ELECTRONIC CARGO TRACKING SYSTEM (ECTS)
INTERNATIONAL TRADE refers to the exchange of capital, goods, and services across international borders or territories. International trade has been identified as a key driver to the economic growth and globalization.

TRANSIT refers to the movement of goods from one neighbouring state through our territory while enroute another neighbouring state. There are two types of Transit, namely:

- **Transit inwards**: Movements from the border entry stations into Bonded warehouses inland.
- **Transit thorough**: Movements from the border entry stations to the border exit stations.

NB: Goods in Transit through Uganda do not pay taxes in Uganda. Instead, they do so in their respective countries of destination.

**Why monitor goods in transit?**

- Transit goods can be diverted onto our market “duty free” and such goods cause undue competition to those who dully pay their taxes
- Transit diversion if not checked can throw genuine taxpayers out of business
- Loss of business results into loss of employment and government revenue
- Government cannot provide services to its people without revenue. Remember 75% of government expenditure is financed by revenue collected by URA
- Absence of public services and employment may in advanced stages lead to crime increase subsequently leading to a failed state

**How does URA monitor goods in transit?**

- Customs has trained and licensed agents from whom the customers appoint one to transact business on their behalf
- These are responsible for preparation of Transit documents and execution of a transit bond for transit consignments
• Customs agents guaranteeing the revenue risk in transit goods by way of an insurance Bond executed by their Insurance Companies

• When the goods are diverted, penalty to bond is called onto the insurance company

• Appending the Customs seals to transit consignments up to their destination or exit stations.

• Consignments from overseas are often times secured using a shippers seal

• Customs may attach either a metallic seal, or an electronic seal, or both, depending on the degree of risk of a transit consignment.

**The Electronic Cargo Tracking System (ECTS)**

Effective July 2013, URA procured an electronic cargo tracking system that has enabled real-time monitoring of goods in transit. This has been observed to be a much more efficient e-solution in terms of cost and time since it uses the GPS/GPRS technology.

Launched in 2014, ECTS provides real-time monitoring of transit goods and plans are under way to extend this e-monitoring solution to cover the (05) EAC member states.

**Why did URA procure ECTS?**

• To curb rampant diversion of goods in transit

• ECTS has provided Customs with a real-time mechanism to establish the location of the transit goods at any time, track those tampering with Customs seals, and those engaged in off route diversion of the goods

• To curb corruption that sometimes existed

• To put an end to the many high risks encountered in escorting cargo

• To do away with physical cargo escort which was so costly in terms of time and money

**Illustration of cost incurred by physical escort**

In September 2014, it is estimated that a consignee (importer) would incur about three billion shillings annually for physical escort of his/her goods as indicated in the breakdown below.
ELECTRONIC CARGO TRACKING SYSTEM

COST OF ESCORT OF 200 CONSIGNMENTS IN SEPT 2014 (1$ = Shs 3400)

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost/day (Ushs)</th>
<th>No. of Days</th>
<th>Monthly Costs (U shs)</th>
<th>Annual Costs (U shs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical Escort</td>
<td>130,000</td>
<td>01</td>
<td>26,000,000</td>
<td>312,000,000</td>
</tr>
<tr>
<td>Truck demurrage</td>
<td>510,000</td>
<td>02</td>
<td>204,000,000</td>
<td>2,448,000,000</td>
</tr>
<tr>
<td>Parking Fees</td>
<td>50,000</td>
<td>02</td>
<td>20,000,000</td>
<td>240,000,000</td>
</tr>
</tbody>
</table>

How does ECTS work?

- The system uses GPS/GPRS technology, an effective tracking technology
- Targeted units, box body trucks, tankers and containers ferrying transit goods under URA's control are fitted with a tracking device which sends the seal status, truck location and any violation information to URA on real time basis
- Once the seal is activated, cargo is monitored from start to destination
- The truck is expected to move along gazetted geo-fenced routes
• Everything that happens to the cargo is recorded and reported simultaneously with every incident being time stamped together with the location of occurrence.

• Any violation including movement outside the geo-fenced route or tampering with the seal is detected and reported immediately to the Central Monitoring Centre (CMC).

• Alerts are sent both via e-mail and SMS to pre-defined persons.

• The Rapid Response Unit (RRU) deployed at strategic points reacts to alerts as directed by the CMC.

What are the benefits?

