

IDC FRIDGE RESEARCH PROJECT:

Comprehensive research into various areas of customs fraud and illegal imports, with a view to identifying mechanisms and structures which could be utilised to combat the current unacceptably high levels of fraud or illegal importation in various identified sectors

Final Report (Phase I – IV)

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EXECUTIVE SUMMARY

INTRODUCTION

The IDC contracted the Consortium to conduct a comprehensive research into various areas of customs fraud and illegal imports, with a view to identifying mechanisms and structures which could be utilised to combat the current unacceptably high levels of fraud or illegal importation in various identified sectors.

THE SCOPE

The scope of the research project consisted of:

- 1) A critical review of existing practice particularly relating to:
 - Law enforcement – levels of cooperation/coordination amongst enforcement agencies and between enforcement agencies and business and labour;
 - Level of resourcing of enforcement agencies (SARS / ITAC / SAPS); and
 - The prevalence of customs fraud and illegal imports in industrial goods sectors.
- 2) Review of international best practice to serve as a benchmark against which options for improvement in the South African system can be measured including co-operative structures amongst the enforcement agencies and between the enforcement agencies and Business and Labour. (Gaps)
- 3) Options for improvement (Recommendations) including, but not limited to:
 - Regulatory instruments (including penalties and sanctions);
 - Co-operation amongst enforcement agencies and between enforcement agencies and Business and Labour; and
 - Administrative instruments.

The research was conducted primarily as a desktop assignment, but included significant interaction and interviews with the sector stakeholders, government departments and related parties. To improve the sample of information, the Consortium also conducted a survey with the industry stakeholders, SARS, SAPS and other relevant parties. The sample provided some insight into the issues contributing to the successes and challenges within the Customs environment.

The research was conducted with the framework of an approved workplan and was guided by the input, comments and suggestions of the Counterpart Group (CPG).

SOUTH AFRICAN RESEARCH

The review of the South African customs environment focused on key elements of applied legislation, multilateral agreements as well as recent developments in relation thereto. This review and the stakeholder engagements formed a critical component of the gap analysis and recommendations.

Levels of co-operation and resources within the departments responsible for customs were explored. The Border Control Operational Coordinating Committee (BCOCC) is based on sound principles, but does not function effectively insofar as implementation is concerned. Infrastructure challenges and initiatives aimed at addressing customs fraud were identified. Representatives of customs enforcement agencies (SAPS, ITAC and SARS) were interviewed with focus on *inter alia*:-

- Mandates;
- Staffing models;
- Resourcing;
- Risk management;
- Strategy and policy, and
- Other key initiatives aimed at effective enforcement protocol.

Our findings suggest that even though there are many initiatives aimed at addressing customs fraud, they have been plagued by poor integration, budget and capacity constraints as well as lack of project continuity.

Modernisation initiatives, which have framed SARS' customs agenda for many years, have started to see fruition with the implementation of a new IT platform in the form of a new system known as TATIS with its integrated risk engine.

These developments augur well for progressing with Authorised Economic Operators (AEO), an international standard by the WTO aimed at fast tracking reputable and compliant importers; and other key customs control developments that will align us with international best practice.

The survey, to which mainly SARS officials responded, reflected the following challenges:

- Lack of awareness of the anti-corruption hotline;
- Limited investigation capacity;
- Ineffective information sharing; and
- Perceptions in relation to fraud prevalence in the Clothing, textile and footwear sectors.

SECTOR REPORTS

Dairy

The primary production sector is more labour intensive than the secondary (processing) industry and directly employs approximately 60,000 workers while approximately 16,000 workers are employed by the secondary industry. Dairy products represent two of the top ten employment generators in the economy. The total investment in the sector is estimated by the Milk Producers' Organisation (MPO) to be approximately R20 to R25 billion per annum.

Our research indicated that SARS does not view the importation of dairy products as a high risk with regard to non-compliance and fraud. Products that are imported at abnormally low prices as a result of fraudulent activities place the dairy industry at a competitive disadvantage and increase the barriers to entry for potential emerging farmers and also impacts negatively on the sustainability of existing emerging farmers. As a result of the threat posed to the dairy industry by illegal and sub-standard imports, capacity was created by the primary dairy industry to identify and address such imports through the establishment of a forensic investigation company.

