

**Regional Activity to Promote Integration  
Through Dialogue and Policy  
Implementation (RAPID)**



**Task Order 2.2 – Free Trade Activity**

**Report on the Heads of Custom Meeting  
In Durban, South Africa  
(7-9 November, 2001)**

**Submitted by:  
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## **REPORT ON THE SUB-COMMITTEE ON CUSTOMS COOPERATION (SCCC) MEETING – NOVEMBER 7-9 DURBAN SOUTH AFRICA**

### **1. Objective**

The objective of the meeting was to consider and approve the proposals put forward by the four Customs Advisory Working Groups (CAWG).

The Heads of Customs had previously approved work plans for the four working groups (CAWG). At this meeting, the CAWG were required to report on the deliverables/results according to their work plans, and the target dates therein.

The Heads of Customs expect broad ranging progress on customs reform in SADC.

### **2. Attendance:**

All the SADC Member States attended the meeting with the exception of the Democratic Republic of Congo (DRC). Although Angola and Seychelles, attended the meeting, they are not yet signatories to the Trade Protocol. However they have shown great interest and will at some point in time implement the Protocol after accession. Also in attendance were the representatives of the SADC Secretariat (H.Erasmus, A. Magombe, and M. Kassaja) and the Rapid Project (Vince Castonguay, Jacques Monette, I.V. Mazorodze, Theo Lyimo and Hellen Kembo). A list of participants is attached to the record of the meeting which will be supplied under separate cover.

### **3. Proceedings and main highlights:**

Mr.Vuso Shaballala, General Manager, Customs opened the meeting on behalf of the Commissioner General of South African Revenue Authority. He welcomed all the delegates to Durban and wished them fruitful deliberations. Since the appointed Chairman, Mr. Mtingwi A/Commissioner General of the Malawi Revenue Authority was not present due to other pressing matters at home, his deputy Mr. Msalanyama, chaired the meeting. Mr. Msalanyama proposed that each head of Customs should chair a session. The meeting agreed to this proposal, and adopted the agenda and work program.

#### **4.1 Main issues/deliverables considered by the SCCC at this meeting**

The following summary identifies the key issues and deliverables discussed at the meeting. They are explained in more detail later.

- (a) The Rules of Origin regime is progressing and the idea of creating a manual for public and private sector use has been approved. The manual will rationalize the SADC and AGOA regimes to simplify understanding by stakeholders.

- (b) Harmonization and simplification of forms and procedures is progressing well. A single customs document was approved as a model.
- (c) A modern transit regime has been approved by the Heads of Customs. It was decided to implement a pilot project by 31 March 2002 in order to test the procedures and to measure improvements. The private sector will be fully consulted and involved in the pilot project. Eventually, the simplified procedures will be implemented throughout SADC.
- (d) A draft regional MOU on Customs Cooperation was approved in principle.
- (e) The SADC Secretariat recognized that it must increase the number of customs experts in order to keep pace with customs reform activity.
- (f) Language issues need to be resolved. Portuguese and French translation will be very important moving forward.
- (g) The SADC Secretariat tabled a proposal to merge the Sub-Committee on Customs Cooperation with the Sub-Committee on Trade Facilitation. The latter sub-committee is not functioning and the Sub-Committee on Customs Cooperation felt trade facilitation is being addressed through the present structure. The Secretariat, however, is pushing for a combined meeting. That idea was rejected by the heads of Customs at this time without further rationalization. RAPID was neither consulted nor aware that the Secretariat was tabling the proposal.

#### **4.2 Outstanding matters arising from the previous meetings of the Sub-Committee in Maputo and Livingstone**

It was realized that most of the issues that arose at both the Maputo meeting and the Livingstone meeting would be dealt with and covered under the current agenda items at this meeting.

There were only two issues that were not covered by the agenda items. These were (i) a request for special customs treatment of consignments containing highly sensitive measuring and testing instruments, and (b) the proposal that certificates of origin for agricultural commodities be issued at the border posts to facilitate smooth movement of goods in the region. The meeting resolved that these two issues should be referred to the CAWG on Trade Facilitation and Rules of Origin respectively.

#### **4.3 A review of the Terms of reference for the Sub-Committees on Customs Cooperation and Trade Facilitation.**

The idea of having two separate Sub-Committees was presented by the Secretariat. There was a prolonged discussion on this issue. However, the meeting decided that this was not the appropriate time to deal with this matter as it may disrupt the customs reform

program, and may even slow the pace of the work in progress. The meeting therefore decided that the present Sub-Committee on Customs Cooperation should continue with its work, and that possible overlap with trade facilitation activities should be analyzed. The Heads of Customs were unanimous that trade facilitation is primarily a customs responsibility and did not want the implementation of customs reform confused by creating a duplicate process.

However, if two sub-committees are indeed appropriate, there were strong views expressed that clear and specific terms of reference should be created. The consensus was that the Sub-Committee on Customs Cooperation will continue to be responsible for customs issues and trade facilitation issues that are customs specific. The Sub-Committee on Trade Facilitation should concentrate on trade policy matters.

