

ESA Newsletter

A Publication of the World Customs Organization East & Southern Africa Region Regional Office for Capacity Building

The Pearl of Africa Hosts ESA



Uganda, the Pearl of Africa, successfully hosted the East and Southern Africa (ESA) region's 22nd Governing Council in Munyonyo, Kampala, Uganda. It also hosted the Regional Training Centers Head's meeting which was held on the 4th and 5th May, 2017 and the 26th Regional Steering Group meeting held from 8th to 10th May, 2017. The ESA Vice Chair Mr. Tom Moyane (South Africa) and the World Customs Organization (WCO) Secretary General Mr. Kunio Mikuriya attended the Governing Council alongside other Directors General or their representatives, the African Union Commission (AUC), the

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WCO ESA ROCB Delegates at the 22nd Governing Council in Munyonyo, Kampala.

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IT WAS OUR PLEASURE!

On 13th May 2017, Uganda bid farewell to the last delegate of the 22nd World Customs Organisation (WCO) East and Southern Africa (ESA) Governing Council. It's over a month since the 22nd GC curtains closed but the memory of the events is fresh in our minds. Preparations for hosting the events kicked off soon after Uganda offered to host the meetings at the 21st WCO ESA GC in Lesotho. The WCO ESA GC so often got mention in meetings as an important upcoming event.



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EDITORIAL

We are pleased to present to you, yet again, the global Newsletter of the World Customs Organization East and Southern Africa Regional Office for Capacity Building (WCO ESA ROCB) newsletter this year, 2017. This edition mainly features the ESA Regional meetings held in Kampala Uganda in May, 2017. Given today's competitive world, communication is an important aspect of any successful organization we have thus featured an article highlighting the improvement of communication in the Region and that so far Zimbabwe is carrying the torch in this area having won the Best Member in Communication for two years consecutively!

The newsletter also features the change of Leadership in the Region. Director Larry Liza and the entire team wish all these Members all the best in their new mandate. As you go through this issue you will see the various initiatives that Members are implementing to improve service delivery and protect the society such as the Preferred Trader Programme, introduction of a stamp programme for alcohol and tobacco, among others.

Finally, we wish to thank all the Members, the Regional Economic Committees, stakeholders and development partners with special mention to the East African Community (EAC) and Japan International Cooperation Agency (JICA) for continuously supporting the continuous growth of the Newsletter through regular contribution of articles. Enjoy reading this newsletter and feel free to send us any articles you could like us to feature in the next edition.

Enjoy the reading.



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Programme Officer

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Kenya Revenue Authority
Mauritius Revenue Authority
Mozambique Revenue Authority
South Africa Revenue Service
South Sudan Customs Service
Tanzania Revenue Authority
Uganda Revenue Authority
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The Pearl of Africa Host ESA

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ROCB and other dignitaries.

Ms. Doris Akol, Commissioner General, Uganda Revenue Authority (URA) welcomed the participants to Uganda and invited the delegates to visit the various tourist destinations in the pearl of Africa. She highlighted the advances made by URA, which was celebrating 25 years of service.

Mr. Patrick Ochila, representing the Chief Guest and Minister for Finance, Planning and Economic Development welcomed delegates to the 22nd GC and thanked URA for organizing and coordinating this meeting and the Members for attending the meeting. He reiterated the sentiments of the URA CG that Uganda was proud to host the meeting, he pointed out that it's in the regional forums that Members get the chance to reflect on the various needs and priorities of the Region and their solutions.

Mr. Tom Moyane, ESA Regional Vice Chair and Commissioner for Customs, South Africa welcomed the delegates to the 22nd GC and thanked the Minister of Finance and WCO SG for gracing the meeting with their

presence. He also thanked Uganda for their hospitality and for hosting the ESA Meetings and pointed out that Uganda continues to play a key role in Regional development. He called for the Members to chart the path of the development of the Region.



Mr. Kunio Mikuriya, the WCO Secretary General thanked Uganda for hosting the ESA region and the warm welcome and hospitality accorded to him and all the ESA delegates. He pointed out the professionalism of the URA staff exhibited when he visited the Document Processing Centre. The SG informed the meeting of the key role that the African Union plays in regional integration. He further apprised the delegates of the many industry players that are coming in to support the economic development of the African

Region. He called upon Members to recognize the importance of Customs in combating illicit trade and securing borders. Finally he informed the meeting that the WCO aims to continue working together with the Region in addressing their unique needs and challenges for the betterment of Africa and the World

Delegates of the 22nd ESA Governing Council, hosted by Uganda Revenue Administration in May, 2017. On the front row, from left to right are: Mr Jed Michaletos, Chief Officer: Customs, South Africa Revenue Services, Mr. Kunio Mikuriya, World Customs Organization Secretary General, Mr. Patrick Ochila, representing the Chief Guest and Minister for Finance, Planning and Economic Development, Ms. Doris Akol, Commissioner General, Uganda Revenue Authority, Mr. Tom Moyane, ESA Regional Vice Chair and Commissioner for Customs, South Africa, Mr. Phodiso P. Valashia, Commissioner of Customs and Excise, Botswana Unified Revenue Service and Mr. Dicksons Kateshumbwa, Commissioner for Customs, Uganda Revenue Authority.

IT WAS OUR PLEASURE!

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Committees were formed, the budget drafted, service providers identified and soon it was days to the long awaited event.

During the preparation meetings it became apparent that time can never be on one's side when preparing for events of such magnitude. Back and forth meetings were held with service providers to fine tune requirements. In order to manage this, the team was expanded and soon people began working extra hours to meet the timelines. As the day drew nearer, registration was very slow making it hard for the organising committee to confirm the number of expected guests in advance. This made planning a little difficult and in the end estimates based on last year's attendance were used as the

baseline for planning purposes. The highlights of the three meetings were a welcome cocktail on Wednesday, an official dinner animated by the famous Ndere Cultural Troupe on Thursday and crowned with dinner on a boat cruise on the Lake Victoria on Friday.

