

## **Presentation at Chamber of Commerce Luncheon**

**July 30<sup>th</sup> 2003**

It gives me great pleasure to address the membership of the Cayman Islands Chamber of Commerce and it is indeed an honour for me personally to have been invited to update members and other distinguished guests on the work of the Customs Department.

Perhaps I should proceed by stating that the primary mission of the Customs Department is to:

- (1) Collect and Protect Revenue;
- (2) Prevent and interdict illicit drugs, firearms and other prohibited and restricted goods, and
- (3) Facilitate legitimate trade and international travel through the use of modern business systems.

### ***Some key objectives of the Customs Department are:***

- (1) To improve cooperation and the exchange of information between local, regional and international Law Enforcement Agencies;
- (2) Enhance professionalism and effectiveness and
- (3) Raise awareness of the value and importance of the services provided by Customs.

For decades, revenue derived from Customs Import Duty and other related fees has been Government's main source of income. An average of approximately 35% of Governments' total income is collected by the Customs Department on an annual basis. In 1993, this figure amounted to CI\$54.4 million.

Customs revenue collections grew steadily and increased by an average of 11% over the next 6 years reaching a record high of CI\$103 million at the end of the year 1999. However, the worldwide recession at the turn of the century, coupled with the tragic events of September 11<sup>th</sup> 2001, caused a serious down turn in the economy which resulted in a significant shortfall in Revenue across the board including an 8% drop in import duty collections.

Whilst it is unlikely that anyone can claim a full recovery from the recession, I am extremely pleased to report that there has been some improvements in our monthly revenue yields for the year 2003 thus far. As of 30<sup>th</sup> June 2003 Customs Import Duty has increased by 11% when compared to the same period for 2002. Provided this trend continues, we are on target to meet revenue projections by the end of the year.

In an attempt to insure that the Department collects whatever revenue is due to Government, greater emphasis has been placed on combating revenue fraud. For several years now, a dedicated unit, headed by one of our very capable Assistant Collectors has kept a watchful eye on imports, and where necessary, conducted investigations on transactions which appear to be fraudulent. Based on factual information, there is a clear indication that this type of illegal activity is on the rise within the region. The increase in levels of commercial fraud is sustained as a result of collusion between overseas suppliers and regional importers. It is therefore critical for Customs Administration such as ours to be provided with in depth and timely assistance from Metropolitan Administrations.

Perhaps I should mention that within small societies such as ours, investigations are often lengthier than expected. Customs are often faced with situations where persons, for various reasons, are reluctant to come forward with credible information. The lack of hard evidence on which to base our actions of penalties and sanctions continues to challenge regional Customs Administrations. In addition, there is the clear and present danger of risk to life and limb, not only to officers, but also to their families, as has been experienced in other nearby territories in recent times.

Here in the Cayman Islands, we are still confident that the majority of legitimate traders are honest, law-abiding citizens, and have willingly provided assistance to our officers whenever called upon to do so.

Through this level of cooperation, penalties and fines in excess of CI\$1 million were imposed within the last 3 years and several perpetrators have been brought to justice.

### **Interdiction**

The year 2002 was a remarkable year for Customs in drug enforcement, and with the momentum continuing in 2003, we believe that by the end of this year, a similar level of success will be achieved. Officers at every level within the Department have rededicated themselves to waging a tough campaign against illegal drugs and other contraband. Narcotics and fraud enforcement remain two of Customs highest priorities, and by building upon technology, and with well trained and committed personnel, we feel we can meet those challenges.

Over the past year, the Customs Department conducted several drug operations to identify persons involved in the drug trade. Most of these operations involved controlled deliveries after drug couriers were arrested at various ports of entry. Of significance were the arrests of three crew members in April of this year aboard a cruise line at the George Town Harbour. A total of 29lbs of cocaine was found in their possession. As a result of the arrests, our officers working in conjunction with U. S. Authorities and with the cooperation of senior cruise line personnel, conducted a controlled delivery to the United States, where two other persons allegedly involved were arrested and over US\$40,000.00 seized. Another highlight was the dismantling of a major smuggling ring that was apparently responsible for numerous shipments of drugs to overseas destinations, primarily the United Kingdom and the United States. During August and September last year, twelve foreign nationals along with several local residents were arrested for numerous drug offences under The Misuse of Drugs Law.

Assets seized during operations and investigations, range from motor vehicles, motor yachts and sailing vessels which were all used in the transport of illicit substances.

In some cases, thousands of dollars that were direct proceeds of drug trafficking were confiscated during drug operations.

To assist in combating the illicit drug trade, further training was provided to K-9 officers from Customs, Police and Prison Services during a twelve-week course, which was mostly funded by the United Kingdom's Good Government Funding Programme. During this initiative, our K-9 Unit was further strengthened with the addition of three drug detection dogs.

I am also pleased to report that late last year, the Customs Department took possession of an advanced, state of the art K-9 facility, which is considered to be one of the best in the region. As part of our overall strategic plan and objective to take the K-9 Unit to an even higher level, we have also developed a Canine Standard Operating Procedures manual, which sets out specific guidelines and policies for the unit to follow.

