

# INTERNATIONAL JOURNAL OF LAW MANAGEMENT & HUMANITIES

[ISSN 2581-5369]

---

Volume 7 | Issue 6

---

2024

© 2024 *International Journal of Law Management & Humanities*

Follow this and additional works at: <https://www.ijlmh.com/>

Under the aegis of VidhiAagaz – Inking Your Brain (<https://www.vidhiaagaz.com/>)

---

This article is brought to you for “free” and “open access” by the International Journal of Law Management & Humanities at VidhiAagaz. It has been accepted for inclusion in the International Journal of Law Management & Humanities after due review.

In case of **any suggestions or complaints**, kindly contact [Gyan@vidhiaagaz.com](mailto:Gyan@vidhiaagaz.com).

---

**To submit your Manuscript** for Publication in the **International Journal of Law Management & Humanities**, kindly email your Manuscript to [submission@ijlmh.com](mailto:submission@ijlmh.com).

---

# Unifying Borders: Harmonization of Customs Regulations as A Catalyst for GCC Economic Cooperation

---

STEFFI SAMANTHA DESOUSA<sup>1</sup>

## ABSTRACT

*The objective for GCC countries is to establish a leading position in global trade. Historically, the Middle East has been renowned for its substantial oil reserves, which are a critical resource beneath its soil. Given the limited natural resources in the region, the GCC countries have developed robust systems for import and export within the Gulf Cooperation Council. Each member state operates under a framework of common customs laws that governs the trade of restricted, banned, and permitted goods, with appropriate justifications provided.*

*The UAE, serving as a model for other developing nations, exemplifies the application of these customs regulations. As of 2020, the UAE ranked seventh globally in terms of migrant population, with approximately 8.7 million residents.*

*The inherent imperfections in the administration and control of the country have provided opportunities for individuals with criminal intent to exploit vulnerabilities in the system and evade justice. The paper provides an in-depth analysis of the stages and regulations involved in the importation and exportation processes, detailing the associated customs procedures. It also explores the development of a Common Customs Law and its regulations, highlighting how such frameworks can be adapted by developing countries. Additionally, the paper examines historical cases from the UAE to illustrate the practical application of these regulation.*

**Keywords:** *Gulf, Trade, Import, Custom, Tax.*

## I. INTRODUCTION

The adaptation of the common customs laws in the GCC countries commenced in the year 1999. Since then, the members of the state of GCC while not giving a gap of more than 2 years made sure that implementation of the law in the year 2002 in the month of January.

The adaptation process involved seventeen meetings to fully integrate the laws across all GCC countries, making them accessible for export and import operations at every customs office.

---

<sup>1</sup> Author is a student at ICFAI Law School, Hyderabad, India.

The 20<sup>th</sup> session has concluded the acceptance of the common customs law to be implemented with proper facilitation and execution of the law. The resolution by the supreme council believed that “the unification and facilitation of the customs procedures in the GCC Member States which would enhance Intra-GCC trade and external trade with the rest of the world, and lay down the firm foundations of the GCC Customs Union”

The integration and unification process involved numerous sessions held across various GCC countries, with the ultimate goal of achieving the set objectives. The 23rd session, which took place in Doha, was conducted by the Financial and Economic Cooperation Committee and focused on the implementation of Article 9, concerning the "Implementation of the Common Customs Tariff."

The foundation of this law was to establish a legal framework for regulating customs procedures and ensuring the efficient movement of goods in accordance with the detailed restrictions imposed on imports into the GCC. Additionally, the law extends its scope to govern the relationship between these customs administrations and government departments in each member state.

## **II. THE ROUTES OF IMPORTATION AND EXPORTATION IN THE GCC**

The advanced world uses all three modes of transportation i.e., land air, and sea. Every mode has its regulations and duties to be followed when they reach the customs office at the destination.

