

THE SINGLE CUSTOMS TERRITORY IN EAST AFRICA (SCT).

Northern Corridor Case

SSATP Annual General Meeting

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Abuja/Nigeria



Northern Corridor Transit and Transport Coordination Authority

The Northern Corridor/Coverage/Capacity



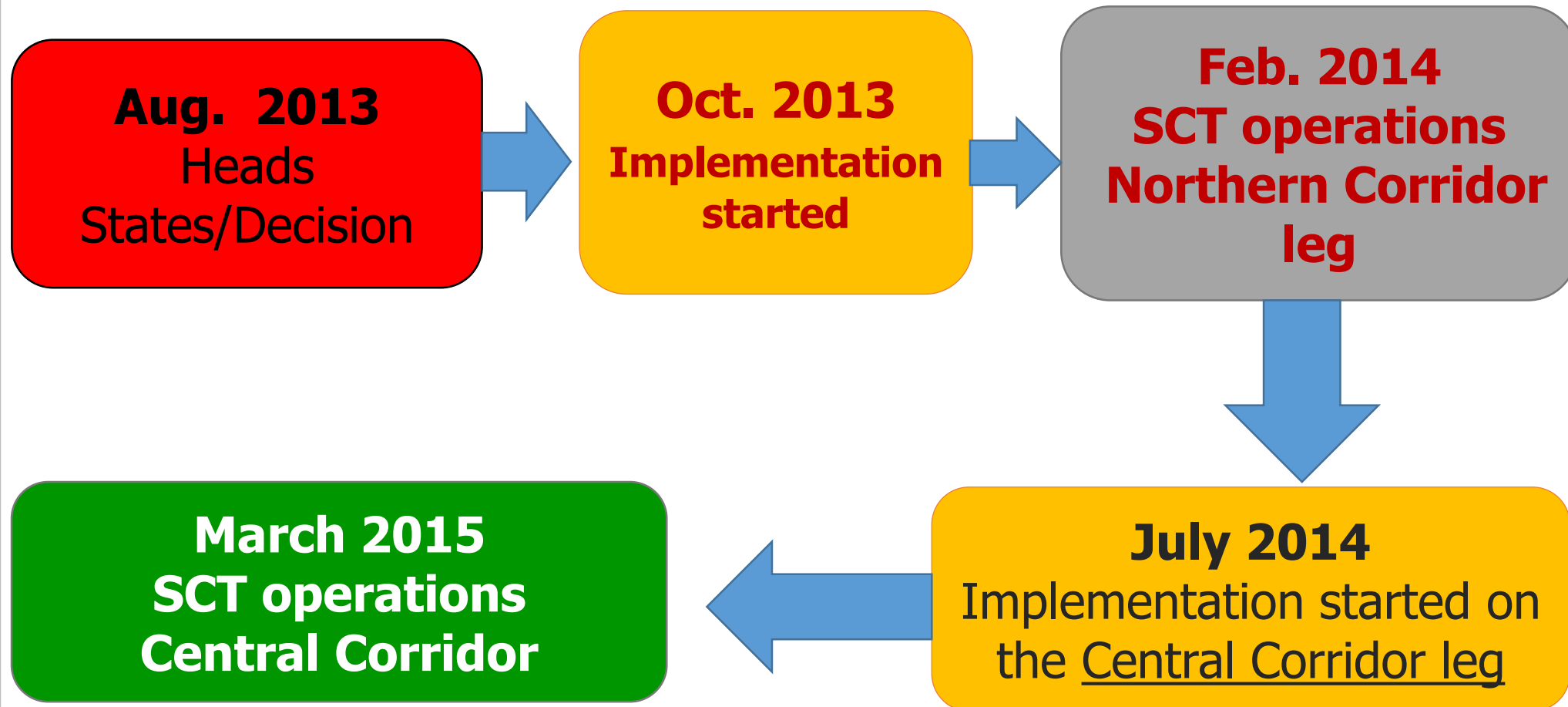
- Mombasa is the gateway to Kenya, Uganda, Rwanda, Burundi, South-Sudan, Eastern DRC, Northern Tanzania, Ethiopia and Somalia
- Cargo throughput: 30.00 M tons/year and growing
- Over One Million TEUs handled since 2014.

