US CUSTOMS POLICY IN THE GLOBALIZED WORLD

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Abstract

Customs remained a major source of revenue for the Federal Government in the United States for some 125 years after its independence. With economic development and greater emphasis on direct taxes (Income Tax) as a source of revenue, however, United States Customs became more of an interdiction agency countering the threat from drug traffickers and, of late, from terrorism. Since international trade is such a major factor in the economy of the United States, US Customs has been providing service and ensuring that its objectives are met with a strategy that combines vigilance and technology. All procedures rely on a high degree of automation and the interaction with the traders and other agencies is largely done electronically. An automated targeting system is used to identify and shortlist the cargo that requires thorough scrutiny and the remaining cargo is mostly cleared as soon as an entry of the same is made.

Revenue from Customs accounts for a quarter of the gross tax revenue of the Federal Government in India. The rates of Customs duty in India are still relatively much higher. As the revenue interest is of extreme importance in India, there is emphasis on paperwork and examination of cargo. This results in delays while importing and exporting, which add to the transaction cost of the Indian Industry rendering it less competitive. In this regard, Indian Customs could do well to learn from the US experience and use IT to provide better service to the bonafide importer/exporter, while at the same time safeguarding the legitimate revenue interest of the Government. Besides a gain in efficiency, this would also reduce the chances of corruption.