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TECHNICAL ASSISTANCE
FOR POLICY REFORM

FUNCTIONAL REQUIREMENTS SPECIFICATION FOR THE CUSTOMS INFORMATION SYSTEM

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FUNCTIONAL REQUIREMENTS SPECIFICATION FOR THE CUSTOMS INFORMATION SYSTEM

TECHNICAL ASSISTANCE FOR POLICY REFORM II

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1.0 INTRODUCTION

USAID's Technical Assistance for Policy Reform II (TAPR-II) project is providing technical assistance to the Egyptian Customs Authority to replace its core information system for processing imports and exports. In order to select a new system properly, the user needs and system requirements must be clearly and completely defined. The Functional Requirements Specification (FRS) documents the user needs and system requirements for the new Customs Information System.

1.1 PURPOSE OF THE FUNCTIONAL REQUIREMENTS SPECIFICATION DOCUMENT

The purpose of the Functional Requirements Specification is to document the user needs and system requirements of the new Customs Information System for all stakeholders. The Functional Requirements Specification will serve as the agreement between TAPR-II and the Egyptian Customs Authority (ECA) on the functional capabilities and requirements of the new system. The FRS will also be provided to potential suppliers in order for them to prepare proposals to customize and implement a new system. Egyptian Customs will have to approve the initial version of the Functional Requirements Specification before TAPR-II will proceed with the tender process.

The FRS is a living document—meaning that it will change over time. Additional needs and requirements will undoubtedly be identified during the Customs reform process, and these changes must be reflected in the document. A well-developed and thoroughly reviewed FRS will usually not require substantial changes, but there must be a mechanism for updating the FRS when appropriate changes are identified. Any proposed changes must be presented to the FRS review committee, and the committee will decide if a change should be incorporated.

1.2 GOALS AND OBJECTIVES

The goals and objectives of a new Customs Information System include the following:

- Facilitate trade by reducing trade costs and customs clearance times,
- Improve management's access to information for better decision making,
- Institutionalize new trade policies and procedures,
- Employ risk assessment to increase the efficiency and lower the costs of trade,
- Improve the capability of detecting contraband,
- Increase transparency and accountability to reduce opportunities for corruption,
- Share relevant data seamlessly with GOIEC and other government agencies,
- Enhance management's control and monitoring capabilities,
- Measure the results of new policies and procedures, and
- Increase budget revenue.

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1.3 STAKEHOLDERS

There are numerous stakeholders that will benefit from the implementation of a new Customs Information System. Those stakeholders include:

- Egyptian Customs Authority (ECA)
- Government Office for Export and Import Control (GOEIC)
- Traders/Importers/Exporters
- Freight Forwarders/Brokers
- Manufacturers
- Port Authorities (Private and Public)
- Ministry of Trade and Industry
- Ministry of Economy
- General Authority for Free Zones and Investment (GAFI)
- Ministry of Health
- Ministry of Agriculture
- Ministry of Foreign Affairs
- Chambers of Commerce
- International Transport Union
- Foreign Customs Administrations

1.4 SCOPE

The new Customs Information System will provide the functionality required to support a modern Customs Authority that complies with and meets international standards and best practices. Even though some system capabilities and functionality may not be needed immediately upon implementation, the FRS includes all capabilities and functionality that would be required at the successful completion of the Egyptian Customs reform process.

The proposed system will facilitate the processing of imports and exports, gather trade statistics, and coordinate document workflow and data sharing with other government entities. The system will include the following administrative and system functions described below.

1.5 CONSTRAINTS, ASSUMPTIONS AND DEPENDENCIES

Numerous constraints, assumptions and dependencies have been highlighted in the Egyptian Customs IT gap analysis prepared by TAPR-II earlier in 2006, and this document will not restate all of these. Nonetheless, the main constraints, assumptions and dependencies that will impact implementation of a new Customs Information System include:

- 1) The Egyptian Customs Authority needs to complete the first round of selection/recruitment for the IT staff that will be required to support the implementation of the new Customs Information System. Approximately, 40

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technically qualified staff must be selected from current staff or recruited externally for this project.

- 2) There are key IT projects planned or underway that need to be completed before the implementation of the new system. The most critical include upgrading local area networks in the five main Customs points, increasing the capacity of the wide-area network to support a centralized system architecture, installing the same version of the current system in all Customs locations and creating a central database.
- 3) Procurements take a substantial amount of time, and procurement plans need to be developed and tracked to ensure the necessary hardware and software is available in time for the implementation of a new system.
- 4) Outstanding system security issues must be resolved before the implementation of a new Customs Information System. Resolution of these issues is still at the early stages and needs significantly more attention.

1.6 APPROVAL PROCESS

The Functional Requirements Specification must be approved by the Egyptian Customs Authority before a request for proposal for a new system can be released, since the approved FRS will be a key component of the RFP. The Egyptian Customs Authority is creating a committee to review the FRS and provide recommendations to the Commissioner on potential changes to the document. Upon approval of the FRS by the Commissioner, the FRS will define the functional and system requirements of the new Customs Information System.

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2.0 FUNCTIONAL REQUIREMENTS

This section of the FRS outlines the functional requirements of the Customs Information System. The functional requirements described below are grouped into three categories: 1) global requirements, 2) basic system functions and 3) end user functionality. Specifying the functional requirements is critical in order to ensure that the system procured satisfies the ECA's overall system needs and requirements.

2.1 GLOBAL REQUIREMENTS

Global requirements are those functional requirements defined by international standards, conventions, protocols and agreements. Any system procured for Egyptian Customs must meet accepted international standards and best practices. The global requirements that the Customs Information System must meet are highlighted below.

- 1) Meets the requirements of the World Customs Organization (WCO) Kyoto Convention on Customs Procedures.
- 2) Complies with the World Customs Organization's Data Model version 2.
- 3) Produces trade statistics compliant with United Nations and World Trade Organization (WTO) requirements.
- 4) Supports the Harmonized System Customs Nomenclature.
- 5) Complies with the WTO Customs Valuation Agreement.
- 6) Supports World Trade Organization rules of origin requirements.
- 7) Employs the United Nations Electronic Data Interchange for Administration, Commerce and Transport messaging standard (more commonly known as EDIFACT).
- 8) Compatible with Eurotrace (EUROSTAT) system for trade statistics.
- 9) Supports the exchange of enforcement and intelligence information for Interpol and applicable regional and bilateral agreements, including the WCO Regional Intelligence Liaison Officer network.
- 10) Complies with the US Container Security Initiative.
- 11) Supports the use of a Single Administrative Document or SAD.

2.2 BASIC SYSTEM FUNCTIONS

The Customs Information System has basic system function requirements that must be met. These system functions apply to the system itself and are not directly linked to specific end-user functionality. The Customs Information System basic system requirements are detailed below.

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2.2.1 Access Control / User Authentication

The Customs Information System must include access control/user authentication. This will protect the system against unauthorized use and will allow the tracking of operators' actions within the system.

- 2.2.1.1 System users will be assigned accounts to access the system.
- 2.2.1.2 Two types of accounts will exist: accounts for Customs employees and accounts for external users.
 - 2.2.1.2.1 Customs employees will be assigned a log in and password.
 - 2.2.1.2.2 External users will be assigned a log in and password, and the system must be capable of accepting an additional control number, such as the value of an importer's last declaration.
- 2.2.1.3 Access control will be role based.
 - 2.2.1.3.1 Roles will be defined for different types of employees.
 - 2.2.1.3.2 External agents will have very restricted capabilities within the system, limited to their own activities.
 - 2.2.1.3.3 The system must be configurable in order to allow the System Administrator to define new user types.
 - 2.2.1.3.4 Role-based access control will restrict the screens and functions a user can access.
 - 2.2.1.3.5 Approval privileges will be maintained in the system, based on position type.
 - 2.2.1.3.6 The system must be configurable in order to allow the System Administrator to assign user access rights to defined user types.
 - 2.2.1.3.6.1 Customs Officers will connect to the system through an intranet and will have access to goods processing components and functions depending on their rights, as defined in the system.
 - 2.2.1.3.6.2 External trade agents, carriers, and importers will be able to connect to the system through the Internet, will be able to submit manifests and declarations online and track the status of their shipments.
 - 2.2.1.3.6.3 System Administrators and Security Specialists will have rights to create user accounts, define user access and provide overall maintenance for the system.
- 2.2.1.4 The system will control the maintenance of and rules governing user passwords.

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- 2.2.1.4.1 The system will automatically issue a temporary password when a user account is created.
- 2.2.1.4.2 Users must change their password the first time they log into a newly created account.
- 2.2.1.4.3 Users can change their password at any time.
- 2.2.1.4.4 The system will require that users change their password every six (6) months.
- 2.2.1.4.5 The system will allow the System Administrator to define password rules, such as requiring a minimum number of characters, a mix of upper and lower case characters, and the use of at least one non-alphabetic character.
- 2.2.1.4.6 System passwords must be encrypted in the system database.
- 2.2.1.5 The system will have defined database access levels for users.
 - 2.2.1.5.1 The database access levels will restrict the level of detailed information that users can access for reporting purposes. For example, managers are typically restricted to summary level information and operational staff are usually restricted to detailed information. The system must be capable of ensuring that external users are not permitted to access confidential information in the database.
 - 2.2.1.5.2 The System Administrator will assign database access levels when setting up user accounts.
- 2.2.1.6 The system must support the implementation of digital certificates and electronic signatures per Egypt's electronic signature law.
- 2.2.1.7 The system must support the generation of graphical images containing numeric confirmation numbers that are entered when secure transactions are being conducted.
- 2.2.1.8 The system must support the implementation of biometric authentication in addition to standard login and password security for Customs officers.

2.2.2 Data Entry

Data entry for the Customs Information System includes both online and offline (batch processed) data entry. Data declarations and supporting documents are entered online and stored in the Customs Information System. Data for reference files is entered offline and activated after approval is given to update reference data. Manifests can be entered into the system both manually and using batch processing, when data is submitted electronically. While data entry will be performed from many parts of the Customs Information System, there are key principles to data entry that must be consistent throughout the system and are highlighted below.

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- 2.2.2.1 The data entry forms in the system must have all of the fields of the forms used in the automated Customs processes and should also generally match their layout.
- 2.2.2.2 Navigation through the fields should be user-friendly. Specifically, the user should be able to navigate controls with the arrow keys, tab through the fields in the logical sequence of data entry, and use keystroke shortcuts instead of the mouse.
- 2.2.2.3 Some fields are required because certain information must be captured in the database. If these fields are not all filled in, the system must reject the form. The vendor that implements the new Customs Information System will document all required fields and confirm them with the ECA to ensure that they are properly implemented.
- 2.2.2.4 Data entry checks must be built into the system. If information is incorrectly entered (for example, numbers are entered where there should only be letters or dates are invalid), the system will generate a message notifying the user, and the form will not be accepted until the mistake is corrected. The vendor that implements the new Customs Information System will document all data entry checks and confirm them with the ECA to ensure that they are properly implemented.
- 2.2.2.5 The system will always prompt the user to confirm that he or she wants to submit forms or data, that is, save data in the system.
- 2.2.2.6 When a trader/importer's unique identification number is entered into the system, additional required information about the trader/importer that is already in the system is to be automatically populated.
- 2.2.2.7 A list of all data entry fields with existing data entry/validation checks must be provided to Egyptian Customs at the time of tender award. Egyptian Customs will specify any data entry/validation checks that must be changed or added.

2.2.3 Document Workflow Engine

Customs documents must follow numerous processes and procedures before specific actions can be carried out and finalized. The document workflow engine allows Customs to define the processes, routing, conditions, statuses and approvals required for each document.

- 2.2.3.1 The document workflow engine will allow properties and parameters to be defined for all internally processed documents.
- 2.2.3.2 The system will be configurable in order to define the processes and the order of processes.
- 2.2.3.3 The workflow engine will route documents to the appropriate government entities and people for processing.

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- 2.2.3.4 Specific conditions that must be satisfied before a document can proceed to the next step can be configured in the system, such as the submission of required licenses or certificates.
- 2.2.3.5 The different statuses of documents will be defined within the workflow engine.
- 2.2.3.6 Document approval requirements will be configured within the workflow engine.
- 2.2.3.7 The configuration of the workflow engine will be restricted to Systems Administrators and must be approved by the IT Manager.

2.2.4 Reference File Management

The system will allow specific users to update and maintain reference files, including trader/importer/exporter registration, Customs locations, tariffs, goods classifications and currency exchange rates.

- 2.2.4.1 Authorized users will be given access to reference files, but will not have access to any other part of the system.
- 2.2.4.2 Data entry for reference files will be performed offline, and reference files will only be updated after approval from the appropriate manager.
- 2.2.4.3 Reference file data will be updated through an update process using properly defined transaction control to ensure that all data is updated. Otherwise, the transaction must be rolled back and re-executed.
- 2.2.4.4 Trader, importer and exporter registration and licensing data must be maintained in the system.
- 2.2.4.5 Duty and tax classification types and corresponding rates are stored and maintained in the system for the automatic calculation of duties and taxes.
- 2.2.4.6 Goods classification data must be entered into the system to comply with the Harmonized System. The first six-digits are based on the international Harmonized System nomenclature, and the ECA may use the remaining six digits for its own more detailed classifications.
- 2.2.4.7 Information on quotas must be maintained in the system by goods classification type.
- 2.2.4.8 Currency conversion data must be stored in the system and be configurable for weekly, daily or hourly time periods. Exchange rate history must be maintained in the system.
- 2.2.4.9 Other important reference tables include:
 - 1) Certificates and licenses required by goods classification type,
 - 2) Bonded warehouse keepers,
 - 3) Bank codes,

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- 4) Tolerances for bulk goods and
- 5) Procedure codes.

2.2.5 System Administration

System Administrators and System Security Specialists must have special access to the Customs Information System for maintenance purposes.

- 2.2.5.1 Systems Administrators will be allowed to set up new user accounts on the system and define access rights based on user roles.
- 2.2.5.2 System Managers and System Administrators will have access to all parts of the system, but will not be allowed to submit information or data other than for administrative purposes.
- 2.2.5.3 System Administrators will also have configuration rights to the system, but the System Security Specialists and System Manager must confirm configurations. A log will be kept that tracks all changes to system configurations.
- 2.2.5.4 System Security Specialists will approve access rights, system configurations changes and have access to the user log file that tracks all user actions.

2.2.6 Form Generator

New forms will be required from time to time in the Customs Information System, and a form generator will be required to reduce the development time to incorporate new forms.