The perceived lack of co-operation and co-ordination among government agencies involved with customs services with regard to imported dairy products led to the establishment of a forum with representation from the Departments of Agriculture and Health, SARS, The Dairy Standard Agency and the dairy industry. All issues relevant to the import and export of dairy products are discussed by the forum and action steps are taken to address problems.

It was revealed that customs tariff classification for dairy products e.g. whereby products with a dairy content are classifiable under different tariff sub-headings at different rates of duty, *ad valorem* duties and inefficient administration of rebate provisions lead to customs fraud in the sector.

Importers who utilise rebate provisions when importing dairy products were found to purposefully not comply with the conditions of rebate provisions in order to avoid or minimise the customs duty payable. Consignments of dairy products, for which the Free on Board prices are extremely low and not in line with production costs or published world prices, are imported and frequently originate from questionable sources like the Isle of Man, Singapore and Thailand.

Livestock and Red Meat

Livestock farming takes place throughout South Africa with the numbers and species being dependent on production potential, climatic conditions, the concentration of population, the availability and accessibility of inputs and the location of markets. The livestock industry, which accounts for more than 40% of the total value of agricultural output, is a very important component of the agricultural sector and the national economy. Due to livestock farming being largely natural resource based, it occupies approximately 80% of the land available for agriculture. Animal husbandry is the primary income generator in the majority of the rural areas in the country.

The livestock sector is one of the top ten employment generators in the South African economy with approximately 425,000 direct and indirect employees and a further 2,125,000 people dependent on the livestock industry for their livelihood. The total investment in the industry amounts to more than R20 billion per annum.

The industry is well-organised within various organizations representing different commodities and services under the umbrella of the representative structure of the red meat industry, namely South African Meat Industry Company (SAMIC).

The prevalence of customs fraud, in particular, under-declaration of value and weight and smuggling, is very high in the livestock sector, especially with regard to the trade in livestock from neighbouring countries such as Namibia, Zimbabwe and Lesotho through the country's land border posts. Large numbers of weaner calves, sheep and goats are exported at under-declared values and quantities to South Africa from Namibia.

The content of the trucks is poorly inspected at the border post to verify the correctness of import documentation owing to various reasons which include; insufficient lighting, off-loading and inspection facilities at the border post. Cattle and sheep carcasses are smuggled from Namibia or brought in at under-declared values. Research indicated that SARS officials are not adequately trained with respect to livestock and red meat; and do not have sufficient product knowledge to conduct inspections for verification purposes.

Large sections of the boundary fence between Zimbabwe and South Africa are either damaged or do not exist anymore and are not repaired and/or maintained by the responsible authorities. During the winter months when the Limpopo River is not flowing, significant numbers of cattle are smuggled into South Africa posing a major risk with regard to the spread of transmittable diseases. The problem is exacerbated by the fact that the relevant South African authorities such as the SAPS Border Police, SARS' Border Control Unit and the Department of Agriculture's Directorate: Animal Health, do not have sufficient capacity to patrol, maintain and control the border fence adequately.

An investigation by the Red Meat Producers' Organisation revealed that large numbers of livestock are illegally entering South Africa from Lesotho. Illegal activities enable exporters from neighbouring countries to deliver livestock to the RSA meat market at prices against which South African livestock producers cannot compete. The under-declaration of value and numbers of imported livestock has a direct negative effect on the South African market price of red meat.

Footwear

The majority of factories producing footwear are small to medium sized employers. According to SAFLIA, labour statistics from the National Bargaining Council of the Leather Industry of South Africa (NBC) reflected a decrease of 1,4% in employment in 2008, compared to 2007. The statistics for investment over the period between 2006 and 2008 indicate a steady decrease in gross domestic fixed investment.

According to industry representatives, fraudulent imports have significantly contributed to job and investment losses. Research has revealed that the following types of fraud are most prevalent in the footwear sector: counterfeiting, under-invoicing and smuggling.

SAFLIA estimates that 50% of all imported footwear in SA has entered the country illegally, especially those from China. It is, however, not impossible for South African law enforcement agencies to prove this, since the Chinese Government refuses to supply them with information. SARS officials confirmed that, according to the WTO regulations, South African Customs Officials are obliged to accept the commercial invoice as the true value of the goods, if they cannot prove the contrary. Due to the vast number of containers brought in daily and comparatively few customs officials available to inspect such, the majority of these goods enter South Africa undetected.

