shows the value of merchandise imports and exports for Egypt from 2000 to 2011. This represents cargo and consignments entering and leaving Egypt. Since 2000 the value in \$US dollars of merchandise imports entering Egypt has quadrupled reaching \$59 billion US in 2011. The average annual growth rate has been 13.5%. Exports have been growing at an even faster growth rate, 17% since 2000. At these double-digit growth rates the value, and likely the volume, of goods entering and leaving Egypt will double again in the next 5 to 7 years. In general terms, this means that Egypt border management agencies need to prepare their systems to deal with an activity that is growing rapidly and likely to double in scale by 2017.

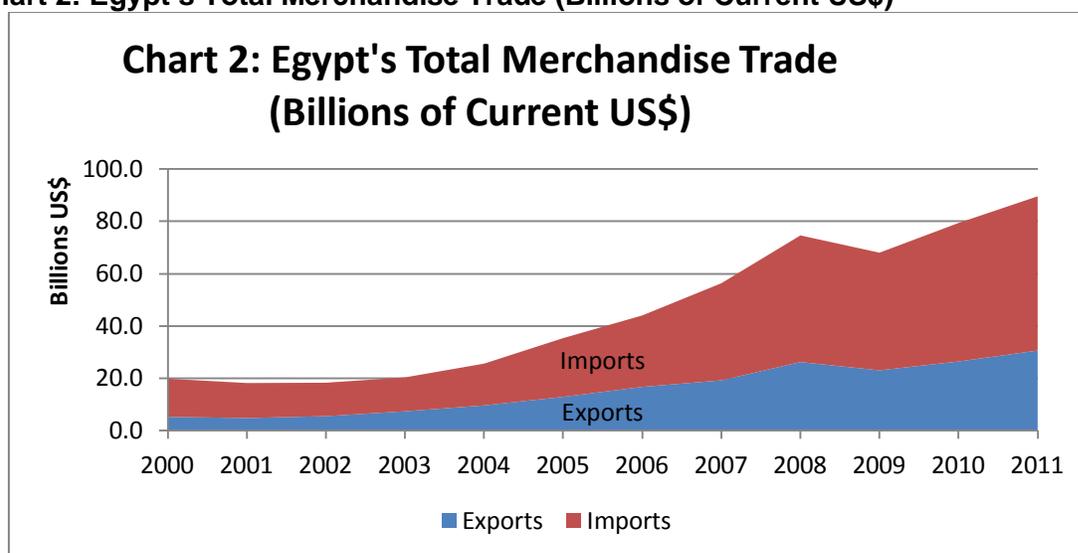
Table 1: Egypt Merchandise Trade -- 2000 to 2011

Year	Exports		Imports		Total Ex + Im	
	\$US Billion *	YoY %	\$ US Billion	YoY %	\$US Billion	YoY %
2000	5.3		14.6		19.9	
2001	4.8	-8.6%	13.4	-8.2%	18.2	-8.3%
2002	5.5	15.0%	12.8	-4.5%	18.3	0.6%
2003	7.4	33.6%	13.0	1.4%	20.4	11.1%
2004	9.7	30.4%	16.0	23.2%	25.6	25.8%
2005	12.9	33.6%	22.4	40.7%	35.4	38.1%
2006	16.7	29.6%	27.3	21.6%	44.0	24.5%
2007	19.2	14.9%	37.1	35.9%	56.3	27.9%
2008	26.2	36.4%	48.4	30.4%	74.6	32.5%
2009	23.1	-12.1%	44.9	-7.1%	68.0	-8.8%
2010	26.4	14.6%	52.9	17.7%	79.4	16.7%
2011	30.6	15.8%	58.9	11.4%	89.6	12.8%
% change 2000-2011	480%		304%		351%	
AACGR **	17.3%		13.5%		14.7%	
Years to double	4.4		5.6		5.2 years	

* In billions of current \$US dollars

** AACGR = Average annual compound growth rate

Source: World Bank WITS database; 2011 data from GOE/MIFT Website;
<http://www.tpegyp.gov.eg/Eng/TradeStatistics.aspx>

Chart 2: Egypt's Total Merchandise Trade (Billions of Current US\$)

Source: Table 1; data from World Bank WITS database; 2011 data from GOE/MIFT Website;

Imports Covered By Annex 8

Table 2 shows all merchandise imports into Egypt from 2008 to 2010 by major Harmonized System Code Sections. In this period imports into Egypt have ranged from \$45 to \$53. GOEIC's inspection responsibilities are for the industrial, manufactured items on the list. Appendix B is a list of all HS code items that appeared on the MIFT's Annex 8 list in 2010. Table 3 is a selection showing only the top 20 categories (HS Code) of imported items on the Annex 8 list and the value of imports in these categories for 2008 to 2010

Table 3: Top 20 Imported goods subject to quality control tests (Annex 8) in Egypt ranked in order of value in 2010

Trade Value in Millions of USD

No.	Product Code (HS)	Product Description	2008	% of Total Import	2009	% of Total Import	2010	% of Total Import
1	44	Wood and articles of wood; wood cha	1161.1	2.2%	1079.9	2.4%	1202.9	2.3%
2	48	Paper and paperboard; articles of p	963.9	1.8%	917.5	2.0%	1022.3	1.9%
3	8708	Parts and accessories of the motor	753.9	1.4%	591.2	1.3%	982.1	1.9%
4	7207	Semi-finished products of iron or n	1417.1	2.7%	827.2	1.8%	867.8	1.6%
5	52	Cotton	688.5	1.3%	689.8	1.5%	740.6	1.4%
6	54	Man-made filaments; strip and the l	711.1	1.3%	576.4	1.3%	624.1	1.2%
7	62	Articles of apparel and clothing ac	313.3	0.6%	352.5	0.8%	516.7	1.0%
8	7306	Other tubes, pipes and hollow profi	603.0	1.1%	616.5	1.4%	478.2	0.9%
9	4011	New pneumatic tyres, of rubber.	313.6	0.6%	283.9	0.6%	350.4	0.7%
10	3402	Organic surface-active agents (othe	254.8	0.5%	142.6	0.3%	337.1	0.6%
11	8481	Taps, cocks, valves and similar app	409.5	0.8%	362.3	0.8%	290.6	0.5%
12	8413	Pumps for liquids, whether or not f	297.0	0.6%	295.9	0.7%	283.1	0.5%
13	8418	Refrigerators, freezers and other r	239.7	0.5%	227.8	0.5%	270.5	0.5%
14	8414	Air or vacuum pumps, air or other g	329.9	0.6%	280.5	0.6%	269.4	0.5%
15	7307	Tube or pipe fittings (for example,	260.1	0.5%	263.1	0.6%	257.6	0.5%
16	2523	Portland cement, aluminous cement,	31.6	0.1%	160.3	0.4%	233.4	0.4%
17	8544	Insulated (including enamelled or a	188.9	0.4%	209.1	0.5%	220.5	0.4%
18	8536	Electrical apparatus for switching	188.8	0.4%	181.8	0.4%	217.6	0.4%
19	8504	Electrical transformers, static con	251.3	0.5%	243.9	0.5%	205.1	0.4%
20	8421	Centrifuges, including centrifugal	214.2	0.4%	171.5	0.4%	183.4	0.3%
Total Value of Top 20 Import Items			9591.1		8473.6		9553.2	
Total Value of Imports in Annex 8			14160.1		12831.8		14029.5	
Total Imports			52751.0		44912.5		53003.4	
Top 20 to Annex8 (%)			67.7%		66.0%		68.1%	
Annex8 to total imports (%)			26.8%		28.6%		26.5%	
Top 20 to Total Imports (%)			18.2%		18.9%		18.0%	

Source: World Bank, WITS Database

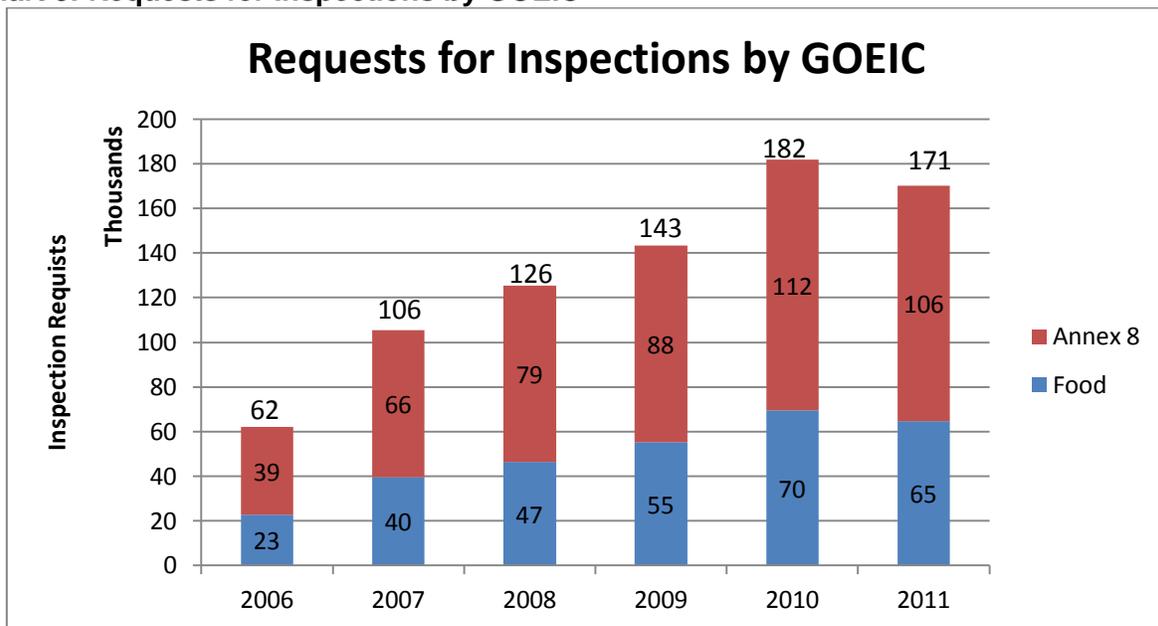
In 2010, the value of all imported items in all HS codes listed in Annex 8 was approximately \$14 billion US, or 26% of all imports into Egypt that year. The top 20 items from Annex 8 represented \$97.64 billion or 184% of all imports into Egypt in 2010.

