

# MINUTES OF MEETING: WCO - ESA - REGIONAL PRIVATE SECTOR GROUP (RPSG) 5<sup>th</sup> WEBINAR - 17 OCTOBER, 10H00 TO 11H30 (CAT; UCT +02:00)

## 1. Welcome

The meeting was opened and all participants were welcomed to the Webinar. The following participants were present:

- Patrick Gyan (PG) - WCO ESA Regional Development - Brussels, Belgium
- Nico Oberholzer (NO) - Namibia & Ilogistics
- Nelni Martins (NM) - WCO Professional Associate – Brussels, Belgium
- Chipso Chipudhla (CC) - Zimbabwe & Afrisure
- Faith Mosongo (FM) - Kenya & WCO – ESA ROCB
- Juanita Maree (JM) - South Africa & SAAFF
- Jacob van Rensburg (JvR) - South Africa & SAAFF

Some background was provided as to the purpose of the meeting, the formation of the WCO-ESA-RPSG (hereafter the “RPSG”) as well as the terms of reference which was sent out to participants. Of the 6 different regions in which the WCO divided the world into, the ESA region has been on the forefront of establishing a Private Sector working group. Consisting of 24 member countries, 3 webinars have been held so far, with the aim of engaging with up to 8 countries at a time. The purpose of the webinar is to share the respective experiences in each country. These experiences are then consolidated and tabled to the WCO. The WCO has commended the efforts of the ESA region with this regard, but have advised the RPSG to be patient and continue with the good work. The members of the RPSG echoed these sentiments, mentioning that patience, perseverance and commitment should be exerted in order to gain long term success on customs and trade related matters in the greater ESA region.

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 Sept 2019
- V. WCO - ESA - RPSG Participation Form

## 3. Agenda items for discussion

### 1. AEO Programme

The RPSG as a whole is in favour of the Authorized Economic Operator (AEO) programme and commented on the fact that AEO is based on a risk management profile, with certain benefits being available if your supply chain is safe, secure and compliant. In practical terms however, the RPSG has established that the respective AEO programme across the 24 member countries are unfortunately not at the same level of maturity. This has resulted in the fact that realising the benefits of trading under an AEO (or similar) programme is currently not ubiquitous, which is not facilitating regional trade as well as it could.

The RPSG further commented on the fact that the envisaged traction of the AEO has not quite materialised. Nonetheless, in some regions, such as Eastern Africa, moderate progress has indeed been achieved, especially in terms of regional collaboration. In the EAC for example, there are currently more than 100 AEOs, with the programme especially recognizing the fact that benefits are not only confined to large corporations, but also to SMEs. Mindful efforts are currently being made to branch out to other SADC countries. Throughout the region, there is a need to consolidate the progress and further promote AEOs through clearly articulating the benefits and providing education and training on AEO matters. In some countries, such as Zimbabwe for example, AEO awareness is not yet at an optimal level. Furthermore, the process of AEO registration in Zimbabwe, which is done through the Zimbabwe Revenue Authority (Zimra) remains tedious and poorly managed, which can easily discourage prospective AEOs.

Some feedback from South Africa was also provided, noting the migration from the Preferred Trader (PT) programme to an AEO programme in SACU. The hope is that the AEO programme can be the platform for Mutual Recognition Agreements (MRAs), since the fact that the PT programme didn't quite take off which was a bit of a disappointment. Private Sector in the SACU region, is nonetheless very optimistic with the pilot project which is currently underway in two industries - the automotive - and the textile industry. Similar to other regions, the hope of the AEO in SACU is to not only benefit the large corporations, but also the SMEs and possibly even the informal sector. The South African Revenue Authority (SARS) has to date engaged with the Private Sector via two workshops. However, opinions are unfortunately not yet on the same page. The Private Sector is of the opinion that the standards of various pillars of AEO (such as solvency, record keeping, safety, etc.) should not be lowered too much, but should rather be simplified.

From the perspective of Namibia, the PT was initiated by the uptake of approximately 20 companies to realise the potential benefits. However, in the initial uptake, all the excise customers were excluded, as well as clearing and forwarding agents within the Private Sector. What Private Sector then articulated is that it is in fact the agents whom normally exercise the programme, not the traders. Consequently, by excluding the clearing and forwarding agents, the programme hasn't really taken off.