The rates of duty on footwear imports vary between free and 30% *ad valorem*. Industry-related investigations indicate that *ad valorem* duties are an incentive for importers to under-value or under-invoice the imported goods.

As a result of different trade development and co-operation agreements with various countries, the rates of duty applicable to similar items differ depending on the country of origin. This creates a further incentive for fraud in mis-declaring the country of origin on the labeling and import documentation with regards to these goods.

SAFLIA requires payment of a compulsory levy in support of the Footwear Industry Technological Fund. Part of this is used to train Customs Officials at POE's (to improve monitoring of compliance with legislation) and to maintain a database on production, employment, imports, and exports in the footwear sector. SAFLIA indicated that these initiatives are only now starting to bear fruit, partly due to the problem of constant restructuring in SARS and the SARS Customs Academy not being widely known in the industry.

SAFLIA suggested that some form of footwear specific and general qualifications be instituted for the customs officials. It was further suggested that limiting the ports of entry for footwear (and other products) would greatly reduce illegal imports as expertise could be concentrated.

Clothing and Textiles

The textile industry was one of South Africa's major employers in the manufacturing sector in the past but is currently a relatively small employer. The clothing industry sector is a significant source of employment, particularly for women. The clothing industry is labour intensive while the textile industry is more capital intensive. During the period 2003 to 2008 both the local textile and clothing industries were characterized by the closure of a number of companies with the resultant loss of employment. The key challenges facing the clothing and textile sectors are seen by industry representatives as the loss of domestic market share to imports, together with low levels of profitability and investment; and the alarming level of job losses and a shortage of skills.

The concern that Eastern countries flood our local markets with low priced imported textiles and textile products is still real. According to SARS the rapid growth in illicit trade (such as counterfeit goods and under-valued textiles and clothing originating from the east, in particular) continually eroded South Africa's revenue base and was the main cause of the closure of clothing and textile factories and numerous job losses.

Our research has shown a significant decrease in production capacity from 2006 to 2008. This could be attributed to a decline in demand for textile products as a result of a combination of any of the following: continuous low priced imports from China; the economic recession, including increased interest rates and the higher fuel and electricity prices; closure of factories as a result of the economic recession; decline in exports of manufactured goods; and the perception that SA cannot leverage resources towards market needs.

Our research has indicated that the following types of fraud are most prevalent in the textiles and clothing sector: under-valuation, counterfeiting and mis-declaration of origin and tariff classification.

Industry related investigations indicated that the application of *ad valorem* duties creates a significant incentive for importers to under-value or under-invoice the imported goods. Similar products are further classified under different tariff sub-headings at varying rates of customs duty, which was also identified as an incentive for customs fraud. Importers tend to incorrectly clear the imported products under the tariff sub-heading subject to the lowest rate of customs duty. This is exacerbated by insufficiently staffed ports of entry and/or inexperienced or insufficiently trained customs officials. Because of the difficulties in distinguishing between different fabrics industry representatives suspect that rebate provisions are abused through the mis-declaration of the customs tariff classification of imported products.

Circumvention of the tariff as a result of preferential rates of duty in terms of trade agreements has emerged as a problem. Rules of Origin certificates are obtained fraudulently and presented to SARS officials who do not have sufficient product and/or sector knowledge and accept certificates as being authentic. Industry representatives cited insufficient product knowledge, a lack of training of customs officials and lack of communication, information sharing and coordination between SARS and SAPS as contribute to the problem.

According to industry representatives SARS has taken a positive step in the right direction by committing to the development/implementation of an Indicative Price System whereby recommended minimum prices per item will be loaded electronically onto the system and warning signals will be raised when items are imported at prices below these amounts. Such imports, however, can still not be stopped unless proven fraudulent.

Tyres

The SA pneumatic tyre manufacturing industry comprises four companies, operating six factories, all of which are controlled by international companies. The interests of the role-players in the industry include the South African Tyre Manufacturers' Conference (SATMC), the National Regulator for Compulsory Specifications (NRCS), the National Union of Metal workers of South Africa (NUMSA) and the Retail Motor Industry (RMI).

SATMC statistics show that the industry has suffered more than 1200 job losses from 2003. According to the SATMC, cheaper imports originating predominantly from China caused some of the job losses. According to the role players in the industry, the scams and malpractices that are prevalent in the industry are under-valuation, round-tripping, abuse of trade agreements, sale of second-hand tyres, removal in bond/transit abuse, and mis-declaration.