To add flavour and break hotel monotony, the Regional Training Centre heads meeting and 26th Regional Steering Group meetings were held in the newly launched Document Processing Centre (DPC) training room at the URA headquarters at Nakawa while the 22nd Governing Council meeting at Speke Resort Munyonyo. "The most successful event is one that achieves your goals and exceeds your expectations", and Uganda Revenue

Authority is proud of hosting these events and hopes they exceeded your expectations.

We are forever grateful to the Vice Chair's office, the Director ROCB and his staff for their efforts in making this a success. Indeed their support before and during the three meetings is priceless.

Lastly, Uganda Revenue Authority would like to appreciate all the delegates for making it easy to host and take care of you. To the WCO ESA members, thank you for allowing us to host you, what an honour for us to do so!

I invite you all to the upcoming 27th RSG meeting in November, 2017 and the AEO global conference in March, 2018 in Kampala.



ZIMBABWE DOES IT AGAIN! BEST MEMBER IN COMMUNICATION

In today's competitive world, communication is an important aspect of any successful Organization. The World Customs Organization, East and Southern Africa Regional Office for Capacity Building (WCO ESA ROCB) carries out an annual analysis on communication among Members in the Region. The analysis is based on various factors such as response to general enquiries, submission of Needs Assessment Templates, submission of Articles to be published in the now global ESA Newsletter, nomination of participants to various capacity building activities/workshops, submission of photos for the annual ESA Sotho Photo Contest, submissions of Country reporting templates and Executive Summary Reports among others. The Best Member in Communication in the Year and Best National Contact Points are awarded a trophy and certificates during the Governing Council every year.

Zimbabwe won the Best Member in Communication award in the year 2016, with Mr. Jephath Mujuru of Zimbabwe












Revenue Authority (ZIMRA) winning the Best National Contact Point of the year. Zimbabwe retained the award in the year 2017 with the National Contact Point of the year awarded to; Ms. Edina Mudzingwa (Zimbabwe Revenue Authority), Ms. Aroona Mugon (Mauritius Revenue Authority) and Ms. Eunice Zuze (Zimbabwe Revenue Authority).

Best Member in Communication Award presented to Mr. Adrian Swarres, Ag. Commissioner of Customs, Zimbabwe Revenue Authority (ZIMRA) by Mr. Dicksons Kateshumbwa, Commissioner of Customs, Uganda Revenue Authority (URA)

NEW ESA LEADERSHIP

Various leadership positions in the East and Southern Africa Region become vacant this year. The Governing Council, meeting in Uganda on 11th and 12th May 2017, filled the vacant positions as shown in the table.

The World Customs Organization, East and Southern Africa Regional Office for Capacity Building wishes these Members the very best in delivering their mandate.

Position	Member
Vice Chair	 Uganda
Deputy Vice Chair	Botswana 
Member of the Policy Commission	 Zimbabwe
Finance Committee Representatives	Burundi 
Audit Committee Representatives	Lesotho  South Africa 
Regional Governance & Finance Committee Representatives	 Comoros Malawi   Rwanda



ESA Sotho Photo Contest - 2017

The World Customs Organization, East and Southern Africa Regional Office for Capacity Building (WCO ESA ROCB) launched the East and Southern Africa (ESA) Sotho Photo contest as an Annual Contest to be voted for at the Governing Council in the year 2016. The winner is awarded a trophy and certificate with the runners-up awarded certificates. Zimbabwe won the contest in 2016 having presented a photo showing a case of human trafficking; they opted to keep the trophy and funded the purchase the 2017 winner's trophy.

This year, 14 Members submitted photos showcasing Member history, activities and successes in exercising mandate. Kenya's submission was overwhelmingly voted as the Photo of the Year 2017 with Comoros voted as the 1st Runner Up and Zimbabwe the 2nd Runner Up. All the photos submitted will form the ESA Sotho Photo book 2017.

The trophy and certificate were presented by Mr. Kunio Mikuriya, the World Customs Organization Secretary General and Mr. Jed Michaletos, the Chief Officer: Customs, South Africa Revenue Services to the Winner (KENYA) which was represented by Ms. Beatrice Memo, Commissioner, Kenya School of Revenue Administration and Mrs. Agatha Munyaka, Chief Manager, Customs and Border Control Department.



Elephant Ivory found Concealed

2017 Winning Photo submitted by the Kenya Revenue Authority.



Fighting Human Trafficking - Winning Photo submitted by the Zimbabwe Revenue Authority in the year 2016.



Mr. Kunio Mikuriya, the WCO Secretary General (Right) and Mr. Jed Michaletos, the Chief Officer Customs, South Africa Revenue Services (Left) presenting the trophy and certificate to the Winner (KENYA) which was represented by Ms. Beatrice Memo, Commissioner, Kenya School of Revenue Administration and Mrs. Agatha Munyaka, Chief Manager, Customs and Border Control Department (Centre).



MRA Customs combats against Drug Trafficking

The Mauritius Revenue Authority (MRA) is an agent of the State and it is responsible for the collection of taxes and the management, operation and enforcement of revenue laws in Mauritius. In line with its strategic objective of 'Facilitating trade and Ensuring Border Protection and Society Protection', the MRA plays a pivotal role in the combat against drug trafficking. The MRA Customs Department is mandated, as a border control agency, to fight drug trafficking through a gamut of measures and one such measure is the setting up of the Customs Anti-Narcotics Section (CANS).