The SADC Secretariat in collaboration with the member states and RAPID consultants will draft these terms of reference and see if there is a clear demarcation between the two Sub-Committees. This will be reported during the next meeting of the Sub-Committee on Customs Cooperation. In the meantime this was not considered a priority by the Heads of Customs and customs reform work will continue.

#### **4.4 Communications problems facing customs administration in the region in communicating with each other and with the SADC Secretariat and RAPID.**

The meeting considered the problems that were being faced by both parties and made the following decisions:

- Each Member State should designate a contact point for customs matters. In case the person in charge is not around, his deputy should deal with all communications from SADC and Rapid and must ensure that they respond immediately. For the sake of continuity, those persons who have been appointed as members of the Customs Advisory Working groups (CAWG) should be maintained. All Customs administrations should send the same representatives to these meetings. Any Changes should be made when it is absolutely necessary, and the new appointees should be well briefed before attending the CAWG meetings.
- On the issue of communications, the meeting advised the Secretariat to communicate directly with the members of the working groups in matters relating to such groups instead of going through to the Heads of Customs.
- RAPID was requested to continue to explore other possibilities to develop a workable web site for communication to replace the failed Quick Place system.

## 4.5 Reports from the Working Groups

The meeting considered the reports from all the working groups and approved the revised milestones as shown on the reports of the different working groups. It is worth noting that due to the urgency of the work that needs to be done, many milestones were brought forward to closer dates.

The main points that are worth noting for each working group are as follows:

### (i) Ad hoc group on Training

This was a newly established group, after assessing the training and human resource needs for customs in the region. The group will comprise all Heads of Customs training in the SADC Region. The group will be called *The Customs Advisory Group on Training*. It will liaise with SADC organs and other international organizations dealing with human resource development. Their terms of reference were approved.

The training group will be comprised of the heads of training from all member customs administrations and will meet early in 2002.

### (ii) CAWG on Rules of Origin

The meeting was updated on the Electronic Certification Information System (ELCIS), and directed that:

- The information on the Electronic certificates should be updated to the latest version approved by the CMT.

- The requirement for sending the electronic certificates to the country of import for verification prior to approval by the country of export is removed from the program.

- Further information will be provided by RAPID on ownership of the system, cost factors on various options presented, minimum equipment required to run the system and compatibility with the existing systems.

- MMTZ and SACU should resolve the issue of single point notification of certificates of origin for textiles and garments that is currently causing communication delays and other bottlenecks in the system.

- The CAWG recommended acceleration of the implementation date for applying the rules of origin process and certificate. The Heads of Customs approved.

**(iii) CAWG on Customs Cooperation**

After consideration of this agenda item, the meeting reached the following conclusions:

- The meeting recognized the need to strengthen the SADC Secretariat capacity to handle customs issues and urged the Secretariat to fill the posts of customs experts already approved. The Secretariat agreed.
- On the issue of a regional MOU on Customs Cooperation, the meeting approved the draft MOU and resolved that each country should review the proposed draft MOU for conformity with national laws.
- In the meantime the legal expert at the SADC Secretariat TIU will review the draft MOU and offer advice.

**(iii) CAWG on Trade Facilitation**

The meeting resolved that:

- The SADC Customs Document had been approved by the CMT. However, the meeting noted the difficulties in adopting this document since several Member States were using different computer systems that allow more information sophistication than the SADC document. It was therefore decided that the document should only be used as a model for the required information fields which will facilitate harmonization.
- The group was tasked to finalize draft guidelines and develop a draft Regional Integrity action plan for presentation at the World Customs Organization meeting in on integrity in Maputo, in March 2002.
- RAPID was tasked to undertake a comparative study of the Customs codes of conduct existing in member states and offer recommendations.
- RAPID was asked to research developments on the one stop border post concept and present findings to the group for further recommendation to SCCC.

**(iv) CAWG on Transit**

The meeting considered the report of this group and agreed as follows:

- The Heads of Customs approved the proposed transit principles and procedures that create a “best practices” regime within SADC.

- The new procedures will be piloted on the Trans Kalahari Corridor as soon as the details are worked out. The heads of Customs directed that the trial project will be implemented *by 31 March 2002*. The details will be worked out with officials from the three customs administrations involved (RSA, Botswana and Namibia).

- The meeting acknowledged that there were errors in Annex 1V to the Trade Protocol (Transit) which will require amendment.

## **5. Closure and next meeting**

The host country, officially delivered the closing remarks by urging the Sub-Committee to take note of the challenges facing the region, and to maintain the momentum to implement practical reforms in customs activities.

Mozambique offered to host the next meeting early March 2002 and this offer was accepted.

## **6. Comments/Observations**

- The Heads of Customs took this meeting very seriously, and this could be seen from the way they conducted business and the demonstrated leadership.

- They showed their commitment by offering to continue hosting meetings and indicated that they would be willing to participate on a cost sharing basis with the sponsors. This will depend on the capability of the host country, as they also took cognizance of each country's economic status.

- In order to maintain the momentum of both the CAWG and the Sub- Committee on Customs Cooperation meetings, there is need for the RAPID project to assist by preparing relevant documents for the meetings.

- Mozambique and Angola have problems with the translation of documents, and this has been voiced many times during the meetings. The RAPID project and the SADC Secretariat will collaborate to find a solution.