- 2.2.6.1 The form generator will provide a simple interface for creating new online forms.
- 2.2.6.2 Scripts for corresponding database tables will automatically be generated by the form generator tool.
- 2.2.6.3 Basic data entry checks will be configurable within the form generator interface.
- 2.2.6.4 The tool will allow the user to define primary keys, foreign keys and relationships between tables generated for the form and other system tables.

2.3 END USER FUNCTIONALITY

The capabilities and functions the system will perform for end users must be clearly defined. The subsections below describe the key functional requirements of the Customs Information System.

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2.3.1 Registration of Traders, Importers and Exporters

Traders, importers and exporters must be registered in the Customs Information System in order to submit declarations and other Customs documents and have them processed.

- 2.3.1.1 Traders, importers and exporters will be assigned a unique identification number in the system.
- 2.3.1.2 The format of the unique identification number must be confirmed with the Customs Authority and must include a check digit that is verified in the system.
- 2.3.1.3 Basic information, including but not limited to name, business type, address, phone number, business registration number, tax identification number, chief company officers and special privileges, will be entered into the system.
- 2.3.1.4 Additional information that the system must be able to track includes eligibility for special Customs regimes, approval for periodic accounting, expected nature of imports, average volume of imports, type of goods imported, origin of goods and the entity's business classification code.
- 2.3.1.5 Licensing information for traders must be maintained to ensure the trader is licensed and has not had its license revoked.
- 2.3.1.6 The system will generate a registration certificate with the trader's/importer's/exporter's unique identification number on it.

2.3.2 Broker Affairs

There are special requirements for managing brokers that must be incorporated into the system. A separate interface will be provided to manage these requirements.

- 2.3.2.1 As part of the registration process, brokers will be specifically identified within the system.
- 2.3.2.2 Authorized users will be able to enter, retrieve and view broker information through the broker affairs interface.
- 2.3.2.3 The interface will track the licensing status of brokers, examination and infraction history, account balances and other basic information.
- 2.3.2.4 The results of broker examinations will be entered into the system through the broker affairs interface.
- 2.3.2.5 Alerts will be provided through the interface to Customs officers, indicating when the broker needs to renew its license and complete examinations.
- 2.3.2.6 Users will have the opportunity to record contacts with and notes about brokers within the system.

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- 2.3.2.7 The interface will allow for the administration of licensing fees, penalties for non-professional conduct and general sureties for professional practices.
- 2.3.2.8 Broker sureties must be tracked in the system for cases when deferred payment of duties, taxes and other charges is covered by a broker instead of the importer.

2.3.3 Account Management System

There are special requirements for managing importers that belong to the Account Management System (AMS). A separate interface will be provided to manage these requirements.

- 2.3.3.1 As part of the registration process, importers belonging to AMS will be specifically identified as such within the system.
- 2.3.3.2 Authorized users will be able to enter, retrieve and view information on importers belonging to AMS through the AMS interface.
- 2.3.3.3 The interface will track the eligibility status of AMS importers, up-to-date information on AMS importers' licenses and certifications, account balances and other basic information.
- 2.3.3.4 Pictures (or image files) of licenses and certificates can be stored in the system for AMS importers.
- 2.3.3.5 Alerts will be provided through the interface to Customs officers, indicating when AMS importers need to renew licenses and certifications.
- 2.3.3.6 Users will have the opportunity to record contacts with and notes about AMS importers within the system.
- 2.3.3.7 A complete compliance record/history, including results of audits, penalties and fines assessed, investigations, enforcement cases and suspicions, will be accessible through the AMS importers interface.
- 2.3.3.8 The interface will allow supervisory control and monitoring over officers assigned to provide customer service to AMS importers.
- 2.3.3.9 The risk management model will be configurable in order to reduce the inspection frequency of AMS shipments, based on parameters entered into the system.

2.3.4 Manifest Processing

Manifest processing is the critical first step in the clearance process for imported goods. All goods introduced into the Customs territory of Egypt, regardless of whether they are liable to import duties and taxes, must be declared to Customs in a manifest, and the goods may be subject to Customs control.

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- 2.3.4.1 The Central Manifest Directorate at the Egyptian Customs Authority is the first point of contact for importers, shipping agents carriers and freight forwarders.
- 2.3.4.2 On or before arrival, the carrier presents the manifest for goods carried on a vehicle (such as, ship, truck or aircraft) and the vehicle registration documents.
- 2.3.4.3 The manifest data can be entered into the Customs Information System anytime before the vehicle's expected arrival and must be entered within 24 hours of arrival (this period of time must be configurable) on the territory of Egypt, not including holidays. (The system must also be configurable to account for official holidays.)
 - 2.3.4.3.1 The processing of manifest data is real-time in order for the information to be available in the system as soon as possible.
 - 2.3.4.3.2 The system must be able to process manifests submitted electronically using the UN EDIFACT messaging standard or XML.
 - 2.3.4.3.3 The system will also allow the entry of manifest data manually, although electronic submission is preferred.
- 2.3.4.4 Registration of the manifest will take place at the Customs entry point (seaport, airport, border crossing or post office).
- 2.3.4.5 The manifest includes all bills of lading or waybills for shipments being transported by a vehicle.
- 2.3.4.6 The master manifest number is composed of a carrier number plus a unique manifest number assigned by the carrier.
- 2.3.4.7 The system must check to ensure that the master manifest number is unique.
- 2.3.4.8 The bills of lading and waybill identification numbers must be entered into the system, in addition to the master manifest number in order to be able to track shipments up until release.
- 2.3.4.9 Bills of lading or waybills are referenced in the corresponding Customs declarations, when goods are declared.
- 2.3.4.10 The manifest will indicate the shipments that should be discharged at a Customs location.
- 2.3.4.11 Manifest data must also be provided to the:
 - 1) General Department for Cargo Movement,
 - 2) Ministry of Defense,
 - 3) Cargo Control Unit,
 - 4) Arab Organization for Industrialization,

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- 5) Ministry of Military Industries and
 - 6) Harbor Security Agency.
- 2.3.4.12 Receipt of manifest data must be confirmed by:
- 1) Ministry of Defense,
 - 2) Cargo Control Unit,
 - 3) Arab Organization for Industrialization, and
 - 4) Ministry of Military Industries.
- 2.3.4.13 The system must allow the amendment of manifest information, per shipping agent's/freight forwarder's request, after ensuring compliance with Customs laws and regulations.
- 2.3.4.14 During the manifest processing stage, risk analysis (pre-screening) will be performed to identify potential risk factors that require inspection. The following elements or combinations of these elements can be used in the selection of shipments to be inspected:
- 1) Name of the Consignee,
 - 2) Name of Consignor,
 - 3) Registration Number of the Authorized Carrier,
 - 4) Country of Origin (code),
 - 5) Mode of Transport (code),
 - 6) Place of Loading (code),
 - 7) Manifest Status (code),
 - 8) Place of Entry,
 - 9) Description of the Goods and
 - 10) Classification Value Range.
- (See the Risk Management subsection below for more details on risk analysis at the manifest processing stage.)
- 2.3.4.15 The Manifest Module will track the temporary storage location of goods before Customs clearance.
- 2.3.4.15.1 Manifest data is shared with warehouses.
 - 2.3.4.15.2 Temporary storage locations at Customs points are tracked by warehouse numbers that will be input into the manifest component of the system.
 - 2.3.4.15.3 The exact location of the goods within a temporary storage warehouse, however, will not be tracked in the manifest interface as this is tracked by the warehouse operator.

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- 2.3.4.15.4 If there are no discrepancies when shipments are removed from Customs Temporary Storage, the validation of removal from Customs Temporary Storage results in the discharge of the corresponding transport document in the manifest register.
- 2.3.4.16 The system must reconcile the master manifest and the bills of lading/waybills/advice notes in order to close an open manifest.
 - 2.3.4.16.1 An exception report will provide information on all open manifests and active bills of lading/waybills/advice notes within an open manifest, that is, shipments that have been off loaded, but not declared.
 - 2.3.4.16.2 The system will also highlight shipments that were not supposed to be off loaded and were, and also shipments that were supposed to be off loaded, but cannot be located.
- 2.3.4.17 Declarations must be linked to manifests in the system, and declarations cannot be processed until the corresponding manifest is entered into the system.
- 2.3.4.18 The system will provide statistics concerning tonnage and containers handled by commodity classification.
- 2.3.4.19 Export manifests must be stored in the system for goods in transit.

2.3.5 Declaration Processing

The main purpose of declaration processing is to facilitate the clearance of imported and exported goods according to Egyptian Customs laws and regulations. The Customs Information system will process import and export declarations, store up-to-date information about all imported and exported goods, and produce fiscal and foreign trade statistics.

- 2.3.5.1 **Imports** – Authorized Customs clearing agents and importers can submit a Customs declaration to import goods.
 - 2.3.5.1.1 The system must process the Customs import declaration as defined by ECA.
 - 2.3.5.1.2 In addition to the current Customs declaration, the system must be able to produce a Single Administrative Document (SAD) that conforms to international standards.
 - 2.3.5.1.3 In order to facilitate trade, declarations can be submitted in hardcopy and entered into the Customs Information System or entered directly into the system by the trader (direct trader input) before a consignment arrives on the territory of Egypt, allowing the consignment to be released directly upon arrival, if no Customs control is required.

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- 2.3.5.1.4 Goods arriving on the territory of Egypt must enter a Customs regime within a defined period of time no later than 24 hours after arrival. Within the Customs Information System, this period must be configurable, so it can be changed without making changes directly within the system code.
- 2.3.5.1.5 The import declaration must include the unique identification number of the corresponding master manifest.
- 2.3.5.1.6 A declaration can be entered into the system without a manifest number, but the correct manifest and declaration must be linked before the declaration is closed.
- 2.3.5.1.7 Declarations must be assigned a unique document locator number within the system according to Book 46, and the system will use the trader's/importer's unique identification number as a prefix.
 - 2.3.5.1.7.1 The unique document locator number is printed on the processed declaration, if the declaration is submitted and processed electronically.
 - 2.3.5.1.7.2 Bar code stickers are produced by the system to be affixed to hardcopy declarations that are submitted by traders. (A default prefix will be used in this case.)
- 2.3.5.1.8 The goods are referenced in a Customs declaration indicating the Customs regime requested, the nature of the goods, their quantities, values and any other required information.
- 2.3.5.1.9 Customs import regimes applicable in Egypt include:
 - 1) Home Use,
 - 2) Temporary Import (inward processing),
 - 3) Temporary Release,
 - 4) Temporary Export,
 - 5) Transit,
 - 6) Re-export,
 - 7) Bonded Warehouse,
 - 8) Bonded Manufacturing and
 - 9) Import into Duty Free Store.
- 2.3.5.1.10 The trader/importer can request a ruling or advice note that specifies how a shipment or goods will be treated. The ruling refers to a legal or procedural question.
- 2.3.5.1.11 When a Customs declaration is entered into the system, the system validates the declaration by checking:

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- 1) The registration number of the declarant is valid according to the Customs registry of agents and importers,
- 2) The trader is compliant according Customs regulations and procedures,
- 3) The country codes in the declaration are valid,
- 4) The nomenclature codes used in the declaration are valid,
- 5) The duty rate supplied in the declaration is in agreement with the declared goods classification nomenclature code,
- 6) Quotas are valid and have not been exceeded,
- 7) The exchange rate is correct,
- 8) Valuations by goods classification are within an acceptable range,
- 9) Copies of any required import licenses and certificates have been submitted and
- 10) Additional logic checks are performed that are configurable within the system.

2.3.5.1.12 The declaration processing interface provides the user with feedback on the results of validity checks in order for the user to correct data entry mistakes.

2.3.5.1.13 The import declaration requires accompanying documentation, such as, commercial invoices; licenses; origin, quality, health or sanitary certificates; and transport documents.

2.3.5.1.14 A record of accompanying documents is tracked in the system.

2.3.5.1.15 The declaration interface must keep track of goods under quota control and deduct the amount of goods imported from the total quota amount.

2.3.5.1.16 The system must include a suspense file mechanism that traps declarations that have been submitted and do not pass the system validity checks, require document review, are under Customs control due to risk selectivity, are in process with another control agency, are subject to inward processing procedures and/or require an outstanding payment or additional credit guarantee.

2.3.5.1.16.1 The suspense file mechanism will be configurable in order to specify the number of days before a suspended declaration must be closed.

2.3.5.1.16.2 The system will automatically close some suspense files and others will require manual closure. The system must be configurable to specify how a suspended declaration will be closed.

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- 2.3.5.1.17 There must be a field on the declaration to enter the trader's unique tax identification number (TIN) because data on tax collections must be shared with the Egyptian Tax Authority.
- 2.3.5.1.18 For declaration processing, the system will extract data from the master manifest, according to a declaration's corresponding bill of lading, waybill or advice note number, and will display the manifest data and declaration data to allow a Customs officer to identify any discrepancies.
- 2.3.5.1.19 When there is a discrepancy between a declaration and the manifest, the system corrects back to the manifest, unless it is determined that a discrepancy is large enough to require document review or inspection.
 - 2.3.5.1.19.1 Small percentage mistakes are corrected back to the manifest automatically.
 - 2.3.5.1.19.2 For bulk goods, tolerances must be entered into the system.
 - 2.3.5.1.19.3 The system must track when a declaration was corrected back to the manifest.
- 2.3.5.1.20 The declaration processing interface will provide the results of risk analysis conducted on declarations and indicate the appropriate processing of declared goods according to three main levels:
 - 1) Green,
 - 2) Yellow and
 - 3) Red.
- 2.3.5.1.20.1 Green indicates that the goods can be released without inspection.
- 2.3.5.1.20.2 Yellow indicates that the goods cannot be released and more documentation is required.
- 2.3.5.1.20.3 Red indicates that the declared shipment cannot be released and must undergo inspection.
- 2.3.5.1.21 Goods under control (yellow and red) cannot be moved from the Customs location point of entry (but may be placed in temporary warehousing).
- 2.3.5.1.22 The status of declarations must be tracked in the system and will be displayed to the user when declarations are retrieved.
 - 2.3.5.1.22.1 The possible declaration statuses include:
 - 1) Declaration submitted (red).
 - 2) Declaration not subject to control (green).

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- 3) Additional documents required (yellow).
- 4) Shipment requires inspection (red).
- 5) Shipment passed control (changes to green).
- 6) In process with other control agency (red).
- 7) Shipment seized (red).
- 8) Tax and duties paid (changes to green).
- 9) Shipment may be released on credit (green).
- 10) Shipment abandoned.
- 11) Goods destroyed.
- 12) Declaration closed.

2.3.5.1.22.2 The system must be configurable in order to define new declaration statuses.

2.3.5.1.23 When additional documents are required for shipments under control procedures, the documents received must be tracked in the system.