Drug trafficking is rated as a critical risk for the society and it has major consequences- primarily financial- for the government. For example, drugs not only lead the government to incur expenditure for the rehabilitation of persons addicted to drugs but it also severely affects the youth. This in turn represents a shortfall in manpower and ultimately affects the economic potential of Mauritius.

The MRA Customs Department therefore has the sacred responsibility of guarding the Mauritian borders and of preventing the social ill from reaching the local population.

The CANS has a dedicated team of officers based at Seaport, Airport, Parcel Post office and Courier services for the profiling and detection of high risk consignments, passengers and parcels on the basis of intelligence and risk indicators. The K9 Unit is an arm of the CANS and it comprises eight drugs and currency detecting dogs.

The MRA Customs Department has been instrumental in the number of drug seizures made over the years, as evidenced in table 1.

The first 5 months of 2017 has also been a very active period with regards to drug seizures. During this period, i.e. January to May, 34 seizures of illicit products amounting to Rs. 2.6 billion (approx. USD 77,000,000) were effected.

If during the previous years, the source country of drugs coming to Mauritius was mainly Madagascar, a change was noted in

2017 where several seizures were consigned from South Africa. 2017 has also recorded the biggest ever drug seizure made by the MRA Customs Department: 157 kgs of heroine were concealed in 3 consignments of sand blasters exported from South Africa.

An analysis of the recent drug seizures also depict the emergence of a new illicit product- namely the Mephedrone- which originates from China and which is routed mainly through courier services. It is a synthetic drug and it is often manifested as pigments or titanium oxide.

The tables 2-4 present an overview of major drug seizures made by the MRA Customs Department from January to May 2017.

Table 1

Year	Value of drugs seized (Rs)	Details
2012	44,446,310.50	Subutex, Cannabis seeds, Heroine, Hashish and Cannabis
2013	193,758,211.50	Subutex, Cannabis seeds, Heroine, Hashish, Cannabis, Psychotropic Substances, Synthetic Cannabinoids and Cocaine
2014	180,636,665.00	Cannabis seeds, Heroine, Hashish, Cannabis, Psychotropic Substances, Synthetic Cannabinoids and Cocaine
2015	178,494,454.00	Cannabis seeds, Heroine, Hashish, Cannabis, Psychotropic Substances, Synthetic Cannabinoids, Hemp Oil and Hemp seeds,
2016	170,926,306	Cannabis seeds, Heroine, Hashish, Cannabis, Synthetic Cannabinoids, Hemp Cream and Poppy seeds.

Table 2

Date	Weight	Type of Drugs	Concealment	Place of Seizure	Country of Consignment
28/01/2017	2847 Grams	Cannabis Resin	One Carton Box 10 Plastic Jars containing sample of soap.	DHL	South Africa



Table 3

Date	Weight	Type of Drugs	Concealment	Place of Seizure	Country of Consignment
08/03/2017	6550 Grams	Heroin	Two carton boxes containing Home Theater set	Seaport	South Africa



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MRA Customs combats against Drug Trafficking

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Table 4

Date	Weight	Type of Drugs	Concealment	Place of Seizure	Country of Consignment
09/03/2017	135 kg	Heroin	Concealed inside Sand Blasting Pots	Seaport	South Africa



record of payment and as a barrier to the distribution of counterfeit products.

Background

A recent study by Euromonitor International indicates that more than 66% of the alcoholic beverages traded in the market are in some way from the illicit trade, especially smuggled goods with 43.3% (Analysis of illicit alcohol in Mozambique - Euromonitor International, 2015).

In addition to an implicit acknowledgment of the fragility of the effective control mechanisms for the collection of excise taxes (ICE), particularly on tobacco, alcoholic beverages and fuels, a number of international, regional and internal

MOZAMBIQUE REVENUE AUTHORITY LAUNCHES A STAMP PROGRAMME FOR ALCOHOL AND TOBACCO

By Por Algy M.A.C. Ali

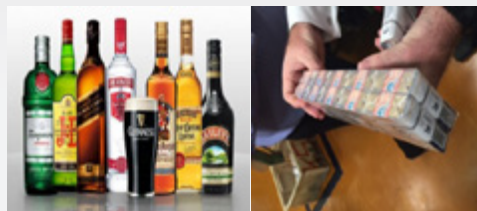
The Mozambican Government has just launched a sealing program for alcoholic beverages and manufactured tobacco. However, smuggling and counterfeiting of these products has become a global issue and Mozambique could not be on the sidelines of this evil.

Excise taxes on cigarettes and liquor products are virtually universal and continue to be a substantial source of government revenues. However, smuggling and counterfeiting of these products has become a global issue.

Unless appropriate counter measures are taken, these illegal activities can deprive governments and hence society at large of a significant source of income. Introduction of this tax excise programme will enable the Mozambique Revenue Authority to protect these revenues, which in turn can help the government invest in people, services and infrastructure.

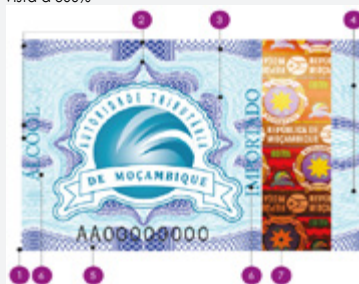
The introduction of this program aims at allowing the Mozambican Revenue Authority to protect the revenues, which can help the government in investing on people, services and infrastructures.

From 2017 the seal of control of alcoholic beverages and manufactured tobacco is mandatory.



Tax excise stamps are stamps used by governments to authenticate products and confirm that relevant taxes and fees have been paid. Tax stamps are small pieces of security paper applied to the product by wet glue or self-adhesive, much like postage stamps.