According to the SATMC, the existing tariff classification with regard to some of the types of tyres, in particular the bigger sized tyres is outdated and makes it difficult to meaningfully monitor imports. The relatively high level of customs duties coupled with the structure thereof (*ad valorem* duties) give rise to customs fraud. An example is when importers manipulate the free on board values of the imported products in order to minimize the *ad valorem* duties payable.

The under-declaration of the value of imported tyres has a significant negative impact on the competitiveness of the South African industry. Import statistics are available from SARS, but the usefulness of the statistics by the industry in terms of the identification and combating of fraudulent imports is extremely limited. The reason for this is that the identity of importers and access to import documentation is protected by law in terms of the provisions of the Customs and Excise Act, 1964.

In terms of the SADC Agreement, tyres manufactured in the SADC member States can enter South Africa free of duty. There is mis-declaration of origin since the rules of origin (RoO) are not applied consistently and efficiently. These results in tyres originating from destinations outside SADC, being exported by SADC member states to South Africa, and entering the country free of duty.

According to the SATMC, there appears to be a major problem between SARS and the Directorate: Import and Export Control at ITAC with regard to the verification of second-hand tyre casing imports against import permits issued. The SATMC proposes that imported containers of second-hand tyres should be targeted on a profile basis for physical inspection owing to under-declaration of quantities being highly likely; and the incident might include undeclared goods in the container like new tyres that should attract an import duty.

Used tyres brought into South Africa for retreading purposes from any of the Botswana, Lesotho, Namibia and Swaziland (BLNS) countries are supposed to be returned to the relevant BLNS country once it has been retreaded. These tyres are not captured in the SARS system and no acquittal system is in place. This could potentially give rise to fraudulent practices. The SATMC proposes that a formal system be put in place for the verification of conformance to compulsory National Regulator for Compulsory Specifications (NRCS) standards.

Employment is a significant issue for this sector owing, *inter alia*, to location of the manufacturing facilities. Therefore any job losses and lost investment opportunities due to import fraud have a significant impact on development and employment within the sector.

Motor Vehicles and Components

The automobile sector is the largest manufacturing industry in South Africa although its output in the world market is only about 1%. The sector accounts for about 10% of South Africa's manufacturing exports, making it a crucial cog in the economy. Locally, the automotive sector is a major contributor in that it contributes about 7.5% to the country's gross domestic product (GDP). Naacam reports that the employment fell to about 76,000 in 2008, 6% below 2007. The total employment in this industry combined is in excess of 106,000.

Industry representatives indicated that the following criminal activities are largely prevalent in the motor vehicle sector: illegal imports, under-declaration, round-tripping in exports, fraud, and corruption

The electronic clearance system introduced by SARS can be an effective logical and/or logistical tool for dealing with customs clearance and fraud of motor vehicles if the standard and universal way of capturing vehicle identification information could be applied and adhered to. The vehicle identification information like the VIN number, the model and colour constitute baseline information used to describe and identify vehicles the world over, SADC countries included.

Tariff classification of components is according to identification numbers for original parts. According to the industry, there are loopholes in the system to avoid higher duties because no effective control exists. This leads to the government losing billions in unpaid duties on imported parts. Illegal imports, under-declaration, round-tripping in exports, fraud and corruption result not only in revenue loss for the government but in job losses as that affects local industries.

Apart from an enabling legislative framework, there are 3 main measures put in place by government to pull back some of the negative effects of crime, fraud and corruption related to the motor vehicle industry. These are vehicle registration and licensing, police clearance, and vehicle roadworthy testing.

Vehicles from the BLNS countries at present require no permit to enter South Africa. This has created a serious loophole in the regulatory framework which is fully exploited for vehicle fraud and crime. Our research indicates that most used vehicles imported for SADC countries from Japan and other countries never leave South Africa. They never reach the declared countries of destiny. SAPS have warned motorists intending to buy second-hand cars to beware of illegally imported vehicles.

BENCHMARKED COUNTRY REVIEWS

Canada

The Canada Border Services Agency (CBSA) administers and enforces the collection of duties and taxes in terms of the Customs Act. The CBSA launched the Customs Self Assessment (CSA) programme for imported goods entering the country from the United States in order to provide low-risk, pre-approved companies which possess a history of good compliance, with an expedited border clearance option and streamlined accounting and payment processes for imported goods.

