

AFRICAN UNION

الاتحاد الأفريقي



UNION AFRICAINE

UNIÃO AFRICANA

Addis Ababa, ETHIOPIA P. O. Box 3243 Telephone + (251)115 517 700 Fax :
+ (251)115510467

**5th ORDINARY MEETING OF
THE AU SUB-COMMITTEE OF
DIRECTORS GENERAL OF
CUSTOMS**

**12 – 13 September 2013
Cotonou
Benin**

Doc. CCD/5.AUSC.DG/R1
Original. English

REPORT

REPORT OF THE 5TH ORDINARY MEETING OF THE AFRICAN UNION
SUB-COMMITTEE OF DIRECTORS GENERAL OF CUSTOMS
12-13 SEPTEMBER 2013, COTONOU, BENIN

Introduction

1. The 5th Ordinary Meeting of the African Union Sub-Committee of Directors General of Customs was held from 12 to 13 September 2013 at the Palais des Congres in Cotonou, Benin. The theme of the meeting was 'Towards a Trade Facilitation Strategy for the Continental Free Trade Area'.

Participation

2. The following Member States attended the meeting: Algeria, Benin, Cameroon, Democratic Republic of Congo, Republic of the Congo, Côte d'Ivoire, Ethiopia, Gabon, Guinea, Gambia, Ghana, Kenya, Liberia, Malawi, Mali, Mozambique, Niger, Nigeria, Senegal, Seychelles, South Africa, South Sudan, Sudan, Swaziland, Togo, Tunisia, Uganda and Zimbabwe. The Regional Economic Communities and International organizations present were CES-SAD, COMESA, EAC, ECOWAS, FEWACCI, IOM, SADC, UNECA, WCO-ROCB ESA, CCES and WCO. List of participants is attached as Annex I.

Agenda Item 1: Opening of the Meeting

3. The Director General of Benin Customs and Excise, Colonel Paul Lafia Tabe welcomed his counterparts to Cotonou, Benin, the venue of the 5th Ordinary Session of the AUSCDG of Customs. He expressed his gratitude to H. E. Dr. Thomas Boni YAYI, the President of the Republic of Benin for his support in hosting the meeting.

4. In his remarks, the Director General bemoaned the low level of intra African Trade, which currently is estimated to be 12 %, a figure which is far low compared to other regions of the world. He concluded his remarks by recalling the Theme of the WCO for 2012, 'Borders Separates, Customs Unites' and urged Africa's Customs Administrations to work hand and glove with trade so as to support Africa's Regional Integration Agenda and establishment of a Continental Free Trade Area (CFTA).

5. The Secretary General of the World Customs Organization (WCO), Mr. Kunio Mikuriya, expressed his gratitude to the African Union Commission for inviting him to the 5th Ordinary Session of the AUSCDGC, and the Government and People of Benin for hosting the meeting. He pointed that the Theme of the meeting also reflects a shared vision of the WCO, and that Customs administrations world over are the engines of Trade Facilitation who play a very important role in the movement of people and goods across national borders.

6. Mr. Mikuriya highlighted the 2014-2017 WCO Strategy and how Customs can use some of the provisions therein such as the Economic Competitiveness Package, the Data Model and the RKC to improve the efficiency of the Customs Administrations. He reiterated the commitment of the WCO to support AU's programmes in the area of Customs reforms and modernization and concluded by urging the Directors General of Customs to exchange ideas and share their experiences so as to come with sound ideas in support of the envisaged CFTA.

7. In her opening remarks, Her Excellency, Mrs. Fatima Haram Acyl, Commissioner for the Department of Trade and Industry at the African Union Commission thanked the Government and People of Benin for hosting the meeting. H.E. Commissioner Acyl recalled the Decision of the AU Heads of State and Government during the 18th Ordinary Session of their Assembly held in Addis Ababa, Ethiopia in 2012 to Boost Intra African Trade and Establishment of the Continental Free Trade Area by 2017, as an indicative date. She also pointed that work is already ongoing and various structures of the Architecture are being put in place and to the realization of the Decision requires commitment of all stakeholders, especially from the AUSCDGC.