The import and export via sea has its protocol to be followed laid down by the act. The liability of not following the procedures will fall upon the shipmaster or on the forwarder as mentioned in article 33 of the act – “ Shipmaster, forwarder or his representative shall be held responsible for any shortage in the number of pieces or packages or the amount of the bulk goods until delivery of the goods to the customs warehouses or acceptance of the goods by the owners, if So allowed, subject to provisions of the Article 54 herein.”

Land transportation is a vital component of the logistics and trade infrastructure in the GCC (Gulf Cooperation Council) member states, linking ports, production centers, and markets across the region. Effective customs procedures for land transport are essential to ensure the smooth movement of goods, facilitate trade, and enhance regional economic integration. Article 35 of the GCC customs regulations provides a framework for managing customs procedures for goods imported by land, outlining the responsibilities of customs offices and the flexibility provided to handle goods as they move across the region

Air transportation is a critical component of modern logistics and international trade, providing

rapid movement of goods and passengers across global distances. In the GCC (Gulf Cooperation Council) member states, customs regulations for air transportation are designed to ensure security, compliance, and efficiency in the handling of air cargo. Articles 37 to 40 of the GCC customs regulations outline the procedures and requirements for aircraft crossing national borders, focusing on route adherence, cargo documentation, and safety protocols.

### **III. THE STAGES OF CUSTOM CLEARANCE**

The GCC customs clearance is dealt with in SECTION VI of the act. The basic stage of customs clearance is an examination of the goods are being exported and imported in the country. The exportation and importation of the goods go into a manifest where the owner of the goods gives the details of the goods that are being imported into the country. The modification of the manifest can be done with proper justification. The taxes levied on the customs goods should be according to the customs declaration. The procedure includes a sample of every product being exported and imported in the manifest. The examination stage also consists of inspecting the goods with suspicion of illegality found in the goods. The presence of the owner is not mandated for the inspection. The director general can order an inspection by the committee formed. On the other side, an undertaking can also be taken for the goods with supporting documents to be released from suspension.

Furthermore Article 62 of the act, a dispute arose between the customs officer and the owner of the goods on the level of the goods's origin and quality. or any other relevant point. The initial stage is to refer the issue to the director. This means that the director is tasked with analyzing the details of the disagreement between the customs officer and the owner of the goods. In the event of any disagreement by the owner with the approval given by the director to the valuation made by the customs officer, the matter is referred to the director-general. The director general is a higher authority who will give his final opinion regarding the matter at hand.

Additionally, when goods are being transported between nations, customs fees or "duties" are halted. The tax "duties" do not apply to the free zones created by the GCC's member states. Goods that are re-exported or returned to their country of origin are exempted from customs tax "duties." It is predominantly for the commodities listed in the GCC sovereigns unified customs tariff. The customs also deal with service which has exclusively stated that the service charge should not be more than the cost value of the goods.

Given the provisions of law which are executed to the utmost perfection, This makes the UAE the 28th largest economy in the world with regards to GDP, measured in current US dollars. It placed 18th in total exports and 21st in total imports while being ranked 16th in GDP per capita,

current US dollars. Furthermore, it stands at 53rd based on economic complexity as measured by the Economic Complexity Index.

The top exports of the UAE include Crude Petroleum: \$105 billion; Refined Petroleum: \$57.9 billion; Gold: \$32.8 billion; Broadcasting Equipment: \$17.7 billion; Petroleum Gas: \$16.2 billion. The top destinations for this exported cargo were: India, \$51 billion; Japan, \$40.9 billion; China, \$32.5 billion; Saudi Arabia, \$27.8 billion; and Iraq, \$21.2 billion.

In 2022, the UAE was the world's biggest exporter of Rolled Tobacco (\$4.4 billion), Documents of Title (such as bonds and unused stamps) (\$1.47 billion), and Limestone (\$679 million).

The top import products into the UAE are Gold (\$57.1B), Broadcasting Equipment (\$20.3B), Refined Petroleum (\$19.5B), Diamonds (\$17.5B), and Cars (\$12.9B).

