

MINUTES OF MEETING: WCO - ESA - REGIONAL PRIVATE SECTOR GROUP (RPSG) 4th WEBINAR - 15 AUGUST, 10H00 TO 12H00 (CAT; UCT +02:00)

1. Welcome

The meeting opened by welcoming all participants to the Webinar. The following participants were present:

- John Mumba (JM) - Zambia & ZCFAA
- Larry Liza (LL) - Kenya & WCO - ESA ROCB
- Faith Mosongo (FM) - Kenya & WCO – ESA ROCB
- Louise Wigget (LW) - South Africa, Swaziland & GTS
- Jacob van Rensburg (JvR) - South Africa, SAAFF

Background was provided as to the purpose of the meeting, the formation of the WCO - ESA - RPSG (Regional Private Sector Group), as well as the terms of reference sent out to participants. The progress report sent out to the participants was also mentioned. The following documentations formed the core of the discussion:

2. Sharing of documentation: (as articulated in the invitation of the meeting)

- I. Agenda
- II. Terms of Reference (TOR)
- III. Minutes of Meeting (MOM) of the previous Webinar
- IV. WCO - ESA - RPSG Report 1Q 2019
- V. WCO - ESA - RPSG Participation Form

3. Agenda items for discussion

• World Bank (WB) Ease of Doing Business

The discussion was initiated with commentary on the disparity between the countries in Africa in the rankings. The problem universally seems to lie with the customs processes and the standardising of business processes as reflected by the WB's findings. It was further noted that there are a lot of discussions at the WCO around whether the way in which the WB's measures performance is conducted actually gives an accurate and a true picture. The general feeling is that the WB's methodology is not as sound for Customs management processes as reflected in the Trading across Borders index. This assumption can be problematic as the WB index and findings are used for commercial realities and the private sector views these as important indexes. Therefore more time and effort is called for from private sector and Customs Administrations across the region to work collectively to portray an accurate picture.

The group further mentioned that ESA Customs Authorities recently met in Botswana and concurrently felt that the WB's parameters and indices do not favour Customs practices and members in the region. It was noted that a contributing factor is that many Customs Authorities within the region felt that a lot of their work is intertwined with other government agencies (such as Port Health, Police, Bureau of Standards and Port Authorities). Nonetheless, the general view of the private sector was however in agreement with the WB's findings; whereas the general view of government was not in agreement with the WB. Furthermore, the Commissioners from the ESA feel that the WB needs to meet up with them to discuss both additional or other parameters and indices, since it seems to be a cross-cutting theme. The ESA Customs Authorities therefore feel there is a case for better involvement of Customs Administration in the WB's parameters.

The group reiterated that trade and industry consider that the WB's methodology is not sound and that there should be a broader participation from a trade perspective, such as consulting organisations including Customs Brokerage, Forwarding Associations, Freight Forwarders Associations, Shipping lines, Airlines, Transporters and Cargo handlers. It was therefore proposed that the RPSG should put together a document highlighting Customs and Trade's perspective on the WB's parameters to assist and add to the current discussion.

The importance of broad-based and inclusive trade performance methodologies was accepted as a means of attaining fairer and more accurate results.

It was therefore suggested that the group produce a white paper around the WB's methodology. It was agreed that a first draft will be drawn up and circulated for inputs on the matter for reviewing at the next meeting. The importance of input by Trade was stressed by the group. Moreover, it was noted that the WB's methodology was a controversial topic presently and that it is important for the RPSG to add their voices to the discussion.

Action number 1:

A draft white paper around the WB's Ease of Doing Business Trading Across Borders Methodology to be drawn up setting out an inclusive private sector view in the ESA region.

• AEO Programme

The discussion was initiated by South African representation. It was noted that there is an uptick in terms of companies joining the Preferred Trader (PT) program; however there are delays in the conversion of the PT program towards a full-fledged AEO program (compliance, safety, and security).

The Zambian side acknowledged that the Zambian Government has provided a representative seat to the Clearing Agents on the National Trade Facilitation Committee, which oversees the readiness and progress of the WTO-TFA. (WTO-TFA to address Trade Facilitation measures for Authorized Operators in Article 7.7 – which can be dovetailed to the AEO program as currently administrated by the WCO in Brussels in terms of guidelines, training and validations). Private sector in Zambia is now able to contribute to National Committee for Trade Facilitation (NCTF, Article 23.2) as 12 Articles are based on the simplification of Customs Procedures and has relevance to the WCO - RKC. Also there is currently a need to create a Single Window in Zambia, since trade is being hampered by multiple ministries

investigating documents and cargo. However, more support is needed with this coming from a seat at the National Trade Facilitation Committee (NCTF), (Article 8, Border Agency co-operation) chaired by the Ministry of Commerce.

