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Q1: Respondent details

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Q2: Country or Customs territory

ST. VINCENT & THE GRENADINES

Q3: Organization

Public sector

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Q4: Title of case story

Promoting Connectivity: Easing the woes of clearance

Q5: Case story focus

Trade Facilitation.

Q6: Case story abstract*Respondent skipped this question***Q7: Who provided funding?**Other (please specify)
Government of St Vincent and the Grenadines**Q8: Project/Programme type**

Single country

Q9: Your text case story

In December 2013, WTO members concluded negotiations on a Trade Facilitation Agreement (TFA) at the Bali Ministerial Conference, as part of a wider Bali Package. Trade facilitation looks at how procedures and controls governing the movement of goods across national borders can be improved to reduce associated cost burdens and maximize efficiency while safeguarding legitimate regulatory objectives. Given this, it is clear to see that improved trade facilitation measures, even the most modest ones, can and will have a positive effect on trade. The shortening of time and the decrease in procedures can cause trade to flow more smoothly and quickly thus generating more revenue through increases in trade and attract investments. The TFA outlines several measures that would be useful in optimizing the release and clearance of goods at the borders. One such measure is that of Authorized Operators which is outlined in Article 7 of the Agreement. The Article explains that each member shall provide additional trade facilitation measures related to import, export, or transit formalities and procedures to operators who meet specified criteria.

The Customs "Gold Card" facility is one of the recommended trade facilitation schemes advanced by international institutions such as the WTO, the WCO, the World Bank and the IMF to facilitate compliant traders by not making physical and documentary verifications at the time of importation but rather subject them to Post Clearance Audits. This

risk management approach is based upon a company's compliance level rather than the transactions themselves. Importers who display excellence, and are competent and compliant, pose little risk to Customs. Compliant importers are allowed and encouraged to speed their goods through Customs formalities. This allows for the limited customs resources to be more greatly focused on high risk shipments while providing tangible benefits to legitimate businesses. This approach has been used in developing countries such as Thailand, Fiji, Tanzania, and El Salvador, to name a few.

In St. Vincent and the Grenadines (SVG), facilitating legitimate international trade is one of the underlying principles of the mission of the Customs and Excise Department. The department recognizes the importance of a highly compliant trading community towards achieving the Department's goals. This is evident by the fact that in 2008 while developing its three year strategic plan, the possibility of using the "Gold Card" Program was explored to increase compliance.

In January 2013, following the announcement by the Hon. Prime Minister in his 2013 Budget Address of a Gold Card Initiative to be implemented as part of new initiatives to strengthen the performance of Customs, the Department set about putting plans in motion to develop the Gold Card Program. A Gold Card Agreement was drafted by Customs and presented to the SVG Chamber of Industry and Commerce for its approval. A formal meeting was held with the membership of the Chamber in which a presentation was made by Customs explaining the provisions of the Agreement. A presentation was also made on the Customs Post Clearance Audit Program and in particular, the Preliminary Systems Review which forms part of the conditions to be fulfilled in the Gold Card Agreement.

After some discussion and some minor adjustments, the Agreement was formally adopted by both parties. The final document was circulated by the Chamber to its membership along with the application form and interested entities were invited to apply for gold card status. A Customs Gold Card Committee was set up to process applications.

The gold card program was designed in such a way as to maintain a harmonious and mutually beneficial relationship between the Customs and Excise department and the business community as well as Chamber of Industry and Commerce.

A company desirous of being a gold card holder must apply to the Comptroller of Customs in writing. The company must be a legal entity, it must be VAT registered, it must maintain its records based on Customs legislations, it must be registered on the Customs ASYCUDA system for at least three (3) years and must be in good standing with the Chamber of Industry and Commerce or a member of a similar organization or Trade Association which is certified and has a reliable financial status. A preliminary Systems Review must be done before recommendations are made as to whether or not the company meets the criteria for Gold Card Status. Once the criteria are met, the approval is given by the Comptroller of Customs. The company will then enter into the Gold card agreement with the Customs and Excise Department.

The Post Clearance Audit (PCA) unit is responsible for conducting audits on Gold card holders to ensure compliance with Customs legislations. A breach of the Gold card agreement by the company may result in its gold card privileges being terminated by the Comptroller of Customs.

The gold card holder benefits from having a faster clearance time at the borders because they are subjected to fewer documentary and physical checks than other business operators. A prepayment account is established by the Gold card holder so that payments can be made in a timely and convenient manner. The gold card holder gets priority treatment of examination, should their consignment be selected for examination. They also have the privilege of choosing the place and time for which the examination is to be done.

The onus is on the gold card holder to make available the pertinent documentations prior to the importation of the products that require licenses and other agency inspections. The other agency would facilitate inspections at the examination area upon request of the importer. There is no MOU with the other agencies but there is an unwritten understanding.

It is imperative that constant reviews be done to ensure that gold card holders do not become complacent but remain compliant upholding the principles of the gold card agreement. Gold card holders are checked to ensure continued compliance mainly by two ways. The first is periodic 100% physical examinations of their goods and the second is follow up post clearance audits.

Currently there are three (3) Gold card holders. Other applications were made but the clients did not meet the criteria so they were denied. The Customs and Excise Department is working on promoting the Gold Card service as well as updating the Customs processes in a manner so that statistics will become available to track efficiency of the programme.

Even with the small number of card holders, the importance of initiatives such as the Gold Card programme cannot be understated. Once they function correctly and efficiently, the benefits to be derived are insurmountable. Improved trade facilitation measures within a country, sends a signal not only to local businesses but those businesses and investors regionally and internationally that the country knows the importance of trade. The impacts from the Gold Card programme can be divided into three different categories; technological, economic and social impacts.

Technologically, fewer errors will be made with the reduction in the paperwork necessary for importation. On the economic front, the faster clearance would help with the ease of trade and can amount to big savings for business from the quick release time. The ease of clearance at the ports would create an incentive for business places to import more and would signal to investors that the doing business climate in the country is optimal, thus fostering a stronger relationship between the Customs and the business community. This improved relationship benefits not only the above mentioned entities but would spill over into the wider community. The increase in savings experienced by the business community would also spill over to their customers and even the wider community.

Q10: Lessons learnt

With any programme or initiative implemented, there would be things learnt. For the Customs Department, several lessons have been learnt as it pertains to the Gold Card Initiative.

- (1) It is important to check on Gold Card holders to make sure that they stay compliant.
 - (2). Some traders are uncomfortable to with the idea of post clearance audit. They do not like the Customs officials having access to their records. Although they might see the benefit of being a Gold Card member, they have declined to apply for the programme. However, the traders that have been granted the Gold card status met Customs requirements for compliance at the initial testing of their purchasing, accounting, receiving and reporting systems. Therefore there was never really a fear of post clearance audit. In addition, they saw the how beneficial the program can be for their company, so it has not been a problem. Nevertheless, Customs has the authority to examine traders' records within five (5) years of importation.
 - (3). A memorandum of understanding is needed with other agencies such as the Ministry of Trade, since if the Ministry does not process the import licenses expeditiously this could hamper the clearance time.
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