

Welcoming remarks by the SACU Executive Secretary

Ms. Paulina M. Elago

Breakfast meeting on Trade Facilitation - Namibia Chapter

23 SEPTEMBER 2015

WINDHOEK, NAMIBIA

Honourable Calle Schlettwein, Minister of Finance in Namibia,
Members of the diplomatic community,
Permanent Secretaries,
Commissioner Generals,
Distinguished speakers,
Private Sector Representatives,
Members of the media,
Ladies and Gentlemen,

1. I am delighted to welcome you all to this dialogue on trade facilitation between the public and private sector, co-hosted by the SACU Secretariat and the Ministry of Finance, under the theme “*TRADE FACILITATION IN SACU: THE ROLE OF TRADE FACILITATION IN SUPPORTING BUSINESS: THE NATIONAL CHAPTER-NAMIBIA*”.
2. I would like to extend a special welcome and thanks to all the guest speakers for accepting our invitation. Your presence is a clear testimony of the importance and critical role that trade facilitation plays in cross border trade. Thank you very much for honouring our invitations to this event.
3. In the same vein, I would also like to extend my deepest gratitude to the Honourable Minister of Finance, Calle Schlettwein for accepting to deliver a keynote address and for availing his officials to co-organise this event with the Secretariat.

4. I would also like to recognize and express my thanks to the Commissioner Generals of the Revenue Authorities of Botswana, Lesotho, South Africa and the Commissioner for Customs of Swaziland for joining us. Many thanks for accepting our invitation and for taking the time off your busy schedules to join us this morning. We are truly honoured by your presence.

Ladies and gentlemen,

5. This event marks the beginning of a journey that the SACU Secretariat and the SACU Member States will undertake, jointly, to engage the business community on how, through trade facilitation initiatives, to better facilitate the movement of goods in the SACU region. Through this interaction, we hope to strengthen the implementation of the SACU Customs to Business agenda, which strives to address and streamline the cross-border trade in SACU, particularly with respect to border controls. We plan to host similar interactions in other SACU Member States in the coming months.
6. Over the last decade, global trade in goods saw a substantial increase from “less than US\$8 trillion in 2003 to more than U\$18.5 trillion in 2013.”¹ Our own trade landscape in SACU shows that trade has also been increasing with the volume of intra-SACU trade valued at R185.6 billion in 2014 compared to R98.9 billion in 2009, increasing on average by 12.0 percent in the last 5 years.
7. Therefore the increase in the volume of trade compels countries, around the world, to create a conducive environment for trade to thrive unhindered. In addition to increased trade volumes, the production processes have become more interconnected across countries, as inputs for production are sourced from all over the world. As a result, international competition has increased and therefore the firms’ competitiveness will be measured on the speed, efficiencies and the ease with which products move from one country to the other. This is at the core of trade facilitation in general and in SACU in particular.

¹ Key statistics and trends in international trade 2014. UNCTAD.

Ladies and Gentlemen,

8. At the risk of stating the obvious, trade facilitation is all about simplifying and harmonising trade procedures at point of entry into a country and exit. In other words, trade facilitation is aimed at reducing and minimizing the cost of the trade transactions and ensuring that all these activities take place in an efficient, transparent and predictable manner. This is especially important for the small and medium enterprises that are involved in international trade.

9. Governments and the private sector stands to benefit from trade facilitation as efficient border controls reduces instances of fraud and illegal entry of unwanted goods, whilst business can become more competitive as fast clearances will improve the speed within which their products would reach the final consumer. A 2015 OECD study, estimated that government revenue loss from inefficient border procedures has been estimated at more than 5% of GDP in some cases. OECD has also estimated that for lower middle income countries, streamlining border procedures are estimated to have a 3.9% impact on cost, while harmonising and simplifying trade documents and automating trade and customs procedures would reduce costs by 3.5% and 2.9% respectively.

10. Given the clear benefits associated with the trade facilitation including efficient border procedures and cost reduction for businesses, the SACU Heads of State and Government have included Trade facilitation amongst its 6 priority areas of focus.

11. The World Bank Doing Business Survey of 2014 shows that import procedures, for containerised cargo, in the SACU countries takes on average 26 days (Botswana-35, Lesotho-33, Namibia-20, South Africa-21, and Swaziland 23). This includes documents preparation, customs clearance and technical control, ports and terminal handling and inland transportation handling.

12. It is clear that there is a lot more to be done in this area through a regionally coordinated approach in order to address bottlenecks and constrains in the following key focus areas:
 - Release and clearance of goods;
 - Border cooperation;
 - Procedures on importation and exportation of goods
 - Freedom of transit; and
 - Customs cooperation.