The news was welcomed by the group, noting that it is a fantastic development and wonderful news for Zambia. The discussion then turned to whether some members of the group were aware of the WCO RKC Working Groups which are currently looking at the RKC. An update was requested on the WCO RKC Working Group.

It was noted that a Working Group set up to look at the RKC.LL, pointed out that the ROCB is not part of the Working Group but receives updates from time to time. The ESA Region has 24 Member Countries, of which 15 have already acceded to the RKC and nine that have not. Some of these nine countries, notably South Sudan, Burundi and Somalia, have experienced political upheavals and other issues. The challenge for the ESA Region over the last five years has been that whenever a new initiative comes along, the RKC seems to take a back seat. The TFA and the AfCFTA were singled out as factors in this occurrence.

It was agreed that it would be positive if an update of the RKC Working Group is provided by at the next WCO - ESA RPSG meeting. LL noted this and stated they will be happy to share an updated report from the RKC Working Group. It was further mentioned that a lot of the discussion coming out of the RKC Working Group will be around AEO and Single Window since it seems to be a far-reaching discussion.

Action number 2:

An update from the RKC Working Group to be distributed amongst the WCO - ESA - RPSG

An update around the AEO program in the EAC was discussed. A specific update could not be provided, however it was mentioned that the region in general has been busy growing the AEO program, especially in Kenya, Uganda and Rwanda. Only last week Uganda admitted more participants to their programs. The update was welcomed with the group commenting on the fact that the EAC's AEO programs were seen as flagship programs for all members to aspire to. It was further mentioned that an update around AEO is forthcoming from the WCO, which will be shared with the WCO-ESA-RPSG. It was pleasing to note that the sharing of these documents is in line with the WCO-ESA-RPSG's mandate, which is being fulfilled by the sharing of information.

Although not part of the immediate discussion around AEO, the conversation turned to the significant infrastructure upgrades currently taking place across the Zambezi between the borders of Zambia and Botswana. It was questioned whether members of the group were aware of Botswana, Zambia and Zimbabwe currently engaging in infrastructure projects? An update was provided on the parking yard that has been constructed and opened in the DRC but although a step forward, the upgrade will still not be able to cope with the level of trade. The question around congestion alleviation was raised. It was then noted that the congestion is still serious on both the Congolese and Zambian side.

- **Customs IT-Connectivity**

A question was posed whether everyone within the group was aware of the Customs-to-Customs (C-2-C) initiative? Some members responded that they were not aware, especially with the current challenges which they are experiencing in some countries. It was then noted that there was an initiative from the WCO to connect two Customs Authorities. The concept is to continue with the respective inbound and outbound declaration after which the Customs Authorities would exchange the two datasets with each other and established the level of agreement and harmonizing between the two declarations. The pilot project was done between South Africa and Swaziland and dubbed a huge success. The level of matching was as close as 99.99% on some of the traders. The project however highlighted discrepancies between the outbound declaration and the inbound declaration. The next projects will be between South Africa and Lesotho, and South Africa and Botswana, which is awaiting production. Now Namibia has also come on board with live implementation expected in the next six months. It was mentioned that the idea is to drive this project out to the greater region. For instance Botswana could exchange data with Zambia to build up this connectivity cloud throughout the region. In one way, the project is an excellent initiative because it can drive up compliance. The down side of the initiative is that highlighting discrepancies between the inbound and outbound declaration can bring about a legal basis for enforcement. It was also noted that this project can also be extended in the SACU region - as well as with Zambia - which has shown an interest. It was concluded by stating that IT Connectivity is a massive priority for the region.

JM was pleased to hear that Customs Administrations are putting new focus on Customs- to Customs sharing of data, as the Zambian Revenue Authority is lamenting the levels of under-valuation and mis-declaration currently experienced. JM noted that there is currently no link between the various customs administrations in the region and wondered how the good results are being achieved with the various customs authorities being on different computer systems.