Vista a 300%



Known by a variety of names (excise stamps, duty stamps, tax seals, banderols), these are used by over 80 governments around the world to secure the revenue derived from customs and excise duty on tobacco and alcoholic beverages, acting both as a

studies have pointed to misconduct and smuggling as major lawbreakers by the high levels of tax fraud established:

Mozambique has been experiencing significant illicit consumption of imported and domestically produced products, an estimate revealed by a 2009 SADC study, pointing out that more than 60% of all alcohol consumption in the country was illicit. The industry estimated that more than 50% of the national production of spirits did not pay taxes, reducing tax revenue by 35%, estimating a loss of income of US\$2.8 million (In SADC Review - Study into the illicit Trade in excisable products with particular reference to alcohol and tobacco products, May 2011).

Actions and effects

As a reflection of the results of these studies the Government decided to carry out a series of legal tax reforms and procedures including the sealing of tobacco manufactured its derivatives and alcoholic beverages. The launch in 2009 of an international public tender for hiring a company to provide production and distribution of control stamps for alcoholic beverages and manufactured tobacco subject to excise tax, won by the

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MRA STAMP PROGRAMME FOR ALCOHOL AND TOBACCO

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company “OpSec Company “OpSec Security Mozambique, Limitada” (leader), and the OpSec Security Group, PCL and OpSec Security Limited (“OpSec Security Group Limited”).



In March 2013, a cost-benefit analysis was carried out, and the results were presented in July 2014, with the impact on the sales price to the public, less than 1% and the average growth in State revenue, at the rate of 7.5 % per year which culminated in the Public Concession Agreement for the Services of production and distribution of stamp, of alcoholic beverages and manufactured tobacco subject to the payment of excise



tax, on 18 December 2013.

In August 2015 a survey was carried out on domestic and foreign producers and importers/exporters, with the aims to assess the preferential and sizes of the stamp, where around 80 domestic and foreign companies applied

The implementation schedule phase for sealing was set up as the following dates:

- **Manufactured Tobacco (Cigarettes, Cigarillos and Cigars) - March 17, 2017;**
- **Alcoholic beverages (Wines, vermouths and spirits e.g. Whiskey, Rum, Gin, etc.) - 01 June 2017;**
- **Ready-to-drink beers and beverages - November 17, 2017**



Procedures

The first phase of sealing implementation started, in accordance with the regulation, through the mandatory registration of operators (producers and importers) in the domestic tobacco and alcohol market within 90 days, from 14 October 2016.

This compulsory registration is intended to ensure to reinforce all operators whose activities are traced at the beginning of the production and distribution chain or for non-

retail entry for the sealing process, insofar as they, without registration in Customs, may not acquire or use the fiscal control stamps.

The stamps are modern, of various types and



formats and are equipped with a technology similar to that used in banknotes and it is evaluated by the model of logistics of delivery of stamps and the price per thousand units costs around EUR 6.85 for beers, EUR 29.68 for spirit drinks. The request for stamps can only be done by the registered operators at the Directorate General of Customs.

After payment of the stamps, the company has 45 days to deliver the stamps to the recipient (national or foreign-exporting to Mozambique) who will apply the seal at the indicated place by the buyer. The seal must be used in 180 days, renewable up to one year, after which they must be destroyed!

The entry of these products into the country, by any terminal or international border, will only be allowed through customs clearance or declaration for domestic consumption, in the case of locally produced goods, of sealed products.

RTD

Meanwhile, the EU/WTO notifies Mozambique.

Following the implementation process, Mozambique was notified by the WTO regarding the rules and principles in the organization.

From the assessment of the legal provision, the EU/WTO notified the country due to the differential and discriminatory treatment in applied prices of control stamps for domestic and imported goods, as well as for the exclusion of the compulsory sealing of beers and RTD domestic production.

To this end, the country has responded by making the necessary corrections during this year, through the due revision of all legal provisions that contravene this uniform spirit in order to establish the same opportunities for all, at the level of inter- and intra-national trade.



SA Customs launches its Preferred Trader Programme

Some of the first group of accredited Preferred Traders with the SARS Commissioner, Tom Moyane and SARS officials at the launch of SARS's preferred Trader Programme on 8 May 2017.

The South African Revenue Service's Customs Preferred Trader Programme was officially launched on 8 May by SARS Commissioner, Tom Moyane. This marked the culmination of an extensive process aimed at introducing one of the most significant trade facilitation initiatives in SARS' Customs modernisation journey.

At the launch, 28 Customs clients were awarded Preferred Trader accreditation status following a lengthy period of audits and customs competency assessments.

Speakers at the launch included the SARS Commissioner, Customs and Excise Chief Officer (CO), Jed Michaleto, consultant for the SA Association of Freight Forwarders, Johan Marais and representative of the WCO-SACU Connect Project, Dalton Nxumalo.

In his keynote address to guests, the Commissioner noted that strong partnerships with business and other government agencies were critical for SARS to achieve its mandate with regards facilitation of trade.

Development

"This facilitation role is crucial in supporting South African businesses to compete globally and to grow. Their success will firstly generate additional revenues that will finance national development and growth. And secondly, successful, growing businesses will also generate sorely needed

employment, broadening the tax base and acting as a multiplier for alleviating poverty and enabling a better life for all South Africans," he said.

The Customs and Excise CO said that PTP initiative aimed at ensuring increased compliance in trade, as well as the most efficient movement of legitimate trade across South Africa's borders.

South Africa's Preferred Trader journey began in 2011 after extensive benchmarking and consultations with trade. It was set up under the World Customs Organisation's internationally recognised Authorised Economic Operator (AEO) programme.

Traders

The main objective of the Preferred Trader Programme is to move away from the traditional Customs gate-keeper approach, to a more risk-based approach. Compliant traders will receive benefits as stipulated in legislation for accredited clients. This will reduce the frustrations and the costs that can be incurred by traders who are operating in the global market.