8. H.E. Commissioner Acyl pointed that trade facilitation is important for Africa to realize its position in the global arena, but also faces a lot of challenges in the process. Such challenges vary from existence of poor and, at times obsolete telecommunications services, poor physical infrastructure and that almost one third of African Countries do not have access to oceans or seas to facilitate movement of their goods to overseas markets. She concluded by sharing with the Directors General the African Group's position on the WTO Trade Facilitation Negotiations and the Round scheduled for Bali, Indonesia towards the end of 2013.

9. Her speech is attached as Annex II to this Report

10. The Minister of State, H.E. Francois Abiola on behalf of H.E. Dr. Thomas Boni YAYI, the President of the Republic of Benin welcomed the Directors General to Cotonou and wished them a pleasant stay. He thanked the Commission of the African Union for having chosen Cotonou as the venue of the 5th Ordinary Session of the AUSCDGC and also for the work done since the Decision to fast track the establishment of the CFTA was taken.

11. H.E. Francois Abiola highlighted on Africa's low trade levels and urged the meeting to come up with sound decisions on the removal of Non-Tariff Barriers so as to facilitate legitimate trade. He also pointed on some of the challenges encountered in the movement of goods across national borders, which range from the existence of poor physical infrastructure to unethical behavior by some border officials, and the need to address them. H.E. the Minister of State concluded his opening remarks by urging the Directors General to come up with policies that also promote small scale traders, especially women and thereafter, he declared the meeting officially open.

Agenda Item 2 : Election of the Bureau

12. The Bureau of the meeting was constituted as follows:-

- Chair - Benin
- Vice Chair - South Africa
- Rapporteur - Cameroon

Friends of the Chair

- WCO West/Central Region Nigeria
- WCO East/Southern Region Malawi
- WCO Northern Region Algeria

Agenda Item 3 : Adoption of the Agenda and Organization of Work

13. The agenda was adopted without amendment and is attached as Annex III.

14. The meeting adopted the following as its working schedule as suggested by the Commission:-

- Morning: 09.00 – 13.00
- Afternoon: 14.30 – 18.00

Agenda Item 4 : Presentation of the Benin Customs and Excise

15. In their presentation, the representatives of Benin Customs and Excise underscored the important role that Customs play in the overall economy of Benin. They elaborated the various milestones that the Customs achievements through its reform and modernization program such the introduction of ASYCUDA ++. The presentation also highlighted the Single window System that enables traders to accomplish clearance formalities electronically. In addition to the introduction of the single window, the meeting was informed that Benin Customs has also established a risk management system and Valuation data base, revised the customs code, introduction of pre-clearance controls and post clearance audit.

16. These reforms have yielded considerable benefits notably the reduction in clearance time, simplification of clearance procedures which have led to the overall increase in Customs revenue. This has also improved relations between Customs and other stakeholders in the logistics chain.

17. In the discussions that ensued the meeting demonstrated interest on the issues covered by the presentation especially, the single window, the valuation certification system and the use of scanners to ameliorate customs controls.

Agenda Item 5: Consideration of the Report of the Customs Experts Meeting

18. The Chairperson of the Meeting of Experts presented the Report of their Meeting. In the discussions that ensued, the Directors General raised the following issues;

- i. There is need to seek clarification from the High Level African Trade Committee on the mandate of the Customs Technical Committee under the continental free trade area Architecture vis-à-vis the continued existence of the Meeting of AU Sub-Committee of the Directors General of Customs;
- ii. While Customs Administrations have a role to play on the development and negotiation of rules of origin, in most countries this is a responsibility of Ministries of Trade;
- iii. Economic Partnership Agreements (EPAs) between some African countries and the European Union are threatening regional integration programmes in African countries.