It was also mentioned that the AU has been spearheading IT Connectivity. At a customs level, the AU has held six meetings on IT Connectivity. In May this year, the 6th meeting was held in Mauritius, with South Africa and Swaziland sharing their experiences. The AU has subsequently drafted a Draft Bilateral/Multilateral Utility Blog Guideline for IT Connectivity for all administrations for exchanging information. The key recommendation was for the Utility Blog to be approved by the Director Generals of Customs. This matter of urgency stands out as a key issue to be discussed in a meeting on 18/19 September in Uganda. LL then mentioned that the WCO ROCB did a survey on the customs management systems used in Africa. ~55% of members are using ASYCUDA, with other members using their own system. All members have invested heavily in the system. The important take-away from the survey is the need for the system to interact and share information.

Once again, the group requested for these findings to be shared among members of the WCO - ESA - RPSG. It was agreed however, attention was drawn to the IT Report as just a brief summary of findings.

Action number 3:

The summary of the IT Report and AU Report built on IT Connectivity to be distributed amongst the WCO - ESA - RPSG

A technical discussion on IT Connectivity pointed out that the type of system used is immaterial provided the data can be shared in a generic format. An initiative was suggested by LW with the hope that Africa would be first to take the connectivity project into a blockchain project. It was further noted that this type of initiative, the safe exchange of information between multiple users, was the very essence of a blockchain. Discussions have taken place with IBM, which is interested in a project of this nature. The challenge in this initiative is not the technology, but rather the willingness of members to engage.

- **WTO-TFA**

An update of the WTO-TFA was discussed. Globally, 145 countries or 88.4% of the total number have ratified the WTO-TFA. Nearly 80% of the members in the ESA Region have ratified the agreement. While most members have implemented Category A, those in the ESA Region have not done so well and have not yet implemented Category B and Category C of the WTO - TFA.

- **Bond Guarantee**

The group noted that at regional level transit bond guarantees continue to be a problem. The recent AU meeting provided insight on issues with bond guarantees in each region. Moreover, what came out of the meeting was a suggestion that a continental bond guarantee system or a tripartite bond guarantee system should be developed and that acquittals should be based on mutual recognition. It was decided that a comprehensive study on the different transit procedures will be commissioned.

The effort was commended by the group as bond guarantees form one of the pillars of the WCO-ESA-RPSG group causing many problems. It was further noted that the issue around bond guarantees is quite a thorny issue in the clearing and forwarding industry in Zambia and to a lesser extent the customs authority. Likewise, transit bonds at a regional level are causing a number of their members to lose important business.

It was then pointed out that SAAFF - the South African Association of Freight Forwarders - is interested in fully involving the different Private Sector stakeholders in the matter of bond guarantees to ensure a collective view is obtained before expressing an official opinion.

The discussion then focussed on other projects, including whether any of the participants were aware of the work that has been done by the Global Alliance (in Vietnam) in the area of bond guarantees. It was suggested that Global Alliance be approached to share findings on the subject.

- **WCO Toolkit**

The WCO Toolkit was discussed around the fact that various WCO tools are currently available across the board, particularly with support to the WTO-TFA, compliance, enforcement, security system, etc. Most of these toolkits have been available online, which has been developed by the WCO as Customs Learning and Knowledge Community (Click). The service is free for Government and available at a small fee for Private Sector. It was revealed that the ESA Region is doing its best to utilize this resource.

On the subject of online training resources, it was stated that the Click training was only made available to the Private Sector last year and needs additional marketing. LW said a meeting with the WCO team at the IT Conference around putting a strategy together on awareness and strategy of the Click training can be facilitated. The group suggested putting the promotion of Click on the agenda since there is such a lack of training available in the region.

Participants agreed declaring that it is high time to market the Click training platform to the Private Sector, to draw the attention of members of the Private Sector to the excellent tools of the Click and persuade them to adopt it as has been done by the Asia Region. It was pointed out in Baku that the Far East is active at the WCO. It was then suggested that the WCO-ESA-RPSG develop a strategy around getting the message of Click out to the Private Sector with each of the participants promoting one of the channels to drive it through.

Action number 4:

WCO - ESA - RPSG to promote the utilization of the WCO Click portal

4. List of other priorities from Private Sector

Apart from the agenda items discussed, the dialogue turned to whether there were any other priorities which should be discussed.

