



PRIVATE SECTOR INVOLVEMENT STRATEGY IN CUSTOMS MATTERS

**May
2013**

[The Private Sector Involvement Strategy seeks to enhance the involvement of the private sector in the implementation of the Sub Committee on Customs Cooperation (SCCC) Strategic Plan 2012-2013.]

**Approved by Sub Committee on Customs Cooperation in
May 2013**

1.0 Background

- 1.1 From a regional integration perspective, the Regional Indicative Strategic Development Plan (RISDP) of SADC states that in order to accelerate and achieve sustainable regional economic integration and poverty eradication the private sector has to be integrated in policy and strategy formulation and programme implementation in SADC (SADC, 2005). The RISDP also calls for the institutionalisation of public and private dialogue and even for the adequate representation of the private sector at all relevant decision-making levels in SADC.
- 1.2 The Sub Committee on Customs Cooperation (SCCC) emphasized the importance of strengthening cooperation between Customs and the private sector in order to give Customs Administrations in the SADC region an opportunity to offer a more efficient and effective customs service to their clients. The overall purpose of Customs to business partnerships is to ensure a partnership and dialogue structure of key stakeholders in the trading chain that contributes to trade facilitation, improvements in customs operations and higher compliance by the trading community.
- 1.3 The SCCC during its 20th meeting made the recommendation to establish National Customs Business Forums (NCBF) in all SADC Member States. The NCBFs are meant to facilitate a stronger partnership between customs and business at national level, promoting a regular and results oriented dialogue, and taking action on existing challenges in the country (SADC, 2009).

2.0 Objective

- 2.1 The SCCC, in its 22nd meeting held in June 2012 in Gaborone directed SPAG to explore ways the involvement of the private sector may be enhanced in the implementation of the SCCC Strategic Plan 2012-2016. The SCCC had also observed that it is essential to consult the private sector stakeholders in the assignment.
- 2.2 The main objective of the strategy to enhance the involvement of the private sector in the implementation of the SCCC Strategic Plan 2012-2016.

3.0 Current status of Customs to Private Sector involvement

This chapter will briefly describe the current status of the involvement of the private sector in Customs matters in Member States.

National Level

3.1 Establishment of Customs to Business Fora

3.1.1 The SADC Customs Unit has supported the establishment of customs to business fora in Member States mainly based on the NCBF guidelines. It has developed guidelines on how to establish a national customs to business forum (NCBF) to assist Member States with a formal dialogue platform with the private sector (SADC, 2009).

3.1.2 However, not all Member States followed the SADC NCBF guidelines or required direct support from the SADC Customs Unit. For instance South Africa and Mauritius have other private sector dialogue mechanisms in place that pre-dates the finalisation of the guidelines. In some countries that have followed the NCBF Guidelines there are often complementary formal and informal communication channels between industry associations with a sectoral interest and Customs Administrations that should also be recognised as formal dialogue mechanisms in order to increase transparency and the ability to monitor implementation of decisions.

3.1.3 As at March 2013 the following 9 SADC members already established formal or regular dialogue between their customs or revenue authorities and the private sector:

- Botswana (BF),
- DRC (NCBF),
- Lesotho (LRA PF),
- Mauritius,
- Malawi (NCBF in Sep 2012),
- Mozambique ,
- South Africa (BF) ,
- Swaziland (NCBF),
- Tanzania (BF),
- Zambia (NCBF in April 2013)

3.1.4 Several other Member States have already taken steps to formalize or improve their dialogue with the private sector through sensitizing workshops and establishing interim committees to oversee the launching of Customs to Business Fora:

- Angola had informed that they have regular consultation with Private Sector

- Namibia will launch their Customs to Business Forum launch in 2013.
(Pre preparations have been made)
- Regular consultations take place in Zimbabwe

Regional level

3.2 Ad hoc Consultations

3.2.1 The lack of donor funding to support regional events and meetings does not mean that the private sector is not engaged with the SADC Secretariat. Regional sector or industry bodies engage directly with SADC Secretariat on identified issues or through technical committees. For instance, the SADC Customs Unit involved the private sector in the review of the rules of origin in textiles and clothing and the review of the SADC Regional Customs Bond Guarantee system. The private sector has been part of the working groups for both issues. The SADC Customs Unit intends to present the functional specification, design and demonstration of the COMESA-SADC Transit Management Information System to the private sector prior to its pilot and eventual implementation. Furthermore, not all national BMOs that engage directly with the SADC Secretariat participate in the formal dialogue at the national levels. There could be simple ways to enhance or widen this engagement between the private sector and the SADC Customs Programme.