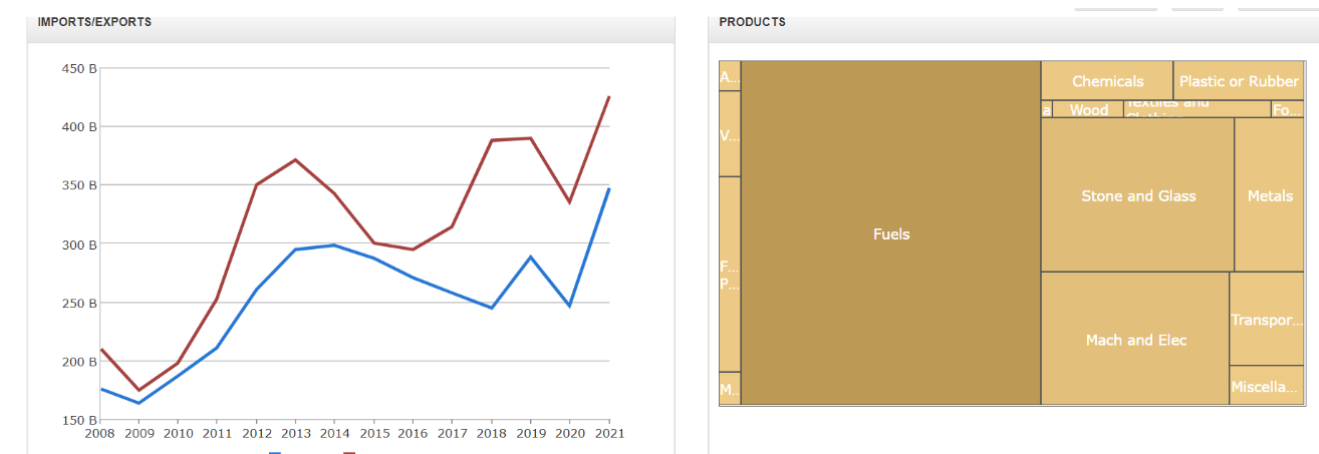
Imports originate from the following countries : China (\$57.7B), India (\$31.6B), United States (\$18.7B), United Kingdom (\$11.5B), and Saudi Arabia (\$8.82B).

In 2022, the UAE was the world's biggest importer of Tug Boats (\$453M) and Nutmeg, Mace, and Cardamom (\$145M).

In 2022, India exported \$31.6B to United Arab Emirates. The main products that India exported to United Arab Emirates were Refined Petroleum (\$7.98B), Jewellery (\$3.19B), and Diamonds (\$2.51B). Over the past 5 years the exports of India to United Arab Emirates have increased at an annualized rate of 0.8%, from \$30.3B in 2017 to \$31.6B in 2022.

In 2022, India did not export any services to United Arab Emirates.

In 2022, United Arab Emirates ranked 53 in the Economic Complexity Index (ECI 0.24), and 18 in total exports (\$402B). That same year, India ranked 40 in the Economic Complexity Index (ECI 0.64), and 15 in total exports (\$468B).



[Export and import of United Aarab emirates from the year 2008-2021]

#### **IV. SMUGGLED GOODS**

Smuggling and customs offenses are the easiest path where national security and economic integrity may be tampered with. For this reason, preparation of effective investigations, seizure of goods and evidence of customs offenses will need a comprehensive framework for the conduct of such an operation. The framework has to cross geographical as well as operational parameters and ensure that any kind associated with smuggling or other offence related to customs is taken care of. This investigation is beyond the limitations on land or maritime zones and includes various customs control points, and wherever there is a clear indication in a case of smuggling activity.

