

# ESA Newsletter

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World Customs Organization East & Southern Africa Region Regional Office for Capacity Building

## Kampala Welcomes the World to ESA for AEO



Uganda is welcoming the world to East and Southern Africa region for the 4<sup>th</sup> Global AEO Conference, the first time this conference is being hosted in the African continent. The meeting will be hosted by the Uganda Revenue Authority at the Kampala Serena Hotel from 14<sup>th</sup> to 16<sup>th</sup> March 2018, with the theme, "Promoting Mutual Recognition of AEOs to Strengthen and Secure Global Trade." The conference expected to attract about 1000 participants from over 169 countries around the globe.

Promoting Mutual Recognition of AEOs to Strengthen and Secure Global Trade."

The WCO AEO Global Conference is recognized as the largest WCO capacity building event that boasts of the largest number of workshops held during an event, covering a variety of topics related to the security and facilitation of the global trade supply chain. It is organized by the WCO every two years in

partnership with a host Customs administration and provides a key platform for all players who have an interest in international trade. The Global AEO Conference is aimed at Customs administrations, the business community, government

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# EDITORIAL



Happy New Year to the global Customs family from the East and Southern Africa region. We are happy to present to you, yet another issue of our quarterly Newsletter, sharing stories from our Members, stakeholders and friends.

In this issue, Uganda welcomes the world for the 4<sup>th</sup> Global AEO themed; "Promoting Mutual Recognition of AEOs to Strengthen and Secure Global Trade", with Ethiopia sharing its AEO experience. Rwanda, on the other hand, highlights how phased implementation of Single Window concept heralded significant collaboration between different agencies at her borders with Lesotho sharing her experience on the implementation of the Trade Facilitation Agreement.

Of pride to us is the article on the successful 2<sup>nd</sup> ESA Regional Research Conference hosted by Kenya, as well as the Outcomes of this conference which brought together different stakeholders from various nationalities.

I hope that you will get enlightened by articles from our other Members, and stakeholders such as the African Union, JICA, among others.

On behalf of our Director, Mr. Larry Liza, I wish you an entertaining reading, and most importantly, a successful and fruitful 2018. We look forward to continually receiving articles from you. We shall be happy to share them with the Region, and the world.

*CPA Andrew Odhiambo*

## Acknowledgements

Kenya Revenue Authority  
 Rwanda Revenue Authority  
 Uganda Revenue Authority  
 Ethiopia Revenue and Customs Authority  
 Lesotho Revenue Authority  
 African Union  
 JICA

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## Kampala Welcomes the World to ESA for AEO

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and multilateral policymakers, legal and academic representatives. It will be held in English, French and Spanish with participation free of charge. It will share on the successful implementation of AEO and MRA across the world and to look ahead to future developments in conditions of challenging and competitive global trading system.

Delegates will have an opportunity to participate in a large number of workshops, addressing a variety of international trade issues from different perspectives; discuss global supply chain security and facilitation, including how AEOs can enhance compliance and improve revenue collection; watch interesting live demonstrations, focusing on operational practices directly related to international trade; contribute to the future development of the SAFE Framework, ensuring that it remains an up-to-date and relevant document; and, witness the possible signing of a few more MRAs between African partners, encouraging other countries around the world to follow the same route.

Online registration can be done on the event website link below:

<https://www.eiseverywhere.com/ehome/aeo2018/611770/>

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## KENYA: SUCCESSFUL ESA REGIONAL RESEARCH CONFERENCE

The 2<sup>nd</sup> WCO ESA Regional Research Conference was hosted by the RTC Kenya and took place on the 23<sup>rd</sup> and 24<sup>th</sup> November, 2017, at the Kenya School of Monetary Studies (KSMS) in Nairobi, Kenya. It was co-organized by the ROCB and the RTC Kenya and attended by more than 200 participants from 20 nations. Participants included researchers and officials from various member customs administrations in the East and Southern Africa Region, WCO ESA Regional Training Centres (RTCs), the WCO, the African Union, the World Bank, Africa Development Bank, Regional Economic Committees (RECs) (the East African Community), the Government of Australia, Kenyan ministries, the private sector, academia, and other cooperating partners. This conference was made possible by the support of CCF Korea and RTC Kenya.

The theme of the conference was "Impacts and Implication of the Trade Facilitation Agreement and the WCO Mercator Programme to the ESA region" and covered the following topics: Impacts of the WTO Trade Facilitation Agreement in East and Southern Africa; Data Analysis for Effective Border Management in East and Southern Africa; Best Practices in Digital Customs in East and Southern Africa; E-commerce as a

Driver for Economic Growth in East and Southern Africa; Securing and Facilitating Trade in East and Southern Africa; and Regional Integration: Addressing Levels of Intraregional Trade in East and Southern Africa.