Partners in Compliance (PIC) is a CBSA pilot project which promotes partnerships between the CBSA and industry in order for businesses to attain the highest rate of compliance with the CBSA's trade programs (tariff classification, origin and value for duty). The main advantage of the system is that the CBSA can focus its post-release verification resources on areas of higher or unknown risk.

Through the Other Government Departments (OGD) Interface importers and brokers who have gone through the required testing can send transactions electronically instead of presenting documentation at the ports of entry offices.

The CBSA National Learning Centre located in Rigaud, Quebec annually trains 630 new recruits to be stationed all across Canada as Border Services Officers. The Port of Entry Recruit Training (POERT) programme currently consists of 13 weeks of training. The Detector Dog Training Programme also takes place at Rigaud.

Our research has determined that South Africa has made some improvements in line with Canada's best practice, although we have set out the South Africa gaps and made corresponding recommendations, which will align South Africa with some of these practices. Notwithstanding, we found a lack of strategic and operational coherence with the SARS academy.

France

As a member state of the European Union (EU), France is subject to its customs administration rules and policies. Council Regulation (EEC) No 2658/87 of 23 July 1987 established a Combined Nomenclature (the tariff and statistical nomenclature) and created the Taric (*Integrated Tariff of the European Communities*), which provides the best means of collecting, exchanging and publishing data on Community external trade statistics.

Co-operation among EU Member States' police forces and customs administrations is crucial to the maintenance of an area of security. The French Customs authorities have substantial infrastructure and equipment that are used in the customs environment. A 2006 Green Paper was developed with the aim to improve detection technologies and stimulate partnerships between public and a private sector.

Within the next few years, Customs will become paperless process. Thereafter, the customs networks of all member States will be fully integrated electronically, providing a *'one-stop-shop'* system for customs interaction with traders throughout the EU. France plays an important role in the Customs Fellowship Programme, which it funds and is active in training programmes for other countries with WCO.

Malaysia

The Royal Malaysian Customs [(RMC/JKDM) / (Malay: Kastam Diraja Malaysia (KDRM))] is the government agency responsible for administrating Malaysia's indirect tax policy. In this regard, the RMC / KDRM administers 7 main and 39 subsidiary laws related to its mandate – in addition to implementing 18 other laws for other government agencies. Currently the administrative structure of the Customs and Excise Department is headed by a Director General, with Deputy Directors General for Enforcement and Compliance; Customs and Internal Taxes; and Management. One effective way Malaysia deals with this is by way of reviews by auditors on the effectiveness of existing revenue laws and procedures in order to identify deficiencies in the systems – thereby enabling tax administrators to introduce controls that can discourage, if not eliminate, tax evasion which, if unchecked, could eventually erode the tax base.

Malaysia has a comprehensive legal framework and well resourced specialist investigation and prosecution agencies to proactively combat corruption, including in customs fraud, across Malaysia.

Malaysia has offered to be an ASEAN (Association of Southeast Asian Nations) Customs enforcement training agent in an effort to strengthen cooperation and enforcement operations in the region.

According to a representative of the Royal Malaysian Customs Academy, Mr Abdul Rahman, *"An interesting aspect of the course will be practical training where the participants will be involved in enforcement operations like mounting roadblocks and conducting raids. The training methodology will expose the foreign participants to our enforcement strategies which have been recognized as among the best in the world."* He also cited the smuggling of arms, drugs, dangerous chemical waste and timber as the main challenge facing ASEAN Customs.

India

The Directorate-General of Central Excise Intelligence (DGCEI), headed by the Director General, is the apex intelligence organization under the Central Board of Excise and Customs (CBEC), Department of Revenue, Ministry of Finance. Its purpose is to detect evasion of central excise duties and service tax. DGCEI gathers intelligence relating to evasion of central excise duties and service tax and disseminates it to the field formations.

The Directorate Revenue Intelligence (DRI) in its present form is charged with the collection of intelligence, analysis, collation, interpretation and dissemination on matters relating to violations of customs laws.

According to Global Integrity 2006, the Indian Customs Department is generally viewed as rife with corruption, favouritism and nepotism. Under-valuation is noticed in the case of medium and large scale units especially in case of consumer products. With the rationalisation of tariff and imposition of uniform duty of 16% on most goods, the incentive for mis-classification of goods for the purposes of duty evasion has been reduced.

