

## The AfCFTA Agreement's Annexes that deal with Customs and border management

### Factsheet

Customs and its associated government border management agencies play critical roles in the effective and efficient cross-border movement of goods and services between and among trading partners. Apart from effectively managing the export, import, and transit clearances, ensuring the safe and secure movement of conveyances, goods and services – they have a critical role of facilitating international trade through simplifying and harmonising their international trade procedures. These trade procedures include, practices and formalities used in the collection, presentation, communication and data processing so required in the international movement of goods, services and logistics. The trade benefits associated with effective and efficient Customs and related border management are numerous and they include the general expeditious and unhindered movement of international cross-border trade, the provision of some certainty and predictability to the private sector and the various trading businesses as they trade, enhanced opportunities for State Parties to attain their projected positive economic growth and national development targets and overallly assist in advancing the attainment of AfCFTA's grand objectives which include the creation of a single market for goods, services and investments, promoting sustainable and industrial development, and enhancing the competitiveness of the economies of the African countries within the continent as well as in the global market. On the other hand, if these agencies do not function optimally this will result in high trade costs, unnecessary border delays due to longer border dwell times among other various forms of non-trade barriers whose financial incidences eventually lies with the private traders and the various trading entities so involved in the cross-border supply chain. Governments will fail to attain their anticipated growth in their economies while AfCFTA will not realise its main objectives.

Cognisant of these critical roles that are played by Customs and various border management agencies in the international supply matrix of goods and services, the AfCFTA legally contains within its framework defined activities aimed at promoting cross-border trade facilitation and the riddance of Non-Tariff Barriers (NTBs) to trade. Here we focus on the Annexes that deal with Customs and border management including trade facilitation under the AfCFTA Agreement<sup>1</sup>. The institutional arrangements responsible for implementing and driving the objectives of the respective Annexes are also identified.

### Annexes dealing with Customs and border management in the AfCFTA Agreement

The AfCFTA Agreement’s Protocol in Goods has a total of 9 Annexes. Of these Annexes, 3 directly deal with Customs and border management, as shown in the table below.

| Annex    | Annex Title  | Does Annex deal directly with Customs and Border Management? |
|----------|--|--|
| 1        | Schedule of Tariff Concessions                                   | No   |
| 2        | Rules of Origin  | No   |
| <b>3</b> | <b>Customs Co-operation and Mutual Administrative Assistance</b> | <b>Yes</b>   |
| <b>4</b> | <b>Trade Facilitation</b>  | <b>Yes</b>   |
| 5        | Non-Tariff Barriers  | No   |
| 6        | Technical Barriers to Trade                                      | No   |
| 7        | Sanitary & Phytosanitary Standards                               | No   |
| <b>8</b> | <b>Transit</b>   | <b>Yes</b>   |
| 9        | Trade Remedies   | No   |

Annex 3 on Customs Co-operation and Mutual Administrative Assistance (CC&MAA) specifically focuses on facilitating trade within and among Customs administrations of the State Parties. The objectives of the Annex include administrative cooperation in all areas targeted at improving the regulation of trade flows and the enforcement of applicable laws within the State Parties, cooperation in the form of Mutual Administrative Assistance (MAA) within the competence and availability of resources to each administration. Trade facilitation related to Customs administration shall be made possible through the reduction of customs tariffs and harmonisation of statistical nomenclature and of valuation systems and

<sup>1</sup> The legally scrubbed texts of the Agreement Establishing the AfCFTA and its Annexes are available on the tralac website: <https://www.tralac.org/resources/by-region/cfta.html#texts>

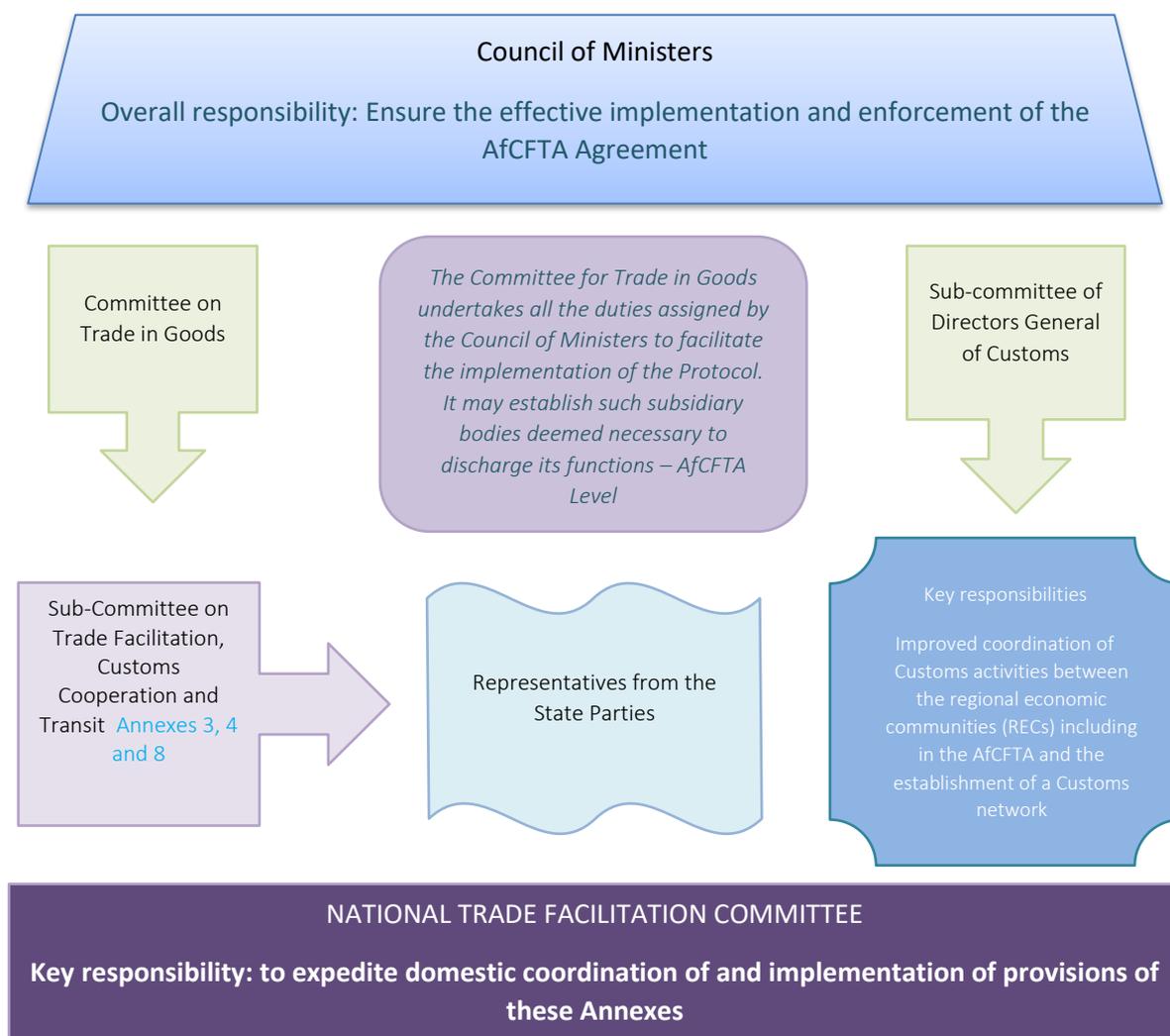
practices, simplification and harmonisation of customs procedures, automation of customs operations and the exchange and provision of information.