In broad terms, the Preferred Trader Programme is a relationship between a Customs client and SARS Customs in order to:

- Achieve benefits for both parties.
- Stamp out misconduct and fraudulent activities.

- Obtain and maintain a high level of compliance.
- Promote legitimate trade facilitation.

Some of the benefits to trade include:

- The appointment of a Customs Relationship Manager tasked with facilitating the relationship between the client and Customs.
- Reduction of the amount of security required for compliance with a Customs procedure.
- Fewer routine documentary and physical inspections.
- Prioritising a request for tariff and valuation determinations.
- Prioritising access to non-intrusive inspection techniques when goods are stopped or detained for inspection.

A specialised Preferred Trader team has been set up by SARS to handle applications and audits, while an Accreditation Review Customs Committee at SARS head office makes a final decision on all accreditation submissions. Currently over 250 Customs clients are going through the Preferred Trader accreditation process and with a dedicated team and process now set up, it is envisaged that all these outstanding applications will be processed speedily in the coming months.



PROMOTING BILATERAL TRADE BETWEEN SUDAN AND SOUTH SUDAN

Prior to South Sudan's secession in July 2011, no trade statistics were compiled between the two regions as they were then one country. Since that date, the flow of trade between the two countries has not been regular enough for the authorities to start compiling normal trade statistics. However, Sudan gathers some information on the commodities that have been traded so far, both formally and informally, including smuggling activities.

Based on those records, the flow of commerce between the two countries is

two countries of goods destined for third countries, with the exception of South Sudan's oil transiting through Sudanese pipeline and port. The two countries are now working on a draft agreement that will permit such broader transit trade.

The two countries share Africa's longest land border of over 2,000 km, as such, border management issues, especially the "soft borders" approach, is a fundamental principle enshrined in the Border Issues Agreement (BIA) of September 2012.

The BIA will be implemented along the

points with five states of South Sudan (Unity State, Upper Nile, Warrap, Northern Bahr-el Ghazal, and Western Bahr-el Ghazal).

The means of transport across these points will be road (trucks), railways and river (steamers).

At each crossing point, the Sudanese authorities will inspect goods in accordance with customs regulation including quality and health standards—hence, type, quantity, and value of goods will be noted—and duties and fees collected, as will be value added tax.

In addition to customs, other agencies involved in the inspection for Sudan will include, the Sudan standards organization, and health and plant quarantine authorities. Similar institutional structures also exist on the South Sudan side.

Despite the progress in setting up these regulatory structures, realizing the potential of trade between the two countries is bound to be a tall order given the paucity of physical and technological infrastructure that supports bilateral trade. For instance, only seven of the ten earmarked border posts have been opened.

On the Sudanese side, only two of those opened are equipped with computer and electronic facilities, while the operations at the other opened posts are handled manually.

The Southern side is yet to acquire any computer or electronic facilities. Putting such physical and technological infrastructure in place will be important elements of the capacity required to perform the relevant customs clearing tasks and trade facilitation processes. This will require clear functions being specified in law regarding the provision of infrastructure by the private sector and the public sector, including the central and the local governments.

**AFRICAN DEVELOPMENT BANK
GROUP SUDAN COUNTRY OFFICE:**

(<https://www.afdb.org>)



A Joint Technical Border Corridors Committee has thus been formed which agreed to ten border crossing points (corridors) between the two countries.

indirect from Sudan to South Sudan, with informal flow of goods comprising petroleum products,

sugar, sorghum, medicines, and various food items. Based on history, once normal trade resumes, the General Administration of Customs of Sudan expects trade between the two countries to be quite vibrant, with the flow of commerce from Sudan to South Sudan comprising more than two hundred types of goods: mainly, agricultural products and foodstuffs, medicines, fuel, clothes, shoes, building materials, and furniture, among others.

There is no record of trade between the

extensive, resource-rich, diverse and heavily populated border areas, where approximately 60%

of the collective populations of the two states live. Thus, proper management of the common border is a priority of the two countries as they seek to develop bilateral trade which is critical for their development prospects.

A Joint Technical Border Corridors Committee has thus been formed which agreed to ten border crossing points (corridors) between the two countries. Four states of Sudan (White Nile, South Kordofan, South Darfur and Blue Nile) will have common crossing



IMPLICATION AND CHALLENGES OF IMPLEMENTATION OF WCO INSTRUMENTS AND WTO - TFA IN DEVELOPING COUNTRIES

The study which was conducted by WTO Economists on 2015 projected 14.3% of the trade cost will be reduced when Trade Facilitation Agreements (TFA) is fully implemented. According to Economic co-operation and Development (OECD), the implementation of TFA will empower developing countries to gain 10% cut in the trade costs and are expected to save around 325 billion US dollars a year. Also the TFA is expected to condense the time needed to import goods by over a day and a half and to export goods by almost two days, representing a decrease of 47 percent and 91 percent respectively over the existing average. The Dublin Resolution concluded that the WCO should work close with the WTO to provide support of WCO members in order to offer technical assistance and capacity building based on WCO instruments by facilitating the good relationship between the Governments, Customs Administration and the business leaders

WCO council

On 2001, after recognition of risks to the security (due to terrorism) on the facilitation of the international trade, the WCO noted and see the importance of involving the international trade supply chain (ITSC) and on 2005, the WCO council adopted the SAFE Framework of standards which was designed with standards that will both facilitate trade and maintain security in the trade traffic. The implementation of the SAFE Framework was intended to all WCO members both developed and developing which provide new approach of relationship working methods for both customs-customs and customs-business.

Provided that both TFA and SAFE Framework instruments are basically being introduced on the foundation of Revised Kyoto Standard (RKS) standard and Guidelines. There are some of challenges are likely to happening in the process of adoption and implementation of these instruments in the developing countries.