2.3.5.1.24 Declarations can be retrieved by querying the system on declaration number, trader/importer registration number or name, and/or bill of lading or waybill number. If multiple declarations match the entered criteria, the system will display a list of the declarations (declaration number, date of arrival of shipment, date of submission of declaration and status of shipment), and the user will be able to select the correct one to retrieve.

2.3.5.1.25 The system will check the agent's/importer's eligibility for duty and tax credits before goods release.

2.3.5.1.26 Duties and taxes are automatically calculated in the system, based on the specified tariff classification and declared Customs value (converted to Egyptian Pounds) or specified quantitative measure, depending on the type of tariff rate applicable to the imported goods.

2.3.5.1.27 When duties and taxes are calculated, they are recorded in the general ledger of the system.

2.3.5.1.28 The valuation method used for goods must be tracked.

2.3.5.1.29 If a corrected import declaration is submitted by an importer/trader, history from the declaration being replaced must be maintained in the system.

2.3.5.1.30 Declarations can be printed directly from the system by authorized Customs officers, specifically when examination is required.

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- 2.3.5.1.31 Temporary storage of goods under Customs control will be tracked in the system.
 - 2.3.5.1.31.1 In case of discrepancies present when goods are removed from Temporary Storage, the Customs document will be discharged by a “manual discharge” transaction entered by an authorized Customs Officer.
 - 2.3.5.1.31.2 The warehouse operator is held responsible for duties and taxes, if goods are lost while in storage.
 - 2.3.5.1.32 Goods declared may be processed based on deferred payment of duty.
 - 2.3.5.1.33 Duties and taxes may be overridden by using a special authority code that is tracked against a particular declaration.
- 2.3.5.2 **Exports** – Authorized Customs clearing agents and registered exporters can submit a Customs declaration to export goods.
- 2.3.5.2.1 Goods being exported are declared at the point of departure.
 - 2.3.5.2.2 Export declarations can be submitted in hardcopy form or via the Internet (direct trader input).
 - 2.3.5.2.3 Declarations must be assigned a unique document locator number within the system, and the system will use the trader’s/exporter’s unique identification number as a prefix.
 - 2.3.5.2.3.1 The unique document locator number is printed on the processed export declaration, if the declaration is submitted and processed electronically.
 - 2.3.5.2.3.2 Bar code stickers are produced by the system to be affixed to hardcopy export declarations that are submitted by traders. (A default prefix will be used in this case.)
 - 2.3.5.2.4 The export declaration is accompanied by supporting documents, such as certificate of origin, invoices, shipping documents, health certificates and licenses, and a record of the accompanying documents is tracked in the system.
 - 2.3.5.2.5 Export duties are automatically calculated in the system, based on the specified tariff classification and declared Customs value.
 - 2.3.5.2.6 When export duties are calculated, they are recorded in the general ledger of the system.
 - 2.3.5.2.7 If a corrected export declaration is submitted by an exporter, history from the declaration being replaced must be maintained in the system.

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- 2.3.5.2.8 Export declarations are not required for mail delivery and personal baggage.
- 2.3.5.2.9 Goods that are exported and intended to be re-imported are tracked in the system to facilitate re-import.
- 2.3.5.2.10 Outward transit of goods for export will be tracked in the system, for example, goods transiting from Jordan and being exported from Alexandria.
- 2.3.5.2.11 The system will ensure special export provisions are observed on goods, such as antiquities, arms and ammunition, and pharmaceuticals.
 - 2.3.5.2.11.1 Special export provisions are enforced by goods classification codes.
 - 2.3.5.2.11.2 Required licenses and/or other documents must be submitted when these restricted goods are exported.
- 2.3.5.2.12 Physical inspections of goods being exported may take place at a Customs point or at the enterprise's premises. The location of an inspection must be tracked in the system.
- 2.3.5.2.13 The system will track goods that enter a Customs warehouse before export and also removal of goods before export.
- 2.3.5.3 The system must accept and process declarations submitted by passengers.
 - 2.3.5.3.1 Declarations for passengers will be tracked based on passport number.
 - 2.3.5.3.2 Records on declarations submitted by passengers will be tracked for control purposes.
 - 2.3.5.3.3 The system will use risk selection to determine if an inspection of declared goods is required.
 - 2.3.5.3.4 Passenger manifest data will be used to ensure that enough Customs staff are available upon arrival of a ship or plane.

2.3.6 Payment

The Customs Information System must be able to process payments on Customs duties, applicable taxes that are collected by the Egyptian Customs Authority, audit assessments, administrative penalties, fines and interest.

- 2.3.6.1 The system will record payments made by check, credit card, into a Customs account at a commercial bank, standing account, bank transfer and credit remittance.

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- 2.3.6.2 The system will track the trader/importer/exporter account, the amount paid, method of payment, the date and time of payment (time stamp) and payment confirmation number.
- 2.3.6.3 A payment receipt must be issued that confirms that a declarant has made a payment. A unique confirmation number will be included on the receipt.
- 2.3.6.4 Collection of Customs duties, taxes, audit assessments, administrative penalties, fines and interest will be tracked by trader/importer/exporter account, and the system will provide the trader's/importer's/exporter's current balance.
- 2.3.6.5 The system must allow payment of periodic invoices and any interest that may have accrued.
- 2.3.6.6 The system will accept prepayment by a registered trader/importer/exporter.
- 2.3.6.7 The system will process automatically electronic payment data provided by banks.
- 2.3.6.8 The payment interface must provide an alert or advanced warning to demand payment or increase guarantees when guarantee thresholds are approaching their maximum level.
- 2.3.6.9 The system will process excise tax payment for locally produced goods, stored and removed from a bonded warehouse. Assessment of excise is done at time of clearance or through separate declaration when removed from a bonded warehouse.
- 2.3.6.10 Traders/importer/exporters may set up a prepayment or draw and settlement account for paying Customs duties and taxes.

2.3.7 Clearance / Release

The Customs Information System will automate and facilitate the clearance/release of goods.

- 2.3.7.1 In order to facilitate expeditious clearance of goods, the payment of duties and taxes should be separated from the clearance/release of goods, as long as there has been submitted to Customs a form of guarantee, such as surety bonds.
- 2.3.7.2 When a declaration for home use is accepted, the trader/importer either pays the Customs duties, taxes and any other charges at the cashier's office, or payment is deferred based on a surety bond.
- 2.3.7.3 Clearance of goods for home use for importers without deferred payment takes place while the goods are stored in a Customs warehouse at the point of arrival. The goods are released after the declaration is accepted and the duties, taxes and other charges are assessed and paid.

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- 2.3.7.4 Shippers provide importers/traders with manifest advice notes notifying them that their shipment has arrived.
 - 2.3.7.4.1 The manifest advice note is part of the clearance package presented by the importer/trader to Customs
 - 2.3.7.4.2 The system must balance (or cross-reference) manifests, advice notes/bills of lading/waybills (sub-manifests or transportation documents), and import declarations.
- 2.3.7.5 The system will support conditional release, according to special regimes, and unconditional release. Special regimes are addressed in detail below and include:
 - 1) Transit,
 - 2) Inward Processing and
 - 3) Temporary Import.
- 2.3.7.6 The system must support both standard and express customs clearance procedures.
- 2.3.7.7 Under the standard clearance procedure, goods are temporarily warehoused until release.
 - 2.3.7.7.1 Goods must be declared within 24 hours of arrival on the territory of Egypt. The period in which the declaration can be submitted must be configurable.
 - 2.3.7.7.2 Risk management must be applied to a shipment and all indicated control procedures completed before a shipment can be released.
 - 2.3.7.7.2.1 Compliance history must be checked for the individual trader/importer and also the trader's/importer's sector in general.
 - 2.3.7.7.2.2 Classification, origin of imports, volume and value of goods must be assessed for risk.
 - 2.3.7.7.2.3 Random inspections must be conducted, and the parameters will be configurable in the system for standard clearance procedures.
 - 2.3.7.7.3 Documents are reviewed and validated if necessary.
 - 2.3.7.7.4 Goods may be released under deferred payment, if a trader/importer qualifies and has sufficient guarantees. Otherwise, payment of duties, taxes and other contingent liabilities is required before release of goods.
 - 2.3.7.7.5 The goods for home use are automatically released upon payment of duties and taxes and issuance of a receipt (unless there is a hold on goods).

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- 2.3.7.7.6 A hold may be put on a shipment, even if duties and taxes are paid, when there are significant outstanding debts. This must be configurable within the system.
- 2.3.7.7.7 The status of the Declaration is changed to reflect that goods can be released.
- 2.3.7.7.8 Goods in temporary storage maybe transferred to a new consignee, re-exported or cleared.
- 2.3.7.7.9 The system must track the transfer of ownership, if goods are transferred to a new consignee.
- 2.3.7.8 Authorized traders/importers can submit a simplified declaration for streamlined release of goods.
 - 2.3.7.8.1 A simplified declaration may be submitted in advance of entering the territory of Egypt and must be submitted within 24 hours of a shipment's arrival. The period in which the declaration can be submitted must be configurable.
 - 2.3.7.8.2 The system must check to make sure a trader/importer is authorized for this procedure.
 - 2.3.7.8.2.1 Traders/importers will not be eligible for express clearance, if they have any specified infractions within a period of time defined by the ECA. The system must be configurable in order to identify those infractions that will prohibit a trader/importer from using the express clearance procedure and also to set the defined time period.
 - 2.3.7.8.2.2 The system must track released goods awaiting full submission of documentation to ensure compliance.
 - 2.3.7.8.2.3 Duties and taxes outstanding must not exceed a threshold defined for the trader/importer, or the express clearance privilege will be suspended.
 - 2.3.7.8.3 The simplified declaration must still undergo risk selection, even though less detail is provided.
 - 2.3.7.8.3.1 Compliance history must be checked for the individual trader/importer and also the trader's/importer's sector in general.
 - 2.3.7.8.3.2 Classification, origin of imports, volume and value of goods must be assessed for risk.
 - 2.3.7.8.3.3 Random inspections must be conducted, and the parameters will be configurable in the system for simplified declarations.

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- 2.3.7.8.4 The system must identify permit and license requirements that must be satisfied, based on goods classification and country of origin.
- 2.3.7.8.5 The required amount of surety must be checked in the system before goods can be released under the express procedure.
- 2.3.7.8.6 Upon entering the territory of Egypt, goods under express clearance are either immediately released or inspected.
- 2.3.7.8.7 The status of the Declaration is changed to reflect that goods can be released.
- 2.3.7.8.8 A follow up (post-entry) declaration is submitted that includes supplementary information not included in the express declaration.
 - 2.3.7.8.8.1 The post-entry declaration must be cross-referenced to the simplified declaration.
 - 2.3.7.8.8.2 Any applicable administrative penalties are recorded with the post-entry declaration.
- 2.3.7.9 Release advice notes will be generated by the system, and the release note is provided to the trader/importer in order to remove goods from the Customs location.
 - 2.3.7.9.1 The release advice note will have a unique release confirmation number associated with it.
 - 2.3.7.9.2 Release advice note data will be provided to the warehouse operators, port authorities, airport authorities, trader, importer and transportation company in order for them to confirm that goods can be removed.

2.3.8 Single Window Capabilities

The Customs Information System must support single window capabilities through a document workflow engine. The document workflow engine will transfer information and data to the correct government agencies for processing, will coordinate the steps required to release goods and notify Customs when all steps required for release have been completed.

- 2.3.8.1 Other government control agencies, such as the Government Office for Export and Import Control (GOEIC), Ministry of Agriculture, Ministry of Health, Ministry of Trade and Industry and Ministry of Foreign Affairs, must be notified of the import and export of certain goods.
- 2.3.8.2 A vehicle's manifest or a Customs declaration will determine the control agencies that must be engaged in the clearance of goods.

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- 2.3.8.3 Upon entering manifest and declaration data into the system, the document workflow engine will direct the required information to the appropriate organizations for processing.
 - 2.3.8.3.1 The processing status with the other control agencies will be tracked in the system.
 - 2.3.8.3.2 Alerts will notify users that a procedure/process is completed or that an action needs to be taken.
 - 2.3.8.3.3 A declaration cannot be closed unless all required actions by other control agencies are completed and tracked in the system.
- 2.3.8.4 Data will be shared among Customs and the other control agencies, using the Extensible Markup Language (XML) protocol.
- 2.3.8.5 GOEIC and other relevant government organizations will perform their own risk analysis, and an alert will be generated if an inspection is required, in order to facilitate coordination. (Note: All required inspections should be coordinated to take place at the same time.)
- 2.3.8.6 The document workflow engine must be configurable in order to direct data to the right control agency, share the correct information, provide proper alerts, indicate needed actions and track status.

2.3.9 Accounting

The Customs Information System must account for all payments, deposits, debts, credits and refunds of traders/importers/exporters generated through the Customs clearance process.

- 2.3.9.1 The Customs information system must include a general ledger that tracks debits, credits and trader/importer balances.
- 2.3.9.2 Transactions will be recorded in the general ledger covering:
 - 4) Duties,
 - 5) Taxes,
 - 6) Penalties,
 - 7) Fines,
 - 8) Adjustments,
 - 9) Audit Assessments,
 - 10) Reimbursement,
 - 11) Credits,
 - 12) Prepayments,
 - 13) Payments,
 - 14) Cash Securities and Guarantees,

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- 15) Interest and
 - 16) Refunds.
- 2.3.9.3 An accounting record for duties and taxes is generated in the system for each line of goods in the declaration.
 - 2.3.9.4 The system will automatically change duty rates, if a tariff rate quota is in place and the quota level is exceeded.
 - 2.3.9.5 The accounting component will summarize the trader/importer/exporter balance by duty and tax types, penalties, fines and interest.
 - 2.3.9.6 The system must be able to produce monthly statements/invoices for traders/importers that are eligible for deferred payment and/or have a balance on their account.
 - 2.3.9.7 The system must be configurable in order to define different types of adjustments, such as credits for goods short shipped and outward processing.
 - 2.3.9.8 The accounting component of the system must be configurable and will allow the creation of accounts for tracking all duties and taxes to be collected by Customs.
 - 2.3.9.9 Interest will be calculated in the system monthly, weekly or daily, based on outstanding debts, and will be stored in the general ledger as a transaction. The interest rate in the system and period for calculating interest will be configurable.
 - 2.3.9.10 Interest will be calculated on audit assessments according to the date that duties, taxes and other charges should have been paid.
 - 2.3.9.11 Administrative fines and penalties are calculated automatically based on the event that triggers them. The system must be configurable to cover all types of fines and penalties.
 - 2.3.9.12 The accounting component of the system will track cash securities and guarantees for deferred payment.
 - 2.3.9.13 Drawbacks will be accounted for in the system.
 - 2.3.9.14 If a trader/importer has set up a draw down account, payment of duties and taxes will automatically be processed from the account upon clearance of goods.
 - 2.3.9.15 Accounting corrections will be processed by the accounting component automatically, when a declaration, audit assessment, penalty, fine or interest calculation is corrected in the system. Corrections will be recorded as adjustments, in order to maintain the history of all related transactions.
 - 2.3.9.16 If Customs made an incorrect ruling and a trader/importer is due a refund, interest on the refundable amount (to the extent provided for in law and regulation) must also be calculated and returned to the trading entity. The

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interest calculation will be based on the original payment date or date of claim and will be configurable.