B. In this Presentation

- A. Background;
- B. Key Objectives;
- C. SCT Clearance Process in brief;
- D. Process Flow;
- E. Key Results observed so far;
- F. Challenges;
- G. Ongoing Activities / Conclusion.
- H. Lessons learnt / Conclusion

A. Background of the SCT Initiatives

- ❖ This is a **stage towards** full attainment of the Customs union.
- ❖ It requires the removal of **restrictive regulations** or **minimization of internal border controls** on goods moving between the Partner States to allow free circulation of goods.



B. Key Objectives

(i) The **Short term** targets were as follows:

1. Increase in **Revenue Collection and**
2. Reduction in **the time** and
3. Decrease of **Transport Costs** (direct / indirects).

(ii) **Medium/Long** terms targets include:

1. Build a foundation for the **EAC Common Market;**
2. Elimination **of trade barriers** that discourage trade and investments in the region;
3. Enhance **compliance** by clearing Agents;
4. To facilitate **seamless flow** of cargo;
5. Minimum **clearance costs** within the region;
6. Etc.

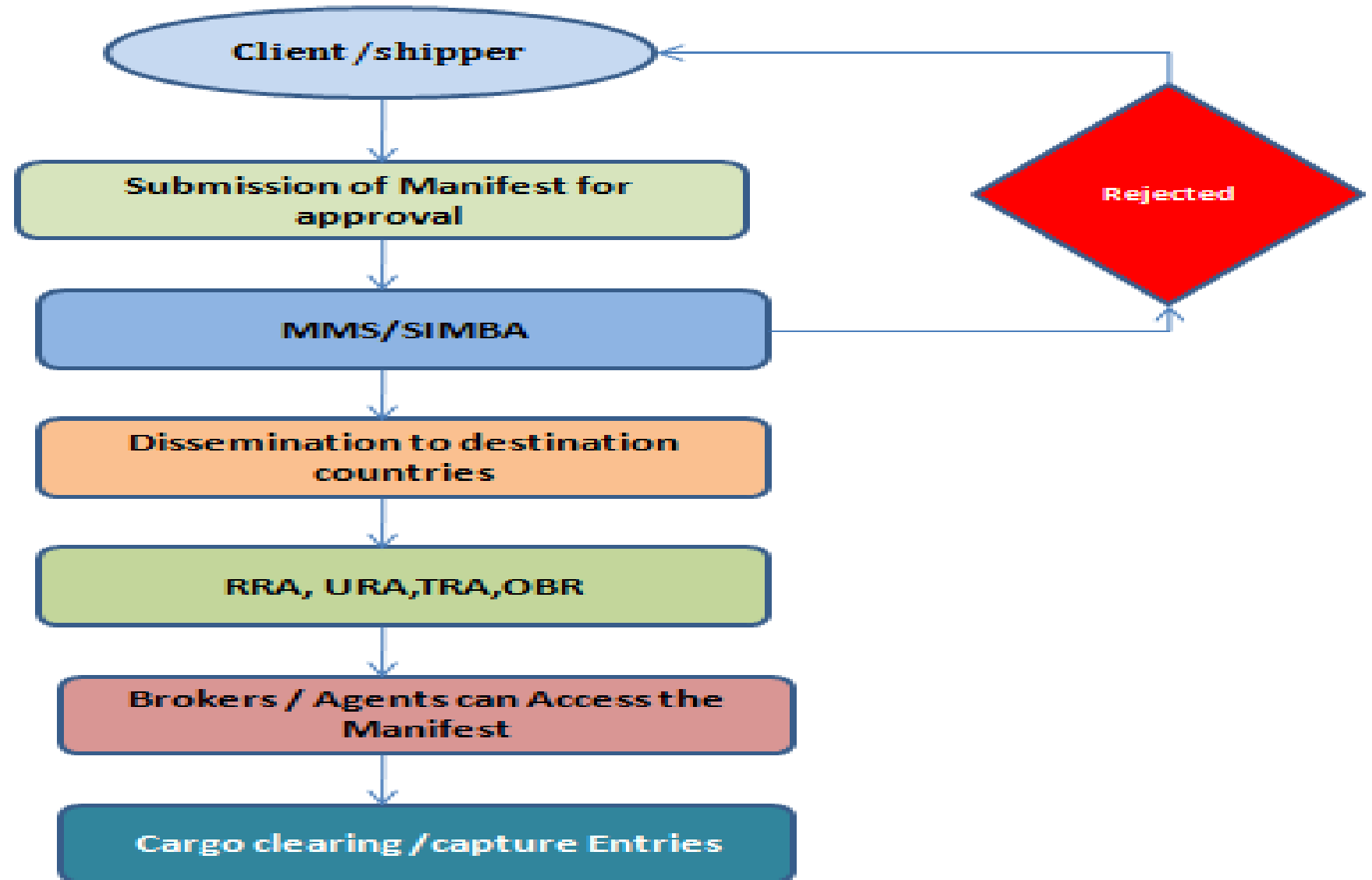
C. SCT clearance Process in brief

- (i) The Cargo entering the Region is cleared at the First point of Entry (e.g: Mombasa/Dar Es Salaam Ports) and Taxes are paid at Destination before release : 1 Single Customs Declaration (from 3/2 before);
- (ii) For goods destined to Bonded Warehouses in the importing Country, appropriate Warehousing procedures are finalized at destination before release.
- (iii) Cargo destined outside the Region is cleared under the Transit Regime.
- (iv) For Local Exports, the declaration is made in the importing Country before release by the Exporting Country.