ICT & E-commerce

Developing countries Customs Administration are still behind on the area of

practical trainings of ICT and e-commerce. Revised Kyoto Convention ICT Guidelines standard 7.1, 6.9, 3.21 and 3.18 of the RKC require Customs Administration to apply Information and communication technology including the use of e-commerce. WCO study report on cross-border E-commerce, the survey conducted on august 2016 indicated percentages E-commerce trade via internet to access global markets for 48 members. According to the statistics , accessibility to global market via ICT in the Europe is 48%, Fareast, South and South East Asia, Australasia and the Pacific

The issue of ICT & E-commerce is very crucial in the facilitation of the WCO instruments in order to link customs and global business environment

Islands is 29%, Southern America, Northern America, Central America and the Caribbean is 19%, East and Southern Africa is 2% and North of Africa, Near and Middle East is zero.

The issue of ICT & E-commerce is very crucial in the facilitation of the WCO instruments in order to link customs and global business environment, harmonizing the problem of low-value e-commerce goods flow, compiling issues such as security and the possibilities of customs to access online the economic activities of different international business enterprise. For these reasons developing countries has to prepare themselves by designing strategic plans which can pave way for technical assistance and capacity building from WCO and WCO partners to cooperate with customs administration in order to fix this gap and realize benefit of reduction of trade costs, time and security geared from implementations of these instruments.

Inspection tools

Modern technical equipment in cargo inspection is still under course. Many of the developing countries are still employing the out dated method of intelligence of using informers who are giving crimes and fraud information to customs concerning Authorized Economic Operators (AEO). Most of these informers are not faithful they

turn back and cooperate with smugglers against customs officers. For instance one of the members of WCO-ESA in the developing countries, Customs station are obliged to pay 0.3% of duties & taxes to the informer reported the correct information of goods entered into free circulation without payment of duties & taxes. This is not a reliable method of managing risk and security due the human nature of changing, in case of being bribed more than 0.3%!

Developing countries should learn from Mauritius Revenue Authority in their reform and modernization programme of Non-instructive inspection tool on tracking, rescue and detection of drugs, explosives and currencies. Trained dogs known as sniffer dogs have brought a significant impact in the detection of illicit drugs. Since 2012 to 2016 street value of Drug seizures by k9 amount to sum of 583,191,307 Rs in Mauritius. (ESA ROCB Newsletter, Jan-march 2017).

RECTS

Non-instructive inspection (NII) and radiation equipment such as high technology scanner should be placed in the earlier stage of adoption and implementation of WCO instruments in every busy boarder. For example all entries of landlocked countries and ports, most of time appeared to be over loaded with containers. The use of technology in inspection is necessary to detect the high risk containers and cargo quickly without wastage of time and movement of goods. The Regional Electronic Cargo Tracking System (RECTS) is the advance step achieved in East Africa especially on monitoring of movement transit container to their destination by reason of avoiding smuggling and dumping. The political will and government cooperation with customs administration is very important in this matter (NII).The Nationals should set aside a reasonable amount of her budget to finance the procurement of the modern equipment and trainings to customs officers so as to avoid the leakage of the revenue collection and enhance the business flow.



Exemption Regular Regime (Non-Emergency Response) for South Sudan Customs Services

The South Sudan Customs Services exemptions unit handles tax exemptions. UN agencies and NGOs are exempt from import duty, excise duty, vehicles, customs warehouse rent (CWR) and VAT; however, there are certain exemption procedures that must be adhered to by UN agencies or organizations.

Apart from UNMISS and UN agencies, tax exemptions can only be granted to registered taxpayers, and organizations who must register for a Tax Identification Number (TIN) at a Directorate of Taxation branch office. A special tax exemption can be granted to non-UN/NGO organizations but such exemptions are granted on a per case basis and only under certain circumstances.

To be granted a tax exemption on imports, organizations must apply for an exemption at the South Sudan Custom Service unit within the Ministry of Finance and Economic Planning (MoFEP) and submit the required documentation related to the cargo. Only the minister of MoFEP can grant tax exemptions.

Once fully processed, an exemption letter will be issued by the South Sudan Customs Service, which will form part of the clearance documents to be presented to customs and border check points.

*South Sudan Customs Information – Logistics Capacity Assessment:
(dlca.logcluster.org)*

IMPLEMENTATION OF THE EAC REGIONAL AEO PROGRAM

EAC TAKES ANOTHER GIANT STEP TO ENSURE SECURITY AND FACILITATION OF INTERNATIONAL TRADE SUPPLY CHAIN

The First Steps

The EAC is on the forefront in rolling out the Authorized Economic Operator program at the regional level. A total of 46 firms are now enjoying the benefits of being regionally approved AEOs. It all started as a distant idea at the time when the WCO adopted the SAFE Framework of standards, the Commissioners of Customs of the EAC (Burundi, Kenya, Tanzania and Uganda) made the bold decision to establish a regional AEO program. The only other region that had taken such a decision was the European Union.

With the support of the WCO through funding from the Swedish Government, a diagnostic study was carried out in

2006 under the WCO Columbus Program to assess the readiness of the member administrations. This paved way for the commencement in 2008 of phase 1 of the project for the establishment of the regional AEO program.

Phase 1 of the program culminated in a pilot with 13 companies from 5 Partner States. The pilot ended in 2013 with promising results, key among which were;

- Operators on the pilot experienced remarkable reduction in the cost of complying with Customs requirements ranging from 100-400 USD per consignment.
- Reduction in clearance time with

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IMPLEMENTATION OF WCO INSTRUMENTS AND WTO - TFA IN DEVELOPING COUNTRIES

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Integrity

Employee integrity and other competent authorities is one of the main agenda in the developing countries. Corruption is the one of the big issue which can distort the effort and effect of the adoption and implementation of WCO instruments. The adverse effects of corruptions include reduction in national security and community protection, revenue linkage and fraud, reluctant in voluntary compliance in payment of taxes and duties etc. The revised Arusha declaration (RAD), June 2003 addressed factors that national should employed to combat corruption which are closely in line with WTO – TFA section 1 article I-V i.e. Transparency. TFA section 1, article 1 is explaining the need of customs to publicize all procedures of customs formalities which can be accessible by all traders via internet.