The rest of the RPSG agreed, and noted that, especially in the SACU region, there needs to be an initiative to include all of the role players in the extended supply chain in order to reap tangible benefit from the AEO programme.

### 2. WCO instruments and tools (RKC, SAFE, etc.)

The RPSG has done extensive work in the region to see whether the RKC, together with the SAFE, can be broken done to see if we can measure the uptake of each member country. Currently from a Private Sector point of view, the RPSG can't tell Customs Authorities what to do, but can only tell Customs Authorities how their guidelines are impacting Private Sector's commercial realities. Consequently, the approach was to investigate the effects of the RKC, together with the SAFE, and to engage with the Private Sector. Unfortunately, various obstacles still exist with regards to these matters, since in many cases, the Private Sector is not aware of the content of the RKC and

SAFE (as well as other WCO instruments and tools). The aim is therefore to engage with the Private Sector perhaps via a short questionnaire to ascertain how the RKC, together with the SAFE, impacts their respective commercial realities. The feeling from the previous webinars have been the fact that in East Africa, there seems to be an approach of 'harmonize and simplify', whereas in SADC, there seems to be a 'collaborative' approach. The RPSG feels that the usage of the various WCO instruments and tools are therefore disjointed across the region given these two approaches.

**Action item 1:**

Facilitate a questionnaire based on Private Sector's commercial realities to ascertain how effectively the RKC, together with the SAFE, works in each country.

PG further mentioned that the RKC is a blueprint for Customs Authorities, however the onus still rest on Customs Authorities to respond to the circumstances of our time. This is also the case with the SAFE and the overall security aspects of Customs. This evident gap can be explored further by the proposed questionnaire. With this matter, there is also an aim to link this initiative with the WCO Research Unit for potential guidance and assistance.

**3. World Bank (WB) Ease of Doing Business - Trading across borders**

The RPSG revisited the fact that, trade and industry throughout the 24 countries feel that the WB's methodology is a bit outdated and that there should be a broader participation from an industry perspective, for example engaging with organisations such as customs clearing and forwarding associations freight forwarders associations, shipping lines, airlines, transporters and cargo handlers. From the experience of SACU countries, the RPSG feels that the WB should spend more time with Private Sector in Africa in general.

To this point in time, there has been an engagement with the WB from a South African, Botswana and an East African perspective (however not yet from an ESA perspective). The RPSG, with potential assistance from the WCO, will aim to increase the engagement with the WB. This sentiment was agreed to from a Zimbabwean perspective, noting that a clear disparity was apparent with some indicators, with disparities evident in both positive and negative directions. A need for Private Sector in Zimbabwe to engage further with the WB was therefore also echoed. Similarly, from a Namibian perspective, no direct engagement has been made with the WB, other than filling out the 'Ease of Doing Business' forms.

A mention was further made to the fact that the WCO is also engaging with the WB regarding the 'Performance Measurement'. PG noted that at the next Policy Committee which takes place in December, the continued progress on these matters will surface and be discussed. The RPSG was encouraged put forth suggestions on the matter related to the WB 'Ease of Doing Business -Trading Across Borders'.

In summary, the general feeling of the RPSG regarding the WB 'Ease of Doing Business - Trading Across Borders', is one whereby a great need arises for the rankings to reflect the realities on the ground. This matter is of great importance to the Private Sector, since the WB rankings can potentially influence trade and investment in the ESA region. The aim is therefore to create a clear alignment between what is reported by the WB and what is evident in practice.

**4. Customs-to-Customs IT-Connectivity**

The next matter on the agenda - Customs-to-Customs IT-Connectivity - has previously been raised by Botswana, Mozambique and Uganda in earlier webinars. The RPSG had voiced concerns regarding the rationale of enforcing trucks to stand at a border because the import declaration needs to be verified with the Customs Authority on the other side of the border. The RPSG therefore questions whether the WCO cannot work together with the different Customs Authorities to ensure that their data fields align and therefore alleviate the practical constraints of trucks standing in long queues at the borders posts.