The Government has framed a system of rewards for people who help in the detection of the tax evasion. ICEGATE is an infrastructure project that fulfils the department's EC/EDI and data communication requirements. The "*Risk Management System in Customs*" (RMS) has been implemented in 23 major POE's, covering about 85% of India's international trade. It has revolutionized the customs import clearance process by cutting down the clearance times drastically.

GAP ANALYSIS AND RECOMMENDATIONS

Regulatory Instruments

It is our assessment that certain sections of the Customs Act have become out-dated in relation to modernising customs control methods. It is recommended, that the first phase of overhauling the current legislative framework through the two draft Bills (referring to the Customs Control Bill and the Customs Duty Bill), be fast-tracked post the February 2010 deadline for public comment.

There is a lack of consistency in the application of the customs regulatory provisions. Section 4 of the Customs Act is widely seen as restricting information sharing. It is recommended that SOP's or MOU's be formalised among the various departments or agencies (e.g. SARS, DTI, ITAC, SAPS, and Agriculture) responsible for the implementation of the regulatory framework.

It is recommended that, with the assistance of the South African Law Reform Commission, proposals for an amendment to the legislation be considered in order to create a presumption that incorrect declarations are fraudulent particularly in cases of repeat offenders.

Significant fragmentation exists with regards to the administration and enforcement of customs tariffs, for which India is cited as a good practice model.

Circumvention of the tariff as a result of preferential rates of duty in terms of trade agreements has emerged as a problem. To support the efficient administration and enforcement of imports regulations, a formal MOU based on developed SOP's should be negotiated and formulated between ITAC and SARS. Motor vehicle clearance system must allow for vital information to be captured and shared with e-NaTIS, and with greater involvement of SAPS and Department of Transport. To this end it is recommended that formalised SOP's be drafted to structure the co-ordination and co-operation between SARS, SAPS and the Department of Transport.

It is recommended, that proposals be considered for the creation of an Offenders' Register to '*name and shame*' convicted customs fraudsters, and one that is supported by blacklisting provisions. The National Treasury's Register of Tender Defaulters can be used as a model for development of such a list.

Administrative Instruments

Frequent restructuring within SARS has resulted in amended portfolios and little or no evidence of integrated understanding of roles and responsibilities within the customs environment. This poses a challenge to communication, co-ordination and the continuity of initiatives, resulting in project or program fragmentation and unreasonable and costly implementation delays.

There are clearly capacity constraints within SARS to investigate customs fraud. India and Malaysia are cited as good practice examples where the head of Customs Enforcement is at DDG level. A recommendation is made for the appointment of a Customs Ombudsman.

The lack of computer systems and connectivity at many of the ports of entry may negate many of the advancements in electronic developments. Furthermore, the usefulness of *import statistics* is limited by the format in which they are supplied by SARS. Some good practice examples from the benchmarked countries are cited.

Customs officials have insufficient product knowledge to frame a reference for pricing of products when reviewing declarations and validating values. The roll-out of the recommended Price Reference Guidelines for identified products must be developed in cooperation with industry stakeholders and be cognisant of international norms.

Law Enforcement – Levels of Cooperation/Coordination amongst Enforcement Agencies and Between Enforcement Agencies, Business and Labour

Challenges that impede the effective functioning of the BCOCC are highlighted, with recommendations for corrective action. Also, there are indications of tension between officials of SARS and SAPS that arise during joint operations at the ports of entry.

Level of Resourcing Of Enforcement Agencies (Sars/Itac/Saps)

A needs analysis of ports of entry should be undertaken, possibly under the auspices of the BCOCC. This must take into account the nature and volumes of imports in order to ensure the necessary numbers and expertise of officials to address import fraud.

Collaboration between SARS and SAPS should include establishing a dedicated joint Customs Fraud Investigation Task Team to ensure that cases of import fraud are investigated by specialists based at key ports of entry.

Insofar as inspection facilities at POE's are concerned, the recommendations of the 2008 Report of the AG on a Performance Audit of Border Control at the SAPS must be implemented and actioned as a matter of extreme urgency.

The initiative to establish Centres of Excellence (COE's) using experienced officers needs to be spearheaded. The SARS Customs Academy must be formally structured and established with dedicated courses of specialisation. It is also recommended that members of SAPS who perform duties at the ports of entry, specifically inspections, should be trained by the Academy.