13. The successful implementation of these initiatives will certainly create a conducive and predictable trade environment resulting in:
 - less cumbersome formalities and procedures at ports of entry and exit;
 - automated processes and procedures to allow timely information exchange;
 - a culture of conformity to rules and procedures by the business community; and
 - Greater focus on risk management by Customs;

14. These are part of what the SACU Trade Facilitation Programme seeks to achieve to create a conducive environment for trade.

Distinguished guests,

15. SACU is implementing a Customs Modernisation project, in collaboration with the World Customs Organisation (WCO) funded by the Swedish International Development Agency (SIDA). The project seeks to advance trade facilitation in the region. During phase 1 of the project which started in 2008 to 2014, we developed a regional

Customs Strategy which prioritised and resulted in the implementation of key areas such as Customs Legislation; Risk Management and Enforcement; Trade Partnerships; Standard Operating Procedures in common areas; and IT Connectivity.

16. As part of the second phase, the SACU Secretariat is supporting the respective SACU Customs and Revenue Administrations in their bid to create a more conducive environment for business. This is implemented under the Preferred Trader Programme, such that:
 - traders are mutually recognised by the respective Customs Administration in SACU when they move their cargo from one country to another;
 - facilitate the ease of information exchange between the SACU Member States through IT connectivity;
 - reduce entry of illegal cargo into the SACU region; and
 - facilitating the required legislation that supports and enhances cooperation and collaboration between SACU Member States.
17. At this stage the SACU Member States have audited about 300 companies as part of those qualifying for the Preferred Trader Programme. It is anticipated that in future more companies will be included for the broader implementation of this important programme.
18. The SACU Member States are also developing legislations and strategies that will strengthen cooperation and collaboration in order to enhance detection and manage risk whilst also enforcing compliance with the customs rules and regulations.
19. In this regard, SACU Member States recently conducted joint risk management and enforcement operations, code named Gryphon and TopLiq, which targeted illicit alcohol and tobacco products

respectively. As a result of these operations, we achieved the following result:

- A combined revenue prejudice of R308 million (Gryphon =229 million + TopLig =79 million) i.e. customs duties, VAT, and Excise that could have been collected under legitimate declaration processes.
 - Fourteen arrests for the smuggling of cigarettes and tobacco;
 - A total of 9 485 637 cigarettes amounting to 9 400 master cases and a total of 40 000 litres of un-denatured alcohol (100% alcohol with no additives) were detected and seized across the region.
20. The outcomes of these operations highlight the benefit derived from joint and regionally coordinated initiatives. These will be further enhanced through strengthened and closer collaboration between governments and the business community. A printed report on operation Topliq is available on the information stand outside the meeting room.

Distinguished quests,

21. SACU Member States and the Private Sector launched the SACU Regional Customs Trade Forum in 2012 to facilitate a dialogue between Customs and business on technical issues. Thus far, the agenda as agreed will focus on the implementation of the WTO Trade Facilitation Agreement, Compliance, Modernisation of Customs, and Capacity Building, amongst others. Notwithstanding these achievements, there is still a need to reflect on the pace at which the agenda of this Forum is moving. I believe this is a good platform that should be harnessed for exchange of information and to develop channels for continuous engagement.
22. As you may be aware, the SACU region is negotiating and also implementing several trade agreements that are aimed at opening market access opportunities for business. In December 2013, SACU Member States together with other members of the World Trade Organisation (WTO) endorsed the WTO Trade Facilitation Agreement (TFA). A 2015 study by the United Nations Conference on Trade and Development (UNCTAD) estimated that implementation of the TFA

will “reduce trade transaction cost by around 14.5 percent for low-income countries and 10 percent for higher-income countries. UNCTAD estimates that considerable facilitation of trade as promoted by this Agreement could increase global Gross Domestic Product (GDP) over time by \$1 trillion”².

Director of ceremony,

23. I am certain that the successful implementation of the SACU Trade Facilitation programme as described above, will improve and enhance cross border trade flows in SACU countries through continued reforms and modernisation programmes targeting ports of entry, transit routes and ports of exit. Stakeholder collaboration is critical to achieve these objectives. I am pleased to note that the SACU Revenue and Customs Authorities are already implementing customs modernisation programmes, which lays the basis for further work and coordination at a regional level.

Distinguished guests, ladies and gentlemen,

24. In **conclusion**, the SACU Secretariat will intensify efforts to lead and facilitate collaboration between the private sector and governments to encourage dialogue and active participation by the private sector in the development and implementation of the trade facilitation initiatives. As I stated in my introductory remarks, we plan to host similar interactions in other SACU Member States.

25. Information on trade facilitation in general and progress being made thereof will be made available at the SACU website, which we will be re-launching this morning.

26. Thank you again for taking time off your busy schedule and being with us this morning. I look forward to a fruitful engagement.

Thank you!

² UNCTAD. <http://unispal.un.org/UNISPAL.NSF/0/4CB87F248DAE480C85257EA5004AB04A>