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# A NEW MCC ACTION PLAN

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## **A NEW MCC ACTION PLAN**

### **ISSUE**

Modern Customs Centers are the principal direct contact points to deliver the ECA's customs reform program to clients and stakeholders.

Despite advances in implementing the new MCCs the number of declarations processed and over-all usage of the MCCs remains unacceptably low. Under-usage is defined as operating at less than 60% of the international advisors' estimates on the capacity that the MCCs can manage

A focused and aggressive implementation program for the MCCs with the full support of ECA senior management is required so that the MCCs can aggressively deliver the reform process throughout the ECA and be developed as the ECA's principle client and stakeholder one- stop customs delivery system.

### **BACKGROUND**

The Modern Customs Centers play a strategic role in both developing and delivering the Egyptian Customs Authority's (ECA) reform program. They are the principle direct contact point between the ECA's reforms and the clients and stakeholders. They contribute directly to trade facilitation through the entire or partial delivery of the following Customs Reform Components:

- Comprehensive risk management systems within the ECA and across other control agencies
- Implementation of nationally consistent modern customs procedures to international standards and in conformity with national WTO requirements
- The prime contributor to the development and implementation of the ECA's intelligence and enforcement programs
- The focus point for client delivery and the development and implementation of nationally consistent automation programs
- Key to the effective collection of reliable, accurate and timely national trade statistics
- Central to the national implementation of the Customs Re-organization structure and the implementation of HR and Integrity programs
- Main centers for developing and implementing public out reach programs
- Central points within the ECA for the development and implementation of inter agency facilitated cooperative trade administration programs

### **CURRENT STATUS**

Phase 1 of the MCC program required the establishment of MCCs to service the main customs locations in Egypt. By the end of 2006 MCC sites have (or will have been) established at: The Port of Alexandria; the Port of Dekhalia, the Port of Damietta; Port Said; Cairo; Ain Shokna and Ababia/Port Suez.

MCCs are currently operational in Alexandria, Dekhalia, Cairo, and Suez. The ECA will open MCCs in Damietta and Port Suez by the end of August 2006

MCCs still process less than 10% of the total declarations and releases processed by the ECA. Most presentation, assessment, accounting and release processes are still carried out in the many customs “complexes” located in each port.

The current MCCs have modeled and to varying degrees make available to clients and stakeholders:

- Application of new risk management and compliance programs
- Electronic receipt and processing of client data
- Pre-release presentation of documentation (Cairo)
- Electronic payments
- One-stop customs options
- Improved integrity and transparency procedures
- Client service and information programs
- National consistency
- Reduced clearance times

## **RECOMMENDATION**

The Modern Customs Centers need to become the Egyptian Customs Authority’s (ECA) primary place for stakeholders, particularly the trade community, to do business with customs. As volume dictates for the future, the current estimation is that 12 MCCs would be sufficient to manage the customs program at an operational level.

It is recommended that the ECA in cooperation with the TAPR II and CRU support the attached Action Plan. The Action Plan provides a responsible implementation timeline and objectives that the ECA can follow to get the most out of the MCC concept as accessible place for stakeholders to clear their goods in an environment of client service, modern facilities and facilitative procedures. The MCC is modeled after the Customs House structure found in North America and other developed nations.

## **SPECIFIC WORK PLAN ACTIONS**

### **1. ESTABLISHMENT OF OPERATIONAL MCCS THROUGHOUT THE ECA NATIONAL OPERATIONAL SITES**

- Open and operational the six (6) core Modern Customs Centers – Alexandria, Damietta, Dekheila, Port Said, Ein Sohknna, Cairo..Timing – to be completed by summer 2006
- Open and operational 6 additional MCCs by the end of 2008

## **2. REDUCE THE NUMBER OF COMPLEXES AND TRANSFER WORK TO MCCS**

- Migrate the work at the various complexes at the Ports where MCCs are located over to the MCC, followed by either closing the complex or having it operate only as a small satellite office for the MCC to conduct any physical inspections
- Timing – by mid 2007, to reduce the number of declarations processed through complexes by 50% at ports where MCCs are operating. The processing of the declarations is transferred to the MCCs. Timing may be impacted by the organizational re-alignment task that will facilitate and provide an opportunity to staff to retire early from the ECA.