4.0 Private sector involvement strategy

4.1 Based on the conclusion of the assessment the involvement of the private sector with regards to customs issues can be addressed in future by the SADC Customs Unit under three Key Result Areas:

- Strengthen Customs to Business dialogue mechanisms at the Member States level (KRA 1)
- Enhance the quality of Customs Administration to Business dialogue through improving information flows (KRA 2) and
- Strengthening Private Sector involvement on customs issues at the regional level (KRA 3)

4.2 Each of the key result areas will now be discussed in more detail. First the desired outcome of how the system should work once the strategy is successfully implemented will be described. This will be followed by the main activities that must be implemented and the resource implications.

5.0 Strengthening Customs to Business dialogue mechanisms at the Member States level (KRA 1)

- 5.1 Desired outcome: Through targeted and light support to national stakeholders the SADC Customs Unit is able to provide technical support to Customs to Business Dialogue platforms that enhance dialogue and cooperation. The private sector better understands its role in the dialogue with Customs Administration and can contribute resources and information when needed. The public sector sees the private sector as a partner and values the formal dialogue with the private sector.
- 5.2 The sub activities under this Key Result Area are:
- a. Formalization of existing dialogue: formalize existing forums in all SADC Member States with formal Terms of Reference and Memorandum of Understanding.
 - b. Strengthen existing fora: Continue with ongoing support of national customs to private sector dialogue to enhance existing mechanisms.
 - c. Support the establishment of new formal dialogue mechanisms: This may require supporting the establishment of NCBFs or non-NCBF dialogue mechanisms that is suitable for the specific context in the Member States. Templates, case studies and contact details of other fora should be made available to assist emerging fora.
 - d. Peer-learning: Assist Member States to learn from each other and assist to strengthen current dialogue channels. Case studies of different dialogue mechanisms, and successful cooperation on pertinent customs issues should be captured and disseminated to enhance learning and to support the evolution of different dialogue mechanisms. The Strengthening Customs to Business Dialogue in Member States publication, TORs and other material is made available to Member States.
 - e. Customs to business partnership should be reflected in MS Customs modernization programmes and national legislative framework. This will also support its sustainability.

Resource implications

This area is partly an extension of the existing activities of the SADC Customs Unit, with the addition that support is also provided to Member States that have alternative mechanisms to NCBFs (only if needed).

Support to strengthen existing fora may require more travel budgets and will have an effect on human resources.

NCBFs will require resources and facilities such as a secretariat, venue for meetings, travel budgets, additional responsibilities, etc. Customs Administrations and the Private Sector are expected to cover the cost of these resources and any other related costs associated with the day to day running of the forum including the executive committee.

6.0 Enhance the quality of Customs to Business dialogue through improved information flows (KRA 2)

6.1 Desired outcome: Information of the regional and international agreements, standards and conventions relating to customs are available at national and regional level. This increases civil and private sector awareness of important agreements and it equips the private sector to play an important watchdog function. Because the private sector is more aware of the customs system and its relation to trade it finds it easier to contribute to identify both customs problems and to support effective implementation. Whenever SADC Customs Unit undertakes any new initiative the private sector is consulted.

6.2 The main activities are discussed under the next headings.

6.2.1 Improve availability of information of Customs Modernisation and Agreements

- a) Develop information materials that will assist the private sector to understand customs reforms and regional commitments and its relation to regional integration and trade promotion. Supporting documentation from the WCO and other relevant organisations are made available via SADC Customs Unit website, and simplified if needed.
- b) Provide contact details of national formal customs-to-business fora on the SADC webpage. Each Customs Administration must make available the contact details (public and private representatives) of their national formal dialogue platforms and channels to the SADC Customs Programme. The information should be updated at least once per year.
- c) Provide sensitization and capacity building to national stakeholders on trade facilitation and customs issues, SADC Rules of Origin, NTBs Monitoring Mechanism, etc.
- d) Disseminate timely (in advance if required) and updated information to interested parties. The availability of information on Customs matters to interested persons is one of the key elements of trade facilitation. The Revised Kyoto Convention stipulates that the Customs must ensure that relevant information of general application is readily made available to all interested parties. The interested parties are trade and industry groups, forwarding agents, freight forwarders, shipping agents and major companies who transact business regularly with the Customs.

6.2.2 Raise the awareness of the importance of private sector involvement

- a) Use SCCC meeting as well as presentations to national Customs to Business Fora to promote the importance of transparency and cooperation with the Private Sector about progress, priorities and also constraints with regards to customs modernisation (in line with WCO recommendations). This can be

achieved by campaigning that practical steps are taken to draw the private sector into customs discussions on both national and regional levels.

- b) Where possible, provide regional examples of how Customs to Business involvement has resulted in successful cooperation or more effective implementation of decisions.
- c) Inform regional industry associations of the possibilities of engagement about Customs issues at the national level as well as the regional level.

Resource implications:

- Information and publications that will raise awareness of the role of the private sector must be developed, and existing literature that is suitable must be identified and be made available from the SADC Unit Customs webpage. Relevant contact information must be uploaded onto the website in a format that is easy to maintain and that is short yet informative to the private sector.
- A presentation must be developed that explains the role of the private sector in customs modernisation, and especially how a Customs Administration could engage with the private sector in a more formal way.
- More capacity building events in the Member States to build the capacity of the private sector.

