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**Date:** June 8, 2007

**To:** Nato Beruashvili  
Fiscal Reform Team Leader

Olin McGill  
Chief of Party

**From:** Mark Stomski  
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**Re:** Opiza Clearance Terminal – Critical Suggestions for Improvement

Upon review of the Inland Clearance Station at Opiza, it is apparent that a major overhaul is required. Time studies have shown that a truck is detained for more than 5 days on average. GBCR has already presented a comprehensive document to the State Revenue Service in February 2007 outlining the many recommendations that should be considered at Opiza. None of these were apparent at today's visit. To avoid repetition and for the sake of ease, the following summaries highlight the key areas where there is room for significant improvement:

- Customs must implement a selectivity process of conducting examination. As a target, Customs should aim to examine only 30% of the trucks which enter the terminal. 100% (or even 90%) examination is neither efficient nor practical.
- "Pre-examinations," done by the broker and/or importer to verify content, must be discontinued immediately. Data from the invoice and the shipping documents should be the primary source of information in completing the declaration.
- The pricing structure of the terminal fees encourages delays. For example, each unloading and reloading, each day of storage, and each night at the hotel / bar provide profit to the terminal owner whose interest does not become facilitating the trade. Customs should pressure the terminal owner to establish one flat fee per truck for terminal use or consider finding a new facility.
- Some of the multiple brokers are under qualified or lack sufficient knowledge in Customs laws to ensure compliance. Since the country of Georgia has rejected the notion of licensing brokers, it must bear the burden of training the brokers. Regularly scheduled weekly meetings between Customs and the brokers of Opiza should commence immediately to address poor submissions and requirements. Asking importers or the terminal management to fulfill the role of the Customs broker is not practical and potentially harmful.
- Customs should establish a committee comprised of members of Customs management and the trading community to address processing delays.

- The current structure of fines and penalties as administered by the Financial Police creates an atmosphere of eminent persecution and fear by all parties involved at the terminal. The Financial Police should be trained in modern business practices and trade facilitation techniques with the cooperation of Customs.
- Staffing issues and the delegation of responsibilities should be reallocated and reassigned to promote the most efficient process possible.

There are many other opportunities to improve the congested situation at Opiza. The above are the most critical and would make the greatest impact at Opiza. Furthermore, each of the above topics could be followed with greater explanation and ensuing suggestions. If this summary and the documents provided in February 2007 are still not sufficient, I would be happy to elaborate.

Mark Stomski