In 2010, items on MIFT’s Annex 8 list requiring by GOEIC represented 26% by value of all merchandise exports entering Egypt

Growth Trend In Inspection Requests

Not every imported shipment falling with Annex 8 categories results in a request for testing by GOEIC, but they should all result in a request for inspection – at least a visual inspection by GOEIC. Chart 2 indicates the recent trend inspection requests coming to GOEIC either because the consignments are within the category of Annex 8 (manufactures) or because it is food imports. GOEIC is also responsible for coordinating inspection, and sampling of food imports to be tested in GOEIC labs as well those of the Department of Agriculture. Since 2006 annual inspection requests to GOEIC have nearly tripled from 62,000 to 182,000 in 2010.

Chart 3: Requests for Inspections by GOEIC



INSPECTION WORKLOAD AND GOEIC STAFF

This tripling in inspection requests is similar to what other border management agencies around the world are also experiencing and are struggling to deal with under budget and staffing constraints that are not keeping pace with the growth in trade volumes. Total staffing for GOEIC is approximately 3,200, of which approximately one-third are technical/professional. The approximate number of qualified, authorized inspectors working in the 26 border crossing points in Egypt is roughly 300 (250 in 2006 and 290 in 2010). While total inspection request tripled from 2006 to 2010, the number of GOEIC authorized inspectors increased only 16%. This means that the average workload per inspector has more than doubled in the last five years, which also means that the amount of time and resources that inspectors can devote to each inspection would have decreased proportionately – if there had been no improvements from policy, technology and productivity. Keep in mind that one inspection request can entail multiple of containers and a sizable volume of goods¹¹.

If consignment volumes could be spaced out evenly over each calendar day, the average workload demands might appear manageable. On average in 2010, there were 605 inspection request per GOEIC inspector, fewer than 3 per work day. This would be a false conclusion, however. The time to process a single inspection request can vary considerably depending on the number of containers to be inspected, their location and accessibility, the level of inspection, the need to involve other agencies and whether samples need to be taken. Even locating and inspecting a single container could take several hours. Also, in reality, simple averages are not reliable indicators of a typical workload per day. Inspection requests are not spread evenly over each calendar day; rather they tend to bunch up according to vessel arrival and unloading times, so that inspection teams in ports typically receive a long list of inspection requests with each vessel arrival that they have to work through as efficiently, productively and as soon as they can. Although GOEIC has in place staffing assignment arrangements to respond to peaking demands in some ports, the trends in annual overall growth apparent will continue to put a strain on those arrangements. Like nearly every other border agency in the world, GOEIC needs systems and technologies that increase its productivity and enable it to deal more systematically with the growing inspection responsibilities.

FUTURE IMPORTS AND INSPECTION REQUIREMENTS

Based on trade growth trends, the full scope of inspection responsibilities can be expected to double 5 to 7 years. In GOEIC's case the scope of responsibility could increase even more if its mission is enlarged. Planning for how to handle a growing workload related to growing trade volumes is something that every country and government around the world is engaged in, and it is one reason so many governments and border agencies them are increasingly interested in using Risk Management as a systematic way to manage the growing inspection responsibility.¹²

¹¹ GOEIC's "testing" workload has also expanded, but addressing those implications development lies outside the scope of this report

¹² Pathway to Global Product Safety and Quality, A Special Report, U.S. Food and Drug Administration, revised July 7, 2011, page 5-7.

Egypt's trade volumes can be expected to continue to grow at average to above average rates compared to most countries because of its commercially strategic location and the fact that government policy is encouraging exports and export-led economic development. One goal that has been announced by the government of Egypt as the Egypt's National Exports initiative (2010) calls for doubling non-oil industrial exports from 100 billion EGP in 2010 to 200 billion EGP by 2013. (Source: MIFT website: <http://www.mfti.gov.eg/index.asp>.)

While the growth rate for imports into Egypt has slowed somewhat in recent years, it remains in the double digit range. It will not be long before the number of inspection requests GOEIC will double again to 360,000 and then double again to approximately 700,000 inspection requests per year, even without taking into account requests related to exports or a scenario that significantly enlarges the scope of GOEIC's inspection responsibilities.

14. AUTOMATED SYSTEMS – CONCLUSIONS

- The current MIFT/GOEIC automated data base and communication systems are similar in many functions to the IT platform and infrastructure needed to support an automated Risk management system that could further streamline the consignment inspection and release processes. It might even be possible to operate a small pilot test of RM-guided inspection using the existing system. But this has not been determined by this assessment.
- A complete RM system would require a complete IT needs assessment and design. Needs, costing and funding analyses will have to be carried out as part of any MIFT/GOEIC pilot project to determine what systems modifications, enhancements, programs and related training will be needed to support a Risk Management System. Dr. Samir and others believe the task would require 100% re-engineering of the current system.
- Current training structures, equipment replacement and maintenance programs, officer technical levels, and physical infrastructures are well positioned to develop, launch and, maintain the IT programs and technical networks needed to implement and support a national MIFT/GOEIC Risk Management program
- A major investment aimed at developing a common automated Risk Management system shared between the ECA/MIFT/GOEIC and the Port Authorities is not recommended. Distinctly different operational mandates, operating procedures argue strongly in favor of developing independent RM systems that could then be made to operate in sequence or even in parallel with each other, enabling each agency to control its own RM criteria and inspection function. In addition, historical and current government structures plus different funding and development timetables make the goal of a single system used by all the inspection and release entities unrealistic at this time.
- GOEIC's mission and its related inspection responsibilities seem to be evolving, expanding to include more responsibilities for inspections related to health and safety for both imports and exports. However much of its history GOEIC has seen itself as inspecting for quality against standards set within Egypt. Egypt has yet to pass legislation that full adapts its inspection regimes to the demands for protection against global threats to health and safety. Any future legislation is likely to focus on GOEIC as an implementing

agency. But an ideal plan would also strive for more integrated application of RM principles across both customs and GOEIC responsibilities for health and safety. Plans for an IT strategy should take that potential evolution in mission and responsibilities into account.

- GOEIC is facing the same workload and productivity challenges that are causing other border management agencies around the world to adopt new technology and systems that increase the productivity and effectiveness on agency resources. Risk Management is a methodology and technology that does enable an agency to improve its productivity to better manage a growing workload.

APPENDICES

Appendix A: The Arabic Version of the Two Briefing Memos

مصلحة الجمارك المصرية : ملخص حول تقييم قدرات نظام إدارة المخاطر

مقدمة

يغطي هذا الملخص الحقائق والنتائج الأساسية، والتوصيات لمصلحة الجمارك المصرية والتي نتجت عن تقييم قدرات نظام إدارة المخاطر لكل من مصلحة الجمارك المصرية والهيئة العامة للرقابة على الصادرات والواردات. وكنتيجة لنطاق العمل تم عمل التقييم في كلتا الهيئتين بشكل منفصل وتقديم تقييم وخطة عمل – إذا اقتضى الأمر- للقيام بعمل مشترك لتطوير نظام متكامل "قومي" لإدارة المخاطر بشكل موسع في مصر.

يقوم مشروع تيسير التجارة بجوانب أخرى وأنشطة تخرج عن نطاق هذا التقرير ولم يتم تناولها في هذه المهمة. هذه النتائج لا تدعم الاتجاه الهادف لبناء النظام المتكامل لإدارة المخاطر كنظام يعمل كمظلة ليخدم كلاً من الهيئة العامة للرقابة على الصادرات والواردات ومصلحة الجمارك المصرية حالياً في هذا التوقيت. وبدلاً من ذلك يجب تنفيذ برنامج يتم تشغيله بشكل تجريبي منفصل لنظام إدارة المخاطر للهيئة العامة للرقابة على الصادرات والواردات بمعايير الخاصة¹³.

الملاحظات والنتائج:

مصلحة الجمارك المصرية لديها برنامج لإدارة المخاطر يعمل وقيد التشغيل. القطاعات والإدارات المركزية المسؤولة عن إدارة المخاطر في مصلحة الجمارك المصرية تقرر أنه مطبق على 90% من إجمالي عدد الإقرارات الجمركية. ملاحظات فريق مشروع تيسير التجارة تتضمنت الحقائق الآتية:

- حالياً يتم إرسال 40% من كافة الإقرارات للمسار الأخضر. وقد انخفضت إقرارات المسار الأخضر منذ فبراير 2011. وهناك استهداف لرفع هذه النسبة لتصل إلى 60 في المائة مع نهاية عام 2012.
- من الناحية التقنية، يتم تطوير وتعديل معايير إدارة المخاطر يوميًا عن طريق مجموعة التحليل في الإسكندرية، ويتم تحميلها وتوزيعها على كل الحاسبات التي تخدم مصلحة الجمارك المصرية في المنافذ المختلفة في آخر يوم العمل.
- لا تعمل نظم الموائى اللوجستية بشكل متطابق تمامًا في كل الموائى. إلا أن مصلحة الجمارك المصرية تقول أنها تعمل على توحيدها.
- يتم دعم برنامج إدارة المخاطر الخاص بمصلحة الجمارك المصرية من قبل نظام خدمة كبار العملاء الذي يوفر لكبار المستوردين الملتزمين مرور شحناتهم وبضائعهم من خلال المسار الأخضر.
- قامت مصلحة الجمارك المصرية بتكوين هياكل وظيفية وتم تزويدها بالعمالة لدعم نظام إدارة المخاطر: الإدارة العامة للاستخبارات، والإدارة المركزية للمكافحة، والإدارة المركزية لخدمة كبار العملاء، والإدارة العامة للمخاطر، والإدارة المركزية لتكنولوجيا المعلومات، والإدارة العامة للمراجعة اللاحقة وكذلك توفير برامج تدريبية في المركز القومي للتدريب الجمركي.
- تعمل فرق المراجعة اللاحقة في المناطق الجمركية الثلاث. وهناك حوالي 350 شخص مدرب يعملون في مجال المراجعة اللاحقة. وتشمل خطة العمل السنوية المستهدفة 500 حالة مراجعة لاحقة، إلا أن هذا العدد المستهدف لم يتم تحقيقه بعد. (توفر

¹³ هذه النتائج لا تستبعد مسبقاً الجهود المستقبلية لتكامل أو دمج نظم معلومات إدارة المخاطر أو الإجراءات المتعلقة بفحص البضائع أو الإفراج أو حماية حدود الملكية الفكرية.

