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Report Name: Egypt Launches Single Window Pre-Clearance System

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Report Highlights:

Egypt's Ministry of Finance issued Decree 38/2021 on pre-shipment registration under a new single window system that seeks to modernize and automate customs administration, simplify procedures, and reduce clearance times. The decree requires that consignment documents for Egyptian agencies at ports of entry be submitted through the single window system 48 hours prior to shipment arrival. The single window system is administered by Misr Technology Services (MTS). According to the Ministry of Finance, the new system will be launched April, 1, 2021, and full implementation is expected by July 1, 2021.

A Single Window Customs Initiative

Egypt's Ministry of Finance issued Decree 38/2021 on pre-shipment registration - Advanced Cargo Information (ACI) - under a new single window system that seeks to modernize and automate customs administration, simplify procedures, and reduce clearance times. The decree requires that consignment documents for Egyptian agencies at ports of entry including Customs, General Organization for Import

& Export Control (GOEIC), National Food Safety Authority, and the Ministry of Agriculture's Plant Quarantine and Veterinary Services must be submitted through the single window system 48 hours prior to shipment arrival. The Ministry of Finance released the draft Customs Act executive regulations (attached) for a two-week public comment period, after which the Ministry will notionally consider those comments and potentially adjust the regulation prior to finalization.

The single window system is administered by Misr Technology Services (MTS). According to the Ministry of Finance, the new system will be launched April, 1, 2021, and full implementation is expected by July 1, 2021. However, implementation by the deadline may be delayed due to the complexity of the new system, along with the capacity and incompatibility of systems used by the various trade agencies.

Background

In June 2019, Egypt ratified the WTO Trade Facilitation Agreement (TFA). The TFA contains provisions for expediting the movement, release, and clearance of goods. The government of Egypt (GOE) established a National Trade Facilitation Committee (NTFC), comprised of public and private sector representatives, to address its trade facilitation issues. In late 2020, the GOE launched plans to implement a single window concept to facilitate electronic communication with all local trade authorities. The Advance Cargo Information (ACI) pre-clearance system is the GOE's mechanism to reform and expedite its customs process.

The single window system is the GOE's step forward to address extensive delays at ports of entry and automate customs clearance procedures. It aims to modernize and automate the customs administration system through a single window. The new system will be applied at seaports first, and airports and inland ports will follow.

According to officials, the Single Window/Pre-Clearance concept was a response to Egypt's declining World Bank ranking for Availability and Quality of Logistics. Egypt's score dropped considerably in 2011, and the GOE responded by looking for ways that would encourage investment and reverse its faltering position on the world's customs stage.

The single window takes a step towards raising three important international indicators: global competitiveness, doing business, and the macroeconomic environment. This initiative requires effective cooperation between the Egyptian Customs Authority and GOEIC to exchange data associated with the fulfillment of inspection control requirements.

The GOE's first step in creating the single window was connecting the agencies' systems with the ports. This phase is still in process. The government is forging ahead with a difficult second phase of connecting its agencies that have trade-related functions into a single network. This is a daunting challenge as some agencies maintain their own procedures for handling consignments. Recently, the Egyptian Customs Authority began the initial implementation stages of its single window system at the

Port of Alexandria. Many companies have reported significant delays in clearing their goods through the Port of Alexandria since the introduction of the new system.

Glitches in the system are being addressed, but many challenges still remain. At the time of this report, extensive delays are occurring in all stages of clearance process, including document checks, sampling, inspection, and the final release of consignments. These delays, reportedly up to three weeks, are resulting in extra costs for importers and exporters. Since the delays in Alexandria began, some agencies have requested postponement of the system until they are fully capable of addressing existing challenges, especially given the difficulties with the system pilot in Alexandria.

The Advanced Cargo Information Customs System (ACI)

Egypt is also applying a new system for pre-clearance to further facilitate trade and improve custom clearance and release time through the Advanced Cargo Information system. This new customs system, mandated by the Ministry of Finance, requires all documents for Customs, GOEIC, NFSA, Plant Quarantine, and Veterinary Services be received 48 hours prior to the arrival of consignments. Misr Technology Services (MTS) is responsible for administering the new single window system.

ACI is operated and managed by MTS in partnership with other government agencies. MTS recently issued a tender seeking technical guidance from an international third party organization to strengthen the system's information technology and exchange.

In the new system, a risk-based inspection approach will be applied to all commodities. The risk-based system indicates different pathways according to the identified risk where green pathway will not require sampling and inspection and shipments will receive expedited clearance. However, imports that are granted green pathway will be subject to random audits in order to maintain their risk categorization. Customs is also working to harmonize port charges and other fees between the various ports of entry.

Exporters, suppliers, and shipping companies can obtain information about the new ACI customs system at <https://www.nafeza.gov.eg/en/site/aci-info>. The chart below (exhibit A) provides an overview of the new ACI procedures. Exporters should work closely with their clients in Egypt to ensure their consignments comply with import requirements.