19. Thereafter, the Directors General made the recommendations which are attached as Annex IV.

Agenda Item 6: Exchange of views on The Trade Facilitation Strategy for Boosting Intra -African Trade (BIAT) and Establishment of a Continental Free Trade Area

20. The Director General of Swaziland Revenue Authority made a presentation on a proposal for the development of a common Single Window system for Africa. The Directors General considered the proposal and made the following observations:

- I. The WCO has already developed a comprehensive package from which Customs Administrations can borrow from
- II. Single Window systems world over are complex and diverse and it may be difficult to have a 'one size fits all approach'
- III. Member States are at different levels on the development and implementation of Single Window systems, and as such, the proposal could be a challenge to some countries to embrace

- IV. Some countries lack capacity to implement the proposed measures and may require some assistance in this regard
 - V. The approach to the implementation of Single Window System may vary from one country to the other; some would wish to engage the private sector through PPPs, while for others, the respective Governments would want to own it
21. The Directors General recommended that the Experts meeting should examine the proposal for the development of a common single window system for African taking into consideration the WCO Single Window Compendium and best practices from countries that have already implemented such systems, and report to the 6th meeting of the Directors General of Customs.
22. With regards to the discussions on the proposed CFTA, the Directors General noted that it will be important to carry out studies at the national and regional levels as may be appropriate to assess the impact of the CFTA on customs revenues, the establishment of a compensation fund for revenue loss and other issues related to rules of origin and competitiveness.
23. The Directors General then recommended that the AUC in collaboration with UNECA should commission an impact study in the establishment of the CFTA in order to provide Member States with a good base for engagement in the negotiations.

Agenda Item 7: Date and Venue of the 6th Ordinary Meeting of the African Union Sub-Committee of the Directors General of Customs

24. The 6th Ordinary Session of the AUSCDGC will be held in 2014 in Congo Brazzaville, Republic of Congo

Agenda Item 8: Any Other Business

25. No issues were raised under this agenda item

Agenda Item 9: Approval of the Record, the Recommendations and the Framework of Action for the year 2013-2014

26. The report and recommendations were adopted as amended

Agenda Item 10: Vote of Thanks

27. A representative of the Togo delegation delivered a vote of thanks on behalf of the Directors General of Customs. He thanked the Government and People of Benin for hosting their 5th Ordinary Session.

Agenda Item 11: Closing Ceremony

28. The Director General for Benin Customs and Excise thanked the African Union Commission for having chosen Benin as the host of the meeting. He also expressed his gratitude to the Secretary General of the WCO, the RECs and international organizations for having been able to attend the meeting. He wished his counterparts safe journeys to respective countries.

29. In his closing remarks, the Secretary General of the WCO expressed satisfaction in the manner the meeting was held. He urged the Directors General to take advantage of the various WCO tools and practices available to support the establishment of the CFTA.

30. The Head of Customs Cooperation division of the African Union Commission thanked the hosts for the sound preparations done to enable hosting the meeting. He also thanked the Directors General for having been able to attend the meeting, and for the high quality of their contributions. He informed the Directors General that the recommendations of their meeting were going to be submitted to the 8th Conference Ministers of Trade scheduled to be held at the Commission Headquarters in Addis Ababa, Ethiopia in October 2013.

30. The Minister of State of Benin Government thanked the Experts, the Directors General, AUC and staff from Benin Customs and Excise for the various roles they played to make the meeting a success. He complimented the Directors General for the high quality of their work and had no doubt that the recommendations made would be acceptable to the Policy Organs of the African Union.

31. The Minister of State recalled the role played by Customs Administrations in both collecting revenue for respective Governments and the need to facilitate legitimate trade. He congratulated the Republic of Congo for having been chosen as the host of the 6th Ordinary Session of the Directors General of Customs, before formally closing the meeting.

ANNEX IV

RECOMMENDATIONS OF THE 5TH MEETING OF THE AFRICAN UNION SUB-COMMITTEE OF DIRECTORS GENERAL OF CUSTOMS

On the activities of the Customs Cooperation Division of the African Union Commission

- I. That AU Member States are urged to consider seconding Customs Attaches to the Customs Cooperation Division through their respective Diplomatic representations in Addis Ababa, Ethiopia. The AUC should within 3 months provide Member States with information for secondment and skills set required for areas requiring support;
- II. That the AU is urged to maintain the AU Sub-committee of Directors General of Customs despite the endorsement of a Customs Technical Committee under the CFTA architecture;
- III. That the AUC is urged to take action in regard to the official recognition of the AUC-ECA-AfDB Sub-Committee on Customs Cooperation;
- IV. That the AU Commission is urged to initiate the process of developing the draft Protocol on Customs Cooperation in accordance with Article 39 of the Abuja Treaty.

