



TANZANIA - Case Study

Background

On January 1, 2004, the Government of the United Republic of Tanzania introduced a Destination Inspection (DI) scheme to replace the previous Pre-Shipment Inspection program. The reason for the move to Destination Inspection was to further improve Customs' modernization, facilitate trade, protect revenues and reduce the volume of physical inspections at entry points, as well as to offer capacity building for Customs through training and knowledge transfer. The Destination Inspection scheme, developed and implemented by Tiscan Ltd., Cotecna's Tanzanian subsidiary, includes risk management, scanning technology and pre-arrival processing of Customs' declarations for import.

Objectives: facilitate legitimate trade and secure government revenues

Approach: employ a combination of risk management and scanning services to speed up the inspection service

Results: clearance times and congestion reduced, volume of container traffic dramatically increased

Approach

Cotecna implemented a "Build Operate Transfer" (BOT) model with the Tanzania Revenue Authority (TRA). This enabled the following:

A selective approach to physical inspections in Tanzania based on the degree of "risk" assessed through the Computerized Risk Management System (CRMS®), a statistical tool created by Cotecna.

Less need for physical inspection and a focus on high risk imports.

The use of scanning technology with a 3.8 MeV mobile scanner and a pallet scanner at the port of Dar es Salaam. A second pallet scanner is at Dar es Salaam airport.

Furthermore, these technologies allow for:

- improved allocation of Customs' resources
- speedier clearance for "low risk" cargo and scanned cargoes
- port decongestion
- reduced business costs for all parties
- improve security

Results

The consequences of a Destination Inspection scheme combining risk management (CRMS®) with scanning services resulted in:

- a major reduction in the volume of physical inspections (40% documentary check / 40% scanning / 20% physical inspections)
- more efficient allocation of Customs' resources
- an increase in Customs value for 31% of files through our customs valuation service and 50% with tariff code reclassification since the start of contract
- an increase of over USD 115 million (16% of declared taxes) in government revenues in 2009 and of USD 445 million (14% of declared taxes) since the start of contract
- 44 700 containers scanned in 2009 and more than 146 500 since the start of contract
- an average scanning rate of 120 containers per day with a record of 210 containers in one day
- improved legitimate trade by reducing clearance times and port congestion (over 80% of Cotecna's reports issued before goods arrival in 2009)
- major capacity building for Customs through their full integration and involvement at all stages of the Destination Inspection process

Investment

Cotecna has invested USD 4,8 million in scanning technology and infrastructure in Tanzania over the past seven years.