



MEDIA RELEASE

DATE: 24 JULY 2014

TO: NEWS EDITORS

RE: LESOTHO CONCLUDES PREFERRED TRADER PILOT PROGRAMME

At the end of March 2014, Lesotho became the first SACU country to successfully conclude the Preferred Trader Programme pilot. This is part of SACU's efforts to facilitate trade within the region, through strengthening partnerships with traders. The Trade Partnerships strategy for SACU, is anchored on strengthening customs to business dialogue through a Regional Customs Trade Forum and the development of an Authorized Economic Operator (AEO) Programme. The AEO programme is aimed at rewarding compliance; facilitating legitimate trade; and promoting mutual recognition among Member States and third parties. SACU has agreed on a phased approach towards the implementation of the AEO programme, starting with the establishment of a Preferred Trader Programme (PTP) at national level, followed by the extension of regional benefits through Mutual Recognition.

The Lesotho Revenue Authority (LRA) Preferred Trader (PT) Program was implemented as a small pilot in order to establish the practical requirements associated with maintaining and managing trader compliance among accredited clients. The pilot was used as a learning process to determine the implementation requirements for the full roll out of the Preferred Trader/Authorised Economic Operator Program. The pilot was aimed at developing the appropriate capacities, knowledge and framework for the implementation of PT as a trade facilitation measure.

The LRA pilot benefited from close collaboration between the LRA, stakeholders and the trading community in developing criteria, benefits and procedures, to be applied in the preferred trader scheme pilot. The Two pilot operators were selected and verification audits conducted to determine history of compliance. Based on this and working closely with the LRA, the operators under the pilot enjoyed facilitated trade for the pilot period, thereby reducing inspection costs and minimising delays associated with the import and export processes. The pilot was used as a learning process for both LRA and the operators to determine the implementation requirements for further expansion and roll out of the Preferred Trader/Authorised Economic Operator Program.

Initial estimates indicate that the operators moved from spending approximately 2 hours or more at the border to 30 minutes on average for import. This was a huge benefit for the pilot companies, particularly those importing perishable goods, as they were able to deliver on time and ensure fresh products for the consumer.

The pilot also strengthened the customs auditing and verification capacity of LRA officials and strengthened customs to business relationships. Although small, the pilot highlighted the potential the PT programme has in terms of optimising LRA-customs efficiency, particularly from the perspective of human resource management. It is envisaged that as the program is strengthened and expanded, Custom officials will focus their controls on non-compliant traders, thereby increasing resource efficiency. This resource efficiency also extends to other border agencies as these agencies were brought on board to ensure that imports of pilot traders are facilitated by all border agencies and not just customs.

The successful conclusion of the initial pilot by the LRA is welcomed as it marks the first national pilot programme in the region. The lessons learnt and experiences gained by the LRA provides a valuable resource for other SACU Member States and the region. It is anticipated that other SACU Member States will be implementing their national pilot programmes before the end of the 2014/15 financial year. In parallel, efforts are being made to develop a Mutual Recognition Agreement to allow regional implementation of the PT programme.

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