- مصلحة الجمارك المصرية معلومات عدة حول أنشطة المراجعة اللاحقة الخاصة بها).
- تقوم مصلحة الجمارك المصرية بتقديم برامج تواصل مع المجتمع الجمركي لتدعيم الإلتزام الطوعي وبناء الثقة.
- يبلغ متوسط زمن الإفراج في مصلحة الجمارك المصرية يوم واحد.
- يتم تطبيق برنامج المسار الأخضر-المسار الأحمر على الصادرات بشكل مرحلي في الدخيلة/الإسكندرية.
- تقوم مصلحة الجمارك المصرية بتبادل بيانات إقرارات الواردات مع الهيئة العامة للرقابة على الصادرات والواردات من خلال إعطاء الهيئة العامة للرقابة على الصادرات والواردات اسطوانة مدمجة (سى. دي.) بها بيانات مجمعة (ومنقحة) في نهاية كل شهر.
- استثمرت كل من مصلحة الجمارك المصرية والهيئة العامة للرقابة على الصادرات والواردات في قدرات وإمكانيات مراكز البيانات "Data Warehouse". مركز البيانات "Data Warehouse" الخاص بمصلحة الجمارك المصرية يعمل وينتج نشرات دورية ومعلومات، ولكنه يعمل بشكل مستقل تماما عن نظم إدارة المخاطر وأنشطة المراجعة اللاحقة الخاصة بمصلحة الجمارك المصرية.

جوانب القصور وفرص تطويرها:

- وجد الفريق أنه من الممكن تدعيم تطبيقات إدارة المخاطر في مصلحة الجمارك المصرية في المجالات التالية:
 - أفاد مسؤولو مصلحة الجمارك المصرية أنه على الرغم من أن نظامهم لإدارة المخاطر موحد على المستوى القومي، إلا أن نظم تداول المستندات ليس متوافقاً. وفي بعض الموانئ لا يوجد حتى الآن اتصال إلكتروني بين مصلحة الجمارك المصرية وهيئات الرقابة والميناء. ففي مطار القاهرة وبعض نقاط الدخول الأخرى، يتم تسليم المانيفست على وسائل تخزين إلكترونية (فلاش درايف) ويحمل أصحاب الشأن الوثائق ونتائج الفحص من محطة فحص لأخرى ومن هيئة لهيئة.
 - يعتمد النظام الحالي على شراء إقرار ورقي ومظروف وعند إدخال النسخة الورقية على نظام معلومات الجمارك ومسحها ضوئياً في ملف إلكتروني لعمل الإقرار الإلكتروني. وعند هذه النقطة فقط يمكن البدء في تشغيل نظام إدارة المخاطر بدخول أحد موظفي الجمارك على النظام وتشغيل نظام إدارة المخاطر.
 - قانون الجمارك الذي سيوفر القاعدة القانونية للمراجعة اللاحقة لا يزال مشروعاً مقترحاً حتى الآن. وتتعامل مصلحة الجمارك المصرية مع هذه المشكلة عن طريق الطلب من أعضاء نظام كبار العملاء التوقيع على اتفاق يسمح للجمارك بالقيام بالمراجعة اللاحقة على أرض المالك.
 - أجزاء كثيرة من بيئة العمل المادية "الأجهزة" والمستلزمات التي تعمل فيها نظم مصلحة الجمارك المصرية لا يتم عمل صيانة جيدة لها، الأجهزة مثل أجهزة التكييف ودورات المياه لا تعمل مما يجعل بيئة العمل دون المستوى المطلوب.
 - توقف العمل في النظام القومي للمعلومات الجمركية (NCIS). وبدون هذا النظام تفتقر مصلحة الجمارك المصرية لإمكانيات إدخال بيانات الإقرارات على الإنترنت وتطبيق المفهوم الأوسع والاشمل لنظام النافذة الواحدة، وهي المهمة التي انتظرها المجتمع التجاري بالقطاع الخاص أن تقدمها مصلحة الجمارك المصرية منذ زمن طويل. وتقول مصلحة الجمارك المصرية أنها تعمل على إيجاد وسيلة لتوفير هذا الخيار في إطار نظام الحاسب الآلي الحالي المتاح لديها.
 - ستتحسن قدرات أداء نظام إدارة المخاطر بمصلحة الجمارك المصرية عند تشغيل النظام القومي للمعلومات الجمركية NCIS، على الرغم من كونها لا تزال تستطيع العمل بشكل مرض بدونه.
 - إنه ليس من الواضح لفريق عملية تقييم إدارة المخاطر كيف يمكن لمشروع تيسير التجارة المساعدة في دفع وضع النظام القومي للمعلومات الجمركية NCIS.

التوصيات:

- يعد نظام إدارة المخاطر المكون الأساسي لاستراتيجيات تيسير التجارة، وهو يعمل بشكل مرض. والنتائج التي توصل لها الفريق لا تدعم تقديم عرض لبرنامج موحد متكامل لإدارة المخاطر يتضمن الهيئة العامة للرقابة على الصادرات والواردات مع مصلحة الجمارك المصرية في الوقت الحالي بل ينبغي تطوير وتنفيذ برنامج منفصل لإدارة المخاطر للهيئة العامة للرقابة على

الصادرات والواردات بمعايير إدارة المخاطر الخاصة بها.

نظام إدارة المخاطر الثانى هذا والخاص بالهيئة العامة للرقابة على الصادرات والواردات سيقوم بتغطية كل الشحنات والبضائع التى تم إخضاعها وتصنيفها للمسارات المختلفة بواسطة نظام إدارة المخاطر الخاص بمصلحة الجمارك المصرية. فهو سيعمل "كبوابة ثانية لإدارة المخاطر" تركز على معايير إدارة المخاطر الخاصة بالصحة والسلامة والجودة.

• أعربت مصلحة الجمارك المصرية عن استعدادها لتبادل المعلومات آلياً بشكل مباشر مع الهيئة العامة للرقابة على الصادرات والواردات. ويعد ذلك خطوة أولية هامة في النظر في إمكانية تطبيق نظام إدارة المخاطر على الواردات في الهيئة العامة للرقابة على الصادرات والواردات.

• أعربت مصلحة الجمارك المصرية عن استعدادها لتبادل الخبرات مع الهيئة العامة للرقابة على الصادرات والواردات فيما يتعلق بنظم إدارة المخاطر

• سوف تستفيد مصلحة الجمارك المصرية من المراجعة الانتقادية لبرامجها وإجراءاتها فيما يتعلق بالمراجعة اللاحقة. ولا يزال الكثير من التجار وأصحاب الشأن يفضلون الإفراج على البضائع من خلال المسار الأحمر لتفادي المراجعة اللاحقة. ويجب استكشاف أسباب هذا التردد. كما قد تستفيد برامج التدريب الحالي أيضاً من مراجعة المادة التدريبية وتحديثها. وسوف تفيده هذه البيانات في خطط مصلحة الجمارك المصرية للتوظيف والتدريب.

• طلبت مصلحة الجمارك المصرية كذلك تدريباً على تطبيق التدابير الحدودية للوقاية من السلع المقلدة والمغشوشة. هذا التدريب سوف يدعم البرنامج الحالي للجمارك لتطبيق قرارات محاكم حقوق الملكية الفكرية، مع وضعهم بحيث يقومون بدور وقائي بدرجة أكبر.

• يجب على مشروع تيسير التجارة مساعدة مصلحة الجمارك المصرية في استبدال المعدات التي تلفت أو فقدت أثناء فترات غياب القانون التي صاحبت الثورة في أوائل عام 2011 بالمعهد القومى للتدريب الجمركى بالاسكندرية.

• أبدت مصلحة الجمارك المصرية استعدادها لاستكشاف وتطوير مبادرات التعاون مع الهيئة العامة للرقابة على الصادرات والواردات، وهيئة الموانئ، وهيئات التفتيش الأخرى لتسريع إجراءات الفحص والإفراج خارج نطاق نظام إدارة المخاطر. لم يتم دراسة ذلك في هذا التقييم، إلا أنه من الممكن تبني الدراسات التي قاموا بإعدادها في هذا الشأن.

الهيئة العامة للرقابة على الصادرات والواردات: ملخص حول تقييم قدرات نظام إدارة المخاطر

خلفية عامة

يغطي هذا الملخص الحقائق والنتائج الأساسية، والتوصيات للهيئة العامة للرقابة على الصادرات والواردات والتي نتجت عن تقييم قدرات نظام إدارة المخاطر لكل من مصلحة الجمارك المصرية والهيئة العامة للرقابة على الصادرات والواردات. وكنتيجة لنطاق العمل تم عمل التقييم في كلتا الهيئتين بشكل منفصل وتقديم تقييم وخطة عمل – إذا اقتضى الأمر- للقيام بعمل مشترك لتطوير نظام متكامل "قومي" لإدارة المخاطر بشكل موسع في مصر.

يقوم مشروع تيسير التجارة بجوانب أخرى وأنشطة تخرج عن نطاق هذا التقرير ولم يتم تناولها في هذه المهمة. هذه النتائج لا تدعم الاتجاه الهادف لبناء النظام المتكامل لإدارة المخاطر كنظام يعمل كمظلة ليخدم كلاً من الهيئة العامة للرقابة على الصادرات والواردات ومصلحة الجمارك المصرية حالياً في هذا التوقيت. وبدلاً من ذلك يجب تنفيذ برنامج يتم تشغيله بشكل تجريبي منفصل لنظام إدارة المخاطر للهيئة العامة للرقابة على الصادرات والواردات بمعايير الخاصة¹⁴.