On the interconnectivity of Computerized Customs Information Systems

- I. That the Directors General endorse the Road Map and Strategy for the continental Interconnectivity of Computerized Customs Information Systems in Africa;
- II. That Member States in collaboration with the RECs are encouraged to put in place the necessary legal framework and other arrangements for the interconnection of their computerized Customs Information Systems to facilitate exchange of data;
- III. That Member States in collaboration with the RECs are urged to harmonize their data on the basis of the WCO Data Model in order to facilitate electronic exchange of information.

On the outsourcing of core Customs functions

That Member States are encouraged to provide Customs Administrations with the necessary resources to enable them acquire the appropriate capacity in view of gradually phasing out intervention of pre-shipment inspection companies and other similar private operators in core Customs functions.

On Rules of Origin

- I. That the Technical Working Group should continue its work on Rules of Origin especially in relation to the proposed Draft Framework on Rules of Origin for the CFTA and the Matrix on Road Map for Rules of Origin Negotiations;
- II. That in the forthcoming TFTA negotiations on Rules of Origin, due consideration should be given to the draft negotiating text proposed by the African Union Technical Working Group on Rules of Origin.

On the Revised Kyoto Convention

- I. That when drafting CFTA negotiating texts at the continental level, the RKC provisions could be included in the texts such that any Party that would have agreed / signed the texts will be bound to implement the elements of the RKC;
- II. That Regional Economic Communities are urged to formulate their legislation on the principles of the RKC to facilitate accession by Member States;
- III. That the AUC and the RECs in collaboration with the WCO endeavor to promote the advantages linked to accession and the implementation of the RKC at the country level;
- IV. That Member States are encouraged to accede to the 10 Specific Annexes in addition to the General Annex;
- V. That Member States are urged carry out self-assessment of their national legislation in comparison with the RKC, where necessary with technical assistance from the WCO;
- VI. That Member States are encouraged to put in place change management policies where they do not exist to support implementation of the RKC;
- VII. That Customs Administrations are encouraged to lobby other relevant national institutions on the need to fast track pending national processes for accession to the Convention;

- VIII. That Members States are encouraged to utilise the RKC toolkit developed by the WCO and to continue to work with the WCO on the development of other RKC tools to facilitate implementation of the RKC.

On Coordinated Border Management

- I. That the AU Commission, with the assistance of RECs and technical partners, should develop a continental policy framework, on Coordinated Border Management and submit for adoption by the Policy Organs of the Union;
- II. That Member States are urged to consider raising awareness and pursuing strategies to formulate clear national policies on Coordinated Border Management in Member States and institutionalize such practices in the African Union drawing inspiration from regional policies on CBM;
- III. That the AUC should organise multi-sectoral workshops at national, regional and continental levels with a view to building the capacity of institutions as well as enhancing their coordination mechanisms;
- IV. That AU Member States are urged to consider using the WCO Project Map Database to facilitate donor agency interventions in CBM efforts in order to avoid duplication and ensure efficient utilization of resources in line with the Paris, Busan and Accra Declarations on aid effectiveness.

On the Implementation Matrix for the CFTA

That the AUC should take all necessary steps to ensure continued collaboration with the RECs to ensure their full participation into the CFTA process.

On International Trade Agreements Issues

- I. That Customs Administrations are urged to continue to engage effectively on trade facilitation aspects of the WTO Negotiations in collaboration with Ministries of Trade and the Geneva based African Group;
- II. That Customs Administrations are urged to support the African position on the necessity of equally binding provisions on technical / financial assistance and capacity building.

On other matters

That the AUC is urged to prepare a draft proposal to review the Rules of procedure of the Sub-Committee of Directors General of Customs with a view to institutionalizing the meeting of Experts proceeding the session of the Sub-Committee.