The conference was opened by the head, RTC Kenya, Ms. Beatrice Memo who was also representing the Commissioner General KRA, Mr. John Njiraini. She welcomed the delegates to Kenya and to the conference. Ms. Memo informed the delegates that the RTC Kenya had grown into a full-fledged learning institution offering various diplomas, post-graduate diplomas, and Master's degrees, with a current student population of 2,300. She further pointed out that RTC Kenya, in conjunction with the Jomo Kenyatta University of Agriculture and Technology (JKUAT), graduated the first batch of students in November, 2017. She recognized the wide range of sectors represented in the conference and pointed out the importance of trade facilitation in the Region.

The Key note address on "Accelerating Regional Development through Cross Border Trade Facilitation" was delivered by Dr. Mukhisa Kituyi, Secretary General, United Nations Conference on Trade and Development (UNCTAD).

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# OUTCOMES OF THE 2<sup>ND</sup> ESA REGIONAL RESEARCH CONFERENCE



## KENYA: SUCCESSFUL ESA REGIONAL RESEARCH CONFERENCE

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Dr. Mukhisa Kituyi focused on a variety of issues aimed at boosting regional development through cross-border trade and the trends and role of Customs, simplification, and

**Accelerating Regional Development through Cross Border Trade Facilitation"**

harmonization of laws and regulations, TFA, Regional integration, and the Continental Free Trade Area (CFTA). He highlighted the exponential growth of information in recent years (80% of all human knowledge being only two years old or less), and the importance of deepening market integration and seamless interconnectivity and sharing challenges and solutions among member states in the promotion of trade.

All the researchers who presented their papers were awarded certificates, and the best three researchers were awarded trophies. A special award (Supervisor's Award) was presented to the researcher who was deemed the most cooperative and committed by supervisors. The awards and prizes were presented by the conference's guest of honor, Dr. Mukhisa Kituyi, and the head of RTC Kenya, Ms. Beatrice Memo.

The awards were presented as follows;

- **Winning Paper Award** - Dr. Geoffrey Okoboi and Michael Kyanzi (*Electricity Regulatory Authority- Uganda and Uganda Revenue Authority respectively*)
- **1<sup>st</sup> Runner-Up Award** - Frank Kalizinje (*Malawi Revenue Authority*)
- **2<sup>nd</sup> Runner-Up Award** - Sendra Chihaka (*Zimbabwe Revenue Authority*)
- **Supervisor's Award**- Sudhir Dey Ancharaz (*Mauritius Revenue Authority*)

The following were the outcomes of the conference;

- i. **Importance of Regional Research:** Saluted the ESA Regional Research as a viable programme in boosting regional development. It called for more strategic partnerships and collaborative research between different Member countries, Academia, Regional Economic Communities, and the African Union, among others, in research. This will promote gathering regional data sets, on topical issues to support trade, such as Time Release Studies, Single Window development, Coordinated Border Management, Authorized Economic Operators, informal trade, among others.
- ii. **Low Levels of Intra-African Trade and support to Continental Free Trade Area:** Decried the low levels of intra-regional trade in East and Southern Africa as well as in Africa. It nevertheless took note of growing intra-regional trade in East Africa and urged concerted efforts to

improve the levels in the region and continent. It called for the removal of Non-Tariff Barriers which continue to hinder free movement of goods and persons and encouraged intentional measures to reduce the high costs of trade in the Region. The conference equally highlighted the need to optimize production and promote proper resource allocation to key stakeholders. It saluted the efforts of the African Union in achieving the Continental Free Trade area and hoped for speedier conclusions on the negotiations.

- iii. **Importance of TFA, its Ratification and Implementation:** Underscored the importance of the WTO Trade Facilitation Agreement and urged continued support to Members by the World Customs Organization, considering the WCO's preparedness, tools and instruments, to support TFA. It called on for greater partnerships, collaboration and support for Members in matters related to Trade Facilitation. It took note that

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# ETHIOPIA: Authorized Economic Operator (AEO) program a Trade Facilitation tool

By: Gebregziabher Gebretsadk  
(AEO Compliance Audit Team)

## Introduction

Ethiopian Revenues and Customs Authority (ERCA) introduced Authorized Economic Operators (AEO) program in 2011 which is designed, in lined with, World Customs Organization (WCO) and other best practices (EU) as the basis adapted and verified them in the Ethiopian context. This program, as it is used the customs risk management tool, it is supposed to be a solution for the tax and customs operational processes to achieve an optimal balance of facilitation and control matrix.