ملاحظات: أوجه الدعم الحالي لبرنامج إدارة المخاطر

ليس لدى وزارة الصناعة والتجارة الخارجية برنامج قومي لإدارة المخاطر يسمح بالتنازل عن متطلبات الفحص والاختبار للسلع المستوردة منخفضة المخاطر، بهدف زيادة التركيز على بنود التعريف ذات المخاطر الأعلى، غير أن الوزارة أدخلت نظاماً وأدوات تتضمن مبادئ إدارة المخاطر، وتيسر عمليات الفحص والمعاينة، ويمكن أن تصبح تكملية لبرنامج إدارة مخاطر شامل. وتشمل هذه النظم والأدوات الآتي:

- الصيانة الدورية للأداة المسماة "القائمة البيضاء" التي تعتمد مسبقاً منتجات ترد من مصنعين أجانب محددين وتفي بالمعايير المصرية. (يندرج تحت هذه القائمة حالياً 500 منتج).
- تم مؤخراً إدخال برنامج الفحص والمعاينة المسبقة [CIQ] للسلع المصنعة والواردة من جمهورية الصين الشعبية. ولا تخضع السلع المعتمدة للاختبار إذا وصلت ومرفق بها شهادة الاعتماد من جمهورية الصين الشعبية.
- الإعفاءات الخاصة من متطلبات الفحص والمعاينة بموجب قانون الاستيراد والتصدير لمواد التصنيع الخام تستخدم كمدخلات.
- تعمل الهيئة العامة للرقابة على الصادرات والواردات/وزارة الصناعة والتجارة الخارجية على وضع برنامج تتبع يتفق ومعايير ومتطلبات الاتحاد الأوروبي لتيسير عملية تصدير الأغذية والمنتجات الزراعية المصرية.
- تقوم الهيئة العامة للرقابة على الصادرات والواردات، كلما أمكن، بالتنسيق لتشكيل مجموعات الفحص والمعاينة بالتعاون مع مصلحة الجمارك المصرية وهيئات الفحص والمعاينة الأخرى لتقليل زمن وتكلفة فتح الحاويات وأخذ العينات.
- خبرة الهيئة العامة للرقابة على الصادرات والواردات في أخذ العينات والاختبار.
- شبكة معامل الاختبار المعتمدة والتابعة للهيئة العامة للرقابة على الصادرات والواردات.
- يوفر هيكل الهيئة العامة للرقابة على الصادرات والواردات ومهام عملها أساساً يمكن أن يبني عليه برنامج تجريبي لإدارة المخاطر. وتتضمن السمات الإيجابية الآتي:
 - نظام آلي موزع (العميل – الكمبيوتر الرئيسي (الخادم)) يصل ما بين مكتب المركز الرئيسي والمواقع الأساسية للإفراج المترامن عن الشحنات.

¹⁴ هذه النتائج لا تستبعد مسبقاً الجهود المستقبلية لتكامل أو دمج نظم معلومات إدارة المخاطر أو الإجراءات المتعلقة بفحص البضائع أو الإفراج أو حماية حدود الملكية الفكرية.

- قاعدة بيانات مكثفة توجد بالفعل في نظام الهيئة العامة للرقابة على الصادرات والواردات، ويمكن أن توفر أساساً جيداً من البيانات لبرنامج إدارة المخاطر.
- إمكانية التبادل المتزامن للمعلومات (الإقرارات الجمركية للواردات والبيانات الأخرى) من مصلحة الجمارك المصرية، من شأنها أن تدعم التوجه للفحص والمعاينة بواسطة إدارة المخاطر في الهيئة العامة للرقابة على الصادرات والواردات.
- استعداد الهيئة العامة للرقابة على الصادرات والواردات لتحمل مسؤولية تأمين سلامة المنتجات والأغذية - بالنسبة للواردات والصادرات.
- خبرة العمل على التتبع مع الاتحاد الأوروبي.
- تيسير وتبسيط تطبيق "الملحق 8"، واستبداله في النهاية بنظام إدارة المخاطر مما يؤدي إلى إتمام عمليات الإفراج على نحو أسرع مع التركيز بشكل أفضل على مخاطر الصحة والسلامة والجودة.

الفجوات/الخطوات التالية

يقدم مشروع تيسير التجارة توصيته لوزارة الصناعة والتجارة الخارجية/الهيئة العامة للرقابة على الصادرات والواردات بالاستمرار في دراسة خيار دعم نظام إدارة المخاطر بالنسبة للبضائع التي تخضع للفحص والمعاينة - بمنهج تجريبي Pilot. والخطوات التالية سوف تتضمن الآتي:

- تحديد الفائدة التي ستعود على وزارة الصناعة والتجارة الخارجية ومدى استعدادها لدعم (أ) البرنامج التجريبي لتطوير إدارة المخاطر للهيئة العامة للرقابة على الصادرات والواردات، (ب) احتمال وضع برنامج مكتمل لإدارة المخاطر يغطي بنود "الملحق 8" وقد يتطلب إحداث تغييرات في مهمة الهيئة العامة للرقابة على الصادرات والواردات وتوجيهها في إجراء المعاينة والفحص، والاختبار، وإجراء تغييرات في التوظيف، والتدريب، والمرافق.
- إجراء دراسة جدوى مع تحليل التكاليف والفوائد للاستثمارات والتغييرات المطلوبة لدعم برنامج إدارة المخاطر للبضائع المستوردة (والمصدرة) الخاضعة للفحص والمعاينة.
- تحديد التعديلات القانونية الضرورية لدعم نظام إدارة المخاطر، وما إذا كان الأمر سيتطلب تعديلات لإجراء اختبار تجريبي باستخدام منتجات صناعية يتم اختيارها من "الملحق 8".
- تحليل الموارد البشرية/البنية التحتية وتكاليف التشغيل السنوية لدعم برنامج تجريبي وأوسع تركيزاً.

فور الانتهاء من هذا التحليل وإتمام الخطوات اللازمة، ستكون وزارة الصناعة والتجارة الخارجية/الهيئة العامة للرقابة على الصادرات والواردات والوكالة الأمريكية للتنمية الدولية في موقف أفضل يسمح بتحديد جدوى وفوائد المضي قدماً في بناء وتكلفة عملية تطبيق البرنامج التجريبي لإدارة المخاطر للواردات والصادرات الخاضعة لما هو أكثر من مجرد معاينة مصلحة الجمارك المصرية.

Appendix B: Risk Management-Definitions and Statements of Terms

Risk Management

Definitions and Statements of Terms:

Risk:

The combination of the probability that an event will happen and the measurable consequences if it does happen.

For any customs administration: Risk is both the probability that a customs transaction will be noncompliant with existing customs laws and the consequences or loss if the action occurs

Risk Level: The degree or level of risk for a given event; also measured in terms of consequence. Normally categorized as LOW RISK, MODERATE RISK, SOME RISK AND HIGH RISK (See Table A. for Risk Analysis Matrix)

Risk Tolerance: The ability to tolerate or accept the risk and consequences as marginal and of little or no consequence.

Risk Tolerance level: The level of exposure to risk that an organization is willing to accept or tolerate in order to function and still fulfill its prime function.

Risk Management: The system of dealing with the possibility that some future event will cause harm. It is a systematic approach to identifying the threats and confronting them in order to achieve the organization's goals.

Trade Compliance: Compliance is a measurable level of the performance of a trader or stakeholder in complying with the laws, rules and regulations that govern his actions. Risk levels are reduced proportionally as compliance levels increase.

Compliance rate: The degree of compliance of a stakeholder measured in percentage. While 100% would be desirable, 85% or more is usually consider optimal and acceptable. Really, I don't think so.

Informed Compliance: It is in the interest of the Customs Administration to actively encourage compliance by the trade community. Therefore, Customs should identify and reward those traders who are regularly compliant and identify and sanction those who are regularly noncompliant. Informed compliance is a system to educate traders and stakeholders on the benefits of complying and assist noncompliant stakeholders to increase their compliance rates.

Purpose of the Risk Management System within the Egyptian Customs Authority: In furtherance of the goals set out by the Commissioner of Egyptian Customs and the Minister of Finance, the purposes for establishing a Risk Management System in the Egyptian Customs Authority is to facilitate the movement of trade across the borders of Egypt and to ensure that all goods and conveyances are in compliance with all laws and regulations. To accomplish this mission, Risk Management will address the processing of cargo and will focus on reducing the risk of 1.) undervaluation, 2.) false classification, and 3.) false country of origin of goods being imported into the Egyptian economy.

One of the main reasons for any customs authority to exist is to ensure that the duties, taxes and fees are properly collected, in accordance with applicable laws, rules and regulations. The greatest risk within the ECA at this time has been identified as the loss of revenue due to noncompliance from the

trade community. The impact or loss of duties, taxes and fees is the risk and the risk factor is high considering the likelihood and the consequences of the loss of revenue. Risk management also enables Customs to address other risks such as smuggling, narcotics trafficking, and threats to health, agriculture, and the environment concurrently.

Cargo Selectivity: A risk-based approach to selecting shipments most likely to be non-compliant and directing resources to those shipments. Different inspection and examination methods are applied at varying levels of intensity based on risk indicators.

Feedback: Information on results of inspections, document reviews, examinations, compliance or non-compliance, changing smuggling trends, seizure or penalty reports and any information that can have a bearing on risk or compliance levels. Reporting results (feedback) is the responsibility of every internal and external stakeholder and will result in updating risk analysis and examination instructions and feeding pertinent and reliable information to the data warehouse. Really good point.

Monitoring: Continually monitoring feedback from all departments to evaluate and update criteria. Risk Management is a dynamic process and risk changes as traders become more or less compliant, smuggling trends and fraud methods change and selecting high-risk shipments for inspections/examinations produces positive results. New information is analyzed to modify the criteria and refines the risk management process.

Table A

CUSTOMS RISK ANALYSIS MATRIX			Consequences				
			1	2	3	4	5
Likelihood	Probability	Description	Insignificant	Minor	Moderate	Major	Catastrophic
5	90%	Almost certain	M	S	H	H	H
4	70%	Likely	M	S	S	H	H
3	50%	Possible	L	M	S	H	H
2	30%	Unlikely	L	L	M	S	H
1	10%	Rare	L	L	M	S	S

Appendix C: Annex (8) – Decree No. 770/2005

Annex (8)
Decree No 770/2005

**Goods subject to Imports Quality Control
and their Inspection Fees¹⁵.**

S.	Customs Code	Commodity	Inspection fees (*)
1	68.02	Marble, granite, monumental or building stone and their products :	P.T 1 for each killogram of the consignment
2	25.23	Cement	L.E. 1 for each ton of the consignment
3	32.06.42	Lithopone and other pigments and preparations based on zinc	L.E. 3 for each ton of the consignment
4	32.08 32.09 - 32.10 From 32.12	Varnishes and paints	L.E. 3 for each ton of the consignment
5	32.15	Printing and writing ink	L.E. 3 for each ton of the consignment
6	34.01	Soap	L.E. 3 for each ton of the consignment
7	From 34.02	Detergents (Organic surface-active agents preparations) a- put up for retail sale. b- Not put up for retail sale.	L.E. 5 for each ton of the consignment L.E 3 for each ton of the consignment
8	35.03.0010	Gelatine (except for pharmaceutical industry items with a licence from the competent authority in the Ministry of Health)	L.E. 3 for each ton of the consignment
9	35.06	Glue	L.E. 3 for each ton of the consignment
10	36.05	Matches	P.T 1 for each killogram of the consignment.
11	38.13	Preparations and charges for fire-extinguishers; charged fire-extinguishing grenades.	P.T 1 for each killogram of the consignment.
12	3909.4010	Phenolic moulding compounds (Formaldehyde) .	L.E. 3 for each ton of the consignment
13	From 39.17 39.22 - 39.24	Pipes, household, kitchenware and toilet articles of plastics.	P.T 0.5 for each killogram of the consignment

¹⁵ Has been amended by virtue of Ministerial Decree No. No.32/2006 on amending some provisions of the executive regulation to implement import and export law as well as on inspection and control procedures for exported and imported goods.

