

**GOVERNMENT RESOLUTION No. 42/2016
of 6 December 2016**

**ADOPTION OF THE STANDARDS OF THE REVISED
ARUSHA DECLARATION, OF THE WORLD CUSTOMS ORGANIZATION**

Considering that in an increasingly globalized world, customs administrations assume an increasingly decisive role in pursuing the national objectives of each State as a sovereign and independent entity, contributing decisively to national security, to the protection of its community and at the same time to facilitating trade and increasing revenues;

Bearing in mind that the complexity of economic relations between States imposes criteria of transparency conducive to combating the black market economy, increasingly associated with tax fraud and other crimes that condition the balance that is indispensable to the regulation of trade and, consequently, to development peoples' economic development;

Also taking into account that the negative effects of corruption on tax revenues affect not only confidence in national and foreign public institutions, but also foreign investment and the confidence of economic operators;

Recognizing further that, in the development of their activities, Customs Authorities must act in accordance with a set of rules of good administration, using principles such as those of legality, transparency, participation, accountability, effectiveness and coherence;

Bearing in mind that integrity is a fundamental requirement for the exercise of their powers in the relationships they permanently maintain with citizens, economic operators, and their employees;

Considering that Customs Authority, a result of the ongoing Tax Reform, is going through an intense process of change, strongly influenced by technological transformations that generate great structural benefits, essentially directed at dematerialization of documents, needing to frame its procedures in the best international practices with regard to the conduct and professional ethics of its employees, namely with regard to combating corruption;

Considering also, the urgency of this assumption as an essential and determinant element for the excellence that are imposed on the Customs Authority of Timor-Leste and its employees;

Thus,

The Government resolves, under the terms of point c) of article 116 of the Constitution of the Republic, the following:

1. Adopt the precepts contained in the Arusha Declaration on Effective Management and Ethics in Customs Matters, adopted by the World Customs Organization, at the 81st / 82nd Council Sessions in Arusha, Tanzania, on 7 July 1993, later revised in 2003, which is attached to this Resolution and forms an integral part of it.
2. Determine the implementation of the Declaration's precepts to be used as guiding principles of customs activity with regard to combating corruption.

Approved by the Council of Ministers on November 8, 2016.

Be it published.

The Prime Minister,

Dr. Rui Maria de Araújo

THE ARUSHA DECLARATION

DECLARATION OF THE CUSTOMS CO-OPERATION COUNCIL CONCERNING INTEGRITY IN CUSTOMS

THE CUSTOMS CO-OPERATION COUNCIL¹,

NOTING that Customs administrations throughout the world perform a number of vitally important tasks on behalf of their Governments and contribute to national goals such as revenue collection, community protection, trade facilitation and protection of national security;

ACKNOWLEDGING that integrity is a critical issue for all nations and for all Customs administrations and that the presence of corruption can severely limit Customs capacity to effectively accomplish its mission. The adverse effects of corruption can include:

- reduction in national security and community protection;
- revenue leakage and fraud;
- a reduction in foreign investment;
- increased costs which are ultimately borne by the community;
- the maintenance of barriers to international trade and economic growth;
- a reduction in public trust and confidence in government institutions;
- a reduction in the level of trust and co-operation between Customs administrations and other government agencies;
- a reduction in the level of voluntary compliance with Customs laws and regulations; and
- low staff morale and “esprit de corps”;

CONSIDERING that corruption can be combated effectively only as part of a comprehensive national effort;

AFFIRMING that a priority for all Governments should be to ensure that Customs is free of corruption. This requires firm political will and a sustained commitment to the fight against corruption;

DECLARES that an effective national Customs integrity programme must address the following key factors :

1. Leadership and Commitment

The prime responsibility for corruption prevention must rest with the head of Customs and the executive management team. The need for high levels of integrity must be stressed and commitment to the fight against corruption maintained over the long term. Customs managers and supervisors should adopt a strong leadership role and accept an appropriate level of responsibility and accountability for maintaining high levels of integrity in all aspects of Customs work. Customs managers should demonstrate a clear and unequivocal focus on integrity and be seen to set an example that is consistent with both the letter and spirit of the Code of Conduct.

2. Regulatory Framework

Customs laws, regulations, administrative guidelines and procedures should be harmonized and simplified to the greatest extent possible so that Customs formalities can proceed without undue burden. This process

involves the adoption of internationally agreed conventions, other instruments and accepted standards. Customs practices should be reviewed and redeveloped to eliminate red tape and reduce unnecessary duplication. Duty rates should be moderated where possible and exemptions to standard rules be minimized. Systems and procedures should be in accordance with the revised International Convention on the Simplification and Harmonization of Customs Procedures (Revised Kyoto Convention).