- 2.3.9.17 Traders/importers must request refunds. The accounting component will process requested refunds, only after they are offset against any outstanding debts.
- 2.3.9.18 Assessment from post-clearance audits will be recorded in the general ledger, based on the audit reports entered into the system.
- 2.3.9.19 The system will automatically generate demand notices for traders/importers with outstanding debts, based on rules that will be configured into the system.
- 2.3.9.20 The revenue from the sale of abandoned goods must be tracked in the system.
 - 2.3.9.20.1 The equivalent duties and taxes must still be paid on goods abandoned and sold.
 - 2.3.9.20.2 Administrative and selling costs must be tracked.
 - 2.3.9.20.3 The importer may claim the residual amount after goods are sold.
 - 2.3.9.20.4 If the importer does not claim the residual amount, the proceeds are transferred to the state, but the importer must have the opportunity to claim the residual within the limits of the law.
- 2.3.9.21 The system must have the possibility to link directly to the Customs operational accounting system or the Ministry of Finance main accounting assignment.
- 2.3.9.22 Standard reports will be built into the accounting component of the system. These reports will help monitor the performance of the accounting process and collection of Customs revenues.

2.3.10 Refund Processing

The Customs Information System must allow the processing of approved refund claims.

- 2.3.10.1 The trader/importer/exporter must submit a refund claim that is processed by the system.
- 2.3.10.2 Refunds are authorized under specific articles of the law and must be referenced in the system against the refund request. The system must be configurable in order to track all authorized types of refund requests.
- 2.3.10.3 Refunds can be claimed for the following reasons:

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- 1) *Damaged Goods* – Goods are damaged and, therefore, do not retain their value.
 - 2) *Goods Not as Ordered* – In other words the goods received were not what was ordered. In this case the goods are either re-exported or destroyed, and this should be verifiable in the system.
 - 3) *Goods Short Shipped* – The quantity of goods shipped is less than ordered and what is found on the import declaration. The importer claims a credit from the supplier and presents this to Customs to claim a refund.
 - 4) *Administrative Mistakes* – An administrative mistake, such as data entry mistake, is made and must be corrected.
 - 5) *Appeals* – Goods classification, rate of duty and valuation can be appealed, and if such an appeal is successful, a refund can be claimed.
 - 6) *Late Submission of Certificate of Origin* – Submission of the certificate of origin after payment of duty allows a trader/importer to prove a preferential duty rate.
- 2.3.10.4 When goods are not as ordered or short shipped, the importer takes evidence of a credit from the supplier to claim a refund from Customs or does not pay duty on goods eventually shipped.
- 2.3.10.5 The refund claim must contain at a minimum the following information:
- 1) The unique identification number of trader/importer/exporter,
 - 2) Name of trader/importer/exporter,
 - 3) Declaration number,
 - 4) Amount claimed,
 - 5) Reason for claim and
 - 6) Summary of supporting documents.
- 2.3.10.6 Refunds are subject to timeframes and limits.
- 2.3.10.6.1 Refund claims must be compared against the declaration and date of claim to ensure the claim is within the statutory period.
 - 2.3.10.6.2 The system must track refunds and display a summary of all refunds claimed by a trader/importer/exporter in order to limit the possibility of paying a refund more than once.
 - 2.3.10.6.3 Refunds claimed against a declaration must be summed in order to prohibit cumulative refunds in excess of the total duties, taxes and other charges paid.
- 2.3.10.7 The system must have the option to prohibit a refund, if other debts are due. In this case a reduced refund can be made after offsetting all outstanding liabilities.

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- 2.3.10.8 The authority to approve refunds must be assigned to specific users of the system.
- 2.3.10.9 Processed refunds will generate a receipt with confirmation number that must be signed by the recipient of the refund.

2.3.11 Quota Tracking

Quotas on imported goods must be tracked in the system to ensure quotas are not breached.

- 2.3.11.1 Quotas will be entered into the system based on goods classification.
- 2.3.11.2 The system must have the ability to track quotas by importer, since Egypt may want to allow the trading of quota licenses.
- 2.3.11.3 The system must be able to maintain two types of quotas: absolute and tariff rate quotas.
 - 2.3.11.3.1 Once an absolute quota has been reached, a declaration containing those goods cannot be processed, and the goods must be placed in storage or re-exported.
 - 2.3.11.3.2 The tariff rate will change for tariff rate quotas, once a tariff level has been breached.
- 2.3.11.4 The start and end data of quotas must be tracked in the system.
- 2.3.11.5 The system will alert Customs officers when a declaration is being processed and a quota will soon be breached or has already been breached.
- 2.3.11.6 An import declaration cannot be processed if the declaration includes goods for which an absolute quota ceiling has been reached or will be exceeded.

2.3.12 Risk Management

The risk management component of the system facilitates the clearance of goods by identifying those shipments that require further control action based on the credibility and/or applied risk of information provided by the trader/importer/exporter and shipper. Customs must concentrate its control efforts on those shipments posing potential risk, while facilitating the clearance of remaining goods.

The risk management component is built around a risk model. After the system's data entry checks validate manifests and declarations, the risk management component identifies shipments for inspection, using four levels of risk identification:

- 1) Defined Risk Criteria (targetting),
- 2) Statistical Model (risk scoring),

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- 3) Random Selection and
 - 4) Nil Factor.
- 2.3.12.1 In recognition of the fact that Egyptian Customs will use the risk analysis system in many different situations (import, export, transit and post-clearance audit) and that within each area of usage circumstances are continually changing, the system must be highly configurable.
- 2.3.12.1.1 To support a high-level of configurability, the solution must be supplied with an administration tool designed to facilitate the continuous updating and defining of risk criteria, weightings, trader/import profiles and random sampling.
 - 2.3.12.1.2 The risk management system will enable risk criteria, trader/importer profiles, the risk model and random sampling to be configured differently for each Customs location.
 - 2.3.12.1.3 The risk model must be configurable to deal properly with AMS importer shipments.
 - 2.3.12.1.4 The risk model must be configurable to handle mail and courier shipments properly.
 - 2.3.12.1.5 The risk management system will include an automated utility for updating risk criteria and risk model parameters from the output of the risk management data warehouse.
- 2.3.12.2 The risk management component will analyze the risk of Customs transactions and will recommend the control actions that must be taken.
- 2.3.12.3 In addition to recommending specific control actions, the system will also provide instructions to be carried out during control procedures.
- 2.3.12.4 The risk management component will cover both imports and exports, but the risk model will be completely different for the two, reflecting the different kinds of risk that are involved.
- 2.3.12.5 Data for risk analysis will come from manifests, declarations, trader/importer profiles, accounting records, goods valuation, intelligence, results of inspection, post-clearance audit and enforcement activities.
- 2.3.12.6 The risk model will allow different criteria and weightings to be used for individual Customs locations and nationwide. Nationwide criteria will have priority over those for individual Customs locations.
- 2.3.12.7 *Defined Risk Criteria* – Due to the nature of the risk associated with certain types of shipments, it is vital to detect such shipments subject to specific risks. The risk model, therefore, allows defined risk criteria to be entered manually; updated automatically based on the results of intelligence, inspection, post-clearance audit and enforcement; and uploaded from the risk management data warehouse.

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- 2.3.12.7.1 The defined risk criteria work like filters, and any declaration that meets at least one of the risk criteria will be identified for potential Customs control.
 - 2.3.12.7.1.1 The system will then select a pre-configured percentage of the shipments meeting the defined risk criteria for Customs control, using random sampling techniques.
 - 2.3.12.7.1.2 The user will have the option to enter the frequency under which specific Customs controls should be executed. For example, inspection may be required for 30% of shipments coming from country X and containing goods under classification Y.
- 2.3.12.7.2 Prohibitions and restrictions will be entered as defined criteria into the system to ensure inspection of shipments meeting these specific parameters. 100% of shipments meeting prohibitions and restrictions must be inspected.
- 2.3.12.7.3 Defined criteria can be selected from trader/importer profiles, manifests, Customs declarations, accounting records and intelligence data.
- 2.3.12.7.4 Complex criteria can be entered into the system combining different risk criteria. For example, a single criterion may define the goods classification, a value greater than a certain amount and origin from a specific country all in one criterion.
- 2.3.12.7.5 Illogical combinations of imports based on an import profile can also serve as risk criteria, and these can be entered into the system based on the initial digits of classification codes.
- 2.3.12.7.6 The period of time for which a risk criterion is in effect will be defined in the system.
- 2.3.12.7.7 Key defined risk criteria that must be built into the overall risk model include:
 - 1) A trader/importer declares its first shipment. The trader's/importer's first Y shipments should be inspected.
 - 2) The trader's/importer's last shipment was inspected, and the inspection resulted in an increase of Customs duties or taxes or the imposition of a penalty or fine. In this case, the next X shipments must be inspected.
 - 3) Valuation of goods issues are identified.
 - 4) The trader/importer imports a type of goods it has never imported before and the value of the goods exceeds Z.

- 5) Declared goods are on a target or prohibition list.
 - 6) A shipment comes from a specific country deemed a high risk.
 - 7) The value of a trader's or importer's shipment is more than X % higher than any of its previous shipments or its average shipments.
 - 8) None of the trader's/importer's last Y shipments have been inspected.
- 2.3.12.7.8 The risk management component will include a configurable rules engine for defining and managing defined criteria and setting the Customs control action required, when specific defined criteria are met.
- 2.3.12.7.9 A tool must be built into the system to upload defined criteria, identified through offline analysis using the data warehouse and data mining tools.
- 2.3.12.7.10 Certain criteria may not be applicable to traders/importers that belong to the Account Management System, and these parameters must be configured appropriately in the system.
- 2.3.12.8 *Statistical Risk Model* – The statistical risk model will score declarations based on weighted criteria, and declarations will be classified for potential Customs control.
- 2.3.12.8.1 Ranges of scores will be grouped into different risk categories, and the statistical model will indicate Customs control actions to be taken, based on the determined risk category.
 - 2.3.12.8.2 The statistic model must be configurable in order to set criteria and weightings used for scoring.
 - 2.3.12.8.3 The weightings in the model should adjust automatically based on the results of control actions.
 - 2.3.12.8.4 Trader/importer/exporter profiles, including compliance and payment history, will be maintained to provide additional risk criteria for the statistical risk model.
 - 2.3.12.8.5 The statistical model will differentiate between security risk and financial risk in regard to weighted criteria, since financial risk can be addressed after release of goods.
 - 2.3.12.8.6 As a configurable risk management model, the results of offline data mining can and must be incorporated into it, in order to take advantage of relationships identified between suspect transactions, people and companies, vehicles and dates.

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- 2.3.12.8.7 The range of risk categories, and therefore control actions required, will vary based on the number of Customs officers available at a specific location for Customs controls.
- 2.3.12.8.8 Traders/importers that belong to the Account Management System (AMS) may be excluded from the statistical risk model at the discretion of Customs, unless their certification for AMS has lapsed.
- 2.3.12.9 *Random Selection* – All import declarations will be subject to random selection for Customs control. The random selection of shipments for Customs control provides valuable feedback on the effectiveness of criteria and weightings being used in the risk management component of the system.
 - 2.3.12.9.1 In order to validate criteria and adjust weightings for risk management, all shipments are subject to random selection for Customs controls.
 - 2.3.12.9.2 The system will use the results of Customs controls based on random selection to recommend changes to defined criteria and weightings used in the statistical model.
 - 2.3.12.9.3 Random selection should be automatically adjusted to match resource levels.
- 2.3.12.10 *Nil Factor* – The nil factor option allows the ECA to exclude shipments of a trader/importer/exporter from automatic selection by the risk model.
 - 2.3.12.10.1 Only specified high-level staff will have the option to set nil factor criteria, and of course, this must be tracked in the systems audit trail.
 - 2.3.12.10.2 The system will highlight that a trader/importer has been assigned the nil factor and will indicate why, such as diplomatic status.
 - 2.3.12.10.3 The nil factor can be overridden based on intelligence or the results of previous control activities (applied by the rules engine).
- 2.3.12.11 The reason for risk selection must be highlighted within the system to Customs officers.
- 2.3.12.12 Officers must record within the system all actions taken in compliance with the risk selection, including specific reasons for non-compliance to required actions.
- 2.3.12.13 Results of Control actions must be tracked in the system to provide feedback for risk management.

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- 2.3.12.13.1 The risk management component will include standard reports on the results of Customs controls, according to the reason for selection.
 - 2.3.12.13.2 A full history of risk assessment results must be maintained in the system.
 - 2.3.12.13.3 The results of post-clearance audit will be used to change criteria and weightings within the statistical risk model.
 - 2.3.12.13.4 Performance must also be evaluated comparing the results of inspection to the amount of resources used.
- 2.3.12.14 A separate risk model, based on the principles outlined above, must be incorporated for post-clearance audit.

2.3.13 Financial Guarantee Tracking

Financial guarantees of traders/importers/exporters must be tracked in the system to facilitate release of goods based on deferred payment.

- 2.3.13.1 The system will track the financial guarantees of traders/importers/exporters including prepayments, bank guarantees, negotiable government bonds that are actionable to cover payment and surety bonds commercially issued by a bank or insurance company.
- 2.3.13.2 The system must allow new types of guarantees to be set up in the system—in other words, the guarantee types must be configurable.
- 2.3.13.3 The information stored in the system about guarantees includes:
 - 1) Trader/importer/exporter unique identification number,
 - 2) Name of the trader/importer/exporter,
 - 3) Type of financial guarantee,
 - 4) Issuer of the guarantee,
 - 5) Business registration number of the issuer,
 - 6) Amount of the guarantee,
 - 7) Accrued liability against the guarantee and
 - 8) Validity period (bonds can be one time bonds, annual or continuous).
- 2.3.13.4 The system will track the amount of contingent liabilities against a trader's/importer's/exporter's financial guarantees, as well as the expiry dates of guarantees.
- 2.3.13.5 Guarantees will work on either a threshold or a percentage basis.