S.	Customs Code	Commodity	Inspection fees (*)
13	<u>From 3917</u> <u>From 3924</u>	<u>Tubes, pipes and hoses and fittings therefor (for example, joints, elbows, flanges), of plastics:</u> <u>Tableware, kitchenware, other household articles and toilet articles, of plastics:</u>	<u>P.T 1 for each killogram of the consignment.</u> <u>P.T 1 for each killogram of the consignment.</u>
14	39.18 39.21.90.10	Wall and floor coverings and floor Formica sheets.	P.T 1 for each killogram of the consignment. .
15	39.20.51 39.20.59	Plastic sheets (Acrylic)	P.T 1 for each killogram of the consignment.
16	From 3926.90.10 40.10 From 42.04 From 59.10	Conveyar and transmission belts.	P.T 1 for each killogram of the consignment. .
16	<u>From 39269010</u>	<u>Conveyar and transmission belts, bolts and nuts; gaskets and friction articles for machines; clips for electrical harnesses and other similar articles for technical use</u>	<u>P.T 1 for each killogram of the consignment. .</u>
17	From 40.09 From 59.09	Fire hoses	P.T 1 for each killogram of the consignment. .
18	40.11 +40.12 40.13	pneumatic tires and tubes. a- tires for bicycles, motorcycles and the like. b- other kinds of tires.	P.T 1 for each killogram of the consignment. . P.T 0.5 for each killogram of the consignment.
18	<u>401693</u>	<u>Gaskets, washers and other seals</u>	<u>P.T 1 for each killogram of the consignment. .</u>
19	From Chapter 44	- Wood - wooden products, strips and friezes for parquet flooring and prepared for buildings and constructions; and prefabricated wooden facilities.	P.T 25 for each ton of the consignment. . P.T 1 for each killogram of the consignment. .
20	From Chapter 48	Papers (printing and writing paper, carbon paper, cellophane, kraft paper, notebooks, cigarettes paper, waxed paper, graphic purposes paper, carbonizing base paper), boxes, sacks, bags and packs.	P.T 0.5 for each killogram of the consignment
21	From Section 11	- Textiles and fabrics. - Carpets, rugs and tapestries. - apparels. - blankets and towels. - curtains. - bed linens and covers. (except for imports for medical purposes).	L.E. 5 for each ton of the consignment

S.	Customs Code	Commodity	Inspection fees (*)
22	Chapter 64	Footwear and their components.	a- P.T 25 for each gram of the complete shoes b- P.T 1 for each gram of shoe components.
23	From 68.04	Cutting and polishing stones	P.T 1 for each killogram of the consignment.
24	From 68.05	Natural or artificial abrasive powder or grain on bases.	P.T 1 for each killogram of the consignment.
25	From 68.10	Articles of cement	L.E. 1 for each ton of the consignment
26	From 68.11 From 68.12	Articles of asbestos or mixture or asbestos base.	L.E. 1 for each ton of the consignment
27	6813.10	Brake pads.	P.T 1 for each killogram of the consignment. .
27	681390	<u>Friction material and articles thereof for brakes, for clutches or the like,</u>	<u>P.T 1 for each killogram of the consignment.</u>
28	69.06	Ceramic pipes, conduits, guttering and pipe fittings and parts made of porcelain and china.	L.E. 1 for each ton of the consignment
29	69.07 69.08	Ceramics	P.T 1 for each killogram of the consignment.
30	69.10	Toilet articles of ceramics.	P.T 1 for each killogram of the consignment.
31	69.11 69.12 70.13	Tableware, household articles “of porcelain, china or glass “	P.T 1 for each killogram of the consignment.
32	From 70.03 - 70.09 From 70.08	Flat glass, glass mirrors prepared for transportation means, insulating glass and safety glass	P.T 1 for each killogram of the consignment.
33	Chapter 72, items From (72.07- 72.28)	Flat-rolled products of iron and steel rods, bars, angles, shapes and sections. Steel sections, rods and bars of construction reinforcing steel.	L.E. 1 for each ton of the consignment
34	73.03 - 73.07	Tubes, pipes and fittings of iron.	L.E. 1 for each ton of the consignment
35	7310.21 7310.29 7612.90	Aerosol cans	P.T 0.5 for each killogram of the consignment.
36	73.11	Containers for packing butagas	P.T 1 for each killogram of the consignment.
37	73.20	Springs and leaves for springs, of iron or steel.	P.T 1 for each killogram of the consignment.
38	73.21 8516.50 8516.60 From 8516.90	Stoves, heaters, house cookers and parts and grates thereof.	P.T 1 for each killogram of the consignment.
39	From 73.23 From 75.08	Household steam cooking pots.	P.T 25 for each unit of a single pot.
40	From 73.24	Sanitaryware of cast iron or stainless steel	P.T 1 for each killogram of the consignment.
41	74.08 74.13 From 85.44	Cables and wires of copper.	P.T 1 for each killogram of the consignment.
42	74.07 74.11 74.12	Copper bars, rods, profiles, angles, pipes, tubes and fittings.	L.E. 1 for each ton of the consignment

RISK MANAGEMENT AND TRADE FACILITATION IN EGYPT

S.	Customs Code	Commodity	Inspection fees (*)
43	74.17	Non-electric cooking or heating apparatus and parts thereof	P.T 1 for each killogram of the consignment.
44	75.05 75.07	Nickle rods, bars, angles, shapes, tubes and fittings.	L.E. 1 for each ton of the consignment
45	76.04 76.08 76.09	Aluminium bars, rods, profiles, pipes, tubes and fittings.	L.E. 1 for each ton of the consignment
46	82.12	Razors and razor blades	P.T 1 for each killogram
47	82.15	Tableware (Spoons, forks, ladles)	P.T 1 for each killogram
48	83.01	Padlocks, locks and parts thereof	P.T 1 for each killogram of the consignment.
49	From 83.02	Mountings and fittings for furniture and doors	P.T 0.5 for each killogram of the consignment.
50	From 83.07	Flexible pipes and tubes.	P.T 0.5 for each killogram of the consignment
51	83.11	Arc-welding electrodes	P.T 1 for each killogram.
52	84.07 84.08 84.09	Engines and separate parts thereof	P.T 1 for each killogram.
53	84.13	All types of pumps and parts thereof	P.T 1 for each killogram.
54	From 84.14 84.15 From 84.18	Air conditioners and parts thereof	P.T 1 for each killogram.
55	From 84.18 From 8418.6990	Refrigerators and refrigerating equipments for domestic use, as well as heat insulating containers and parts thereof.	a- P.T 1 for each killogram b- P.T 1 for each killogram for the parts.
56	From 84.14	Fans and electric ventilators and parts thereof	P.T 1 for each killogram.
57	From 84.19	Instantaneous or storage water heaters, non-electric and parts thereof	P.T 1 for each killogram.
58	From 84.24	Fire extinguishers and parts thereof	P.T 1 for each killogram of the consignment.
59	84.81	Taps (mixers, cocks and valves for domestic use) and similar appliances for pipes, boiler shells, tanks, vats or the like, including pressure-reducing valves and thermostatically controlled valves, gas valves, Butagase regulating valves and parts thereof.	P.T 1 for each killogram of the consignment.
59	842542	Jacks; hoists of a kind used for raising vehicles hydraulic	P.T 1 for each killogram of the consignment
60	84.82	Roller (ball) bearings.	P.T 0.5 for each killogram
61	84.83	Transmission shafts, bearing housings and plain shaft bearings; gears and gearing; ball or roller screws; gear boxes and other speed changers, flywheels, pulleys, clutches and shaft couplings and parts thereof.	P.T 1 for each killogram of the consignment.

S.	Customs Code	Commodity	Inspection fees (*)
62	8421.21 From 8421.31 From 8421.99	Filtering or purifying machinery and apparatus for liquids or gases and parts thereof	P.T 5 for each killogram
63	8422.11 8422.90.10 from 8422.9090 84.51	Washing machines of the household type and parts thereof. Drying machines of the household type and parts thereof.	a- P.T 0.5 for each killogram . b- P.T. 1 for each killogram of the parts.
64	84.31	Elevators and parts thereof	P.T 1 for each killogram of the consignment.
64	<u>845011</u> <u>845012</u>	<u>Household- or laundry-type washing machines, including machines which both wash and dry; parts thereof: Machines, each of a dry linen capacity not exceeding 10 kg;</u>	<u>P.T 1 for each killogram of the consignment</u>
65	85.01 · 85.02 85.03 85.04	Electric devices (motors, generators and transformers) and parts thereof	P.T 1 for each killogram.
66	8504.10	Ballasts	P.T 1 for each pack of one ballast.
67	85.06	Electric primary cells	P.T 1 for each killogram of the consignment.
68	85.07	Electricity accumulators (batteries)	P.T 1 for each killogram of the consignment.
69	85.09	Electro-mechanical domestic appliances, with self-contained electric motor and parts thereof.	P.T 1 for each killogram
70	8511.10	Sparking plugs	P.T 0.5 for each pack of a single unit, and P.T. 2 for each pack of four units.
71	From 85.16	Electric smoothing irons, electric heating plates, Electric water immersion heaters, electro-thermic appliances of a kind used for domestic purposes, driers and hair driers and parts thereof.	P.T 1 for each killogram
72	85.19 · 85.20 85.21 · 85.22 85.27 · 85.28 85.29 From the item 85.48	Reception apparatus for radio and television proadcasting, recorders, cassette-players radio cassette, video sets and television antenas (and parts thereof)	P.T 25 for each killogram of the consignment.
73	From 85.35 From 85.36	Switches, plugs, twin switch and plug, fuses, lamp-holder, starter base, multi-outlets unit, circuit breakers, fluorescent lamp starters.	P.T 1 for each killogram of the consignment.
74	85.39	Electric lamps	P.T 1 for each killogram of the consignment.
75	85.23 85.24	Prepared unrecorded media for sound and picture recording, magnetic discs prepared for recording by computers.	P.T 1 for each pack of a single unit.
76	85.10	Shavers, hair clippers and hair-removing appliances, with self-contained electric motor	P.T 1 for each killogram