7 Strengthening private sector involvement on customs issues at the regional level (KRA 3)

- 7.1 Desired outcome: The bottom up flow of customs issues via National dialogue Fora to the region is supplemented by a mechanism that allows for regional customs trends or issues to be identified and escalated directly to the SADC Customs Unit and the SCCC. This allows for a high level engagement and response to issues that are identified as regional issues or patterns. Regional and Sector specific Business Organisations are invited by the SADC Customs Unit to comment on regional issues that are deemed to be relevant to the private sector. It is also essential to establish a regional forum for the private sector stakeholders to allow them to interact with the SCCC on regional issues such as border management.

The main activities are discussed under the next headings.

7.2 Regional customs issues are identified by SADC Secretariat and escalated to SCCC

- a) Customs issues identified by the SADC Customs Unit to be relevant to the private sector are added to the agenda of the SCCC meetings, with regional issues being the main priority. This might be supplemented with an invitation to certain stakeholders to make presentations to the SCCC or to a pre-meeting to foster high-level interaction between the SCCC and the private sector on specific issues.

- b) The SADC Customs Unit consults with the private sector during the development/revision of SADC customs instruments. The private sector will be able to make important technical inputs on the development of regulations and on the potential impact of these regulations on the private sector. The outcome of these consultations will be presented to SCCC.
- c) Feedback from decisions made at the SCCC that are relevant to the private sector are made available on the SADC Customs Unit website.
- d) The chairpersons of each Customs to Business Forum is invited to submit information on an annual basis of how the dialogue mechanism is working and what are the most prominent issues discussed. If regional issues can be identified then the Member State can request that these be considered by SADC Customs Unit for regional intervention.

Resource implications:

Where possible, the SADC Customs Unit will have to follow the dialogue at national and regional level to identify customs issues that have a regional dimension. This will increase the load on the current team.

Communication of the SCCC decisions that affects the private sector will require management oversight. As decisions regarding the private sector are made public, the SADC Customs Unit may also have to field more queries from the private sector, or from Member States.

7.3 Establishment of a Regional Customs – Business Forum

- a) Customs issues often exceed the borders of a single country and affect other territories also. Examples are the implementation of the One Stop Border Post concept; transit; Customs enforcement etc. It will thus be imperative to establish a regional forum where the private sectors could meet and discuss regional issues affecting the movement of goods.
- b) It is also recommended that wherever possible the forum will have a meeting with the Heads of Customs at before every SCCC meeting to discuss and address Customs issues
- c) A Memorandum of Understanding between the SCCC and the Regional Business Forum will also be very beneficial
- d) Ensure appropriate legislative framework at a regional level to support private sector involvement in Customs matters.

7.4 Harmonization of Customs-related regulatory policies

- a) There is a need to simplify and harmonize Customs related regulatory procedures such as registration procedures for Clearing and Forwarding Agents.

7.5 Capacity Building at a regional level

There is need to build the capacity of the private sector at a regional level on issues such as the SADC Rules of origin , Customs valuation, Harmonized System etc.

Resource implications:

It is recommended that a Private Sector representative from each Member State normally coming from the Executive Committee of National Customs Business Forum wherever applicable will form part of the Regional Customs Business Forum. The fourteen Private Sector representatives will also be supported by other regional business organizations such as :

ASCII-Association of SADC Chambers of Commerce and Industry

CTA – Confederation of Business Associations of Mozambique.

FCFASA- Federation of Clearing and Forwarding Associations of Southern Africa

FESARTA- Federation of East and Southern African Road Transport Associations

SEPAC-Small Enterprises Promotion Advisory Council

Some of these organs have been interacting with the SCCC since long ago and have considerable experience in regional Customs matters. This is also in line with a resolution taken at a Customs-Private Sector Task Force meeting in March 2011.

However, participation of the private sector at the regional level will require additional cost in terms of travelling and other logistics arrangements. Experience has shown that participation of the private sector may be compromised due to funding challenges.

Conclusion

Internationally there is an increased awareness of the need of the public sector and the private sector to cooperate to secure and strengthen the performance of the trade supply chain and the movement of goods. Important international agreements, such as the Revised Kyoto Convention stipulates that the public sector, mainly through its Customs Administration, and the private sector must work together.

This strategy for the SADC Secretariat Customs Programme must be seen in the context of the broader SADC Private Sector Involvement (PSI) Strategy. This broader strategy has three main pillars: (i) strengthen the framework and clarify the mandate of PSI in SADC; (ii) fostering sectoral as well as high-level public-private dialogue; and (iii) Improve information flow between public and private sector. This PSI Strategy for the Customs Programme is underscoring and operationalizing the emphasis of the broader SADC PSI Strategy on strengthening sectoral dialogue.