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- 2.3.13.5.1 On a threshold basis, the system will not process a declaration if the threshold of existing guarantees versus deferred payments will be surpassed.
- 2.3.13.5.2 On a percentage basis, entities (usually very large entities) will be required to maintain guarantees covering a minimum percentage of deferred payments.
- 2.3.13.5.3 Guarantee thresholds and percentages will be configurable in the system by trading entity.
- 2.3.13.5.4 The system must trigger an alert when the limit of a guarantee is being reached in order to demand payment or increase guarantees.
- 2.3.13.6 Guarantees are released as duties, taxes and penalties are paid.
- 2.3.13.7 Under the temporary import regime, guarantees are released when goods are re-exported.
- 2.3.13.8 Transit of goods is based on guarantees, and the transit interface must be linked to the guarantees interface.
- 2.3.13.9 Cash security or guarantees must be provided for temporary importation, and these securities or guarantees will be tracked in the system.

2.3.14 Transit

The system must track goods that transit the territory of Egypt, but are not for domestic consumption, in order to ensure that they exit Egypt as declared.

- 2.3.14.1 Inward transit of goods from the Customs point of entry to another Customs point is initiated by the entry into the system of a transit declaration.
- 2.3.14.2 Goods for transit must undergo risk analysis like any other goods entering the territory of Egypt.
- 2.3.14.3 The transit declaration will track the goods, vehicle used for transit, the destination/receiving location, the amount of time allowed for transit, as well as temporary storage as needed.
- 2.3.14.4 The transit of goods is based on guarantees, such as the Transport International Routier (TIR) Carnet (provided by the International Transport Union), surety bonds, government bonds and bank guarantees. The transit component must have the possibility to link to the International Transport Union's database, if Egypt accedes to the TIR convention.
- 2.3.14.5 Seals are used to ensure vehicles and containers are not opened while in transit.

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- 2.3.14.5.1 The system must be able to track the unique numbers assigned to seals.
- 2.3.14.5.2 If seals are not intact at the time of exit, penalties must be applied.
- 2.3.14.6 After risk analysis is conducted on the transit declaration and the guarantee is confirmed, goods can be released for transit and must leave the country in an allotted period of time.
- 2.3.14.7 The exit of the goods from the territory of Egypt will be recorded, when the transit declaration is closed.
- 2.3.14.8 Duties, taxes, administrative penalties and fines will be assessed, if transit goods do not exit Egypt in the allotted time.
- 2.3.14.9 The system must have an alert for shipments that have not exited on time.
- 2.3.14.10 Some goods may be diverted into the home market, and duties and taxes must be collected on these goods. The importer/trader must submit the corresponding declaration that goods have been diverted to the home market.
- 2.3.14.11 The system must also be able to account for goods that are damaged or destroyed in transit, based on the submission of appropriate documentation.
- 2.3.14.12 Inward transit also tracks the movement of overseas mail packages from one post office to another until release of goods.
- 2.3.14.13 Financial guarantees are released when the goods exit the country, and this is tracked in the guarantees component of the system.
- 2.3.14.14 The system must allow the attachment of pictures (electronic image files, such as bitmap or jpeg files) that can be used to compare shipments on arrival to shipments exiting the territory of Egypt.

2.3.15 Temporary Importation (Admission)

Temporary importation allows goods to enter the territory of Egypt without the collection of duties and taxes, as long as the goods are re-exported within the allotted amount of time.

- 2.3.15.1 Goods imported through the temporary import regime are tracked through the declaration processing component of the system.
- 2.3.15.2 The amount of time allotted for temporary admission must be tracked in the system.
- 2.3.15.3 Cash securities or guarantees must be provided for temporary importation, and these securities or guarantees will be tracked in the system. Admission Temporaire/Temporary Admission (ATA) Carnets

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- are one type of guarantee that may in the future be used for temporary import and is administered by International Chambers of Commerce. However, this type of guarantee is not used when imports are inputs to manufacture for export.
- 2.3.15.4 After risk analysis is conducted on the temporary admission declaration and the financial guarantee is confirmed, goods can be released for temporary importation.
 - 2.3.15.5 Goods entering the country under temporary importation for diplomatic missions will be tracked by the Minister of Foreign Affairs.
 - 2.3.15.6 Tax and duties are deferred when manufacturers import inputs that will be part of a manufactured export.
 - 2.3.15.6.1 Imports are kept within a special Customs zone (foreign trade or enterprise zone) and are tracked until export.
 - 2.3.15.6.2 Goods are released to manufacturer subject to a bond or other guarantee and post-clearance audit controls.
 - 2.3.15.7 Traders/importers must submit the appropriate documentation to reconcile re-exported goods with the original imports.
 - 2.3.15.7.1 The system must be able to cross-reference multiple export declarations with multiple import declarations, since an export declaration may cover imports from multiple import declarations and vice versa. The systems interface will show all corresponding import and export declarations, and will provide a summary of the goods classifications and quantities.
 - 2.3.15.7.2 Diversions to the home market must be tracked and corresponding duties and taxes paid.
 - 2.3.15.7.3 Waste must be tracked in the system, typically as coefficients of waste.
 - 2.3.15.7.4 Duty rates may change during the period of time in which goods are imported and re-exported, specifically for manufacturing inputs. The system must employ first in/first out and other applicable accounting principles to account for changes in duty rates.
 - 2.3.15.7.5 Duties, taxes, administrative fines and penalties will be assessed, if goods under the temporary import regime are not re-exported.
 - 2.3.15.8 Financial guarantees are released when the goods are re-exported, and this is tracked in the guarantees component of the system.
 - 2.3.15.9 The temporary import declaration is not closed until the goods are re-exported. For goods or materials that are manufacturing inputs, the re-

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export of the final goods and processing of the export declaration(s) will close the import declaration.

2.3.16 Drawback

- 2.3.16.1 If a trader/importer paid duties and taxes on imported goods, a refund or drawback can be claimed on export of finished goods or in proscribed situations on re-export of the goods.
 - 2.3.16.1.1 The system will provide an interface for reconciling refund claims for duties and taxes paid on imports against export declarations.
 - 2.3.16.1.2 The system must allow drawbacks on the export of equivalent domestic goods.
 - 2.3.16.1.3 Drawback can be claimed once goods are placed in a Customs controlled warehouse prior to export, since the goods have been surrendered to Customs control.
 - 2.3.16.1.4 The importer may sell imported goods to another entity who later processes the goods and exports finished goods or re-exports the goods.
 - 2.3.16.1.4.1 The importer may sell goods duty included to an exporter, and assign the right to claim refund for duties paid to the exporter.
 - 2.3.16.1.4.2 The exporter may assign the right to claim refund for duties paid to the importer, if the duty is not included in the selling price.
 - 2.3.16.1.4.3 Assignment of refund rights must be provided to Customs by one of the parties to the transaction.
 - 2.3.16.1.4.4 The assignment of rights is submitted to Customs at the time of refund claim, and the corresponding document must be tracked in the system.
 - 2.3.16.1.4.5 The system must be designed to prevent drawback claims being paid for the same shipment to both the importer and exporter.
 - 2.3.16.1.5 The system will provide an interface for reconciling imports to exports, using first-in first-out principles. The interface will allow users to bring up declarations for a specific importer and for specific commodities and compare them to declarations for the same entity or another entity for specific exports.

2.3.17 Warehousing (Temporary Storage / Bonded Warehouse)

Goods often require storage upon arrival, and the storage of goods must be tracked by the Customs Information System.

- 2.3.17.1 Good are placed in storage if they are not released immediately to the trader/importer. An authorized warehouse operator will store goods when:
 - 1) Goods have arrived and have not been declared,
 - 2) Goods are under Customs control,
 - 3) Imported goods are cleared for warehousing,
 - 4) Goods are re-warehoused and
 - 5) Goods are abandoned.
- 2.3.17.2 Goods may be placed in an approved warehouse or compound belonging to an Egyptian Port Authority, a warehouse belonging to an airline, the warehouse of a post office, in a Customs warehouse or at the importer's premises at a Customs approved location.
- 2.3.17.3 Goods in temporary storage must be checked-in and checked-out.
- 2.3.17.4 Goods must be registered/tracked in the system when they go into storage.
 - 2.3.17.4.1 The bill of lading or waybill number, and if already processed, the declaration number for goods, is used to track the storage location of goods.
 - 2.3.17.4.2 The system will allow users to search for goods based on the manifest number, bill of lading or waybill number, declaration number, trader/importer name and location.
 - 2.3.17.4.3 The warehouse location of goods must be tracked in the system, such as the port and warehouse number, but the location of goods within the warehouse is the responsibility of the warehouse operator. The system must be configurable to add Customs locations and warehouse numbers or codes.
- 2.3.17.5 Financial guarantees are required for goods put into temporary storage at the request of the trader/importer to ensure Customs duties, applicable taxes are paid.
- 2.3.17.6 The system should provide pre-arrival notification for goods destined for warehousing, when declarations have been submitted in advance of goods arrival.
- 2.3.17.7 Goods cannot be released from a warehouse, until all conditions for removal have been fulfilled.

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- 2.3.17.7.1 The operator of the warehouse can remove goods from a warehouse only after the goods have been released from Customs and will record removal of the goods in the system.
- 2.3.17.7.2 Goods cannot be released if they are undergoing sampling, lack certifications, there are valuation discrepancies or control actions are required.
- 2.3.17.7.3 If there is an attempt to remove goods from a warehouse and the goods have not been released, the system must alert Customs officers.
- 2.3.17.7.4 Goods for export can be removed after the processing of an export declaration, and the system will indicate that the goods can be removed from the warehouse.
- 2.3.17.8 Goods may be transferred from one Customs warehouse to another, and this must be tracked in the system.
 - 2.3.17.8.1 If goods are going to be transferred, the warehouse operator at the warehouse where the goods are stored prepares the transfer documents, and the transfer must be tracked by Customs.
 - 2.3.17.8.2 The warehouse keeper at the warehouse receiving the goods presents the transfer documents to Customs when the goods arrive.
 - 2.3.17.8.3 The system will generate the transfer and receipt documents that must be signed/approved by the warehouse operators.
 - 2.3.17.8.4 A confirmation number will be generated by the system to track the transfer of goods from one warehouse to another.
- 2.3.17.9 The system must be able to track the transfer of ownership of goods that are in storage.
- 2.3.17.10 If goods are determined to be abandoned, the system will track their removal from Customs warehouses.
 - 2.3.17.10.1 The system will highlight online through the user interface goods that have been potentially abandoned.
 - 2.3.17.10.1.1 Goods in warehousing that have not been declared within regulatory limits will be flagged as potentially abandoned. The date of arrival of non-declared and warehoused goods will be tracked in the system.
 - 2.3.17.10.1.2 The system will track the time since permission to remove goods from warehousing was granted.
 - 2.3.17.10.2 Approval must be granted from Customs for abandoned goods to be removed from warehouses.

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- 2.3.17.11 The system must be able to balance all goods that have been imported against goods that have been released or are in storage.
- 2.3.17.12 The system must reconcile all goods in and goods out of warehousing, including goods to be exported.
- 2.3.17.13 Upon warehousing of goods, the system must track the elapsed time until an import declaration and subsequent request for release are submitted. Time limits for these actions will be entered into the system and will be configurable.
 - 2.3.17.13.1 Goods not claimed within defined time limits, that is, upon entry into a warehouse or after submission of a declaration, will be considered abandoned.
 - 2.3.17.13.2 Abandoned goods will be placed in a suspension procedure pending sale of goods.
 - 2.3.17.13.3 Abandoned goods will be removed from warehousing to be sold or destroyed.

2.3.18 Inward Processing (Bonded Manufacturing)

Surety bonds or other guarantees can be used as guarantees against import duties and taxes, when goods are for manufacturing inputs and will be re-exported.

- 2.3.18.1 Bonded manufacturing is a form of temporary importation as discussed above.
- 2.3.18.2 Goods must be declared under the bonded manufacturing special import regime.
- 2.3.18.3 Payment of duties is deferred based on surety bonds or other guarantees.
- 2.3.18.4 Export declarations must be reconciled with import declarations to ensure goods are not diverted to the home market without declaration to Customs.
- 2.3.18.5 If goods are diverted to the home market, all duties, taxes and potential penalties must be collected.

2.3.19 Outward Processing

For outward processing, goods are exported for further processing or as inputs for manufacturing into articles intended for re-importation.

- 2.3.19.1 Goods for outward processing must be tracked from the export declaration.

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- 2.3.19.2 On re-import the system must be able to deduct duties and taxes from the imported shipment, corresponding to the domestic content (or exported manufacturing inputs) contained in the finished goods.
- 2.3.19.3 The accounting component of the system must record the deducted (or refunded duties and taxes) as a credit transaction for outward processing.
- 2.3.19.4 The system must be able to reconcile import declarations with export declarations including an interface that displays the export declarations associated with the imported finished goods.

2.3.20 Free Zones (Economic Zones of Special Nature) and Duty Free Shops

Duties and taxes are not collected for goods that remain in free zones before re-export or are sold from duty free shops.

- 2.3.20.1 Free zones are located within controlled Customs areas, and goods processed under this regime are not intended for release from these zones to the home market.
- 2.3.20.2 The system must track the continued eligibility of an importer for the use of this regime, and an attempt to use this regime without eligibility must trigger an audit.
- 2.3.20.3 Goods imported under this regime are typically manufacturing inputs and the final goods are re-exported.
- 2.3.20.4 Goods destined for a free zone must be controlled in order to account for diversion to the home market and to make sure all applicable duties, taxes and other charges (such as penalties or fees for diversion) are paid.
 - 2.3.20.4.1 When goods are diverted to the home market, a corresponding import declaration must be submitted by the trader/importer.
 - 2.3.20.4.2 The subsequent declaration for import to the home market must be reconciled against the original declaration declaring the goods as destined to a free zone.
- 2.3.20.5 Export declarations must be reconciled against import declarations to ensure goods are not diverted.
- 2.3.20.6 Duty free shops sell goods to travelers/passengers leaving the country, and these goods are free of duties and taxes, since they are in essence being re-exported.
- 2.3.20.7 Egypt allows individuals with special exemptions to make purchases from duty free shops for use in the home market. For example, some expatriates are allowed to purchase restricted amounts of alcohol from duty free shops on a monthly basis.

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- 2.3.20.8 The free city designation allows the retail sale of goods duty and tax free in a similar manner to duty free shops, except the goods are for domestic consumption within the designated city.

2.3.21 Document Review

After risk analysis has been performed by the system, some shipments will require additional document review before goods can be released from Customs.