## Why AEO in Ethiopia

Cognizant with the compliance behavior of the trading communities, ERCA has developed a strategic theme creating a climate of voluntary compliance through education and consultation. To realize this strategic objective, ERCA applied the following four pillars sequentially to enhance the compliance

level of taxpayers. First Pillar is awareness creation and education. Second Pillar enabling environment by which customers could be empowered to properly comply with the laws. Third pillar focus on providing every taxpayer with the right incentive (Reward compliance using administrative description The Last pillar goes with effectively enforcing the law (applying stick approach using administrative discretion or other means) With this view, AEO introduced, where, it is necessitated to incentivize for those who comply the law and thereby ensuring security along the supply chain. This enabled the authority to divert its resource to high risk (malicious traders).

## AEO and legal frame work, procedure and benefits

Ethiopia's customs proclamation provides for the application of simplified customs procedure for AEOs. The details of the simplified customs procedures applicable to AEOs are provided under the ERCA Directives for Simplified

Customs Procedures Applicable to Authorized Operators. Accordingly, The Authorized Economic Operator (AEO) Applicants who fulfilled the pre Audit criteria are subjected to Compliance Audit (i.e. This is made Companies' site Audi, head quarter detail procedures assessment, compliances with tax, customs and other rules as per to the manuals and AEO Audit templates). in order to verify the fulfillments of applicants against the predetermined demonstrated compliances, which include, well managed and sound business operations with respect to customs and tax procedures and compliances, include ,but not limited to, Contribution to the national agenda, Volume of business, Financial solvency ,Demonstrated tax and customs Compliance history, Internal control procedures, Accounting and logistical administration, Computerized Environment Security and safety Requirements. Accordingly, to be embraced in the AEO program, they should pass the Audit minimum, grading level as well. Consequently, based on the compliance maturity of

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## OUTCOMES OF THE 2<sup>ND</sup> ESA REGIONAL RESEARCH CONFERENCE

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about half of the East and Southern African Region, and about the same in Africa have ratified the TFA and urged continued ratification and implementation by Members. The conference recognized the many players involved in trade facilitation and urged harmonization of systems and IT platforms.

iv. **E-commerce:** Recognized the continued growth of e-Commerce, its opportunities and challenges in light of the ever changing Customs and Trade environment. It called for concerted approaches to harness the opportunities presented by this trade as well as measures to counter threats posed by e-Commerce against the society, revenue and security.

v. **Security:** Recognized the need to ensure secured global chains in trade in light of continued measures to support trade facilitation. It acknowledged measures taken by the World Customs Organization in promoting security, particularly in light of the Punta Cana Resolution. It called on the Region to promote digitization, align to best practices and share experiences. Furthermore, it highlighted border security challenges, particularly in the various volatile borders with the region and the continent and encouraged cooperation and increased political will among all the countries. Of concern was the security actors' lack of awareness of the challenges in the borders and their failure to take into

account the status of the borderland. The conference also urged the incorporation of the public health departments in research, considering the place of Customs as a lead boarder agency and the threats posed by chemical weapons, bioterrorism (such as anthrax), among others.

vi. **Data Analysis and Management:** Agreed that Customs has a huge amount of data which is yet to be fully harnessed to further national and regional development. It recognized measures by certain Members especially in establishing data centres and called for the need to continually secure the integrity of data. It stressed the importance of the interface between big data and analytics in effective data analysis.



## ETHIOPIA: Authorized Economic Operator (AEO) program a Trade Facilitation tool

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companies (indicated in the grading result) There are four AEO status named as Diamond, Gold, Silver and Bronze. But currently Diamond status is not operational due to the fact that, this status benefits extend to emigration and other private service providers, further consultation with these actors is not yet finalized. According to the directive and the

existing AEO procedures the benefits of the three AEO statuses are summarized in the table below.

Generally, the Ethiopian AEO procedure is said to in line with the TFA article 7.7 and WCO safe frame work standards pillar two customs trade partnership as it comprises the six standards of pillar two currently, the number of companies

certified in the AO program. Reached 49 and have been granted AO status and are receiving automatic releases through the blue channels and the benefits stipulated in the table below, subject to controls applied on a PCA basis.

AEO status	Level of Facilitation Granted/Benefits	No. of AEO certificate	Sector
Gold	Simplified Clearance procedure(blue channel) ,clearance on copied documents at domicile priority service in all government service providers , pre arrival Clearance & differed payment	24	Importers, Exporters customs clearing agents and transporter companies
Silver	Simplified Clearance procedure(blue channel) ,clearance on copied documents at domicile priority service in all government service providers ,& pre arrival Clearance	22	
Bronze	: Priority service in all gov't services providers only	3	

## LESOTHO: Measuring Implementation of Trade Facilitation

Implementation of trade facilitation measures has been deemed to be necessary for smooth flow of goods in and out of economies. Entry into force of the WTO TFA has drawn even more attention to ensuring a facilitative environment for trade, focusing not only on tariffs but none tariff barriers as well. Customs administrations could be considered to be institutions which have played a leading role in fostering this facilitative environment. This is the case with Lesotho Revenue Authority (LRA) through its Customs division. Because LRA values facilitating trade, it has identified trade facilitation as one of its five strategic outcomes. In order to tell how good an administration is doing however, it becomes necessary to measure progress made in the implementation process. In this light, indicators like time taken to import and export goods, as well as the cost of importation and exportation have been used. Time release study (TRS) has also been instrumental in measuring results.



