THE SINGLE CUSTOMS TERRITORY IN EAST AFRICA (SCT).

Northern Corridor Case

SSATP Annual General Meeting

02-06 July 2018, Hilton Transcorp Hotel, Abuja/Nigeria
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.

August 2013
Heads States/Decision

October 2013
Implementation started

February 2014
SCT operations Northern Corridor leg

March 2015
SCT operations Central Corridor

July 2014
Implementation started on the Central Corridor leg
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;
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)

Client / shipper

Submission of Manifest for approval

MMS/SIMBA

Dissemination to destination countries

RRA, URA, TRA, OBR

Brokers / Agents can Access the Manifest

Cargo clearing / capture Entries

Rejected
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.
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):


<table>
<thead>
<tr>
<th>Regime</th>
<th>OVERALL</th>
<th>HOME USE</th>
<th>SCT</th>
<th>TRANSIT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Days</td>
<td>Hrs</td>
<td>Mins</td>
<td>Days</td>
</tr>
<tr>
<td>25%</td>
<td>0</td>
<td>4</td>
<td>33</td>
<td>0</td>
</tr>
<tr>
<td>50%</td>
<td>0</td>
<td>22</td>
<td>46</td>
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<tr>
<td>75%</td>
<td>1</td>
<td>7</td>
<td>52</td>
<td>3</td>
</tr>
<tr>
<td>Average</td>
<td>2</td>
<td>5</td>
<td>52</td>
<td>5</td>
</tr>
</tbody>
</table>

- 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 Cargo Handlers levels (e.g. MAGERWA):

<table>
<thead>
<tr>
<th>Period</th>
<th>Days</th>
<th>Hrs</th>
<th>Mins</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 2015</td>
<td>0</td>
<td>7</td>
<td>12</td>
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<tr>
<td>May 2015</td>
<td>0</td>
<td>5</td>
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<tr>
<td>June 2015</td>
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<td>4</td>
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</tr>
<tr>
<td>July 2015</td>
<td>0</td>
<td>1</td>
<td>31</td>
</tr>
<tr>
<td>August 2015</td>
<td>0</td>
<td>1</td>
<td>32</td>
</tr>
<tr>
<td>September 2015</td>
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<td>0</td>
<td>52</td>
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<tr>
<td>October 2015</td>
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<td>0</td>
<td>37</td>
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<tr>
<td>November 2015</td>
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<td>1</td>
<td>52</td>
</tr>
<tr>
<td>December 2015</td>
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<td>4</td>
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</tr>
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<td>January 2016</td>
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<td>15</td>
</tr>
<tr>
<td>February 2016</td>
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<td>0</td>
<td>31</td>
</tr>
<tr>
<td>March 2016</td>
<td>0</td>
<td>1</td>
<td>20</td>
</tr>
</tbody>
</table>

❖ 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