Some research on this matter has been done by the RPSG, which indicated that technological issues often arise, particularly in cases whereby countries operate on different customs interface platforms. Throughout Africa, most countries work on Asycuda, the computerised customs management system developed by UNCTAD. From a Private Sector point of view, the RPSG struggles to understand why the verification of declarations sometimes take so long. Nonetheless, the RPSG is encouraged by the fact that many countries work on Asycuda, which can potentially facilitate mutual recognition with data fields given it's captured on the same interface platform. The prescient aim of the RPSG is to establish a Working Group to work on Asycuda. Private Sector unfortunately cannot get involved in the discussions from a Customs Administration perspective, but Private Sector can nonetheless create awareness and make suggestions towards a better working solution around IT-Connectivity.

From a Namibian perspective - which also works on Asycuda - the biggest concern raised was the sharing of data. It's easy to share the information from one country to another, but the information is not necessarily shared from a Customs Administrative perspective to Private Sector. In some countries, a link is created in Asycuda which allows you to work with your own data. Another concern is the fact that not all countries on Asycuda are at the same levels of automation, which sometimes create a break down. For instance, Eswatini is running a fully automated Asycuda system which is paperless, whereas Namibia still relies on a paper trail system. The fact that all Customs Authorities are not aligned and on the same standard, creates a potential pitfall.

PG comment on the fact that this problem is an unfortunate reality. The WCO Data Model and Globally Networked Customs (GNC) have been developed whereby the data fields can be harmonized for purposes of information exchange and inter-operability of Customs systems. The SACU Connect project, aimed to promote the use of the GNC whereby specific utility blocks for Customs operations were identified to enable exchange information. Progress has been intermitted, especially with regards to country to country level commitment. The aim is to continue working from the regional perspective, whereby the political commitment and authority of the Regional Economic Communities (RECs) can be leveraged as binding instrument to encourage members to implement the measures. Further good news was provided from the WCO in that the same initiatives are being worked on the SADC region. The SADC region has a number of corridors

that supports transit cargo where interconnectivity will be very useful. It was consequently requested that the RPSG provide some articulated narrative to support the promotion of IT-Connectivity.

**Action item 2:**

Provide an articulated narrative to support the promotion of Customs-to-Customs IT-Connectivity in the ESA region.

**5. WTO-TFA and 6. AfCFTA**

The final two items on the agenda were combined. The Private Sector collectively voiced their excitement around the progress of the African Continental Free Trade Agreement (AfCFTA). When the respective countries within the region align in terms of the legal framework, the policy and administrative aspects are expected to follow. What has further excited Private Sector, is the fact that the AfCFTA has highlighted transport as one of the key sectors in the agreement. However, information on exactly how this will be implemented has been shortcoming.

There has been an engagement with the African Union (AU) on how the work of the ESA can dovetail with the implementation of the AfCFTA, which will be followed-up on. The reason behind this is the fact that Private Sector does not want another trade agreement with all of its potential benefits which in the end does not come to fruition due to implementation constraints.

Some background was provided from the Directors General meeting which was recently held in Uganda. A lot of institutional matters are still being discussed. Furthermore, a meeting of the various ministers of the countries that have ratified the AfCFTA was also held. All the sub-committees working in the various areas, such as the protocol on trade, are still engaging on the technical matters of the agreement.

The onus rests on Private Sector to seize the opportunity to add support on various matters, especially trade facilitation and capacity building. Awareness on these matters need to be increased. The position that the Private Sector should take should be to give adequate response on the AfCFTA, similarly as was done with the Mercator Programme.

FM mentioned that the AfCFTA will be on the agenda of the next meeting of the Regional Steering Group in Lusaka, Zambia on the 6th to 8th November 2019. The feedback from the meeting will be shared to the RPSG.

**4. Future engagements and platform of communication**

The RPSG noted that, due to some difficulty with the webinar connectivity, the means of communication will be altered slightly. This information will be shared with future prospective participants prior to the next webinar. In addition to that, the RSPG will ensure that the WCO ESA ROCB website will be updated and kept active. Furthermore, a newsletter will be sent out on a monthly basis to increase awareness and gain better traction with customs and trade related matters in the region. There is also a suggestion to open a portal (or type of forum) on the website to provide Private Sector participants to discussion pertinent matters in their respective regions. In this way, we can promote the Private Sector matters in a more vigorous way.

**5. Conclusion and wrap up**

The meeting was ended by thanking the participants for their engagement and reaffirming the hope that the work being done by the RPSG can have a positive impact on customs and trade related matters in the current robust environment.

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