1. **To the private sector:**
   • There is reduced cost of doing business.
   • Between May 2014 – October 2015: a total of 25,689 sensitive consignments were e-monitored. This translates into an estimated cost of Ugx 3,853,350,000 (1,133,338 USD) saved as would be cost for be physical cargo escorts alone.
   • Transit time has reduced from 7 to 2 days. Real time monitoring has left no room for time wastage on transit routes.
   • Delayed departure results into accumulation of demurrage charges. No more delayed departure as a result of waiting for physical cargo escort.

2. **To the transporters:**
   • Ability to see the location of their trucks all the time using their mobile devices.
   • ECTS provides a system report as evidence of arrival at destination.
   • Transporters can monitor the effectiveness of their drivers i.e. speed, location of parking, diversion from agreed routes.
   • Reduced costs i.e. fuel, facilitation for drivers.
   • Increased turnover due to reduced customs physical controls, hence more income.
   • Reduced tear and wear and increased life span of the truck due to full time monitoring.

• Safe and secure arrival of the goods to their destination.

• The transporters, clearing and freight forwarders have an opportunity to efficiently monitor their respective businesses in the logistics supply chain.

• The clearing agents are saved the burden of suspension due to transit diversion.

• Better negotiation grounds for discount on insurance costs.
• Transporters are able to bill their clients more accurately
• Improved customer service
• Ability to manage and communicate with your fleet via mobile device and receive exceptional alerts when the consignee is away from office
• Insurance discounts due to the enhanced confidence from an assured business tracking system
• Theft recovery; minute by minute tracking helps to identify the exact location of one's vehicle which enhances theft recovery

What are the obligations of each party in ensuring functionality of ECTS?

1. Transporters:
   • Fulfil the terms and conditions for trucks licensed to carry goods in Transit
   • Pay the Transit Goods License as required by the EACCMA 2004
   • Supervise drivers to ensure compliance with the transit rules and regulations

2. Drivers:
   • Provide accurate information in form of preceding transaction clearance documents
   • Submit the correct personal mobile contacts for ease of contact
   • Keep within the gazetted transit routes while conveying transit goods
   • Report any transit incidences to the nearest Customs station on time
   • Respond to inquiries and queries paused by Customs in the course of movement

3. To the Manufacturers and Exporters:
   • Fair terms of trade due to system efficiency
   • Monitoring goods in their warehouses
   • Reduced costs i.e. on escort charges, fuel, facilitation for drivers
   • Increased turnover due to reduced customs physical controls, hence more income
   • A manufacturer is able to bill his/her clients more accurately
   • Ability to monitor the location of their goods all the time
   • Provide system report as evidence of arrival at destination
3. **Clearing agents:**
- Execute a transit Bond with the Insurance companies
- Prepare accurate transit declarations (IM8), and attach all the necessary accompanying documents
- Account for all the outstanding transit transactions within the schedule

4. **Customs**
Monitor the movement of goods in Transit to avert possible diversion. This is done through:
- Generation of the Transit document (T1)
- Respond to transit incidences (e.g. seal breakage and cargo diversion among others)
- Facilitate transit related activities like transhipments and change of destinations
- Respond to Transit Alerts generated in the course of Transit, and
- System validation of arrival at the destination station

### What are the common offences committed?

<table>
<thead>
<tr>
<th>Section (ECCMA)</th>
<th>Offence</th>
<th>Penalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>S. 195</td>
<td>Willfully removes the Customs seal from a vehicle without authority</td>
<td>Imprisonment for a term not exceeding 3 years or to a fine not exceeding $2,500, or both.</td>
</tr>
<tr>
<td>S. 200</td>
<td>Acquires, has in one’s possession, keeps or conceals un customed goods</td>
<td>Imprisonment for a term not exceeding 5 years or to a fine equal to 50% of the dutiable value.</td>
</tr>
<tr>
<td>S. 203 (a)</td>
<td>Makes an entry false or incorrect</td>
<td>Imprisonment for a term not exceeding 3 years or fine not exceeding $10,000</td>
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<tr>
<td>S. 203 (f)</td>
<td>Interference with goods subject to Customs control</td>
<td>A fine not exceeding $2,500.</td>
</tr>
<tr>
<td>S. 205</td>
<td>Interference with Customs gear.</td>
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<tr>
<td></td>
<td>Tampering with goods subject to Customs control</td>
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