The need of publication of the customs procedures concerning issues like criteria on duties & taxes, rules of classification and valuation, procedures for appeal or review etc. is to make sure all traders are aware about customs and avoid mistakes that can lead to corruption. On other side the RAD addressed the issue of HRM practices to make sure the customs employee should not involve in corruption by offer them with sufficient salaries and bonus, promotion and training as means to uplift the live to the standard that will not tempt them into engagement in such a crime. The developing countries should know the customs is dealing with both local and international clients. In order to balance the equation regardless the level of economic growth, the HR departments might consider the cost of living and discrepancies of salaries of customs employees according to their ranks and make comparison with their neighbor countries especial those under one stop boarder by the reason of not allowing inferiorities among themselves which can open up inducements to corruption.

In concluding the whole message, there is the need of developing countries to be encouraged and participate in this move. The only thing that can make difference is the understanding and put on courage by observing the challenges and economic & social impacts toward adoption and implementation of WCO instruments.



IMPLEMENTATION OF THE EAC REGIONAL AEO PROGRAM

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ultimate effect on turnaround time especially for transporters. For instance, a logistics company that was moving goods from Mombasa to Kampala in 21 days saw a reduction to 3-5 days.

The results of phase 1 informed and encouraged the formulation of phase 2 of the project which started in 2014. Phase 2 of the project has concentrated on consolidating the gains of phase 1 and realigning the program in line with the new realities in the region brought about by the move to a Single Customs Territory and the WTO TFA. As the project phase 2 crosses the mid mark of its existence, the program has registered significant accomplishments including:

- Review and completion of the program design and setting up the program governance structure.
- Development of the program manuals.
- Development of program training course.
- Recruitment of companies on to the program with 46 companies on the program, contributing a total monthly trade value of about 1 billion USD.

Why Regional AEO Program

The AEO program fits in well with the overall goals of the EAC Treaty: to improve the standards of living of the citizens of the Community. The overall objective for the establishment of the EAC regional AEO program is to contribute to poverty reduction efforts in the EAC region by:

- Fostering regional economic development through sustainable and improved trade while addressing the illegal flow of goods and related integrity issues;
- Promoting sustainable development and gender equity.

With this perspective in mind, the EAC Regional AEO program is meant to improve the competitiveness of the EAC Region as a

trading bloc and to increase trade as a means of reducing poverty, fostering regional integration and addressing challenges of gender equity.

In implementing the regional AEO program, the EAC region is also focusing attention on the entire supply chain and in doing so it will explore the possibility of collaborating with its main trading partners to have end to end facilitation and security of the supply chain. The implication of this is that;

1. When EAC exports arrive in the destination countries, they will be facilitated to flow faster hence incurring less cost. In effect, this reduces the cost of importing EAC goods and makes the goods cheaper in the destination market. This is therefore expected to give EAC goods a competitive edge over similar goods from other trading regions.
2. When EAC imports goods, the goods will be slightly cheaper since the process has been facilitated from start to end. This in the end means cheaper goods, higher purchasing power, and improved savings especially of the much needed foreign exchange.

How does one become an AEO?

It is significantly important to acknowledge that the AEO program is also a tool for facilitating self-compliance of traders within the context of the SAFE Framework of Standards. The security of the supply chain is critical in fostering through reliable and compliant trading community. To effectively address the delicate aspects of the security of the international trade supply chain and encourage self-policing, the EAC has elaborate mechanisms both at national and regional levels that governs the process of accrediting firms as AEOs.

In assessing firms for admission as AEO, Companies undergo two major processes; authorization and post -authorization. Authorization process includes; receiving

applications from interested companies, conducting validations, and approving certification. Post authorization processes meanwhile include; benefits administration, monitoring compliance, including Post Clearance Audit (PCA) and other post authorization audits as well as performance reporting

Results

So far the AEO program has registered commendable results. Today, 46 AEO companies are accounting for about 5.6% of the trade value in the EAC, with a total value of about USD 1.1 billion per month. The AEOs have reported savings ranging from USD 100 – 400 per consignment. At more than 10,000 consignments, the AEOs are therefore saving between USD 1 – 4 million in aggregate per month. These savings are expected to be ploughed back into their respective businesses to expand and thus create more employment

Benefits of AEOs

The implementation of the Single Customs Territory (SCT) tremendously changed the Customs operating environment. Indeed the SCT wiped out almost all the benefits that were being offered by the AEO before the SCT. However, the region has sustained the AEO program by providing innovative benefits. The benefits to AEOs include:

1. Automatic passing of declaration.
2. No physical examination of goods, except for random or risk based interventions.
3. ECTS requirement waiver where applicable.
4. Expedited payment of refund claim.
5. Reduced Customs security where applicable.
6. Priority to participate in Customs initiatives.
7. Guaranteed renewal of Customs license.
8. Priority treatment in cargo clearance chain.
9. Waiver of movement bond requirements for AEO.
10. Self-management of bonded warehouse.

The list of benefits is expected grow even bigger when the region enters Mutual Recognition Agreement (MRA) with other Trade partners.



WCO and JICA jointly support Customs Administrations in East Africa for sustainable enhancement of Customs valuation



Under the auspices of the WCO/JICA (Japan International Cooperation Agency) Joint Project, a workshop for Master Trainers on Customs Valuation in East Africa was held in Zanzibar, Tanzania, from 20 to 28 April 2017.