LL mentioned that in the first two Webinars, members identified three priorities that the WCO-ESA-RPSG should focus on. It was agreed that the WCO-ESA-RPSG should not identify 100 priorities which would constantly shift our focus without achieving anything. It was suggested that the WCO-ESA-RPSG should rather focus on two, three or four priority areas. In the first two Webinars, members identified the following key areas:

1. AEO

2. Time Release Study (which links to the WB's Trading across borders – assistance of Private Sector to share real, clean vetted data per border crossing)
3. WTO-TFA / AfCFTA (readiness and implementation)

The group agreed that these matters cover what the WCO ESA-RPSG should focus on in order to make progress, however it was agreed that an additional item - IT Connectivity - should be added to the list. Comments arose about the fact that the matter of IT Connectivity in essence links many of the matters discussed during the meeting, such as the bond guarantees, providing mutual recognition between Customs Administrations and other C-2-C initiatives. The suggestion was made that IT Connectivity should be extended to connectivity and enablement and stated that the way we are going to work smarter - such as the AU Utility Blog which serves as a good example - is enabling the technology which underpins many initiatives.

The focus of the RPSG was then summarised and agreed upon with the list of priorities for the future being:

Action number 5:

RPSG going forward to focus on:

1. AEO
2. Time Release Study
3. WTO – TFA / Readiness and implementation of AfCFTA
4. IT Connectivity & Enablement

Further comments were raised about the fact that there seems to be a priority focus on the HS Codes and their role and functioning.

Some background was provided around the Harmonizing Standards and it was mentioned that in the first place, almost all of the ESA Members are currently using HS 2017, Malawi being the last member to adopt HS 2017 on the 1st of June this year. Concerted efforts are being made with South Sudan and Somalia to assist them in adopting HS 2017. It was further mentioned that the EU came into partnership with the WCO earlier this year and started the HS for Africa program in assisting countries which needed help in implementing HS 2017. Also, it was stated that the HS is reviewed every five years, which means that work has already been commenced on HS 2022.

Additionally, there seems to be a strong Africa initiative, hence the reason for asking the question. For information purposes, the group agreed that it would be good to keep the WCO-ESA-RPSG updated on the matter. Finally it was highlighted that all need to stay updated in order to enable regional trade facilitation. If your tariff codes are not in sync, you get a breakdown in terms of data exchange and the ability to work holistically. From a trade perspective the priority is to get it done quickly.

5. Conclusion and wrap up

The meeting was ended by thanking the participants and reaffirming the hope that this platform can be maintained for further collaboration.

~~~~~ END OF THE MEETING ~~~~~

To summarise the focus areas of the WCO ESA RPSG Webinar to date, the actionable items can be captured as follows:

| 22 November 2018:                                                                                                                                                                                                                                                                  | 15 August 2019:                                                                                                                                                                            |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Look into providing World Bank Performance indicators and how it link with the WCO Time Release Study (TRS)                                                                                                                                                                     | 1. A draft white paper around the WB's Ease of Doing Business Trading Across Borders Methodology to be drawn up                                                                            |
| 2. Three work streams agreed by all participants: <ul style="list-style-type: none"> <li>• Work on the AEO program</li> <li>• Effective measurement of processes / assessment on ease of operation:</li> <li>• ESA – Private Sector – interactive database (24 members)</li> </ul> | 2. An update from the Working Group to be distributed amongst the WCO – ESA - RPSG                                                                                                         |
| 3. List of particular companies that could be included in the list of participants                                                                                                                                                                                                 | 3. The summary of the IT Report - as well as the AU Report built on IT Connectivity, to be distributed amongst the WCO - ESA - RPSG                                                        |
| 4. Obtain feedback on the Business Council in SADC – this is an important platform for Private Sector. Will get information from BUSA (Business Unity South Africa) with a request to share this information with this group, WCO - ESA - RPSG                                     | 4. WCO - ESA - RPSG to promote the utilization of the WCO Click portal                                                                                                                     |
| 5. Investigation of App for WCO - ESA - RPSG<br>Suggestion of formation of a WhatsApp group<br>Any other tools that Private Sector think that will be meaningful need to be tabled                                                                                                 | 5. WCO – ESA - RPSG going forward to focus on: <ol style="list-style-type: none"> <li>1. AEO</li> <li>2. Time Release Study</li> <li>3. TFA/AfCFTA</li> </ol> IT Connectivity & Enablement |