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**6th ORDINARY MEETING OF THE AU
SUB-COMMITTEE OF DIRECTORS
GENERAL OF CUSTOMS**

**22 - 26 September 2014
Brazzaville
Republic of Congo**

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AIDE MEMOIRE

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AU Sub-Committee of Directors General of Customs
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Introduction

1. The Commission of the African Union is organizing the 6th AU Sub-Committee of Directors General of Customs meeting from 22 to 26 September 2014 in Brazzaville, Republic of Congo. The objectives of this 6th Session will be to carry out an examination of the work done so far by the various Customs Technical Working Groups in addressing the issues in the Trade Facilitation Cluster of the Action Plan on Boosting Intra-African Trade, exchange views and reflect on the way forward on the theme of the meeting, **“Interconnectivity For Improved Trade Facilitation.”** The conclusions of this 6th Meeting will thereafter be presented to the African Union Conference of Ministers of Trade, and to other Policy organs of the Union for further consideration and endorsement.

Background

2. Africa’s continental integration program is laid down in the Treaty establishing the African Economic Community (AEC), and later confirmed by the Constitutive Act of the African Union . The Treaty provides for the establishment of the African Economic Community through incremental processes in which the RECs, the building blocks of the AEC would form Free Trade Areas (FTAs) and then upgrade to Customs Unions (CUs), which would then merge to form a Continental Customs Union. The objective of the initiative was to enhance trade between African countries by creating a larger market, streamlining of border processes and enhance policies conducive to free movement of people and goods.
3. Following the endorsement of the Action Plan on boosting intra African trade by the African Heads of State and Government, the Department of Trade and Industry has already started work on the Trade Facilitation Cluster, one of the seven clusters of the action plan of BIAT Programme. Building on the progress made in the Tripartite Negotiations, negotiations for the CFTA are expected to commence in 2015.
4. Despite the continent being endowed with vast deposits of natural resources with 12 % of the world’s oil reserves, 42 % of its gold, 80 % of chromium and platinum group of metals, Africa remains poor and intra African trade is stubbornly low. The cost of doing business in Africa characterized by lengthy port handling and poor inland transport, cumbersome border procedures, numerous road blocks and so many non-tariff barriers, is extremely high compared to other regions of the world. In 2009, intra African trade accounted for only 11 % of the continent’s total trade, increasing by only 1% and from 9.7 % realized in 2000.

5. It is widely believed that Trade Facilitation has the potential to yield more economic gains than tariff liberalization. It is estimated that output gains from average tariff decreases under the Uruguay Round negotiations amounted to 2 % of total trade value, whereas gains deriving from trade facilitation could rise as high as 3 %.

Interconnectivity and Trade Facilitation

6. As early as the 1970's, customs administrations of many developed countries began to recognise the significant advantages of using technology-based solutions to improve their operational efficiency. Such systems have been tailored to meet national needs but over time, have also been enhanced, simplified and also standardised in line with international best practices. Many customs administrations in Africa now boast of computer systems that reflect modern customs management practices such as self assessment, deferred payment of revenue, transit modules, targeted risk management approach and post-clearance audit regimes amongst other issues. It is no doubt that when properly implemented, a computerized customs system results in reduced cargo clearance time, uniform application of customs and other border related legislation, increased transparency and predictability for the business sector, as well as more efficient revenue collection and accounting and accurate and timely trade statistics.
7. Benefits from a computerized customs environment are more realized where there is an electronically connected trade community wherein all stakeholders are members, and more so, where customs administrations of different countries are interconnected. Interconnectivity is an initiative of customs administrations to interface their systems with the purpose of facilitating trade. Interconnected customs systems provide electronic data exchange that will streamline the clearance of goods by providing advance notification and thus avoid the duplication of data capturing at the border offices. Transit fraud is also likely to be reduced to a minimum under such circumstances.

The Challenges

8. There is no doubt that the use of ICT has substantially contributed to safeguarding the revenue collection function of customs and to speeding up the clearance processes. The challenges in interconnecting customs administrations of different countries lie in the use of different software by the customs and that some countries are not yet computerised. Furthermore, it is estimated that around 92,000 km of optical fibre link, including 25,000 km of international submarine cable routes, are required to bridge regional and international broadband gaps. This would require an investment of US\$ 1 billion and more than US\$1.6 billion for an international submarine fibre network and for regional links respectively.
9. Currently 85 % of Africa's international bandwidth traffic is directed via Europe to its final destinations. According to a study by NEPAD e-Africa Commission in 2004, Africa will require an additional 52,040 km of infrastructure for total connectivity:

15,950 km in Central Africa, 2,200 km in Northern Africa, 19, 330 km in Western Africa and 14,560 km in Eastern and Southern Africa.

10. Be that as it may, efforts are indeed underway in two of Africa's Regional Economic Communities (RECs) to interconnect the customs IT Systems of countries in respective regions, i.e. East African Community (EAC) and Economic Community of West African States (ECCOWAS). The two RECs have been inspired by the desire to reduce barriers to integration and ensuring modern customs services to their respective communities in the implementation of respective projects. The successes and / or failures of these projects would largely depend on the vision and political commitment that goes beyond customs.

Objective of the Meeting

11. The objective of the 6th AUSCDGs of Customs meeting will therefore be to take stock of the work that has been carried out so far, endorse the recommendations of the experts and reflect further on the issue of Interconnectivity for improved Trade Facilitation in order to Boost Intra-African Trade.

Format of the Meeting

12. The format of this meeting will be as follows:

- (a) An Expert Group preparatory Meeting will be held from 22 to 24 September 2014;
- (b) The Sub-Committee of Directors General Meeting from 25 to 26 September 2014, with the objective of examining the report of the Experts and endorsing their recommendations

Participation

13. The Meeting will draw the following participants:-

- The Directors General / Commissioners, Heads of Customs of all the African Union Member States;
- Customs experts from the Customs Departments of the RECs
- The Secretary General and experts from the WCO
- Experts from the UNECA, and the AfDB; and
- Other Development Partners such as the EU, CIDA, JICA , DFID etc.

Expected Outcomes

14. The major outcome of this meeting will be a set of recommendations that will guide the thinking of the Conference of Ministers of Trade so that the latter may be able to channel decisions to the highest level, i.e. to the AU Summit of Heads of State and Government through the Executive Council.

Venue and dates

15. The meeting will take place in Brazzaville, Republic of Congo from 22 to 25 September 2014

Information

16. The following staff can be contacted for further information relating to this Meeting:

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**Customs Cooperation Division
Directorate of Trade and Industry
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