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S.	Customs Code	Commodity	Inspection fees (*)
77	85.11	Electrical ignition or engine starting equipment, generators and engines current cut-outs	1- P.T 0.5 for each pack of the spark plugs containing a single unit. 2- P.T 1 for each killogram of other items.
78	85.13	Portable electric lamps designed to function by their own source of energy.	P.T 1 for each killogram
79	85.18	Microphones, loudspeakers, audio-frequency electric amplifiers and electric sound amplifier sets.	P.T 5 for each killogram
80	85.31	Electric sound or visual signalling apparatus and burglar or fire alarm devices.	P.T 25 for each pack of a single unit.
81	Items from 85.32 - 85.38 and items from 85.42	Electrical fixed or variable capacitors, resistors other than heating ones, printed circuits, electrical apparatus for cutting- out, switching or protecting electrical circuits, control panels and integrated circuits and parts thereof.	P.T 1 for each killogram of the consignment.
82	8545.20	Carbon brushes	P.T 0.5 for each pack of a single unit.
83	85.46	Electrical insulators	P.T 1 for each killogram of the consignment.
84	From item 8516.10 and from item 8516.90	Water heaters of a kind used for domestic purposes and parts thereof.	P.T 1 for each killogram
85	87.08	Parts and accessories of the motor vehicles	P.T 1 for each killogram of the consignment.
86	From item 87.14	Parts of the motorcycles including mopeds and bicycles with additional engines .	a- P.T 1 for each killogram b- P.T 1 for each killogram of the parts and spare parts.
87	87.12 from item 87.14	Not motorized bicycles and their non- assembled parts and parts thereof.	a- P.T 1 for each killogram b- P.T 1 for each killogram
88	9001.40 9001.50	Spectacle lenses	P.T 1 for each killogram
89	90.03 90.04	Spectacles and parts thereof	a- P.T 1 for each pack containing a complete Spectacle. b- P.T 1 for each killogram of the parts and spare parts.
90	9032.10	Tromostats	P.T 0.5 for each pack of a single unit.
91	9032.20	Manostats	P.T 0.5 for each pack of a single unit.
92	Chapter 91	All kinds of watches and parts thereof	a- P.T 1 for each pack of one watch. b- P.T 1 for each killogram of the parts.
93	94.05	Lighting fittings, illuminated signs, illuminated name-plates and parts thereof.	P.T 0.5 for each pack of a single unit.
94	From 9405.50	Househole lighting apparatuses of the kind function by burning petroleum gases	P.T 1 for each killogram
95	9603.21	Tooth brushes	P.T 1 for each killogram of the consignment.
96	9608.10	Ball point pens	P.T 1 for each killogram of the consignment.

S.	Customs Code	Commodity	Inspection fees (*)
97	9609.10	Pencils and crayons	P.T 1 for each killogram of the consignment.
98	From item 96.13	Lighters	P.T 1 for each killogram of the consignment.
99	From item 9608.20 9608.60	Ball point pens; felt tipped and other porous-tipped pens and markers. Refills for ball point pens, comprising the ball point and ink-reservoir.	P.T 1 for each killogram of the consignment.
100	From item 96.09	Pencil leads, black or coloured	P.T 1 for each killogram of the consignment.
101	96.17	Vacuum flasks and other vacuum vessels, complete with cases; and parts thereof	- P.T 1 for each killogram of the consignment for the parts. - P.T. 0.5 for each pack of a single unit

(*) Collected fees per consignment shall not exceed L.E. 10.000.

Source: ATR Project (2002-2006); English Translation of Decree No. 770/2005.

Appendix D: Submission by Dr. Samir A. El-Gammal

Submission by Dr. Samir A. El-Gammal September 27 meeting between TFP and GOEIC

Dear All,

Hope this email finds you well.

I would like to grab your attention to the following points, which I expect a clear answer during our next meeting. It will decide how we will move forward.

H.E. Minister Dr. Mahmoud Eisa was fully briefed on the requirements. He is expecting a status report from us:

As discussed with your esteemed team quite a few times, I would like to re-emphasize our expectations from the target Risk Management System; **(RMS)**:

1. The Project is to establish a Risk Management System (RMS) for the Ministry of Trade & Industry. Integration with different entities is a plus and a pre-requisite that goes with the project, not vice versa, which might mean Integration that results in a Risk Management System.
2. Risk Management should be seen from the ministry of **Trade & Industry prospective**, which may / may not include Customs view, no harm.
3. It includes all kinds of tools and data sources that will enables decision makers and analysts to better analyze the influx of goods in and out of the country and accordingly decide what and what no to inspect. A **Market Surveillance Component is a Must.**
4. Market Surveillance is needed to manage imported goods at up to the main Importers / Wholesalers warehouse with the necessary data elements to enable an easy product re-call if any and accordingly ease-up the inspection of goods, and increases the White List.

5. Building RMS will need as a minimum a **Computer System, Knowledge Transfer (training, ...) and Standard Operating Procedures; SOPs.**
6. The Core of the Operational System for GOEIC (Automated Inspection System; AIS) was provided by USAID. Yet it lacks so many basic functions, resulted from the ever-changing business requirements, including the target RMS that should be part of it. A **Total Re-engineering** for the system is required for this project to cater for the required changes of RMS.
7. We will go with a few Pilot Commodities to start with from the industrial sector. We can discuss those components further.

Thanking you in anticipation and looking forward to hearing from you soon.

Kind Regards,

Dr. Samir A. El-Gammal
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Appendix E: Imported goods subject to quality control tests (Annex 8) by HS Code and Value (2008-2010)

Product Code	Product Description	Trade Value in Millions of USD		
		2008	2009	2010
44	Wood and articles of wood; wood cha	1,161.1	1,079.9	1,202.9
48	Paper and paperboard; articles of p	963.9	917.5	1,022.3
8708	Parts and accessories of the motor	753.9	591.2	982.1
7207	Semi-finished products of iron or n	1,417.1	827.2	867.8
52	Cotton	688.5	689.8	740.6
54	Man-made filaments; strip and the l	711.1	576.4	624.1
62	Articles of apparel and clothing ac	313.3	352.5	516.7
7306	Other tubes, pipes and hollow profi	603.0	616.5	478.2
4011	New pneumatic tyres, of rubber.	313.6	283.9	350.4
3402	Organic surface-active agents (othe	254.8	142.6	337.1
8481	Taps, cocks, valves and similar app	409.5	362.3	290.6
8413	Pumps for liquids, whether or not f	297.0	295.9	283.1
8418	Refrigerators, freezers and other r	239.7	227.8	270.5
8414	Air or vacuum pumps, air or other g	329.9	280.5	269.4
7307	Tube or pipe fittings (for example,	260.1	263.1	257.6
2523	Portland cement, aluminous cement,	31.6	160.3	233.4
8544	Insulated (including enamelled or a	188.9	209.1	220.5
8536	Electrical apparatus for switching	188.8	181.8	217.6
8504	Electrical transformers, static con	251.3	243.9	205.1
8421	Centrifuges, including centrifugal	214.2	171.5	183.4
8483	Transmission shafts (including cam	168.0	157.8	177.8
8502	Electric generating sets and rotary	260.3	193.0	168.4
8501	Electric motors and generators (exc	162.4	175.9	165.0
8529	Parts suitable for use solely or pr	60.0	73.0	142.3
64	Footwear, gaiters and the like; par	69.9	71.4	128.4
57	Carpets and other textile floor cov	41.1	108.6	120.8
8419	Machinery, plant or laboratory equi	183.1	216.0	119.5
7304	Tubes, pipes and hollow profiles, s	187.8	107.3	118.0
8528	Monitors and projectors, not incorp	120.1	106.9	117.0
392690	Articles of plastics&articles of ot	88.0	58.0	100.5
8415	Air conditioning machines, comprisi	136.8	86.2	100.0
56	Wadding, felt and nonwovens; specia	72.4	83.0	91.9
63	Other made up textile articles; set	64.4	91.0	91.1
8408	Compression-ignition internal combu	78.6	71.7	82.2
3923	Articles for the conveyance or pack	59.9	62.8	79.0
392190	Plates, sheets, film, foil & strip	72.2	60.4	74.5

58	Special woven fabrics; tufted texti	48.9	44.5	72.1
8407	Spark-ignition reciprocating or rot	61.3	64.2	71.5
7411	Copper tubes and pipes.	82.6	48.5	70.6
8409	Parts suitable for use solely or pr	58.5	43.2	68.6
8482	Ball or roller bearings.	55.4	50.1	68.2
3917	Tubes, pipes and hoses, and fitting	37.8	43.2	66.5
8507	Electric accumulators, including se	52.2	54.3	65.2
842121	Filtering/purifying machinery & app	47.9	55.1	64.6
8523	Discs, tapes, solid-state non-volat	94.4	89.9	62.5
8539	Electric filament or discharge lamp	42.6	49.0	61.9
9405	Lamps and lighting fittings includi	46.5	50.3	60.9
8516	Electric instantaneous or storage w	40.6	44.7	60.4
8538	Parts suitable for use solely or pr	43.8	46.6	55.0
8424	Mechanical appliances (whether or n	58.1	50.8	52.4
8302	Base metal mountings, fittings and	52.2	30.7	51.5
7604	Aluminium bars, rods and profiles.	55.1	33.9	51.2
61	Articles of apparel and clothing ac	25.8	35.7	49.4
7013	Glassware of a kind used for table,	35.4	36.7	45.5
53	Other vegetable textile fibres; pap	25.8	23.6	44.0
845011	Household/laundry-type washing mach	74.8	49.6	43.9
8546	Electrical insulators of any materi	7.1	21.4	42.9
3208	Paints and varnishes (including ena	45.5	36.9	41.8
3215	Printing ink, writing or drawing in	35.2	23.6	41.5
4009	Tubes, pipes and hoses, of vulcanis	37.5	26.2	39.7
7407	Copper bars, rods and profiles.	129.2	45.5	39.3
8431	Parts suitable for use solely or pr	65.4	57.4	38.4
91	Clocks and watches and parts thereo	27.1	32.0	37.3
8301	Padlocks and locks (key, combinatio	19.5	15.6	37.1
8714	Parts and accessories of vehicles o	23.8	25.7	35.0
8518	Microphones and stands therefor; lo	24.9	25.1	34.3
8535	Electrical apparatus for switching	28.7	39.7	34.1
3506	Prepared glues and other prepared a	28.9	28.6	33.7
59	Impregnated, coated, covered or lam	32.8	42.2	33.7
3401	Soap; organic surface-active produc	37.3	32.1	32.7
60	Knitted or crocheted fabrics	24.6	34.3	32.7
7323	Table, kitchen or other household a	25.9	13.5	30.5
8451	Machinery (other than machines of h	48.8	27.8	29.9
8511	Electrical ignition or starting equ	22.4	25.2	29.8
4010	Conveyor or transmission belts or b	25.6	22.3	26.4
903210	Thermostats	24.3	26.7	24.2
7005	Float glass and surface ground or p	41.5	41.2	23.7
761290	Aluminium casks, drums, cans, boxes	14.6	17.4	21.4
6802	Worked monumental or building stone	13.0	13.7	21.4