An interesting feature of the TRS is that it considers movement of a consignment throughout the trade facilitation chain. This is crucial because looking only at border activities does not reflect

a true picture of movement of consignment. Lesotho is currently undertaking TRS, results of which will assist in tracking progress towards improving its facilitative

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# Rwanda faster Process, Easier to Trade: **ELECTRONIC SINGLE WINDOW System**

## Background

Implementation of Single Window concept in Rwanda started in February 2012 with an objective of facilitating trade through reduction of time release and cost of doing business. After five years of implementation, results are tangible thus Rwanda electronic Single Window (ReSW) has achieved success.

Implementing this project was phased approach whereas the pilot began with 4 other government agencies namely MAGERWA, Rwanda Development Board, Ministry of Health and Rwanda Standard Board and one Customs office. The system was extended gradually to other Customs offices and Other Government Agencies such that in 2013 all Customs offices were connected to ReSW.



Single window project in Rwanda was inspired by collaboration between government and Private Sector i.e government to Government, Government to Business and Business to Business.

The implementation of Single Window system in Rwanda marked the noticeable collaboration between different agencies at the border. The scope however was extended to the regional collaboration especially after implementation of Single Customs Territory. ReSW was to focus on this initiative and facilitate flow of cargo from the port of entry to the last destination.

## Success stories

Rwanda electronic Single Window system has registered a number of achievements:

### Integration with other government Agencies:

Piloting this project began with four agencies connected to the system. After five years of implementation, the system is connected with 32 agencies dealing with international trade. These include national and regional



bodies such as Interpol, COMESA, EAC, banks and regulating agencies.

### Regional customs interconnectivity

ReSW's effectiveness was further boosted from 2013 when it was interfaced with Kenya Revenue Authority's SIMBA system, Uganda and Burundi Revenue Authorities"



ASYCUDA World and Tanzania Revenue Authority's TANCIS to ensure real time exchange of information between revenue bodies. This has reduced the number of documents required to clear goods

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# LESOTHO: Measuring Implementation of Trade Facilitation

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This is the third TRS since 2009 when the first one was carried out; and the last one having been completed in 2011. This is an assignment carried out under the World Bank funding.

While awaiting results of the TRS, it still remained necessary to measure results of efforts made in creating a facilitative environment for trade. LRA made a consideration of using data extracted from ASYCUDA World system. This is a product of the customs modernisation exercise which the Authority has been involved in. While challenges were met at the early stages of the project, the Authority is at a stage where it is starting to notice some positive results. From analysis made in clearance times between the first quarter of financial years 2017/18 and 2016/17, there is about 50% improvement in the time take in processing exports, and 17% improvements in the time takes to process imports. This is attributable to a number of reforms being carried out in trying to ensure a facilitative environment, over and above the automation of clearance of goods.

In as much as facilitating trade cannot start and end at the border, it is equally not centered around Customs only. There are other border agencies whose functions are contribute to the flow of goods across the border. Results of the TRS will therefore go a long way in helping the Lesotho strengthen its monitoring function. It will also strengthen institutions as a number of government ministries, agencies and the private sector have found it necessary to join hands in overcoming challenges causing delays in movement of goods. Enhanced transparency and collaboration are valuable and these come with the use of results of TRS.



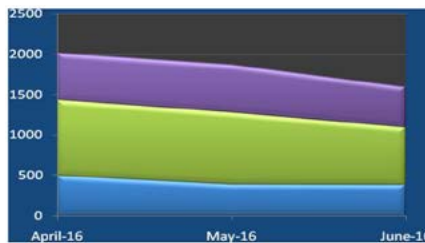
# Rwanda faster Process, Easier to Trade: ELECTRONIC SINGLE WINDOW System

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from the port of entry to Rwanda and multiple bond guarantees reduced to one. Verification of goods is also done once at the port of entry whereas tracking of goods is affected into the Cargo tracking system that is interfaced with single window. Exit notes and Cargo movement note are generated from the system as well.

## Reduction in clearance time

The independent evaluation report which was carried out in 2015 indicated



that the release time halved from an average of 11 days to 1.5 days. The last time release study conducted by Customs in June 2017 shows that the average release has reduced to 1 day and three hours. Such a reduction is attributed to the interface with other agencies that enables traders to submit all required documents once at the single point.