- 2.3.21.1 Document review may be required before or soon after release of imported goods.
- 2.3.21.2 Shipments that require document review will be flagged by the system after risk analysis is performed on the declaration and other data in the system.
 - 2.3.21.2.1 For goods that have not already been released, the document review must be satisfactorily completed before the goods can be released.
 - 2.3.21.2.2 If the goods have already been released and issues are identified during document review, the Customs officer must have the option to escalate the case to post-clearance audit procedures.
- 2.3.21.3 The need for and results of the document review must be tracked in the shipments history log (or case file).
- 2.3.21.4 The user must be able to view the shipment history, including case and intelligence information, through the document review interface.
- 2.3.21.5 The compliance history and risk assessment of the importer/trader will be accessible through the document review interface.
- 2.3.21.6 The system will provide the user with a document review interface for reviewing existing information, gathering additional information and attaching electronic documents and files (including pictures).
- 2.3.21.7 The document review interface will display a list of all documents that have been received for a shipment.
- 2.3.21.8 For documents submitted to Customs and entered into the system, authorized users will be able to open the document from the interface.
- 2.3.21.9 If a document has been scanned or filed, the interface will provide the appropriate reference number to locate the document—that is, index number for scanned documents and locator number for filed documents.
- 2.3.21.10 The risk management model will indicate the additional documents that are required for review, based on the rules engine that is configurable.
- 2.3.21.11 Authorized users will be able to print out copies of documents entered into the system.

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- 2.3.21.12 The interface will allow users to enter conclusions in the report about a shipment's document review into the system.
- 2.3.21.13 If the document review does not show any irregularities, the Customs Officer will manually select the option to release the goods.
- 2.3.21.14 If the Customs officer(s) that conducts the document review concludes that an inspection is required, he or she may select the appropriate type of inspection from the interface as the next required step before release of goods.
- 2.3.21.15 Customs officers can also request that additional documents are submitted by the trader/importer, and the request for additional documents would be tracked in the system.
- 2.3.21.16 If the document review results in the correction of a declaration, the correction is tracked and posted to the system. However, the system must retain the information from the original declaration for audit history.
- 2.3.21.17 Any adjustments in taxes, duties or other charges as a result of document review will be recorded in the accounting component of the system.
- 2.3.21.18 Results of document reviews are stored in the system as part of a trader's/importer's/exporter's compliance profile.
- 2.3.21.19 Other control agencies may need to perform document review or other control actions, and goods should not be released before all agencies have satisfactorily completed their required procedures

2.3.22 Inspection

The risk management model will indicate when the inspection of a shipment is required, and the results of the inspection must be recorded in the Customs Information System.

- 2.3.22.1 Shipments that require inspection will be flagged in the system after risk analysis is performed on bills of lading, waybills and declarations, and the shipment cannot be released until satisfactory completion of the inspection.
- 2.3.22.2 The system will provide an inspection interface for reviewing a shipment's history and existing information, gathering additional information and attaching electronic documents.
- 2.3.22.3 The inspection interface will indicate the reason a shipment was selected for inspection and will also provide instructions by goods classification on how the inspection should be conducted, based on the risk management model's configurable rules engine.
- 2.3.22.4 The two main types of inspection are investigation of specific risks and full physical inspection.

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- 2.3.22.4.1 Inspection for specific risks is driven by the risk model's rules engine.
- 2.3.22.4.2 Investigation for specific risks may include:
 - 1) Intelligence,
 - 2) Verification of specific issues, such as a conformity mark on imported goods to indicate compliance with national or international standards,
 - 3) Anti-dumping and countervailing duties,
 - 4) Smuggling and
 - 5) Country of origin requirements.
- 2.3.22.4.3 Full inspection will be triggered when a shipment is considered high risk or is a result of random selection.
- 2.3.22.5 The need for and results of the inspection must be tracked in the shipment's history log (or case file).
- 2.3.22.6 The inspection interface will display a list of all documents that have been received for a shipment.
- 2.3.22.7 For documents submitted to Customs and entered into the system, authorized users will be able to open the document from the interface.
- 2.3.22.8 If a document has been scanned or filed, the interface will provide the appropriate reference number to locate the document—that is, index number for scanned documents and locator number for filed documents.
- 2.3.22.9 Authorized users will be able to print out copies of documents entered into the system to use during inspection.
- 2.3.22.10 If the inspection does not show any irregularities, the Customs Officer will recommend release of the goods. Goods under inspection cannot be released until the inspection report is entered into the system and is approved by the appropriate Customs official.
- 2.3.22.11 If the Customs officer(s) that conducts the inspection concludes that seizure of goods is required, he or she may select seizure from the interface as the recommended next step. Seizure of goods has to be approved by the appropriate Customs official.
- 2.3.22.12 If the inspection results in the correction of a declaration, the correction is tracked and posted to the system. However, the system must retain the information from the original declaration for audit history.
- 2.3.22.13 Any adjustments in taxes, duties or other charges as a result of inspection will be recorded in the accounting component of the system.
- 2.3.22.14 Results of inspections are stored in the system as part of a trader's/importer's compliance profile.

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2.3.23 Intelligence

The intelligence component of the system must provide an effective mechanism for intelligence gathering and analysis and local and national dissemination of intelligence data.

- 2.3.23.1 The intelligence component will be used to collect, collate and store intelligence information in a secure data repository.
- 2.3.23.2 The interface of the intelligence component will allow users to enter and retrieve intelligence information.
- 2.3.23.3 Information in the intelligence component must be structured for easy retrieval and analysis, according to the following categories:
 - 2.3.23.3.1 *Entities* – Companies, organizations and persons that trade, import, export and ship goods (based on name and unique identification numbers).
 - 2.3.23.3.2 *Countries* – Countries in terms of origin, transit and destination.
 - 2.3.23.3.3 *Customs Transactions* – Imports, transit or exports.
 - 2.3.23.3.4 *Declarations* – All data from the declaration, linked to the other intelligence data by declaration number.
 - 2.3.23.3.5 *Bills of Lading and Waybills* – All data from bills of lading and waybills, linked to other intelligence data by bill of lading, waybill or manifest number.
 - 2.3.23.3.6 *Vehicles* – Truck, vessel, aircraft and container identification numbers.
 - 2.3.23.3.7 *Goods Classification* – Classifications based on the Harmonized System.
 - 2.3.23.3.8 *Location* – Customs locations including ports, border crossings and airports.
 - 2.3.23.3.9 *Risk Assessment* – The risk classification (high, medium and low) from the risk management model, and specific risks, such as classification, valuation, source origin, anti-dumping/countervailing duties and smuggling.
 - 2.3.23.3.10 *Suspensions* – Notes on suspicions, such as leads from informants, linked to a specific entity, declaration or action.
 - 2.3.23.3.11 *Actions* – Document reviews, inspections, seizures, enforcement cases and post-clearance audits.
 - 2.3.23.3.12 *Results* – Results of document reviews, inspections, seizures, enforcement cases and post-clearance audits.

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- 2.3.23.3.13 *Administrative Fines and Penalties* – Under-declared goods, incorrect source of origin and false licenses and certifications.
- 2.3.23.3.14 *Cases* – Open or closed cases including enforcement cases and post-clearance audits.
- 2.3.23.3.15 *Third Party Information* – Data supplied by third parties, including foreign and international law enforcement agencies.
- 2.3.23.3.16 *Rummage* – Specific information about importers and shippers collected during rummage activities.
- 2.3.23.4 The system will allow information to be entered based on suspicions of Customs officers.
- 2.3.23.5 A mechanism must be available for uploading data from third parties, such as international law enforcement agencies.
- 2.3.23.6 The system will allow users to search for specific information, based on the data categories above.
- 2.3.23.7 The intelligence interface will allow users to select and filter data to prepare intelligence reports.
- 2.3.23.8 The date range can be limited for all data retrieval and report generation.
- 2.3.23.9 The system will display import/export transaction reports based on criteria and measures specified by the user.
- 2.3.23.10 The intelligence interface will include analytical mapping to show relationships based on the data categories highlighted above.
 - 2.3.23.10.1 Associations between entities can be examined based on transaction type, such as the different shippers used by an importer.
 - 2.3.23.10.2 Relationships with vehicles will be shown in the analytical map.
 - 2.3.23.10.3 Information on the objects displayed in the analytical map can be viewed by double-clicking on the object, including documents.
 - 2.3.23.10.4 The system must allow the attachment of pictures (electronic image files) that can be associated with objects displayed in the analytical map.
- 2.3.23.11 Compliance history will be tracked by sector, individual entity, country of origin and shipper to assist in the identification of commercial fraud such as under declaration of goods, false source of origin and false certifications and licenses.

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- 2.3.23.12 Standard intelligence reports will be built into the system, based on Egyptian Customs requirements for trend analysis.
- 2.3.23.13 Ad hoc reporting must be available to assist in intelligence analysis based on the data categories identified above.
- 2.3.23.14 Access to sensitive and confidential information, such as information from informants, police and international security agencies, must be based on security clearance and must be highly restricted according to user roles and database security levels.
- 2.3.23.15 The intelligence component will include a data entry interface for initiating and tracking intelligence cases.
- 2.3.23.16 A link between the intelligence component and risk management system will allow defined criteria to be set up to trigger automatic inspections of shipments for specific entities and vehicles. Instructions based on intelligence information will be linked to the defined criteria.

2.3.24 Enforcement / Investigations

The Customs Information System will include an Enforcement/Investigations interface to track cases of criminal fraud and smuggling.

- 2.3.24.1 The enforcement/investigations interface will be organized by cases.
- 2.3.24.2 Enforcement/investigations cases will be assigned to Customs officers within the system by their supervisor.
- 2.3.24.3 Enforcement officers will initiate cases in the system when there is evidence of fraudulent or illegal activity in the trading community. Cases will be assigned unique case numbers.
- 2.3.24.4 The interface will allow officers to log and track evidence that is found during an investigation.
- 2.3.24.5 Documents gathered for investigation cases are tracked in the system by document locator number.
- 2.3.24.6 A case log/history is created on all actions taken during the conduct of a case.
- 2.3.24.7 The interface will track the capture and seizure of contraband and smuggled goods.
- 2.3.24.8 Infraction notices will be generated by the system.
- 2.3.24.9 The interface will track legal sanctions that are taken.
- 2.3.24.10 The interface will be linked to the risk management model to trigger mandatory inspections.
 - 2.3.24.10.1 If a trader, importer or exporter is under investigation, has been issued recent infractions or has had legal sanctions

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imposed, mandatory inspections of shipments must be conducted.

- 2.3.24.10.2 The system will prompt the user to update the risk profile for the trader/importer and enter appropriate instructions that need to be carried out in future control activities.
- 2.3.24.11 The interface will provide information on permit and licensing requirements for controlled goods.
- 2.3.24.12 The enforcement/investigations interface will allow for flexible searching and retrieval of data to identify specific risks, such as classification, valuation, source origin, anti-dumping/countervailing duties and smuggling.
- 2.3.24.13 Disputes/appeals and their results will be tracked in the interface.
- 2.3.24.14 The results of enforcement cases will also be used to update the statistical component of the risk model.
- 2.3.24.15 Access to the enforcement interface will be limited to authorized Customs enforcement officers, based on log-in access, and the activities conducted within the system will be tracked in the system's audit trail.
- 2.3.24.16 Standard reports will be built into the enforcement/investigations interface to provide trend analysis on fraudulent practices.
- 2.3.24.17 Ad hoc reporting must be available to assist in the analysis of enforcement data.

2.3.25 Seizures / Offenses Database

Seizures and offense detection are a direct result of operational activity. The recording and analysis of seizure and offense information is invaluable for intelligence gathering, investigations, anti-smuggling, and overall Customs administration and management.

- 2.3.25.1 The seizures/offenses database will provide for verification checks on suspects, identification of trends and risks, more effective seizure and offense management and the production of statistics.
- 2.3.25.2 The database will record, manage and extract seizure and offense details.
- 2.3.25.3 The history of all actions and outcomes taken between seizure date and final prosecution will be recorded.
- 2.3.25.4 Key Customs forms for seizures and offenses will be entered into the system.
- 2.3.25.5 The seizures and offenses database will have a flexible interface for searching and retrieving data to identify specific risks.

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- 2.3.25.6 Standard reports will be programmed to track statistics and identify trends.
 - 2.3.25.6.1 Reports will track the number of seizures, number of offenses by type, value of seizures and offenses, type, duty collected, participating Customs official and location.
 - 2.3.25.6.2 These reports can be produced at the local, regional and national level.

2.3.26 Rummage Tracking

The Customs Information System will record, manage and analyze information related to rummage activity conducted on ships and aircraft. The data gathered will be used by anti-smuggling and intelligence staff.

- 2.3.26.1 A rummage tracking interface will be available for entering and retrieving rummage data.
- 2.3.26.2 The Customs Information System will track the following information related to rummage activities:
 - 1) General identification and specification information relating to ships and aircraft;
 - 2) Details on a ship's or aircraft's voyage;
 - 3) Cargo, passenger and crew details;
 - 4) Details from rummage activities;
 - 5) Seizure data;
 - 6) Any concealment spaces and details identified during rummage; and
 - 7) Information on identified risks.
- 2.3.26.3 The system will allow the user to search on the data elements highlighted above to retrieve and view rummage data.
- 2.3.26.4 Users will be able to generate and print rummage reports.

2.3.27 Post-Clearance Audit

The Customs system will have a post-clearance audit case management system to track audit cases and manage audit resources.

- 2.3.27.1 The risk management model will select entities and shipments for post-clearance audit, based on data within the Customs Information System.
- 2.3.27.2 The post-clearance audit interface will identify traders/importers and specific shipments for audit.

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- 2.3.27.3 The interface will assign cases identified by the risk management model to audit staff and assign the cases unique identification numbers.
- 2.3.27.4 Actions taken during the audit and all forms processed will be tracked in the case history.
- 2.3.27.5 Auditors will enter the post-clearance audit report at the completion of the audit.
- 2.3.27.6 Changes in duties and taxes and the imposition of fines and penalties will be entered into the audit interface and recorded in the accounting component of the system.
- 2.3.27.7 Data will be shared with tax authorities and vice versa to help identify inconsistencies between Customs and Tax declarations.
- 2.3.27.8 The post-clearance audit interface will track the results of any appeals made.
- 2.3.27.9 Audit results will be tracked in the trader's/importer's/exporter's compliance profile.
- 2.3.27.10 The system will allow the entry of auditor timesheets (or will measure the time to complete audit procedures, based on time stamps recorded in the system) to track the performance and return on audit activities.
- 2.3.27.11 The interface will include resource planning in order to assign audits and track resource requirements.
- 2.3.27.12 Standard reports will be included in the interface to track the performance of audit activities.
- 2.3.27.13 Ad hoc reporting must be available to assist in the analysis of post-clearance audit data.