RISK MANAGEMENT AND TRADE FACILITATION IN EGYPT

7320	Springs and leaves for springs, of	9.4	11.3	21.0
7321	Stoves, ranges, grates, cookers (in	40.2	22.7	20.9
8509	Electro-mechanical domestic applian	11.2	12.7	20.9
7412	Copper tube or pipe fittings (for e	11.8	12.6	20.6
8532	Electrical capacitors, fixed, varia	22.7	20.8	20.4
401693	Gaskets, washers & other seals of v	20.1	14.7	20.3
7228	Other bars and rods of other alloy	33.8	28.4	19.8
731100	Containers for compressed/liquefied	19.2	68.2	18.7
8527	Reception apparatus for radio-broad	16.0	11.2	18.3
51	Wool, fine or coarse animal hair; h	17.2	23.7	17.7
6908	Glazed ceramic flags and paving, he	6.4	10.8	16.0
8212	Razors and razor blades (including	10.7	9.6	14.8
8311	Wire, rods, tubes, plates, electro	14.9	19.4	14.7
7303	Tubes, pipes and hollow profiles, o	92.5	37.0	14.7
6911	Tableware, kitchenware, other house	18.9	12.9	14.3
4013	Inner tubes, of rubber.	18.5	13.8	14.0
9003	Frames and mountings for spectacles	4.7	5.1	13.7
3924	Tableware, kitchenware, other house	8.9	10.5	12.5
6804	Millstones, grindstones, grinding w	11.0	8.8	11.8
7324	Sanitary ware and parts thereof, of	10.0	6.6	11.8
7305	Other tubes and pipes (for example,	94.9	223.3	11.7
9004	Spectacles, goggles and the like, c	6.8	7.2	11.4
851690	Parts of the machinery & appliances	6.0	5.7	11.3
8506	Primary cells and primary batteries	8.6	13.8	11.0
8531	Electric sound or visual signalling	11.7	11.2	10.6
7009	Glass mirrors, whether or not frame	6.6	6.4	10.2
842542	Jacks (excl. of 8425.41) & hoists o	10.2	11.0	9.9
731029	Tanks, casks, drums, cans (excl. of	16.3	10.7	9.7
320642	Lithopone & other pigments & prepar	8.6	8.8	9.3
903220	Manostats	5.0	7.6	9.3
8542	Electronic integrated circuits.	17.7	9.0	8.6
851660	Electric ovens other than microwave	4.2	4.3	8.2
3212	Pigments (including metallic powder	7.6	9.1	8.0
851610	Electric instantaneous/storage wate	5.9	8.0	7.6
8215	Spoons, forks, ladles, skimmers, ca	6.6	4.7	7.0
3918	Floor coverings of plastics, whethe	6.9	5.5	6.9
350300	Gelatin, incl. gelatin in rectangul	6.8	8.7	6.9
3922	Baths, shower-baths, sinks, wash-ba	5.2	3.9	6.6
8521	Video recording or reproducing appa	7.2	10.7	6.4
6805	Natural or artificial abrasive powd	5.6	4.9	6.4
7608	Aluminium tubes and pipes.	6.8	4.9	6.3
851650	Microwave ovens	2.9	4.5	6.3
8307	Flexible tubing of base metal, with	6.3	5.4	6.1

3605	Matches, other than pyrotechnic art	7.8	6.2	6.0
851110	Sparking plugs	5.1	5.1	5.9
8510	Shavers, hair clippers and hair-rem	3.6	3.3	5.7
731021	Cans to be closed by soldering/crim	0.7	1.7	5.3
8503	Parts suitable for use solely or pr	10.6	82.7	5.3
842211	Dish washing machines of the h-hold	5.7	4.0	5.1
3813	Preparations and charges for fire-e	5.6	6.5	4.6
3209	Paints and varnishes (including ena	4.4	4.4	4.4
9613	Cigarette lighters and other lighte	3.9	4.5	4.2
842290	Parts of the machinery of 8422.11-8	2.5	2.9	4.2
7007	Safety glass, consisting of toughen	6.2	7.5	3.8
6907	Unglazed ceramic flags and paving,	1.8	2.0	3.5
960810	Ball point pens	2.4	2.6	3.3
6813	Friction material and articles ther	4.7	4.0	3.3
8519	Sound recording or reproducing appa	1.6	1.3	3.0
4012	Retreaded or used pneumatic tyres o	3.9	1.2	3.0
7003	Cast glass and rolled glass, in she	4.4	9.3	2.9
7008	Multiple-walled insulating units of	1.5	1.5	2.8
392059	Plates, sheets, film, foil & strip,	11.4	7.5	2.8
5910	Transmission or conveyor belts or b	1.9	1.8	2.7
8712	Bicycles and other cycles (includin	0.4	0.9	2.5
390940	Phenolic resins, in primary forms	3.3	2.4	2.5
6912	Ceramic tableware, kitchenware, oth	1.4	2.1	2.1
7408	Copper wire.	134.8	15.6	2.1
845012	Household/laundry-type washing mach	1.1	20.1	1.9
960820	Felt tipped & other porous-tipped p	1.9	1.8	1.9
9609	Pencils (other than pencils of head	1.3	2.3	1.8
6910	Ceramic sinks, wash basins, wash ba	1.2	2.0	1.7
900140	Spectacle lenses of glass, unmounte	1.9	2.1	1.7
8513	Portable electric lamps designed to	0.9	23.6	1.7
9617	Vacuum flasks and other vacuum vess	1.8	1.5	1.4
6812	Fabricated asbestos fibres; mixture	3.4	6.7	1.4
6810	Articles of cement, of concrete or	1.1	6.6	1.3
854520	Carbon brushes	1.1	0.9	1.3
960910	Pencils & crayons, with leads encas	0.4	0.9	1.1
3210	Other paints and varnishes (includi	0.9	0.7	1.1
392051	Plates, sheets, film, foil & strip,	0.5	0.9	1.1
960321	Tooth brushes, incl. dental-plate b	1.5	1.1	1.0
8548	Waste and scrap of primary cells, p	0.1	0.3	1.0
5909	Textile hosepiping and similar text	1.2	1.2	1.0
8522	Parts and accessories suitable for	1.0	0.6	0.7
7508	Other articles of nickel.	0.2	0.2	0.7
900150	Spectacle lenses of materials other	1.1	0.9	0.7

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7413	Stranded wire, cables, plaited band	1.2	1.2	0.6
50	Silk	0.9	1.5	0.5
7004	Drawn glass and blown glass, in she	0.8	0.4	0.5
7609	Aluminium tube or pipe fittings (fo	0.6	0.3	0.3
6811	Articles of asbestos-cement, of cel	0.4	3.3	0.3
7505	Nickel bars, rods, profiles and wir	0.1	0.7	0.1
7006	Glass of heading 70.03, 70.04 or 70	0.2	0.4	0.1
960860	Refills for ball point pens, compri	0.1	0.2	0.1
6906	Ceramic pipes, conduits, guttering	0.1	0.1	0.0
7507	Nickel tubes, pipes and tube or pip	0.0	0.6	0.0
(A)	Total Value of All Annex 8 Items	14,158.1	12,829.8	14,027.5
(B)	Total Value of All Imports into Egypt	52,751.0	44,912.5	53,003.4
(C)	Ratio of Annex8 Imports to All Imports (A)/(B) in %			
		26.84%	28.57%	26.47%

Source: Values extracted from WITS database for Imports with product Codes listed in (Annex 8 vs.2006), see Appendix C.

Appendix F: Scope of Work

TFP-11-08-01

TECHNICAL INSTRUCTIONS

CONTRACT NO. AID-263-C-11-00003

SUPPORT FOR CUSTOMS AND RISK MANAGEMENT ACTIVITIES

Consultant(s): WILLIAM CLAYPOLE, TRADE FACILITATION ADVISOR

Dates: SEPTEMBER 1-OCTOBER 15

Background/Objective

The USAID-funded Egypt TFP project contributes to USAID/Egypt's assistance objective, working to improve conditions for trade and investment, and supports the overall USG strategic economic partnership with Egypt signed in May 2009. The ultimate objective of this three year project is to promote economic growth and job creation, reducing poverty through improvements in the trade environment. More specifically, Egypt TFP will focus on reducing barriers to trade and the creation of a more efficient internal and external trading system that streamlines the flow of goods at the border and leads to improved administration and growth in Egypt's trade of goods and services within its border. The project's activities and expected results can be divided into two groups: those that focus on improving and facilitating trade that crosses Egypt's borders and those that focus on improving markets and trading within Egypt's borders.

DESCRIPTION OF ACTIVITY

TFP's Result 1, Trade Facilitation Measures Improved, focuses on improving customs and trade inspection and clearance activities –principally by developing and implementing an integrated risk management system across multiple agencies and continuing to improve customs processes, as well as enforcement of IPR at the border. Success will require not only focused technical assistance towards specific agencies, but also an unprecedented amount of interagency cooperation and coordination. This cooperation and coordination should begin with the two key border authorities in Egypt The Government Office of Export Import Control (GOEIC) and the Egyptian Customs Authority (ECA). In Year 1 Q2, a TFP priority will launch a series of activities aimed at creating a joint task force composed of members from GOEIC and ECA working together to improve cooperation between the two agencies and implementing the basics of a coordinated Risk-Managed clearance process for selected sectors and products on a pilot-test basis. Bill Claypole, senior short term Trade Facilitation advisor, will travel to Egypt to join the TFP team to lead two key tasks under Result 1: Task 2 on risk management and Task 4 on finalizing customs reform. Mr. Claypole will hold in-depth consultations with GOEIC and ECA to assess current status and capacity for implementing a RM system. From those consultations he will work with both agencies to develop a strategy and action plan for jointly pursuing the goal of an integrated risk management system.