- (v) Release of both Maritime & Intra-region Cargo is done by the Revenue Authorities Customs Officers of the destination Countries who are now based at the Ports of Entry and Major Cities.
- (vi) One Customs declaration captured in destination Country system.

C. SCT clearance Process (cont'd)

- (vii) Goods move under **1 bond** from first point of Entry / origin to destination: **Decrease from 3/2 transit bonds to 1);**
- (viii) Goods in Transit are monitored by the **Regional Electronic Cargo Tracking System – R-ECTS.**
- (ix) Customs systems & Port Authorities Systems are **interconnected;**
- (x) Physical Verification of goods is **done once** at entry point or destination Country;
- (xi) **Single Clearing Agent - Mutual Recognition** of Clearing Agents of Partner States;
- (xii) **Revenue officials deployed** at First entry points.
- (xiii) Internal Controls / Checks **are minimized.**

D. Process Flow (in general)



E. Key Results observed so far:

- (i) **Revenue Collection / Volumes have increased** in all involved Partner States:
 - ❖ **Volumes** increased between **9.5 -10.8 %** and
 - ❖ **Taxes** increased between **21-22%**;
- (ii) **Reduced Transit Times & Cost** (due to Elimination of duplicated processes/procedures + Improved turnaround times for transporters);
- (iii) **Reduced risks** associated with non-compliance on the transit of goods;

E. Key Results observed so far (cont'd):

- iv. **Improved accountability** and monitoring of Goods-RECTS (Regional Electronic Cargo Tracking System).
- v. **Improved Working Relations** for faster decision making and **Synergies created** through shared resource utilization between:
 - ❖ Revenues Authorities.
 - ❖ Port Authorities +
 - ❖ Other Regional Agencies (Clearing Agents;
- vi. ICT interconnectivity – **Real time data exchange. Etc.**