2.3.28 Classification Database

The classification database must comply with the World Customs Organization's Harmonized System Nomenclature.

- 2.3.28.1 The Harmonized System Nomenclature is based on a numeric classification scheme composed of a classification number of up to 12 digits.
 - 2.3.28.1.1 The international nomenclature covers the first six (6) digits, and countries can add up to six (6) more.
 - 2.3.28.1.2 The first digits are chapters, and there are 97 chapters according to the Harmonized System Nomenclature.
 - 2.3.28.1.3 Chapters 98 and 99 can be used at a country's discretion, for example, to track quotas and preferential provisions.

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- 2.3.28.1.4 The third and fourth digits are Headings, and the fifth and sixth digits are Subheadings.
- 2.3.28.1.5 Additional digits are added in pairs according to a country's own classification scheme within the context of the international nomenclature structure.
 - 2.3.28.1.5.1 Additional digits provide a more detailed description of goods.
 - 2.3.28.1.5.2 Based on rules of classification contained in section and chapter notes, the nomenclature provides a mechanism by which large functional units may be imported under a single master classification (but not necessarily in one single importation), for example, an industrial electrical generator set.
 - 2.3.28.1.5.3 Based on an extended or supplementary classification code, the duty on a good may be changed according to the end use of the good, for example, a car imported to be used as a taxi. These are commonly referred to as end-use codes.
- 2.3.28.2 A good's classification number is the primary information element by which tariffs are assigned, antidumping and countervailing duties are assessed, and rules of origin are applied.
- 2.3.28.3 Whenever goods classifications are entered into the system, they must be checked against Egypt's classification hierarchy that is stored in the system.
- 2.3.28.4 The system must track previous classification decisions by nomenclature reference (in the rulings database), showing all rulings based on that classification and highlighting changes made.
- 2.3.28.5 The system must track and allow the retrieval of classification changes by importer/trader.
- 2.3.28.6 Goods classification is one of the primary drivers for risk selection.
- 2.3.28.7 Goods classification in conjunction with other shipment data will be used to route information to other control agencies, such as GOEIC, for their control procedures.
- 2.3.28.8 The classification database must be cross-referenced to the rulings database by nomenclature code.

2.3.29 Tariff Database

The classification database stores duty rates in the system for the calculation of duties when declarations are processed.

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- 2.3.29.1 The tariff database stores duty rates and taxes according to goods classification numbers, and if applicable, country of origin, quotas and seasonality.
- 2.3.29.2 A range of classification duty rates will be stored in the tariff database, based on country of origin because of multilateral and bilateral trade agreements.
- 2.3.29.3 Duty rates within the tariff database will also cover remissions and exemptions.
 - 2.3.29.3.1 Exemptions can be established in chapters 98 and 99 of the National Nomenclature.
 - 2.3.29.3.2 Special modifications of rates can be established by government decree for special importers and circumstances and are implemented as special annexes to the National Nomenclature, for example, goods for the use of the handicapped.
 - 2.3.29.3.3 The Customs import declaration must include a separate field for the annex number.
- 2.3.29.4 The duty rates and taxes stored in the database must include, but are not limited to:
 - 1) *Standard Customs Duties* – These duties are applied based on goods classification.
 - 2) *Antidumping Duties* – Duties are applied to goods based on classification and country of origin.
 - 3) *Countervailing Duties* – These duties compensate against export subsidies from other countries and are applied to goods, based on classification and country of origin.
 - 4) *Seasonal duties* – Due to seasonality, some duties are only effective for certain periods of the year, for example, fresh fruits and vegetables. Seasonal duties will be applied based on classification and date of import.
 - 5) *Tariff Rate Quotas* – Goods under a tariff rate quota will have a rate up to the quota amount and then another rate beyond the quota amount. Duty rates for quotas will be applied based on goods classification, country of origin, and accumulated imports by country of origin and possibly importer.
 - 6) *Excise Tax* – Excisable goods are taxed as they enter the country, and the tax is collected by the Customs Authority. Excise taxes will be applied based on goods classification.
 - 7) *Sales Tax* – The system must be capable of tracking the collection of sales tax by the Customs authority on goods entering the

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country. Sales tax is applied based on goods classification, and some goods may be exempt from sales tax.

- 8) *Value-added Tax* – Although value-added tax (VAT) has not yet been implemented in Egypt, the system must be capable of collecting VAT, since there is a high probability that VAT will be implemented in the future. The system must be able to differentiate between zero-rated and VAT exempt goods.
- 2.3.29.5 The system must be able to add and define new types of duties and taxes. In other words, duties and taxes must be configurable in the system.
 - 2.3.29.6 Duties and taxes can be assessed in two ways: ad valorem or by specific duty rate.
 - 2.3.29.6.1 Ad valorem rates calculate duties on a percentage of value basis and are the norm.
 - 2.3.29.6.2 Specific rates of duty are applied per piece, unit of weight or unit of volume and are used in some cases for specific commodity types—for example, excise goods may use this mechanism.
 - 2.3.29.7 Duty rates are associated with a validity period, allowing duties to become effective or expire on certain dates. This must be configurable within the system.
 - 2.3.29.8 Duty rates must be updated in the system based on batch and offline processing, and strict transaction control must be implemented to ensure that all duties are properly updated in the system. Otherwise, the duty update transactions must be rolled back and re-run.
 - 2.3.29.9 A correction mechanism must be built into the tariff database.
 - 2.3.29.9.1 When a duty is corrected in the database, transactions based on the incorrect duties must be recalculated and posted to the general ledger as adjustments.
 - 2.3.29.9.2 A notice would be sent to the importer/trader/exporter about the corrected duty and corresponding refund or additional payment that may be required.
 - 2.3.29.10 Whenever duties and units of measure are entered into the system, they must be checked against the tariff database.
 - 2.3.29.10.1 Users will be given a warning by the system if incorrect data is entered for duties rates or units of measure in order to allow correction for data entry mistakes.
 - 2.3.29.10.2 The system will not allow the incorrect entry of duty rates or units of measure into the system at the time of processing data.

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- 2.3.29.10.3 If information in the tariff database is incorrect, the importer/trader should approach Customs to seek correction of the database in order to enter correct information.

2.3.30 Valuation Database / Pricing Reference

The valuation database is used to value goods for the purpose of calculating duties and taxes, when the invoiced transaction value cannot be used. The valuation database must support the valuation methods of the WTO Customs Valuation Agreement.

- 2.3.30.1 There are six valuation methods per the WTO Customs Valuation Agreement:
- 1) Transaction value based on the invoiced amount,
 - 2) Transaction value of identical imports,
 - 3) Transaction value of similar imports,
 - 4) Deductive valuation,
 - 5) Computed valuation and
 - 6) Residual valuation.
- 2.3.30.2 Automatic indicators of importers undervaluing goods or goods being undervalued in a particular shipment will automatically be generated and used in the risk model.
- 2.3.30.3 The database will record acceptable import/export values classified by Customs code headings, commodity description, manufacturer, quantity, country of origin and destination.
- 2.3.30.4 The database must be cross-referenced to valuation rulings by importer.
- 2.3.30.5 Users must be able to search the database based on classification code, product description, ruling number, and text search including keywords and wildcards.
- 2.3.30.6 The valuation database will use invoice line item amounts to calculate moving averages and acceptable ranges for values by goods classification number. This information is determined from previously accepted declarations.
- 2.3.30.6.1 The period for calculating the moving average must be configurable by goods classification number.
 - 2.3.30.6.2 Calculation of the moving average may vary based on frequency and quantity of imports.
 - 2.3.30.6.3 The system must also allow for seasonality adjustments by comparing current invoice amounts to last year's invoice amounts.

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- 2.3.30.7 Valuation data must be stored in the system for at least 2 years, and the period of time must be configurable.
- 2.3.30.8 The valuation data must be linked to the currency reference tables and adjusted based on currency fluctuations.
- 2.3.30.9 The database must also include information on factors such as freight, insurance, quantity, units of weight, packaging and country of origin to ensure fair comparison of values. The valuation database will store and allow the retrieval of valuation information based on these key parameters.
- 2.3.30.10 A mechanism for adjusting values must be available within the system. For example, royalties may be paid which should be part of the value. In this case, the importer itemizes amounts in the declaration or in a subsidiary document to include transaction value (invoice), royalty, subsequent proceeds of sale and other.
- 2.3.30.11 The system must allow users to enter variation limits by classification code.
- 2.3.30.12 Valuation data is gathered and stored at the product level, but can be rolled up to higher levels for comparison of like goods.
- 2.3.30.13 The system must be able to store valuation data gathered from sources such as catalogues, vendor price lists, questionnaires and other sources specified by ECA.
- 2.3.30.14 Deductive and computed values are based on an offline process, and these values must be tracked by type in the system.
- 2.3.30.15 The system must allow the attachment of pictures (electronic image files) and specifications that are referenced to specific product classifications.
- 2.3.30.16 Standard reports will be incorporated into the valuation/pricing database to analyze historical prices, trends and patterns.
- 2.3.30.17 Ad hoc reporting will allow sorting, grouping and drilldown by classification code to analyze valuation at different commodity and product levels.

2.3.31 Appeals

The appeals interface provides case management and tracking for appeals.

- 2.3.31.1 Only authorized users can access the appeals interface.
- 2.3.31.2 All appeals cases can be accessed from the appeals interface.
- 2.3.31.3 The system will track all steps taken during the appeals process and track all corresponding information.

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- 2.3.31.4 The interface will allow the retrieval of information on appeals by trading entity name, identification number and appeals case number.
- 2.3.31.5 The appeals history can be retrieved by trading entity.
- 2.3.31.6 The status and results of all appeals will be tracked in the system.
- 2.3.31.7 Standard reports on appeals will be provided within the interface.

2.3.32 Legal Affairs

The legal affairs interface provides case management and tracking for legal cases.

- 2.3.32.1 Only authorized users may access the legal affairs interface.
- 2.3.32.2 All legal cases can be accessed from the legal affairs interface.
- 2.3.32.3 The system will track all steps taken during the prosecution of legal cases and track all corresponding information.
- 2.3.32.4 The interface will allow the retrieval of information on legal cases by trading entity name, identification number and legal case number.
- 2.3.32.5 The legal case history can be retrieved by trading entity.
- 2.3.32.6 The status and results of all cases will be tracked in the system.
- 2.3.32.7 Standard reports on legal cases will be provided within the interface.

2.3.33 Rulings Interface

The system must have a rulings interface to allow users to enter, search and retrieve Customs rulings.

- 2.3.33.1 Users must be able to enter rulings into the system, including advanced rulings.
- 2.3.33.2 The rulings interface will provide information on matters such as, goods classification, valuation, applicability of anti-dumping and countervailing duties, and country of origin.
- 2.3.33.3 Search capabilities will be provided on importer attributes, commodity classification, country of origin, ruling number, keyword and date range.
- 2.3.33.4 The rulings database must allow users to enter references to specific laws and regulations.
- 2.3.33.5 The interface will allow sorting, grouping and drilldown by classification code.

2.3.34 Compliance with Bilateral Trade Agreements

Bilateral agreements will have special requirements with which the ECA must comply.

- 2.3.34.1 Certificates of origin must be exchanged and tracked. Certificates will have their own unique reference number assigned by corresponding Chambers of Commerce. This number will identify certificates within the system.
- 2.3.34.2 In-transit goods between countries engaged in a bilateral agreement will be tracked in the system.
- 2.3.34.3 The system will allow for the electronic sharing of rulings.
- 2.3.34.4 Intelligence and enforcement data can be exchanged between countries.

2.3.35 Container Security Initiative (US)

The purpose of the Container Security Initiative of the United States is to track container cargo originating or transiting through Egypt on route to the United States from the designated processing port(s) in Egypt. The primary goal of the initiative is to pre-screen containers at the earliest possible point.

- 2.3.35.1 All Ocean Carriers must transmit their cargo manifest information 24 hours in advance of lading cargo on any vessel at a CSI foreign port for transport to the United States.
- 2.3.35.2 CSI also applies to Non-Vessel Operating Common Carriers (NVOCCs).
- 2.3.35.3 CSI eliminates terminology, such as Freight of all Kind (FAK) and Said to Contain (STC), and replaces it with a complete description of the cargo or a six-digit Harmonized Tariff Number (HTUSA).
- 2.3.35.4 Manifest data for Freight Remaining on Board (FROB), which is cargo that is loaded in a foreign port and is to be unloaded in another foreign port with an intervening stop at one or more U.S. ports, must be transmitted 24-hours in advance of loading.
- 2.3.35.5 CSI does not apply to bulk cargo.
- 2.3.35.6 Break bulk cargo is not exempt; however, carriers of break bulk cargo may apply for an exemption on a case-by-case basis.
- 2.3.35.7 CSI does not apply to empty containers.
- 2.3.35.8 Once high-risk containers are pre-screened overseas, they must be secured to ensure they are not tampered with prior to arrival in the U.S.
- 2.3.35.9 The 24-hour rule encourages the transmission of all cargo manifest data electronically via the US Customs Automated Manifest System (AMS).

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- 2.3.35.10 As part of the agreement, the Egyptian Customs Authority will receive manifest data on containers coming from the United States and destined for Egypt.

2.3.36 Document Management

Numerous documents are submitted to Customs during the import and export process and control procedures, and these documents must be managed, tracked and controlled.

- 2.3.36.1 All documents tracked in the system will be assigned system generated document locator numbers.
- 2.3.36.2 Some documents will be entered into the Customs Information System electronically and can be retrieved and printed directly from the system.
- 2.3.36.3 Hardcopy customs declarations and all attachments will have a unique barcode attached to them for tracking purposes.
- 2.3.36.4 The system will track file location for any additional hardcopy documents that are received by Customs and filed.
- 2.3.36.5 Documents that are scanned electronically are similarly assigned a document locator number linked to the scanned files index number assigned by the document scanning software. The hardcopy documents are also placed in the appropriate files.
- 2.3.36.6 The filing location of a document must be updated, if a document is removed from hardcopy files, when it is re-filed. The reason for this is that files that have been retrieved should be re-filed sequentially after the Customs officer is through with them.

2.3.37 Resource Planning

The Customs Information System must have an interface to assist with resource planning.

- 2.3.37.1 Standard reports will be built into the system to assist with resource planning.
- 2.3.37.2 The resource-planning interface will track the number of ongoing inspections and the inspections backlog.
- 2.3.37.3 The interface will estimate the number of resources required for the current workload, that is, identified control actions.
- 2.3.37.4 The percentage of inspections based on defined criteria can be adjusted across the board (under supervisory control, with the exception of shipments requiring 100% inspection), according to available resources.