Given the data on the import and export in the United Arab Emirates, The underlying threat faced by every country in the world is also faced by the GCC states as well which is the smuggling of goods done by different nationalities from all around the world Customs offices undertake administrative roles and liaise with other agencies in law enforcement to ascertain that goods exported or imported into the country are within the bounds of the law. Seaports and airports are especially crucial since they record a high amount of international trade and passenger travellers, and specific cargo and people surveillance are carried out to prevent illegal transactions. With this focus on the control points, the authorities will have an upper hand in monitoring and administering imports and exports that improve their capability in detecting and preventing smuggling operations.

The custom officer plays an important role in order to make sure that no illegal goods as mentioned in the act are exported or either imported in or from the country. The investigation of smuggled goods is dealt by the custom officer as followed by the procedure in SECTION XIII of the act “Customs officers shall combat smuggling. To this effect, they are authorized to inspect the goods and the means of transport and to search persons under the provisions herein and the other applicable regulations (laws). b) The body search of women shall be conducted only by a female inspector. c). In the event there are adequate evidences of the presence of contraband and after obtaining permission from the competent authority, customs officers shall be entitled to inspect any house, store or shop according to the applicable regulations (laws). Customs officers have the right to even board a vessel in case of suspicion in case of failure to receive approval from the director general the prior is allowed.

By smuggling, one refers to the common use of the term, which means illegal importing or exporting products into or from a country. The Law that regulates the act of smuggling in the UAE is the Federal Decree No. 15 of 2022 On the Ratification of the Common Customs Law

of the Cooperation Council for the Arab States of the Gulf and Its Implementing Regulation, known as the Common Customs Law.

The smuggling in consists of many goods, one of the major smuggled goods is Gold from Africa, the business of smuggling gold from Africa to the United Arab Emirates has reached over a billion Dollars and hundreds of tonnes in the country

Given the investigation's special report from Reuters, The Contradictory statement of the miners in Africa states about the not importing of gold from the African continent in the United Arab Emirates on the same line stating that importing gold into UAE requires just a little documentation. This business has provided a livelihood to millions of homeless Africans.

The customs data provided by governments to Comrade, a United Nations database, shows the UAE has been a prime destination for gold from many African states for some years. In 2015, China – the world's biggest gold consumer – imported more gold from Africa than the UAE. But during 2016, the latest year for which data is available, the UAE imported almost double the value taken by China. With African gold imports worth \$8.5 billion that year, China came a distant second. Switzerland, the world's gold refining hub, came third with \$7.5 billion worth. Most of the gold is traded in Dubai, home to the UAE's gold industry.

The investigators knocked on the door of the Dubai courts customs authority before proceeding to a higher authority, the federal customs authority. They hung up with no response from the federal authority of Dubai customs.

A minister of Africa has stated “ No doubt but the destination but since it is fraudulent I have no record of the business that has been going on”

The importation of gold in the United Arab Emirates from 2006 to 2016 has increased from 18 percent to 50 percent. This raises the substantial question of the customs duties, taxes levied, and consumer consumption rate in a dilemma.

The obvious statement official of the United Arab Emirates spokesperson of the economy in recent times has stated that “Only our own, where we have sophisticated technologies and systems to track and verify the data”

Aside from the loss in tax revenues, experts and governments have warned that smuggling on this scale indicates a vast parallel illicit economy vulnerable to potential money laundering, terrorist finance, and sanctions evasion.

On the other hand, the African country has been managing the import of marijuana. On April 28<sup>th</sup> the Dubai customs office has recently concealed 4.25 kilograms of Marijuana smuggled

into the United Arab Emirates via Airways. The inspecting officer has inspected the suspect baggage manually to ensure the offense and take further legal action against the offender.

These are a few of the major importations of smuggled goods in the GCC states. Cigarettes, the most consumed goods worldwide, are being imported and exported with the suspension of customs taxes.

## **V. EPITOME OF A DEVELOPED COUNTRY TO DEVELOPING COUNTRIES IN THE AMBIT OF CUSTOM GOVERNANCE**

Customs governance is a critical component of the global economic framework and impacts a country's trade, security, and regulatory practice. The customs systems of more developed nations, therefore, set very useful benchmarks for developing nations that are aiming at improving their customs governance. in developed countries can act as exemplary templates for developing nations with respect to regulatory efficiency, technology integration, transparency, and capacity building.

