

BEIRUT PORT – CUSTOMS: A KEY DRIVER OF ECONOMIC RECOVERY

Since 2019, Lebanon has been reeling in an unprecedented political, economic, health and humanitarian crisis. In 2020, the situation was further exacerbated by the COVID-19 pandemic and the blast that destroyed the port of Beirut. Price increases in food products and basic services, in particular, as well as energy shortages (fuel and power) have taken a heavy toll on living standards and economic activity. As if this were not enough, Lebanon also bears the brunt of the war in Ukraine: wheat stocks are low, especially after the blast razed the country's main grain silos to the ground. According to the Economic and Social Commission for Western Asia (ESCWA), 82% of the overall Lebanese population now lives in a state of multidimensional poverty[1].

In this particularly fragile environment, Lebanese customs can play a key role in responding to the crisis and contributing to economic recovery. In performing their regular activities, clearing goods, and monitoring and combating fraud, customs authorities secure significant fiscal income for the State and facilitate access to much needed commodities. In the Beirut Port, the role of customs is therefore crucial as the port draws 82% of import-export flows in a country where most food products and raw materials are imported.

Since the August 4, 2020 blast, France has stood with Lebanon, helping in restoring and strengthening the capacities of customs authorities so as to enable them to perform their

essential tasks. As a first urgent step to restore port control capabilities in the short run, France offered a mobile scanner to the Customs and Excise General Directorate. Today, France's contribution targets two levels: supporting an overall structural reform of customs and continuing IT capacity-building activities.



After the blast, customs authorities lost almost all their infrastructure and equipment located in the port.



This reform is a major project for Lebanon



With Thierry Ivars,
customs expert

Enlisted since November 2020, Thierry Ivars is in charge of the customs component of the expert support provided to the port of Beirut.

Two years after the August 4, 2020 blast, how much progress was made on customs restructuring and what was France's contribution to the process?

In February 2022, under the auspices of the Lebanese Ministry of Finance and with the support of the European Union, the President of the Higher Council of Customs launched the work of the Customs Reform Committee. The Committee, which is comprised of national and international actors, meets regularly to drive the reform process forward in accordance with international standards, such as those called for by the World Customs Organization, while taking into account country needs.

As currently structured, Lebanese customs depend in their work on two separate entities: one in charge of devising institutional policies and monitoring their implementation; and the other in charge of operational control and combating fraud. This dual organizational model undermines operational efficiency. Therefore, international partners are calling for an organizational restructuring that would merge both entities into a single institution. France, via its operational arm, Expertise France, supports this technical review with a customs expert who shares with the Committee the

experiences and best practices of the French customs model.

This reform is a major project for Lebanon. Yet, it is subject to many political uncertainties and operational constraints. Besides, in a systemic crisis environment, public administrations seriously lack the means to perform their duties efficiently (power outages and shortage of work material). And the current brain drain from the country further complicates human resource management. Customs authorities are no exception to the rule, with the ensuing slowdown in their efforts to restructure and strategically reposition on the ground.

Why and how France supports IT capacity building of Lebanese customs?

It is generally admitted that the digitization of customs procedures promotes transparency and efficiency. It is a measure of confidence building towards the institution and a competitive advantage for the local economy. The IT infrastructure of the Lebanese customs is globally obsolete and insufficient to tackle needs. Software programs have not been updated and IT security is rather uncertain. At the port, the main data center was destroyed by the blast and will inevitably have to be replaced in the short run. Within this fragile environment, any minor breakdown or attack would compromise clearance operations and their traceability.

France, through the Crisis and Support Center of the Ministry of Europe and Foreign Affairs, and with the technical assistance of

the United Nations Conference on Trade and Development (UNCTAD), has supported the update of the Asycuda/NAJM customs clearance system. This system ensures the traceability of customs clearance processes, provides risk analysis and helps monitor the status of economic operators. However, before upgrading the Asycuda/NAJM platform, some technical pre-requisites have to be met, including securing proper storage of current customs data or updating some operation systems. In parallel, customs officers will receive training on various software programs during the months of October and November to take over from UNCTAD.

Software updating is key for risk management. Specialized modules can help refine and adapt the selection process implemented when conducting scan checks, using equipment such as the scanner offered by France or other automated screening tools. In the longer run, these tools shall also be deployed in other points of entry to the country.

These steps are essential pre-requisites for the smooth operation of modern customs authorities within a harbor ecosystem that meets international standards.

ABOUT EXPERTISE FRANCE

Expertise France is a public agency and the interministerial actor in international technical cooperation, subsidiary of the Agence française de développement Group (AFD Group). As the second largest agency in Europe, it designs and implements projects that sustainably strengthen public policies in developing and emerging countries. Governance, security, climate, health, education... It operates in key areas of development and contributes alongside its partners to the implementation of the Sustainable Development Goals (SDGs). For a world in common.



Customs officers taking part in the training on ASYCUDA customs clearance software



Delivery of French-made Smiths Detection mobile scanner in July 2021



A TWO-PRONGED FRENCH SUPPORT



RESTORING OPERATIONAL CAPACITY

- ▶ **Advisory support:** Deployment of a customs expert to ensure support continuity
- ▶ **Material support** to resume control operations: delivery of a French-made Smiths Detection mobile scanner in July 2021



PURSuing STRUCTURAL REFORM

- ▶ **Supporting customs reform:** institutional overhaul, new customs legislation, implementation of the 2019-2023 strategic plan, risk management plan
- ▶ **Responding to risks** to customs IT and customs clearance systems
- ▶ **Building capacities** so that customs meet international standards (ethics, Trade Facilitation Agreement, etc.) with the support of the World Customs Organizations and other partners

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40, boulevard de Port-Royal – 75005 Paris
www.expertisefrance.fr