## **3. DEVELOP/APPLY MORE AGGRESSIVE AND COMPREHENSIVE RISK MANAGEMENT THROUGH THE MCCS**

- Increase the range of goods subject to Risk Management procedures
- Develop and implement new joint-risk management process with GOEIC
- Model the new risk management based post-audit programs through the MCC structure

## **4. NATIONAL AUTOMATION AND EXTENDED ELECTRONIC INTERFACES WITH CLIENTS AND STAKEHOLDERS**

Develop MCCs as key development, training and implementation centers for the implementation of streamlined consistent customs national automation system

- One-step remote data input by client for the preparation declarations
- Increased use of on site data input and preparation by the importer or agent of the declaration; phasing out of Customs officers inputting client data for declaration preparation
- Improved reception and distribution of data and statistics through electronic medium and distribution between customs and other control agencies, including inter alia:
  - Electronic presentation of manifest data through various options
  - Dissemination of manifest and bill of lading information between customs departments and other control agencies
  - Electronic dissemination of information between MCCs and inspection, warehousing and release sites aimed at streamlining the presentation, assessment, accounting and release processes

## **5. IMPROVE/MODIFY CURRENT MCC PROCESSES/PROCEDURES**

- Greater separation of assessment process from Customs Officers (Don't provide brokers and clients with names of Customs officers reviewing files)
- Allow for inspection prior to paying the duties and taxes
- Make declaration available to clients for off-site preparation
- Assigning stakeholder identification numbers to allow for issuing user passwords
- Allow immediate filing for GOEIC inspection where applicable as soon as custom declaration is filed (parallel Processing).
- Enforce data entry by stakeholders, and not custom officers, at the MCC data entry room
- Allow Manifest presentation and route number allocation based on E.T.A. and not actual arrival date.

- Enforce different manifest application, manifest closing, reporting , custom declaration tracking and electronic archiving while integrating this with the MCC risk management system
- Develop/implement public/internal operating procedures manuals for current MCC processes

#### **6. NEW CUSTOMS PROGRAMS AND PROCEDURES**

Implement new customs procedures and programs consistent with trade facilitation and to the operational levels consistent with international standards and national and international obligations

- Model implement post- release payment/release on minimal documentation
- Post audit compliance verifications
- Advance ruling program
- Streamline current customs presentation, assessment, accounting and release programs through the MCCs
  - Current Pre-release programs
  - Current AMS programs
- Fold current complex processes into MCC process to create one-stop client/stakeholder process

#### **7. DEVELOP AGGRESSIVE CLIENT/OTHER GOVERNMENT DEPARTMENT OUT- REACH PROGRAMS**

MCCs to take the lead in developing/supporting cooperative programs with other Government departments including inter alia:

- Common risk management criteria with GOEIC
- Shared laboratory services and reports
- Joint/shared inspection and verification processes/reports
- Joint client out-reach programs including taking responsibilities for convening and
- Managing the current Customs Trade Facilitation Committees
- Facilitate the incorporation of the customs process into proposed logistic centers

#### **8. INTEGRITY /RE-ORGANIZATION AND MODERNIZATION**

Folding the complexes presentation, assessment, accounting and release processes into the MCC process to:

- Improve integrity of operations by separating customs assessment and accounting from clients
- Improve and streamline management processes and cooperation with other agencies by focusing the declaration and release processes through one customs operational port facility
- Reduce staff requirements and costs of maintaining separate staff offices
- Facilitate and rationalize customs processes in one area

## 9. MEASURING SUCCESSES

It is important that the MCC process be used as a key to measuring the effectiveness of the ECA Customs reform process. The following measurement criteria will be applied against the MCC process;

- Number and type of declarations processed through the MCC process compared to total declarations processed in the ECA
- Average times for release of goods
- Percentage of goods subject to risk management
- Percentage of declarations received electronically
- Number of requests for review or appeal
- Number of joint inspections with other border agencies
- Reviewing the risk indicator against detected infringements and updating risk management criteria on a quarterly basis till a comprehensive IT risk management system is in place, then reviewing as required. Input from enforcement, post clearance audit and anti-smuggling should be used in developing new risk management criteria.

