



# Leveraging the AfCFTA for Africa's development Lessons from COVID-19 experience

21<sup>st</sup> September 2020

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# Summation

- **The Covid-19 pandemic has changed our lives in ways that we never imagined**, restricting our ability to travel and meet with family and friends. One thing however has become very clear; the continued importance of trade.
- If anything the **pandemic has re-emphasized the fundamental importance of global trade** and has highlighted the challenge of protecting the health of the population whilst avoiding disruptions to trade facilitation and continued maintenance of the supply chain across the continent
- **Creating a transparent and consistent regulatory framework** supported by streamlined Customs processes that balance the need for compliance with trade facilitation will attract Foreign Direct Investment and drive economic growth on the African Continent.
- **The AfCFTA and the TFA offer the perfect regulatory framework for the African Continent** to succeed and Covid-19 has demonstrated to global businesses, the needs to diversify manufacturing and supply chain logistics so as to avoid regional disruption from becoming a global disruption.

## Some Key Observations and Take Away's

- **“A rapid and ambitious implementation of the AfCFTA will go a long way in hastening the recovery from COVID-19 impacts**, while inoculating Africa against future adverse effects of shocks such as this, We need to maintain momentum on AfCFTA as a mechanism for building long term continental resilience and volatility management” Mr. Stephen Karingi, the Director of Regional Integration and Trade Division at the ECA
- **The regulations governing these measures were rapidly rolled out and with little private sector consultation** - there is the need for more collaboration. We have also seen a number of countries locally and globally **introducing trade restrictions on exports and in some case imports.**
- We also found that with the rapid role of regulations countries tended to take a pragmatic approach and would err on the side of caution.
- **The AfCFTA has the unique ability to bring together all 55 member states of the African Union** and the potential to both to boost intra-African trade by 52.3 percent by eliminating import duties, and to double this trade if non-tariff barriers are also reduced or eliminated.
- **The risk that Covid-19 will necessitate African countries albeit involuntarily to adopt or continue their protectionist policies of trade**



## Some Key Observations and Take Away's

- **Businesses did see some reprieve with Customs in terms of some simplification** e.g. easing of bonds, simplified clearance and a stronger emphasis on digitalization.
- **Many countries, reacted to the pandemic by implementing measures at the border** (Customs) that limited the operating hours of the Customs officers therefore delaying clearance and creating storage problems at POE
- In some countries, in addition to the requirement to be declared an essential service to be able to operate authorities allowed only certain essential goods to be delivered
- **Countries that carried out a lot of physical inspections prior to the pandemic have continued to do so**, adding to delays at the border. Justification has been given by Customs complaining of sizeable contraband or poor quality PPE coming into the country.
- **In some countries we have seen almost daily changes of regulation at borders and discretionary enforcement** on the ground making supply chain planning challenging and in some cases a lack of transparency and certainty created delays and increased cost at the border



## Some Key Observations and Take Away's

- **Often little or no advance notice of changed regulations** with little opportunity for private sector commentary prior to the publication.
- **Guidance notes are often lacking in defining the regulations and providing any definitive regulatory guidance** leading to ambiguous interpretation and misunderstanding especially for examples at roadblocks or during regulatory visits to company premises.
- At a global level, a lack of coordination among countries and with industry has meant that countries are taking different approaches, some more stringent than others, creating substantial problems in global supply chains.
- **Lack of clarity on the defining standards or the sudden and immediate implementation of export restrictions** with poorly defined standards or lack of sufficient training and clarity provided to customs on how to measure the shipments against the standard.





## Some Key Observations and Take Away's

- What we need to be doing now is **integrating the lessons learnt** during COVID including necessitated adjustments to operating models within the customs environments to long term sustainable modernised customs processes
- For intra-regional road freight we would also promote the use of **priority lanes** for freight transport in case of border management measures.
- **Expedite critical goods:** Expedite clearance of goods directly impacting or helping alleviate issues or situations related with the coronavirus outbreak (e.g., surgical gowns, masks, gloves, sanitizing equipment, gels, biohazard bags, and equipment necessary to undertake remote work)
- **Tariff relief:** Consider tariff relief for essential medical products and equipment, pharmaceutical goods and food items including **Duty and fee deferrals**.
- **Risk management systems and pre-arrival processing:** Encourage adoption of risk management systems and pre-arrival procedures, with a view to expedite the release of low-risk shipments upon arrival, and to minimize personal contact, which may protect customs officers.



## Some Key Observations and Take Away's

- **Minimize physical inspections:** To more effectively employ limited inspectional resources, we encourage customs authorities to reduce non-essential or non-time-sensitive physical inspections and administrative verifications, and focus instead on critical formalities/ high-risk shipments.
- **Prioritization of AEO cargo:** to more effectively deploy inspectional resources encourage customs administrations to prioritize less risky AEO-certified shipments and promote AEO MRA's
- **Penalties and collections:** Extend the period for penalty resolution and collection from the normal time frames to at least 90 days
- **Paperless filings:** Encourage paperless filings to the extent possible to minimize necessity of personal contact, which may protect customs officers.
- **Integrated system solutions essential for a smooth clearance process with single window capability and reduce needs for manual paper based entry documents**
- **Extend deadlines for other paper-based processes:** Other non-essential paper based processes that are not considered critical to safety, health and welfare also should receive extended deadlines.





## Some Key Observations and Take Away's

- **Single duty rate for low-value shipments:** consider simplification of clearance for low-value shipments by adoption of a single ad-valorem duty rate.
- **For Africa it is important that countries should be reviewing various types of cargo road and access restrictions** in place in their territory and to reduce NTB's to trade
- **The public sector needs to ensure as a priority that current and future policy and regulatory decisions are not made in isolation or in a silo approach.**
- **There needs to be a broad holistic approach that incorporates the views of all stakeholders in a controlled and focussed manner** and there needs to be a continued awareness that the transport and mobility sector is essential to ensure economic continuity and to this end collective and coordinated action is indispensable and must include the private sector.
- **Fast tracking and Achieving the Paperless Customs Agenda** in Africa and the recognition and acceptance of digitalisation as an integral part of a modernised customer environment



# Fast Tracking the Paperless Trade Agenda

- **Increase the reliance on advance electronic data transmission** but coupled with the need to mitigate against poor or inaccurate data and image quality
- **Recognition and acceptance of digitalisation as an integral part of a modernised customer environment** – immediately available for example in all DHL countries in SSA
- **Integrated system solutions** essential for a smooth clearance process with single window capability and reduce needs for manual paper based entry documents.
- **Reliance on electronic document submission and digital certificates** such as Certificates of Origin or EUR1 documents (in some countries for example even in South Africa you need the hard copy EUR1 or a stamp and signature on the documents to get preferential origin duty rates)
- **Simplified document protocols** such as limiting to the basic data elements needs for a customs entry to be completed.
- **E-payments** for fiscal charges and reducing the need for paper based payment protocols
- **Risk profiling versus the need to have to paperwork based approach to customs processes.** Demonstrated compliance history and AEO programs will enhance and promote this
- **Mutual recognition of and increased development of AEO programs** which work hand in hand with the subsequent reduced dependency on paperwork.



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