We are fully aware that Customs throughout the world have a complex and important role to play in combating crime, facilitating legitimate trade to make businesses more competitive, and like other Law Enforcement Agencies, we are also being challenged by the ever-increasing threat of terrorism. Yes, we are aware of our vulnerability to organized forces of intolerance and destruction, and Customs is in a unique position to help protect and safeguard our citizens.

Whilst it is true and indeed fortunate that the Cayman Islands, like many other countries in the region have not encountered any direct incidents involving terrorism, there is certainly no room for complacency, as terrorists are constantly looking for easy targets to carry out their merciless activities. Here in the Cayman Islands in particular, because of our close alignment with the United Kingdom and the United States, there is an ongoing need to heighten our awareness, and maintain a vigilant posture to guard against any incidents that may arise.

### **Initiatives and Strategies**

An integral part of Customs Strategy is to continue building organizational strength through employee development and modernization in every aspect in order to provide a more efficient and effective service.

One of these initiatives is the implementation of an Officer Safety Policy to ensure that our officers receive the latest and most updated equipment, information and training that is available.

This is necessary, to ensure as far as possible our officers' health and safety at work, particularly when confronted with violent or potentially violent situations and when working within a dangerous environment.

The Department is also in the process of developing a five-year strategic plan for drugs and firearms enforcement by further enhancing the operating procedures of the Narcotics Enforcement Section. These Standard Operating Procedures would better define the functions and role of the section by charting a course of action in order to achieve set goals and objectives.

Having received the necessary financial approval from Government to upgrade and modernize the Departments' Computerized System, Customs in collaboration with other key agencies are moving forward with this initiative. As a first measure, it was obvious that a "business needs survey" addressing both current and future requirements for the Customs Department and all other interested parties including major importers/traders, needed to be carried out.

I am again pleased to report that a high-level "business needs survey" was completed by the "Customs Automation Committee" and their findings were submitted to Computer Services at the end of April 2003.

More recently, a team comprised of staff from Customs, the Statistics Office and the Portfolio of Finance, has been established to make the necessary changes to the Customs Tariff Law. The team is also tasked with adopting and modifying, in certain instances to suit our local needs, the coding structure in the Harmonized Tariff System, and changing the coding structure in the Customs Tariff Law accordingly. We believe that full automation will greatly assist in enhancing the efficiency and effectiveness of the Department whilst at the same time reduce the arbitrary intervention that is prevalent in non-automated processes.

## *Cooperation and Partnership*

H. M. Customs, Cayman Islands enjoy a good level of cooperation with other local Law Enforcement Agencies such as the R.C.I.P., Immigration and Prisons Services.

This area of our work has been complimented through the establishment of the Joint Intelligent Unit which is staffed by officers from Customs, Police and Immigration.

In recent years communication and cooperation between Customs Administrations within the region has been enhanced through the efforts and various initiatives of the Caribbean Customs Law Enforcement Council (CCLEC). Together we have accomplished a great deal in the areas of integrity, Reform and Modernization and Enforcement.

- CCLEC members know that the focal point of good Customs administration begins and ends with integrity. Transparency of our actions has been and will continue to be a top priority for all of us.
- Because Customs Services are always under a high level of scrutiny, the visibility of its' Senior Managers taking appropriate actions is essential. As we have seen time and time again, leading by example is the most effective style of Management.

As Chairman of CCLEC for the past two years, I know that our Integrity Committee has been hard at work in developing Mechanisms for raising integrity programs. This has included the delivery of several workshops on integrity at our recent conferences and seminars.

In addition CCLEC has been instrumental in heightening awareness of the role Customs must play in enforcement. CCLEC members have moved beyond seeing themselves as solely revenue collectors, to become integral components of their nations' law enforcement community. I should emphasize that a leading reason for advancement in regional enforcement is the increased training opportunities available for Customs Officers, which CCLEC has spearheaded.

Open communication, Information exchange and cooperation between Customs Administrations is critical for the following reasons.

1. Enhanced cooperation is constructive because we share common challenges and common goals in the Caribbean.
2. We are a collective organization. We can address issues better together than we can individually.
3. To obtain all the information to do our jobs effectively, we must look outside our respective agencies and countries and
4. To better know and understand what issues Customs Administrations grapple with, we must work together as a group. As a result, we can conduct our work more efficiently and expeditiously.

To conclude this presentation, I must state that we are indeed living in challenging and controversial times. The sheer scope and nature of the work of Customs, place our Administrations in vulnerable positions, making them particularly susceptible to corruption. Over the years, increases in the volume of international trade, the impact of globalization, and the scourge of transnational criminality and its' related ills such as narcotic-trafficking, money-laundering and firearms smuggling are but some of the factors which have led to the expanded and more complicated roles of Customs Officials.

As Collector of Customs for these beautiful Islands, and indeed your humble servant, I find much comfort in the words of the late Dr. Martin Luther King, and I quote:

***“The ultimate measure of a man is not where he stands in moments of comfort and convenience, but where he stands at times of challenge and controversy” unquote.***

*“To give real service, you must add something which cannot be bought or measured with money, and that is sincerity and integrity.”*

Ladies and gentlemen, I thank you for your kind attention and look forward to your continued support and encouragement.