The objectives of Annex 4 on Trade Facilitation are two-fold. These are (a) to simplify and harmonise international trade procedures and logistics to expedite the processes of importation, exportation and transit; and (b) to expedite the movement, clearance and release of goods including goods in transit across borders within State Parties. Measures for adoption towards achieving these objectives include the publication of trade and customs information and procedures, use of pre-arrival processing, electronic payment, expedited shipments, use of information technology, single window arrangements, freedom of transit, use of uniform import, export and transit procedures and documents, use of risk management measures, the implementation of authorised economic operator programmes, and implementation of measures in international trade facilitation instruments, recommendations and guidelines. In essence, this Annex categorically addresses in detail trade facilitation in cross-border trade procedures by Customs administration in State Parties.

Annex 8 on Transit specifically deals with Customs management and trade facilitation for goods, services and conveyancers which are in transit to their final destination. Undertakings by State Parties for implementation by their respective Customs administrations under this Annex include commitments in connection with the granting of all transiting traffic the freedom to traverse their territories, the licensing of transitors and carriers, transit procedures, exemption from customs examinations and charges, and the liabilities of sureties. Subject to conditions and regulations as approved by the Council of Ministers, each State Party undertakes to authorise a transitor, or their authorised agent, to prepare in respect of each consignment of transit goods an AfCFTA Transit Document in accordance with the prescribed notes set out in Appendix I of this Annex. All transit traffic operations carried under the cover of AfCFTA Transit Document shall be covered by customs bond and sureties arrangements. Furthermore, all transit goods and the means of transport shall be presented to the Customs Office of Departure under cover of the duly completed AfCFTA Transit Documents supported by appropriate bonds and sureties. In the event of a default, each State Party undertakes to facilitate the transfer to the other State Party of the funds necessary for payment of premiums or other charges claimed from Sureties under the provisions of this Annex, or for payments of any penalties which the transitor may incur in the event of an offence being committed in the course of transit transport operations.

## AfCFTA institutional arrangements with respect to Customs and border management

Article 13 to Annex 3 on Customs Co-operation and Mutual Administrative Assistance, Article 27 to Annex 4 on Trade Facilitation, and Article 12 to Annex 8 on Transit, all individually mandate the Committee on Trade in Goods to establish a Sub-Committee on Trade Facilitation, Customs Cooperation and Transit. This Sub-Committee is made up of duly designated representatives from the State Parties (See Figure below). Its mandate is to carry out all the responsibilities assigned to it under these three Annexes or by the Committee on Trade in Goods.



The Committee on Trade in Goods is established by the Council of Ministers. Its responsibility is to operationalise and further the objectives of the Protocol in Goods. Over and above the existence of a Sub-Committee on Trade Facilitation, each State Party is obliged to put in place or maintain a National Committee on Trade Facilitation or designate an existing mechanism to expedite both domestic coordination of and implementation of provisions of these Annexes. The overall responsibility of the

Council of Ministers is to ensure the effective implementation and enforcement of the AfCFTA Agreement. Directly linked to Customs and border management is the Sub-Committee of Directors-General of Customs. Its key responsibilities include better coordination of Customs activities between the regional economic communities (RECs), the AfCFTA and the establishment of an effective Customs network.

These Committees are essential in the application, compliance and administration of trade facilitation obligations covered under Annexes 3, 4 and 5 as they directly relate to Customs and border management under the AfCFTA.

### Acknowledgements

This publication has been financed by the German Federal Ministry for Economic Cooperation and Development (BMZ) through the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. The contents are the responsibility of Trade Law Centre NPC and do not necessarily reflect the views of GIZ or the German Government.