## Cost savings

Prior to the implementation of ReSW, clearing of goods involved physical movements from RRA to other agencies requesting or seeking for approval of

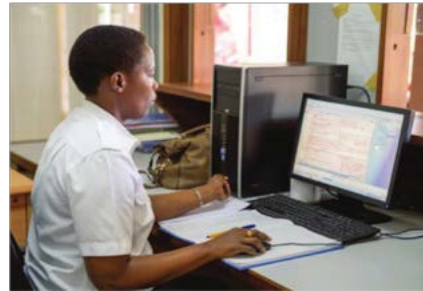


import / export permits—a process that lasted over 11 days. ReSW reduced this time by 40% or one day – resulting into \$8-17 million in savings per year for the business community.

## Information sharing

Real time Information was made a reality through ReSW thus stakeholders get SMS and email notification to every

transaction stage of an entry. This has enhanced integrity to the other hand by reduction of physical interaction between customs officials and the business community.



## Automated Processes

The success of single window project in Rwanda can be attributed to a number of procedures automated to facilitate international trade by reducing time and manual documents to comply with trade regulatory.

## Success factors

- Leadership commitment to trade facilitation;
- Alignment of reform objectives to the doing business indicators;
- Public Private Sector partnership
- Benchmarking against international best practices
- Support from TradeMark East Africa (TMEA).

## Conclusion

ReSW experience demonstrates the value of collaboration among trade stakeholders, adoption of appropriate ICT infrastructure to facilitate trade and political good will and leadership. It is evident that a successful Single Window has to be both stakeholder and technology driven solution.

The lessons learnt from Single Window implementation in Rwanda is that, ReSW is not a project with a shelf life rather a holistic solution with continuous improvements to address emerging needs and requirements. Resw also has demonstrated a high level of return on investment (ROI) as every dollar invested in it has yielded a threefold return in terms of savings.

# The Role of Blockchain Technology on Trade Facilitation

Do you know how far your brand new sneakers travelled before you even took one step in them? From manufacturing to shipping to distribution, your sneakers were already world travellers before getting to your feet. Information on your sneakers' journey- where they visited, how long they were there, and all the transactions involved is extremely important in international trade.

Global trade is under pressure from increased consumer demands, expectations around product availability, quality and the cost of moving the goods. Lack of sufficient information, transparency and trust issues can generate significant inefficiencies such as slower deliveries and increased cost.

Since the arrival of the shipping container in the 1950s global trade has seen little innovation. Goods are still transported over sea or land in much the same way as they were then. However, this may change very soon. As we enter the fourth industrial revolution, new digital technologies have the potential to change how we conduct international trade.

The future of trade facilitation is in the application of modern technology. Blockchain, a distributed ledger, is one of the most fundamental technologies since the early days of the internet as what the internet did for information, blockchain will do for transactions.

From letters of credit to product quality documentation, trade generates stacks of documents. Behind this administrative thicket is the laudable desire to eradicate ills such as human trafficking, counterfeit goods and illegal smuggling.

By allowing digital information to be distributed but not copied, blockchain technology is an ingenious innovation by a person or group of people known by the pseudonym Satoshi Nakamoto. Thanks to blockchain technology, the cloud-based ledger ensures that records can't be duplicated, manipulated or faked, and

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# The Role of Blockchain Technology on Trade Facilitation

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increased visibility in parts of the supply chain promotes an unprecedented level of trust. It means governments can better protect citizens, while business partners can be certain trading documents are real. Consumers can check the quality and provenance of products, and banks can reduce processing time. And it's all paperless.

Traditionally, supply chains have relied on the physical movement of large volumes of paper, leaving the window wide open for document fraud, human error or delays. The administrative costs of processing, moving, verifying and securing this documentation are certainly huge and almost double the cost of moving a shipment. In response to this supply chain challenge, blockchain technology is emerging as a useful "middleware" for slashing such bureaucracy as it records transactions in a sequential blocks, creating encrypted data that can be securely shared between several parties throughout the supply chain. A growing number of companies and governments believe blockchain technology could speed up trade, all the while improving, rather than

Compromising, security. Does it work in the real world? Barclays reported the first blockchain-based trade-finance deal in September 2016. The transaction guaranteed the trade of almost \$100,000 worth of cheese and butter between Irish agricultural food co-operative Ornuia and the Seychelles Trading Company. The process – from issuing to approval of the letter of credit, which usually takes between seven and 10 days – was reduced to less than four hours. Other banks are also exploring ways blockchain technology can improve processes along the supply chain. In August 2016, banking consortium R3CEV reported that 15 of its members had joined a trade finance trial to test its distributed ledger protocol, named