E. Key Results observed so far (cont'd):

1. Port of Mombasa – Time from Offloading to arrival at Exit Gate – Nov 2016

Regime	OVERALL			HOME USE			SCT			TRANSIT		
	Days	Hrs	Mins	Days	Hrs	Mins	Days	Hrs	Mins	Days	Hrs	Mins
% of goods												
25%	4	14	37	3	2	2	0	9	38	4	19	21
50%	6	19	2	3	15	18	0	13	32	6	23	38
75%	10	0	31	6	22	1	9	3	26	10	12	51
Average	7	18	51	4	13	20	4	10	15	8	4	40

- ❖ Cargoes travelling under the SCT are **cleared and arrive at the Port Exit Gate within 13.5 hours** of being offloaded; compared to
- ❖ **Over 72 hours (3 days) and 144 hours (6 days)** respectively for **home use** and **transit goods** .

E. Key Results observed so far (cont'd):

3. Time taken from Malaba/Kenya arrival to Malaba /Uganda exit at border crossing.

Regime	OVERALL			HOME USE			SCT			TRANSIT		
% of Decs	Days	Hrs	Mins	Days	Hrs	Mins	Days	Hrs	Mins	Days	Hrs	Mins
25%	0	4	33	0	22	30	0	1	34	0	3	13
50%	0	22	46	1	10	10	0	1	46	0	15	33
75%	1	7	52	3	6	58	0	3	13	1	4	5
Average	2	5	52	5	7	31	0	7	31	0	19	45

- ❖ At Malaba border posts, **the impact of the SCT** was also seen through the total time taken at the **Malaba border crossing** being **substantially less (7H)** for goods travelling under SCT
- ❖ Compared to **5 Days for Home Use** Goods or **19 Hours** for others goods in Transit.

E. Key Results observed so far (cont'd):

4. Impact of the SCT at Cargoes Handlers levels (e.g

Period	April 2015-March 2016		
	Days	Hrs	Mins
April 2015	0	7	12
May 2015	0	5	38
June 2015	0	4	31
July 2015	0	1	31
August 2015	0	1	32
September 2015	0	0	52
October 2015	0	0	37
November 2015	0	1	52
December 2015	0	4	57
January 2016	0	1	15
February 2016	0	0	31
March 2016	0	1	20

- ❖ The impact of the SCT was also seen in the **lower dwell times for trucks at inland stations (e.g.:** The table above shows the Dwell Time at MAGERWA/Kigali (Rwanda) **from the time the truck arrives to the time the truck departs.**

F. Challenges (in general)

The SCT Clearance process experienced various challenges that include:

- (i) **Resistance to Change** and **Change Management** (e.g.: Jobs lost by Clearing Agents– Container Deposit, Work Permits, etc.);
- (ii) **Not all Member States** are on board (DRC, South-Sudan).
- (iii) Limited **resources** (budget and Personnel);
- (iv) **Manifest related processes**: Manifest amendments and deconsolidation);
- (v) **Procedure harmonization** among stakeholders;
- (vi) System **interconnectivity/outages** –data transmission;
- (vii) Etc.

G. Ongoing Activities include:

- (i) **Additional staff** deployments (24/7 operations);
- (ii) Seamless **E-tracking** of all cargo for safety (increased number of R-ECTS kits);
- (iii) **Centralized** database;
- (iv) **System enhancement** to cater for all regimes;
- (v) **Stakeholders'** engagements;
- (vi) Etc.

H. Lessons learnt / Conclusion:

- (i) **High level** commitment/directive was the key.
- (ii) **"Corridor/Region Approach"** as opposed to "Going alone". – Better business case, resource mobilization and bargaining power;
- (iii) **Multidisciplinary project Team** right from the inception stage (Business experts, Procurement, Legal, IT, Taxation expert): To provide timely expert advice.
- (iv) **Get the Private Sector on board** right at the inception stage: For buy in, ownership and sustainability.
- (v) **Focus on the end result** - no matter what you encounter in the course of the journey. – **You will eventually get there.**



THANK YOU