## CUSTOMS REFORM MCC ACTION PLAN FOR YEARS 2006-2008

Action	Start Date	End Date	Tasks	Deliverables	
<b>1. Establish operational MCCs throughout ECA Operational Sites</b>	Ongoing	End- Dec.2006	1.Cairo Pre-release MCC 2.Alexandria MCC 3.Dekhila MCC 4.Demieta MCC 5.Port Said MCC 6.Suez MCC 7.Sokhna MCC	Apply Risk Management  Established and operational	
	Ongoing	End-Dec.2007	8. Cairo Airport MCC 9.Adabia MCC 10.Nuweba MCC 11.Safaga MCC 12.Alexandria Airport MCC 13.Other Airports	Established new MCCs	
<b>2. Reduce Number of importation declarations processed through complexes and transfer work to MCCs</b>	Ongoing	End June 2007	All operational MCCs	Reduce number of declarations processed in complexes by 50%	Folding complexes presentation, assessment , accounting and release processes into MCC process to: Improve integrity of the operations by separating customs assessments and accounting from clients. Improve and streamline management processes and cooperation with other agencies by focusing the declaration and release processes through one customs operational port facility.
	Ongoing	End of Dec2008	All Operational MCCs	Reduce number of declarations processed in complexes by 80%	Reduce staff requirements and costs of maintaining separate staff offices. Facilitate and rationalize processes in one area

<b>3. Develop /Apply more aggressive and comprehensive Risk management through the MCCs</b>	Ongoing	End Dec. 2007	All Operational MCCs	Increase the Range of goods subject to the Risk management Procedures to 90%
	Ongoing	End Dec. 2007	All Operational MCCs	Develop and implement new joint Risk Management process with GOEIC
	Ongoing	End Dec. 2008	All Operational MCCs	Model the new risk management based post audit programs through the MCC structure
<b>4. National Automation and Extended Electronic Interfaces through the MCCs to clients and stakeholders</b>	Ongoing	End Dec. 2007	All Operational MCCs	One-Step remote data input by client for the preparation of custom declarations.  Increase use of data input and preparation of custom declaration by the importer or agent; phasing out of customs officers inputting client data for custom declaration preparation; whether from importer/agent's own office or from allocated areas in customs premises.
	Ongoing	End Dec. 2007	All Operational MCCs	Improve reception and distribution of data and statistics through electronic medium and shared with other control agencies including :  1. E-Manifest presentation  2. Dissemination of manifest and Bill of Lading information between customs departments and other control agencies.  3. Electronic dissemination of the information between MCCs and inspection, warehousing and release sites aimed at streamlining the presentation, assessment, accounting and release process.
<b>5. Improve / Modify Current MCC processes / procedures</b>	Ongoing	End-Dec. 2007	All Operational MCCs	Allow inspection prior to paying the duties and taxes.  Assign stakeholder username to allow for issuing user passwords  Make declarations available to clients off-site preparation  Allow immediate filing of GOEIC inspection ,where applicable , as soon as custom declaration is registered  Implement E- Manifest presentation.  Allocate route numbers to Manifest based on E.T.A. and not actual arrival date.  Enforce different manifest applications, manifest closing, reporting, electronic archive and custom declaration tracking all the above are to be considered as inputs for MCC risk management system.  Develop/implement public/internal operating procedures manual for current MCC processes

<b>6. New Customs programs and procedures</b>	Ongoing	End-Dec. 2007	All Operational MCCs	Model /Implement post- release payment/release on minimal documentation. Post Audit Compliance Verification. Advance ruling program. Streamline current presentation, assessment , accounting and release programs through the MCCs: Current Pre-release programs. Current AMS programs Fold current complex processes into MCC process to create one-stop client /stakeholder process
<b>7. Develop aggressive client /other Government Department out-reach Programs through the MCCs</b>	Jan 2007	End-Dec.2007	All Operational MCCs	MCCs to take the lead in developing /supporting cooperative programs with other government departments including inter alia : <ul style="list-style-type: none"> <li>• Common risk management criteria with GEOIC.</li> <li>• Shared laboratory services reports.</li> <li>• Joint /shared inspection and verification processes/reports</li> <li>• Joint Client out-reach programs including taking responsibilities for convening and managing the current Customs Trade Facilitation Committees.</li> <li>• Facilitate the incorporation of the customs process into proposed logistics centers</li> </ul>
<b>8. Measure Success</b>	Jan. 2007	End Dec.2007	All Operational MCCS	The following measurement criteria will be developed and applied against the MCC processes: <ul style="list-style-type: none"> <li>• Number and type of declarations processes through the MCC process compared to total declarations processed in the ECA.</li> <li>• Average times for release of goods.</li> <li>• Percentage of goods subject to risk management.</li> <li>• Percentage of declarations received electronically.</li> <li>• Number of requests for review or appeal.</li> <li>• Number of joint inspections with other border agencies.</li> <li>• Measure the effectiveness of risk management system through post release audit.</li> </ul>

				Review the risk indicator against detected infringements and updating risk management criteria on a quarterly basis till a comprehensive IT risk management system is in place, then reviewing as required. Input from enforcement, post clearance audit and anti-smuggling should be used in developing new risk management criteria.
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