- Assist COP and D/COP in senior level meetings with GOEIC and ECA to deepen and confirm mutual understanding and agreement on cooperative efforts to support GOEIC RM capabilities.
- Determine capacity and confirm willingness of each agency to participate in a joint effort to improve trade facilitation, specifically to create an integrated risk management system and integrated IPR enforcement. Assist in the creation of a joint task force (GOEIC and ECA) on risk management that both GOEIC and ECA have agreed to form for this project.
- Continue to work with GOIEC and ECA – joint task force to conduct RM mapping exercise – and action plan of steps for both agencies to follow individually and jointly to promote creation of integrated RM system (e.g. information sharing, development agency-specific risk management criteria) that are integrated into a common RM information/analytic system. Joint measures can include training and workshops for the agencies’ lead staff to deepen RM skills and understanding of basic risk management principles.
- Conduct field visits to Alexandria, Dekalia, Airport, Damietta and Port Said.
- Meet with ECA to map their current risk management criteria and processes.
- Using the data gathered and assessments of ECA and GOEIC, and work with joint task force to propose and lead next steps for implementing an interagency action plan to conduct a pilot test of an RM for selected products and sectors.
- Make suggestions for longer term investments needed to develop an integrated risk management approach, including proposed activities and required resources from both the GOE and GOEIC over a 1-2 year timeframe. The interagency mapping will include recommendations for expanding data collection and sharing and dissemination to and use of data by GOEIC inspectors in RM and goods clearance.
- Confer with TFP project IT expert and GOEIC counterparts to assess GOEIC IT resource and practices, which will then feed into a draft IT strategy for Customs and Risk Management.
- Confer with TFP project IT expert ECA counterparts and NCIS vendor (who has agreed to work with ECA to make NCIS operational) to assess status of NCIS at ECA, which will include an evaluation of the measures needed to complete the roll-out of NCIS. This information will also feed into the draft IT strategy noted above.
- In the first half of October, participate in a leadership role at an expected interagency task force workshop on RM, to be jointly hosted by the ECA commissioner and GOEIC director general. The purpose of the workshop will be to officially launch the joint task force charged with implementing and integrating risk management activities between GOEIC and ECA and to invite participation with other agencies to be targeted in Year 2 for inclusion in RM activities (e.g. Health, Agriculture, Port Authority).

DELIVERABLES

The following deliverables will be submitted to the Egypt TFP Chief of Party prior to the consultant's departure from Cairo:

1. Assessment of readiness to implement RM within GOEIC and ECA identifying any major obstacles or gaps and suggesting recommendations for overcoming them.
2. Overall strategy for creating an a coordinated, integrated approach to adopting RM on the part of (GOEIC and ECA)
3. Action plan for a joint task force composed of GOEIC and ECA staff to pursue in developing an integrated RM system for use on a pilot basis for selected products/sectors within a 10 month time frame. Detailed activity plan for TFP's Task 2 and Task 4 of Result 1, based on TFP year 1 work plan, charting out recommendations for activities for the rest of the year, including training for lead staff, at the agency level and suggestions for joint training.
4. Recommendation for IT strategy in support of better IT capabilities within GOEIC and ECA and better information sharing between agencies for supporting an integrated approach to RM that will accommodate other partners in the RM process (other trade related authorities such as Ministry of Agriculture, Port Authorities, EOS).
5. A draft Agreement in Principle for possible use by GOEIC and ECA in entering into a joint interagency RM development exercise.
6. A concise exit report (less than 5 pages) summarizing key activities undertaken during the assignment; critical outcomes; and any further actions recommended.

TIMEFRAME And proposed LOE

The timeframe for implementing this activity will be the following: 1st September 2011 and completed on 15th October 2011. We propose a total of 39 days LOE for this assignment. This LOE was included in our final budget as part of startup activities. Approval to work a six-day work week is requested for this activity

ACTIVITY CONSULTANT

Dr. William Claypole is a customs expert with who has worked extensively during his 33 year career in developing partnership initiatives with international clients, partners and agencies. Highly regarded in the field of trade policy, he's worked with organizations that aim at the integrated development and delivery of customs and trade-related activities, such as the International Association of Customs brokers, International Chamber of Commerce, the World Customs Organization (WCO), the World Trade Organization (WTO), the Asia Pacific Economic Cooperation (APEC), the United Nation's Committee on Trade and Development (UNCTAD), and the Inter American Development Bank (IADB). Within these institutions, he is a recognized expert in international negotiations relating to the development and implementation of customs and border (frontier) management systems and procedures and legal instruments. Additionally, he is skilled in program management and procedural development related to customs and border legal, policy, procedures and systems, international trade policy instruments and trade facilitation measures. Utilizing his extensive international experience working with emerging economies, he has an extensive and proven record of developing and delivering technical assistance training in the application of customs and trade policy laws, systems and procedures. From 2005-2009, Mr. Claypole served as Customs Team Leader for BearingPoint's USAID project, leading an international and national customs reform team in Alexandria, Egypt.

Appendix G: Meeting Schedule

Meeting Schedule

Assessment of Capacity for Increased Risk Management within GOEIC and ECA and for Integrated Risk Management.

Assignment Leader = William Claypole

(Team = John Varley, Mahmoud Fath-Allah, Mohammed Sha'ban)

WEEK of SEPTEMBER 4-8

Mon 05 AM- USAID-- briefing on the scope of work of Risk Management Team and approaches to the GOEIC and ECA clients

Tues 06 AM –GOEIC – Initial discussions and scope of TFP Risk Management work the team will undertake. GOEIC outlined their expectations and areas of cooperation

Wed 07 PM-ECA—Initial discussions and scope of TFP Risk Management Work and requests for ECA cooperation

WEEK OF SEPTEMBER 11- 15

Sun 11: AM - GOEIC -- Visit to Information System Center – Daily Operations; IT infrastructure issues, Baseline information about workloads and trends, outline of current ability to handle RM programs.

Mon 12 AM - GOEIC/ ECA AM – GOEIC – Airport Walk through of Inspection/clearance operations; interface with ECA, operational flowchart at Cargo village

PM GOEIC – HQ -- Discussions about (a) legal framework for increased use of RM,(b) ITC and other infrastructure needs (c) training needs and (d) lessons learned from earlier RM initiatives, (e) best sectors or products to focus on for trial/pilot test of increased use of RM in GOEIC functions (f) best approaches to increased use of RM within GOEIC

Tue 13 AM GOEIC/ECA Airport Operations Cargo Village]– Walk through of operational steps noting RM used and interface with GOEIC

WEEK OF SEPTEMBER 18-22

Sun 18 AM: Claypole travels to Alexandria
PM: Afternoon meeting (1:30 PM) with Hegazy & Mona to finalize ACTFA meet agenda.

Mon 19 AM/PM: Meeting with ECA Directors for Risk Management targeting, Enforcement, Account Management System AMS, Post-Audit

Tue 20 AM: Meeting with Essam Mohammed Ali, Director ECA Customs Reform Unit

AM: Meeting with Adly Razek, Sector Head, ECA Customs Operations

PM: Meeting with D. Mohammed Naguib, ECA Central Director for Legal affairs

Wed 21 AM: Meeting with Mahmoud Abouella, Sector Head For HR and Traing

AM/PM: Meeting with private sector Action Committee for Trade Facilitation, Alexandria (ACTFA)

PM: Meeting with Rauff Hessein, ECA Sector Head IT and Statistics

Thu 22 AM/PM: Alexandria port Visit (Logistics Center/Data Center/ Customs GOEIC processes

Week of September 25-October 1

Mon 26: AM: Review meeting with ECA

Week of October 2 - 7

Sun 2 Review meeting with GOEIC
Wed 5 Review/Up-date meeting with ECA

Week of October 9 – 14

Mon 10 PM: Meeting ECA Raouff Hesein and Data Warehouse Team
Tues 11 PM: Meeting with USAID on TFP Risk Management Report
Wed 12 AM: Meeting with GOEIC on TFP Risk Management Report
October 14 AM: William Claypole departs Egypt.

Appendix H: BIBLIOGRAPHY

BIBLIOGRAPHY

Pamphlets and Studies

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- Egypt, Food and Agricultural Import Regulations and Standards, 2004* (GAIN Report No. E6.4017, USDA Foreign Agricultural Services, March, 2004)
- Customs Intelligence: First Steps in Developing an Intelligence Structure within the Egyptian Customs Authority* (USAID/BearingPoint, Egypt March 26, 2006)
- Establishing Risk Management/Cargo Selectivity Capability* (USAID/Booze-Allen-Hamilton, Egypt, July 2004)
- Time Release for Shipments Imported into Egyptian Ports, A Two-Year Project on Monitoring and Reducing Time of Release, April 2004-August 2006* (USAID/Nathan Associates Inc, Egypt September 2006)
- Risk Management Guide for Information Technology* (National Institute of Standards and Technology (NIST), US Department of Commerce, Publication 800-30, July 2002)
- Egypt-US Guide to Trade: Exporting to the US, American Chamber of Commerce in Egypt* (Business Studies and Analysis Center) Egypt, October 2009
- Foreign Trade Statistics for Egypt, Monthly Bulletins, Egyptian Customs Authority (ECA).

Book

- Doing Business 2011, Egypt, Arab Republic: Making difference for Entrepreneurs.* World Bank and IFC
- Customs Modernization Handbook*, DeWulf and Schol (World Bank, 2005)
- Border Management Modernization; A Practical Guide for Reformers*, Ed. Gerard McLinden, Enrique Fanta, David Widdowson, Thomas Doyle (World Bank November, 2010)

Websites

- Ministry of Industry and Foreign Trade (MIFT): <http://www.mfti.gov.eg/index.asp>
- Egyptian Customs Authority (ECA): <http://www.customs.gov.eg/>
- The General Organization for Export and Import Control (GOEIC): <http://www.goeic.gov.eg/>
- World Integrated Trade Solution (WITS): <http://wits.worldbank.org/wits/>