3. Transparency

Customs clients are entitled to expect a high degree of certainty and predictability in their dealings with Customs. Customs laws, regulations, procedures and administrative guidelines should be made public, be easily accessible and applied in a uniform and consistent manner. The basis upon which discretionary powers can be exercised should be clearly defined. Appeal and administrative review mechanisms should be established to provide a mechanism for clients to challenge or seek review of Customs decisions. Client service charters or performance standards should be established which set out the level of service clients can expect from Customs.

4. Automation

Automation or computerization of Customs functions can improve efficiency and effectiveness and remove many opportunities for corruption.

Automation can also increase the level of accountability and provide an audit trail for later monitoring and review of administrative decisions and the exercise of official discretion. Where possible, automated systems should be configured in such a way as to minimize the opportunity for the inappropriate exercise of official discretion, face-to-face contact between Customs personnel and clients and the physical handling and transfer of funds.

5. Reform and Modernization

Corruption typically occurs in situations where outdated and inefficient practices are employed and where clients have an incentive to attempt to avoid slow or burdensome procedures by offering bribes and paying facilitation fees. Customs administrations should reform and modernize their systems and procedures to eliminate any perceived advantages which might be obtained through circumventing official requirements. Such reform and modernization initiatives should be comprehensive in nature and focus on all aspects of Customs operations and performance. The Revised Kyoto Convention provides a sound reference point for such initiatives.

6. Audit and Investigation

The prevention and control of corruption in Customs can be assisted by the implementation of a range of appropriate monitoring and control mechanisms such as internal check programmes, internal and external auditing and investigation and prosecution regimes. Such regimes should strike a reasonable balance between positive strategies to encourage high levels of integrity and repressive strategies designed to identify incidences of corruption and to discipline or prosecute those personnel involved. Customs personnel, clients and the general public should be encouraged to report corrupt, unethical or illegal activity and, when such information is provided, it should be investigated in a prompt and thorough manner and sources should be protected. Where large scale or complex investigations are warranted or in administrations where corruption is widespread, there should also be recourse to independent anti-corruption agencies.

7. Code of Conduct

A key element of any effective integrity programme is the development, issue and acceptance of a comprehensive code of conduct which sets out in very practical and unambiguous terms the behaviour expected of all Customs personnel. Penalties for non-compliance should be articulated in the code, calibrated to correspond to the seriousness of the violation and supported by appropriate administrative and legislative provisions.

8. Human Resource Management

The implementation of sound human resource management policies and procedures plays a major role in the fight against corruption in Customs.

Human resource management practices, which have proved useful in controlling or eliminating corruption in Customs, include:

- providing sufficient salary, other remuneration and conditions to ensure Customs personnel are able to maintain a decent standard of living;
- recruiting and retaining personnel who have, and are likely to maintain, high standards of integrity;
- ensuring staff selection and promotion procedures are free of bias and favoritism and based on the principle of merit;
- ensuring that decisions on the deployment, rotation and relocation of staff take account of the need to remove opportunities for Customs personnel to hold vulnerable positions for long periods of time;
- providing adequate training and professional development to Customs personnel upon recruitment and throughout their careers to continually promote and reinforce the importance of maintaining high ethical and professional standards; and
- implementing appropriate performance appraisal and management systems which reinforce sound practices and which foster high levels of personal and professional integrity.

9. Morale and Organizational Culture

Corruption is most likely to occur in organizations where morale or ‘esprit de corps’ is low and where Customs personnel do not have pride in the reputation of their administration. Customs employees are more likely to act with integrity when morale is high, where human resource management practices are fair and where there are reasonable opportunities for career development and progression. Employees at all levels should be actively involved in the anti-corruption programme and should be encouraged to accept an appropriate level of responsibility for the integrity of the administration.

10. Relationship with the Private Sector

Customs administrations should foster an open, transparent and productive relationship with the private sector. Client groups should be encouraged to accept an appropriate level of responsibility and accountability for the problem and the identification and implementation of practical solutions. The establishment of Memoranda of Understanding between Customs and industry bodies can be useful in this regard. Likewise, the development of codes of conduct for the private sector, which clearly set out standards of professional behaviour, can be useful. Penalties associated with engaging in corrupt behaviour must be sufficient to deter client groups from paying bribes or facilitation fees to obtain preferential treatment.

We, the Members of the Customs Co-operation Council, call upon Customs administrations to implement comprehensive and sustainable integrity action plans based on the key principles outlined above and on Governments, the business sector and members of the international community to support Customs in its fight against corruption.

Done at Arusha, Tanzania, on the 7th day of July 1993 (81st/ 82nd Council Sessions) and revised in June 2003 (101st/102nd Council Sessions).