This regional workshop for master trainers on customs valuation is the last workshop in a series of 4 activities on Customs valuation under its Project on Capacity Development for International Trade Facilitation in East Africa, jointly supported by JICA and WCO, which aims at developing (i) a pool of well-experienced trainers and (ii) training materials including regional case studies to be used by

those trainers. The “Master Trainers”, as they are known under the Project, have already been actively contributing to the capacity building of both Customs administrations and Customs agents in East Africa. They have also developed a series of case studies which reflect the Customs valuation issues and challenges faced by the Customs administrations and Customs agents in East Africa to enhance their training effectiveness. Twenty-four (24) Customs officials from Burundi, Kenya, Rwanda, Tanzania and Uganda participated in this workshop, and exchanged their views, experiences and ideas for the improvement of the case studies and completed their work

during the first half of the workshop with the advice and support by the experts from the WCO, Japan Customs, and JICA. During the second week of the workshop, these Master Trainers participants delivered the training to 15 TRA officers and 24 clearing agents from Zanzibar using these case studies developed and to acquire the skills to deliver the training. Those who participated in the training expressed the appreciation for the practical training delivered by the regional experts. Lastly, WCO expert delivered the sessions on the WCO’s Revenue Package programme and the latest discussions on Transfer Pricing.

WCO and JICA jointly support Customs Administrations in East Africa for Risk Assessment and Selectivity in Sub-regional and National level

Under the auspices of the WCO/JICA (Japan International Cooperation Agency) Joint Project, two workshops on risk assessment and selectivity took place in East Africa.

First, the Sub-regional workshop was held in Dar es Salaam, Tanzania, from 16 to 19 May 2017. Twenty officials responsible for Customs risk assessment and selectivity

from five Revenue Authorities (RAs) of the EAC partner states, namely Burundi, Kenya, Rwanda, Tanzania and Uganda, got together in Dar es Salaam, Tanzania, and the participants worked intensively during the 4-day workshop for the improvement of risk management towards a better balance between trade facilitation and Customs control in East Africa. Today, there is increasing emerging needs and challenges as diverse as the terrorist threat and the expansion of e-commerce all over the world. In addition, RAs in East Africa are working together to maximize the benefit of the latest developments in the region, such as

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WCO and JICA jointly support Customs Administrations in East Africa for Risk Assessment and Selectivity in Sub-regional and National level

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the implementation of the Single Customs Territory (SCT) and the introduction of the Electronic Cargo Tracking System (ECTS). In this global and regional context, effective Risk

the participants apply the introduced risk management practices in their operations in the future. The participants were first grouped per country in order to understand

Immediately following the Sub-regional workshop above, a National workshop for Kenya on Risk Assessment and Selectivity was held in Naivasha, Kenya, from 22 to 24 May 2017 and 32 KRA officials responsible for risk assessment and selectivity participated. This workshop is responding to the request from KRA to further enhance its risk management related functions and to ensure the smooth flow of legitimate goods and effective customs control. To support KRA's reform agenda, KRA and WCO/JICA Joint Project agreed to take a two-step approach for capacity building of KRA staff; (i) basic training on risk management for KRA officers utilizing KRA resource persons (Master trainers on Intelligence) in March 2017 with assistance from JICA, (ii) follow-up workshop by WCO/JICA Joint Project for the same participants to further improve their knowledge, skills and techniques.



Management and regional cooperation are becoming more critically important than ever. Responding to needs expressed by the RAs in East Africa, the workshop was designed in such a way as to introduce theory as well as practice on effective risk assessment and selectivity on sea, air and land cargo. During the workshop, experts from the WCO and Japan Customs provided inputs from global and national perspectives and gave a number of presentations introducing the theory and the good practices of risk assessment and selectivity. The presentations were followed by practical exercises with a view to help

the basic theory based on the unique operational environment of each RA. As the workshop program progressed, they were divided into groups recognizing the importance of regional cooperation and networking. The five RAs shared information on their respective risk management structure, framework, strategy and practices, in order to understand each other better. At the end of the workshop, participants were again regrouped into the "country group" and revisited their respective risk management recommendations they made in 2015 taking account of the lessons learnt from this workshop.

Tailoring the program to meet the latest needs of KRA, this workshop included a number of practical exercises to ensure the proper application of risk assessment concepts and practice in KRA operational activities. Throughout the 3-day workshop, KRA staff actively participated in the program by sharing their issues and challenges.

Both the WCO and JICA welcomed the hard work and ownership of the activities demonstrated by the participants of these two workshops.



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STAFF TESTIMONIAL



I am the latest member of the WCO ESA ROCB family having joined as an Administrative Assistant in October 2016, courtesy of the Kenya Revenue Authority. My duties have been, to mention a few; assisting in coordinating and providing logistics for ROCB and

ESA Regional Activities, assisting in dealing with administrative matters, record keeping and replenishing office supplies, assisting the staff in delivering their mandate, sending out ROCB communication to the Members as well as to other stakeholders.

I have had the privilege of being part of the preparations and coordination of the meetings held by the ROCB, Communicating with the Region on different occasions. My highlight so far has been organizing and attending the ESA Customs Regional Trade Facilitation Forum which we organised through collaboration by the African Union Commission and was successfully hosted by Madagascar in Antananarivo. I

am thankful to the ROCB family which has made me feel at home and ready to offer assistance and guidance whenever I need it. I thank the Director, Mr. Larry Liza, for expanding my knowledge and widening my scopes to perform more duties beyond my job description.

"It is not the destination where you end up but the mishaps and memories you create along the way." – Penelope Riley.

I look forward to continue working for the ROCB.

~ **Primrose Maina.**