New Customs Pathway for Exports

According to officials, the proposed customs process will be as follows:

1. Importer inputs the shipment data in the new ACI customs system.
2. Customs authority issues shipment identification number (ACID) within 48 hours.
3. Customs authority notifies importer and exporter of the ACID.
4. Exporter electronically transmits shipment documentation and data, ensuring ACID is referred to on all documentation.

5. Importer certifies and acknowledges the correctness of the data sent by the exporter.
6. Vessel is loaded with the shipment and departs the exporting country.
7. Importer pays import taxes and fees.
8. Vessel arrives at Egyptian port and shipment is offloaded.
9. Joint committee at Egyptian port inspects shipment.
10. Egyptian customs clear the shipment.

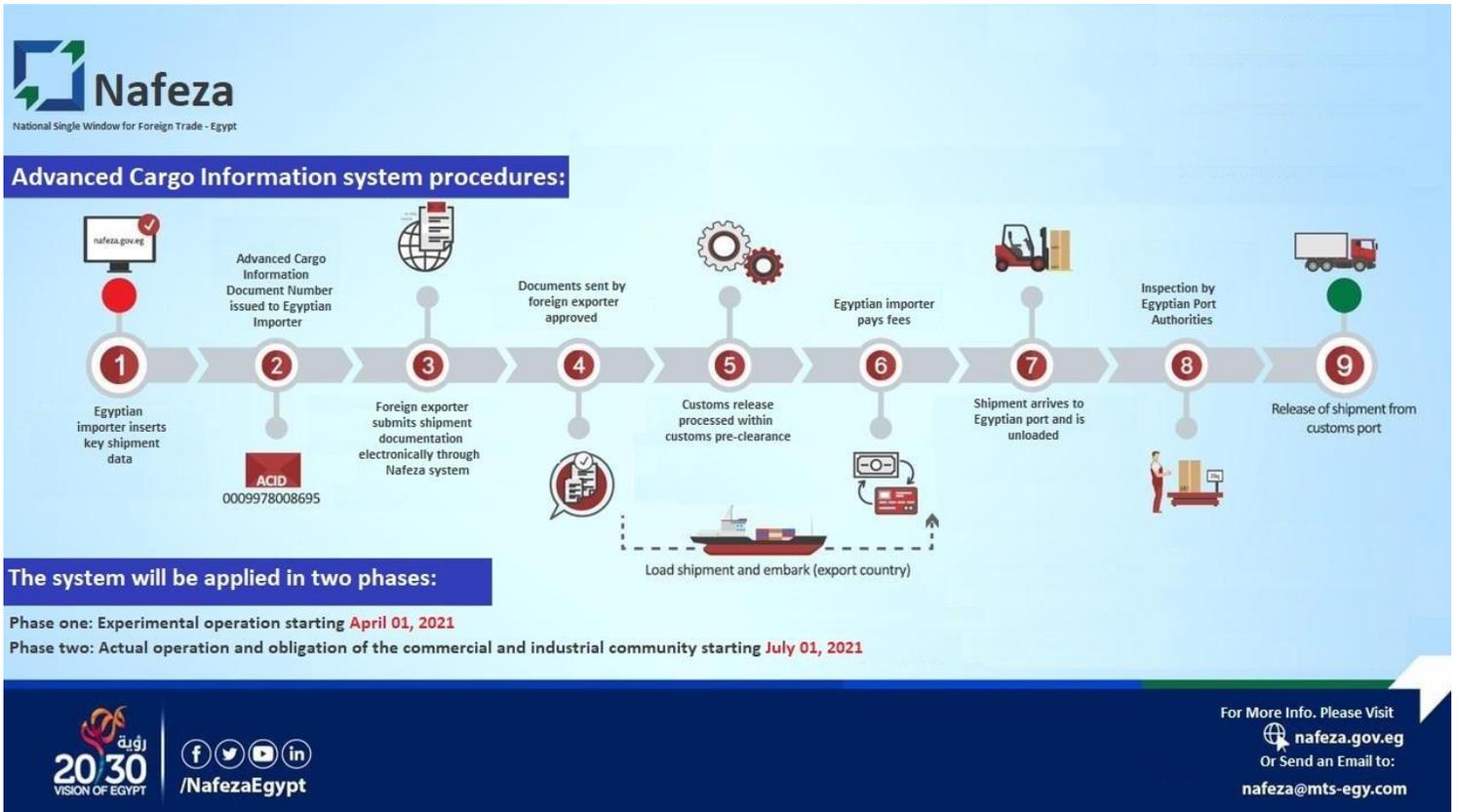


Exhibit A: GOE Nafeza Customs Single Window System. Translation: Ibrahim ElHabbal, FAS/Cairo

Attachments:

Draft Customs Law 207

[ELDIB-LAW-NO.-207-New-customs-law-in-Egypt-2020_11.pdf](#)