Compromising, security. Does it work in the real world? Barclays reported the first blockchain-based trade-finance deal in September 2016. The transaction guaranteed the trade of almost \$100,000 worth of cheese and butter between Irish agricultural food co-operative Ornuia and the Seychelles Trading Company. The process – from issuing to approval of the letter of credit, which usually takes between seven and 10 days – was reduced to less than four hours. Other banks are also exploring ways blockchain technology can improve processes along the supply chain. In August 2016, banking consortium R3CEV reported that 15 of its members had joined a trade finance trial to test its distributed ledger protocol, named Corda. Also in August, Bank of America, HSBC and the Infocomm Development Authority of Singapore (IDA) revealed that they had built a blockchain application to improve the letter of credit (LC) transaction process between banks, exporters and importers.

To quantify the documentation involved in 'business as usual', Danish shipping giant Maersk tracked a shipment of flowers from the port of Mombasa to Royal Flora in Rotterdam. The process generated dozens of documents and nearly 200 communications involving farmers, freight forwarders, land-based transporters, customs brokers, governments, ports and carriers. Maersk's blockchain-based approach, developed with IBM, puts all documents into a single, template-based workflow, kicked off when the farmer submits the packing list. As each step is completed, documents are captured and shared so participants can see what has been submitted, when, and by whom. No one party can modify, delete or even append any record without the consensus from others on the network.



Technology on Trade Facilitation

Other pilot initiatives are the Singapore Customs Declaration project which is currently underway in collaboration with Singapore Customs. It uses the technology to send customs declarations from New York to Singapore. Another project involves tracking goods from Schneider Electric in Lyon, France to the US port of Newark, passing through the port of Rotterdam.

The UN Centre for Trade Facilitation and Electronic Business (CEFACT) published a project proposal to write a white paper on the use of blockchain technology for trade facilitation (Blockchain White Paper). Basically, the project scope is to look at: (a) How existing

UN/CEFACT deliverables could be used by blockchain application developers; (b) Possible changes to existing UN/CEFACT deliverables, or new deliverables, that could be considered in order to support blockchain trade-facilitation related applications; and (c) How blockchain technology could be used to facilitate trade and related business processes.

Reading the proposal, I foresee that many of the World Trade Organization (WTO), Trade Facilitation Agreement (TFA) policies can achieve exponential results. For instance: (a) export declarations can be automatically converted into import declarations improving accuracy and maximizing pre-arrival processing; (b) electronic payments can be made by the supplier to deliver the goods as Deliver Duty Paid (DDP); (c) formalities and documentation requirements can be eliminated for several border agencies; (d) risk management can be optimized; (e) post-clearance audit can be initiated during pre-clearance; (f) release times for imported goods can substantially decrease; (g) Authorized Economic Operators (AEO) accreditation can be simpler; (h) Single Windows (SW) national platforms can function in shared ledgers. In other words, the possibilities for trade facilitation when using blockchain are countless. In my opinion, they go far beyond the WTO TFA.

While offering a rare promise – to simultaneously accelerate processing and improve security – blockchain, and digital ledger technologies, pose challenges. The technology might be tamper-proof and collaboration-friendly, but the same is not always true of its users, or of the technologies that move data from blockchain into the real world. The blockchain technology itself is very resilient but the applications used seem vulnerable to attacks. The hacking of multiple exchanges used for the Ethereum and bitcoin cryptocurrencies puts doubts on the current security measures available to protect this emerging technology.

It will also be difficult to take blockchain from pilot projects to widespread use, given the risks that come with overhauling decades-old financial processing infrastructures. Other difficulties include the scalability of the chain, the intensive computation needs, the nodes storage capacity, and the businesses model to support the chain. Nevertheless, while the challenges exist, I am enthusiastic and grant that the use of blockchain for trade facilitation is very promising.

Given the momentum, attention, resources and efforts that government authorities and global companies with operations in supply chain logistics are expected to focus on blockchain, it won't be long before your pair of sneakers has a digital identity to help public and private stakeholders to smoothly navigate its supply chain, with the blockchain recording every event and transaction on its journey to you.

# Contribution of Customs to the Analysis of International Trade Data



## The African Union Sub-Committee of Directors General of Customs Express Commitment to the Contribution of Customs to the Analysis of International Trade Data, for Security and the Boosting Intra-African Trade

Yaounde, Cameroon – 17 November 2017.