### **1. Regulatory Efficiency and Streamlined Processes**

Developed nations can be said to portray regulatory efficiency in their customs governance through streamlined procedures and well-defined protocols. Basically, these are countries with complete regulatory frameworks, which give clear ways through which the flow of goods across borders can be done in a seamless way. This is while adhering to the laws governing trade. The advanced customs systems in developed countries usually have simplified procedures for import and export operations, therefore reducing red tapes that increase delays and costs for business operators.

For developing countries, such simplified procedures would help a lot in allowing trade to flow smoothly. Automated systems for processing customs declarations, risk-based inspection methods, procedures harmonization may help reduce bottlenecks that slow trade flows. Efficiency-oriented approaches are not only speeding up border procedures but firming up economic competitiveness through the reduction of transaction costs.

### **2. Technological Integration and Automation**

Technological advancement is among the main characteristics of customs governance in developed nations. These countries leverage a number of technologies, including electronic customs systems, data analytics, and automated risk management tools, for efficient management of customs operations. Incorporating technology improves accuracy, lowers manual errors, and speeds up processing associated with trade documentation.



Such technological solutions can be replicated in developing countries with great benefit. Through investment in modern customs software, setting up EDI systems, and the introduction of blockchain technology for secure documentation, such countries will have revamped their customs. This technological integration shall not only bring efficiency into the customs operations but also enhance transparency and accountability of the customs processes, hence reducing corruption and fraud opportunities.

### 3. Transparency and Accountability

Any effective system of governance of customs needs transparency and accountability, which countries that have emerged in growth more or less have. Indeed, often enough, countries institutionalize practices of openness, thereby creating a clear line of communication, setting guidelines, and making available information to the general public on all customs procedures and regulations. Transparency breeds trust among the stakeholders: businesses, traders, and the general public. It helps reduce risks related to corruption and malpractice.

These practices can be emulated by developing countries through the creation of transparent customs procedures, establishment of accessible information portals, and regular audits and reviews. Stakeholder engagement, underpinned by clear and consistent information about customs requirements, forms the bedrock of successfully creating a more trustworthy and efficient customs system. Strengthening accountability through rigid enforcement and oversight mechanisms should be able to bring added credibility to the governance of customs.

### 4. International Cooperation and Sharing of Best Practice

Developed countries often actively take part in international cooperation and sharing of best practices of customs governance. Regional and global initiatives are undertaken to harmonize customs procedures in line with international standards, to address cross-border challenges related to smuggling, trade facilitation, and the like.

International cooperation can be derived through the involvement of the developing country with organizations like WCO and regional trade agreements. That way, by adopting international best practices and standards of global customs procedures, developing countries can bridge the gaps in their customs systems and integrate much better into the world economy.

## VI. CONCLUSION

Developed country customs governance models provide emerging countries with useful information and examples to follow. Developing nations can greatly improve their customs governance by concentrating on regulatory efficiency, technological integration, transparency,

capacity building, and international cooperation. Imitating these strategies enhances overall economic resilience as well as trade facilitation and compliance. Developed countries' experiences provide a foundation for building effective and efficient customs governance while developing countries try to modernise their customs systems. The investigation of smuggling, seizure of goods, and proving customs offenses requires a multifaceted approach that spans across land and maritime zones, customs control points, and beyond. By operating within these diverse contexts, customs authorities can effectively intercept illicit activities, enforce regulations, and maintain the integrity of national and international trade systems. The integration of rigorous checks at key control points, combined with sophisticated tracking and surveillance of controlled deliveries, ensures a robust response to smuggling and customs offenses. This comprehensive framework not only safeguards economic interests but also contributes to broader national security objectives.

\*\*\*\*\*