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- 2.3.37.5 The random number of inspections identified will be based on available resources.
- 2.3.37.6 The system will track statistics on the effects of reducing inspections, due to resource constraints.
- 2.3.37.7 Seasonal estimates must be provided showing the number and type of shipments typically experienced based on a defined period of time, such as the last three years.
- 2.3.37.8 The number and type of post-clearance audits selected will depend on estimated resource levels.

2.3.38 Management Information System

The Customs Information System must have a management information system (MIS) built into it. The MIS will provide information in report and graphical form. For reports there are two main types: 1) standard and 2) ad hoc reports. Standard reports are preformatted, and ad hoc reports are flexible reports that users can define. Information from the system will also be available in chart and graph form.

- 2.3.38.1 The management information system is the primary tool for performance management.
- 2.3.38.2 *Standard Reports* – Up to 100 preformatted standard reports must be available within the MIS.
 - 2.3.38.2.1 Reports are available to users based on user access rights.
 - 2.3.38.2.2 There are two basic categories of standard reports: operational and trade statistics reports.
 - 2.3.38.2.3 Reports will be accessible through standard web browsers. No special software is required.
- 2.3.38.3 *Ad Hoc Reports* – Flexible reports must be available that allow users to specify parameters and generate custom reports. This is a tool built into the system.
 - 2.3.38.3.1 Ad hoc reports will be generated from multidimensional data cubes. These data cubes will consist of defined dimensions and additive measures.
 - 2.3.38.3.2 Separate data cubes will be created to track trade levels, financial information, inspection and audit activity, and operational processing times.
 - 2.3.38.3.3 The ad hoc reports must have drilldown capabilities built into them.
 - 2.3.38.3.4 Database access levels will restrict the granularity of data that can be viewed in reports. For example, managers will only be allowed to view summary reports, while operational

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staff will only be able to view more detailed reports with limited summaries.

- 2.3.38.4 *Charts and Graphs* – Charts and graphs will be built into specific standard reports, and users will have the option to select specific kinds of charts and graphs in the ad hoc reporting tool after selecting chart/graph parameters.

2.3.39 Multilanguage Support

Multilanguage support is required for the system to facilitate system maintenance and support provided by the system supplier and also to allow foreign traders/importers to use the system for Direct Trader Input.

- 2.3.39.1 The system must support Arabic and English for all parts of the system to facilitate system maintenance and support.
- 2.3.39.2 The system must support Arabic, English and French for Direct Trader Input.
- 2.3.39.3 Users will have the option to toggle between languages by selecting the language control button on the initial system screen when logging into the system.
- 2.3.39.4 The system must allow the entry of data using either Arabic or Latin characters and numbers.

3.0 KEY TECHNICAL REQUIREMENTS

The focus of this document is the functional requirements of the new Customs Information System. However, there are some key technical requirements that are considered minimum requirements or standards. As long as these minimum requirements or standards are met, a Customs Information System proposed by a supplier will be considered compliant for the tender process. In addition to evaluating compliance against these key technical requirements, the technical design of proposed systems will be evaluated during the tender process, and superior designs will receive higher scores. The key technical requirements are discussed below.

3.1 WEB-BASED

The Customs Information System must be web-based in order to simplify implementation and minimize maintenance and support requirements.

- 3.1.1 The system must work with standard browsers, such as Windows Explorer 6.0 or higher.
- 3.1.2 Graphics should be minimized in order to ensure that the system pages load quickly, and no animated graphics should be used.
- 3.1.3 Appropriate security technologies must be part of the overall system design to ensure the system is secure.
- 3.1.4 Assured messaging capabilities must be incorporated into the system for proper transaction control.

3.2 BACKUP DISTRIBUTED PROCESSING CAPABILITIES

The system must have the capability to process data in distributed locations in the event of communications or central system failure.

- 3.2.1 Reduced system databases of limited functionality must be installed in Customs locations to allow uninterrupted operation in the event of a communications or central systems failure.
- 3.2.2 The reduced system databases will maintain local copies of database tables, including, but not limited to registration data, reference files, warehousing information, rulings, results of document review and inspections, pending (or open declarations) and critical risk criteria. The ECA will determine the reduced dataset required for backup distributed processing in consultation with the supplier of the new system.
- 3.2.3 The system must automatically synchronize data after resolution of the communications or system failure.

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3.3 ELECTRONIC DATA EXCHANGE

Customs data must be exchanged between traders/importers, the Egyptian Customs Authority and other Egyptian government agencies. To support the exchange of data, the Customs Information System must be compatible with EDIFACT and XML.

- 3.3.1 EDIFACT is a United Nations messaging standard for the Electronic Data Interchange for Administration, Commerce and Transport. Data exchange using EDIFACT must comply with the standard's formatting requirements.
- 3.3.2 XML is an Internet Protocol that stands for Extensible Markup Language. This protocol provides tags to data elements entered into a web-based interface. With these tags, data elements are labeled to make the gathering and processing of information easier.

3.4 SINGLE WINDOW / DOCUMENT WORKFLOW

Single window/document workflow capabilities must be built into the Customs Information System to route documents/data to the proper location for processing and to provide notifications when processes and procedures have been completed.

- 3.4.1 The single window/document workflow engine will transfer documents/data to the proper recipient (other control agency) for processing.
- 3.4.2 The system will track all steps required for the release of goods from Customs, including those steps to be completed by other control agencies.
- 3.4.3 The workflow engine will use XML for the exchange of data.
- 3.4.4 The single window/document workflow engine must be configurable to manage the lists of recipients, actions and outcomes that must be managed.
- 3.4.5 Completion of key steps that require action by Customs will trigger event notifications.

3.5 ODBC COMPLIANCE

The system should be database independent to give the Egyptian Customs Authority the option and possibility to select the database management system of its choice. Therefore, the Customs Information System must be compatible with the Open Database Connectivity (ODBC) standard.

3.6 NETWORK SECURITY

Data displayed by or entered into the Customs Information System must be transferred over networks that may not always be secure. Therefore, network security technologies must be employed to increase system security.

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- 3.6.1 The overall architecture must be based on the PKI (Public Key Infrastructure) standard.
- 3.6.2 SSL encryption is based on using the HTTPS protocol, which must be implemented for the system. Public-key encryption methods are used as part of SSL encryption.
- 3.6.3 The secure network connection to the Customs Information System through SSL encryption is initiated upon authentication of users, after entering logins and passwords.
- 3.6.4 Digital certificates issued to traders/importers/exporters by a registered certificate authority, such as VeriSign, must be an option for implementing SSL encryption.
- 3.6.5 The system must be able to confirm digital signatures and store data on digital signatures for legal records.
- 3.6.6 As added protection, the use of virtual private network (VPN) technologies, such as RSA (Rivest-Shamir-Adleman) encryption with SecurID authentication, must be an option for remote users, specifically Customs employees.

3.7 OBJECT-ORIENTED DESIGN

Object-oriented programming is based on the fundamental programming concepts of classes, objects, encapsulation, inheritance, abstraction and polymorphism. Object-oriented design is required for the Customs Information System because it facilitates maintenance and reduces the need to write new code when enhancements are added.

- 3.7.1 Maintenance is easier with object-oriented systems because objects communicate with each other to perform operations. Code only needs to be written to change objects, messages they send or the methods they execute.
- 3.7.2 For similar objects and procedures, existing code can be reused to create new, but similar, objects that perform the required operation(s).
- 3.7.3 The supplier of the new Customs Information System will have to provide evidence, including design documents and system code samples, to demonstrate that the new system is well designed to simplify maintenance and allow for significant code reuse.

3.8 AUDIT TRAIL

The Customs Information System must include an audit trail to track all entries, changes and deletions made in the system by users. User login and authentication allows the system to track the changes that are made by users.

- 3.8.1 All user actions are recorded in a system log file.
- 3.8.2 The system will record the time and date of all actions performed within the system by users.

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- 3.8.3 The history of documents that are edited or replaced must be maintained in the system for trader/importer compliance and also to limit opportunities for corruption on the part of Customs officers.

3.9 EVENT NOTIFICATION

Event notifications are used to alert users of special events that require action, such as the declaration by an importer/trader of goods subject to anti-dumping and countervailing duties.

- 3.9.1 Event notifications will be displayed as soon as a user logs into the Customs system.
- 3.9.2 If the user is already logged in, an event alert will be displayed for the user, and the user will open the event notification to find out what happened.
- 3.9.3 E-mail alerts must also be an option in the system.
- 3.9.4 SMS event notifications will be available for key users that may not be at a computer at the time the notification is generated.
- 3.9.5 The system must be configurable to generate event notifications for specific individuals and also for specific types of Customs officers that are on duty.

3.10 DATA ARCHIVING UTILITY

The Customs Information System must have a built-in data archiving utility.

- 3.10.1 The system will maintain data for a period of time defined by the Egyptian Customs Authority in compliance with applicable laws and regulations.
- 3.10.2 The utility will archive all historical data beyond the time period specified by Customs.
- 3.10.3 The utility should be run at the end of the government's fiscal year.
- 3.10.4 The archiving utility can be executed, while the system is in operation.
- 3.10.5 Archiving should be performed on the backup systems in order to minimize any impact on the operation of the system.
- 3.10.6 In addition to archiving historical data, the utility will copy all reference data at that point in time in order to be able to recreate a working database based on the archived information.

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4.0 PROCURING A CUSTOMS INFORMATION SYSTEM

Procurement of a new Customs Information System for the Egyptian Customs Authority must be carefully managed. Successful implementation of a new system will depend on a well thought out and executed work plan. The proper IT infrastructure must be in place, the system must be customized to meet the ECA's requirements, historical data must be uploaded to the new system, the system must be properly implemented and configured, technical and end users must be thoroughly trained, technical support must be properly organized, and finally the system must be transferred to the IT Sector of the ECA. Ensuring successful implementation of a new system will depend significantly on the vendor selected for this important project. Therefore, it is critically important to define clearly the full requirements of the system, select the best combination of system/vendor for the project and specify in detail all of the ECA's expectations of the vendor. The subsections below explain key elements of the new Customs Information System implementation project.

4.1 SYSTEM SPECIFICATIONS REVIEW COMMITTEE

A System Specifications Review Committee has been created to review, recommend changes and approve this Customs Information System Functional Requirements Specification. The FRS will be supplied to potential vendors as part of the request for proposal package. Vendors will use the FRS to prepare their proposals and to ensure that their system with appropriate enhancements meets the requirements of the ECA.

4.2 REQUEST FOR PROPOSAL PROCESS

The request for proposal (RFP) will be prepared by the TAPR-II project and reviewed with USAID and the Egyptian Customs Authority before being released to potential suppliers. Suppliers will have approximately one month to respond, due to the complicated nature of the project. The RFP will highlight the requirements and expectations of the vendor. Interested suppliers must explain in detail how they will implement the project, including a thorough work plan, resource requirements, summary of technical qualifications, references from successful projects, evidence of workload capacity and financial resources, and a budget. Submitted proposals will be scored based on the criteria explained in the RFP, and the TAPR-II evaluation and selection recommendation will be presented to USAID and the Egyptian Customs Authority. Based on the review and input of USAID and the ECA, negotiations will be conducted with vendors to determine best and final offers before the final selection is made. USAID and the ECA must concur on the final selection.

4.3 CUSTOMIZATION

The ECA seeks a comprehensive Customs Information System to automate Customs operations fully. While there are numerous commercial-off-the-shelf software solutions, none of these are likely to satisfy all the requirements of the ECA laid out in this functional requirements specification. Therefore, if customization is required, vendors must explain exactly the customization that would be required for implementing their system. The work

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plan submitted by potential suppliers must highlight the tasks required to customize their system, the resource requirements and impact of customization on their implementation schedule. While some level of customization is expected, excessive customization will lower a potential supplier's evaluation score because customization is likely to introduce risks in regard to the quality of the system and the implementation schedule.

During the negotiation phase of the tender process, finalists will present their systems for final review and evaluation. The systems will be evaluated against all requirements in this specification, and required changes will be identified. The required changes will then be incorporated into the final contract with the vendor.

4.4 TURNKEY SOLUTION (IMPLEMENT-OPERATE-TRANSFER)

Due to the very limited number of qualified IT staff at the ECA, the TAPR-II project has proposed a turnkey solution whereby the winning vendor will implement, operate and transfer its Customs software solution. After the supplier customizes and implements its system and the ECA accepts its implementation, the supplier will operate the system for a period of one year. During this period, the ECA will be building up its IT Sector in order for it to be prepared to take over operation of the system from the supplier. The ECA will have the option to extend the operational period at its own expense for up to two years per the terms of the RFP. After the operational period expires, the vendor will transfer operation of the system to the ECA's IT Sector.

4.5 TRAINING

Training of users and technical staff will be absolutely critical in the successful transfer of the new Customs Information System to the ECA. Potential suppliers must clearly explain their approach and training plan in their proposals. A combination of classroom and on-the-job training will be required with follow-up courses provided up until the transfer of the system to the ECA.

4.6 DOCUMENTATION

Complete documentation of the system must be provided by the implementing vendor. This documentation will cover the core system plus any customization that has been done. Technical documentation must be supplied for system maintenance and support in addition to a complete users manual.

4.7 TECHNICAL SUPPORT

System implementation projects often fail during implementation because of a lack of proper user training or poor technical support. The goal must be to identify and resolve system problems as quickly as possible. Otherwise, problems tend to mount on top of each other to the point that the system is either dysfunctional or unusable. In this situation, users will likely revert back to their old system if this is possible. Therefore, potential suppliers must thoroughly explain the technical support that will be provided during the implementation and

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operational phases of the project, as well the support options for three years after the ECA's acceptance of the system. Suppliers must also indicate if system upgrades will be included in the proposed technical support agreement and the historical upgrade cycle for the product.

4.8 ECA IMPLEMENTATION ACCEPTANCE

The ECA must thoroughly test the new Customs Information System before accepting its implementation by the supplier. The supplier's test plan will be part of its proposal. If there are any changes required, these will be agreed during the implementation phase of the system. Once the system implementation is accepted, the operational phase of the project will begin.

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APPENDIX

To be determined.

Potential attachments include:

- A) Data-Flow Diagram
- B) Process Diagrams
- C) Declaration (SAD) – including required fields and basic data checks.
- D) Forms
- E) Standard Reports
- F) WCO Data Model
- G) EDIFACT Messaging Standard
- H) WCO Kyoto Convention checklist
- I) GATT checklist

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