The Department of Trade and Industry of the African Union Commission organized in partnership with Cameroon Customs, the 9<sup>th</sup> African Union Sub-Committee of Directors General of Customs Meeting from 16-17 November 2017 in Yaounde, Cameroon. The objective of the Meeting is to endorse the recommendations of the Experts and reflect further on the Meeting theme: **“The contribution of customs to the analysis**

has contributed to the effectiveness, efficiency and coordination of Customs activity in Cameroon. He named some of the impacts of digitization including improved compliance, faster clearance time for legitimate trade, increased transparency in decision making and the use of performance measurement to improve revenue collection, procedures and levels of integrity. He urged his Colleagues Directors General to develop a common strategic approach to maximize African Impact internationally by facilitating trade through predicable customs

management is key in boosting Intra-African Trade. In this respect, he suggested that the use of digitization to analyse data would support African Union Member States and the Regional Economic Communities to fight illicit trade and financial flows.

In his opening remarks, the Commissioner for Trade and Industry of the African Union Commission, H.E. Amb. Albert M. Muchanga appreciated the warmth and the hospitality of the Government and the people of Cameroon. He congratulated the incoming bureau under the Leadership of Director General of Cameroon Customs and expressed his gratitude to the outgoing bureau. Commissioner Muchanga indicated that Customs administrations are a source of critical data on international trade as they facilitate the flow of goods across



**of International Trade Data, for security and the Boosting of Intra-African Trade”.** The Meeting was attended by Directors General of Customs from AU Member States, Customs Experts from the Regional Economic Communities (RECs), Experts from the African Development Bank (AfDB), the United Nations Economic Commission for Africa (UNECA) and the World Customs Organization (WCO).

While welcoming participants, Mr. Edwin Fongod Nuvaga, Director General of Cameroon Customs, indicated that his country was privileged to host the 9<sup>th</sup> Edition of the African Union Sub-Committee of Directors General of Customs Meeting. Mr. Nuvaga expressed his gratitude to the African Union Commission for the choice of Cameroon to host such an important high level Meeting. He recalled the theme of the Meeting and pointed out that digitization

procedures in order to boost the Intra-African Trade and address the challenges of the implementation of the World Trade Organization Trade Facilitation Agreement.

Addressing the Meeting, the Director General of World Customs Organization (WCO), Dr. Kunio Mikuriya expressed his gratitude to the Cameroonian Authorities for their hospitality and for the warm welcome. He indicated that the WCO is fully supportive of the Continental Free Trade Area (CFTA) which he said, will boost the Intra-African Trade and promote trade through Trade Facilitation and the improvement of customs procedures. “We use to share best practices in this regard. We have already organized Meetings on Rules of Origin and on Transit with a view to supporting the African Union Commission in the implementation of the Continental Free Trade Area and to promoting Trade Facilitation and the World Trade Agreement”, he underscored. Dr. Mikuriya also pointed out that tackling illicit trade through risk

borders. “The task is for you to work with statistics agencies to modernize systems of data capture. The data, once processed can guide decision making, policy design and formulated”, he recommended. The Commissioner for Trade and Industry pointed out that curbing smuggling and transforming it into normal and regulated trade is the first step in order to boost production in tradable goods through regional value chains. He encouraged the Meeting to bring out initiatives that are being undertaken across the continent as a way of sharing Information, Knowledge and Experiences. Before he concluded, Ambassador Muchanga, informed the Meeting that the African Union fully supports the candidature of Mr. Samson Bilangna of Cameroon to the post of Deputy Director General of the World Customs Organization. “I believe

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# Contribution of Customs to the Analysis of International Trade Data

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this Meeting will come up with a resolution of collective support. As Heads of Customs Administrations with intimate knowledge of the culture, systems and procedures of the policy organs of the WCO, I am sure you work timelessly to secure the vote. The lesson of history is that Africa always wins when she speaks with one voice and acts in unison”, he concluded.

In his opening speech, the Honourable Minister of Finance of Cameroon, Mr. Alamine Ousmane Mey thanked the African Union Commission and Customs Administrations for the trust placed in his country to serve as host for the Meeting. He pointed out that the Meeting provides an opportunity for Director General of Customs to identify and solve problems that could hinder the implementation of the African Economic Community, through the progressive processes by which the Regional Economic Communities will form free trade areas, then merge to a Continental Customs

Union. He deplored the low contribution of Africa to e-commerce and low Intra-African Trade and urged Customs Administrations to respond to the treat in chapping Africa’s future. He indicated that there is a link between Continental Integration and Peace and Stability and encouraged the Meeting to formulate strong proposals and recommendations in order to move forward the Contribution of customs to the analysis of International Trade data, for Security and the Boosting of Intra-African Trade.

The 9<sup>th</sup> AU Sub-Committee of Directors General of Customs ended with recommendations on the theme of the Meeting including, a need for regional approach to compliance and enforcement so as to enhance the security of the supply chain, a need for Customs Administrations to modernize their ICT systems. Member States were also urged to build trust and foster collaboration between themselves so as to allow exchange of real-time accurate data with a view to facilitating legitimate trade and combat cross border illicit activities.

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## Significant Achievement made through the JICA/WCO supported Project and its Next Step



8<sup>th</sup> RJCC meeting held in Kampala, Uganda, 23<sup>rd</sup> November 2017

The 8<sup>th</sup> Regional Joint Coordinating Committee (RJCC) meeting of “The Project on Capacity Development for International Trade Facilitation in the Eastern

African region (hereinafter referred to as “Trade Facilitation Project”) was held in Kampala, Uganda on 23 November 2017 (Photo 1). The meeting was hosted by

the Uganda Revenue Authority (URA) and attended by the Commissioners General, Commissioners Customs and other

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## Significant Achievement made through the JICA/WCO supported Project and its Next Step

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senior officials from five EAC (East African Community) Partner States, namely Burundi, Kenya, Rwanda, Tanzania and Uganda as well as EAC Secretariat to confirm the latest progress and achievement made under their Trade Facilitation Project which is jointly supported by JICA (Japan International Cooperation Agency) and the WCO.

As the ongoing Trade Facilitation Project in East Africa is about to complete In December 2017, the Commissioners were informed of the latest progress and achievements of the

significant achievements made by the members of the MTP and reaffirmed their commitment to fully utilize those experts and useful materials available in East Africa for the benefit of Customs officials and Customs clearing agents through more sustainable and self-contained training delivery.

Five Revenue Authorities are now preparing to launch the next Project in East Africa which is expected to tackle not only trade facilitation but also enhancing border control in East Africa with the support also to be

extended jointly by JICA and the WCO. As part of this new Project, Program Global Shield (PGS) will be implemented in East Africa to enhance Customs capacity on the detection of explosives. In ahead of new support, Commissioners were also invited to the 6<sup>th</sup> WCO Technology and Innovation Forum, organized in cooperation with Japan Customs to provide a useful platform on the value, issues and challenges in utilizing equipment for border control as well as to gather information on the latest technology in relation to the new support. **(Photo 3)** The next Project is commencing in December 2017 immediately following the completion of the current Trade Facilitation Project. The JICA is committed to continue working together with the WCO and five Revenue Authorities in East Africa to effectively achieve the objectives of this new Project.



Trade Facilitation Project made through the collaborative work done by the respective Working Group members of the Revenue Authorities with the assistance of experts from the WCO, JICA, Japan Customs and EAC Secretariat. In the meeting, Commissioners recognized the significant achievements made by the members of the "Master Trainer Program (MTP)" who presented the products of their intensive work, i.e. Case Study Books on Customs Valuation and HS Classification as well as the Training Material on Post Seizure Analysis (PSA). A representative of the member of MTP also reported the great outcome of the "WCO accreditation workshop for Expert Trainers on Customs Valuation and HS Classification" organized for the Master Trainers in Brussels in October 2017. The workshop was attended by thirteen participants who are part of the «Master Trainer Program» conducted jointly by the WCO and JICA to develop more sustainable and self-contained training capacity in East Africa. Commissioners acknowledged those





# Uganda hosts the 27<sup>th</sup> Regional Steering Group (RSG) meeting



WORLD TRADE ORGANISATION

## WORK PROGRAMME ON ELECTRONIC COMMERCE

DRAFT MINISTERIAL DECISION OF 13 DECEMBER 2017

The Ministerial Conference decides as follows:

We agree to continue the work under the Work Programme on Electronic Commerce since our last session, based on the existing mandate as set out in WT/L/274. We will endeavour to reinvigorate our work and instruct the General Council to hold periodic reviews in its sessions of July and December 2018 and July 2019 based on the reports submitted by the relevant WTO bodies and report to the next session of the Ministerial Conference.

We agree to maintain the current practice of not imposing customs duties on electronic transmissions until our next session which we have decided to hold in 2019.



Opening Ceremony by Regional Vice Chair

The World Customs Organization, East and Southern Africa (WCO-ESA) 27<sup>th</sup> Regional Steering Group (RSG) was hosted by Uganda Revenue Authority (URA) from the 8<sup>th</sup> to 10<sup>th</sup> November, 2017.

The three day meeting was opened by remarks from the Mr. Dicksons Kateshumbwa, Vice Chair of the WCO-ESA region and Mr. Larry Liza, Director of the Regional Office of Capacity Building.

In all, 15 ESA countries attended the meeting. Deliberations largely focused on entry into force of the Trade Facilitation Agreement (TFA), its implications, status and challenges of its implementation to ESA Region members as well as the Regional Strategy and Implementation Plan (RSIP) among others.

The meeting ended with a sumptuous dinner and rich entertainment at the Serena Hotel, Kampala.



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