



World Customs Organization (WCO) Regional Integration Conference

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THE WCO- EAC Custom for Regional East
Africa Trade (CREATE) PROJECT



OUTLINE

1. About the WCO-EAC Project.
2. AEO Concept in line with Customs-To-Business.
3. The Case of EAC
 - EAC AEO Pilot (Criteria/ Process / Benefits)
 - The Pilot results
 - The Challenges / Risks / Mitigating Measures/Conclusion
4. Strategies and Way Forward.

AUTHORIZED ECONOMIC OPERATOR (AEO)

Regional AEO programme – Compliance Scheme articulated under:

- WCO SAFE Framework of Standards
Pillar 2 – “Customs to Business” .
- 21st Century Customs - Customs-Trade Partnership –
4th Building block (enhancing growth and development through Trade Facilitation and Border Security).

Standards and Supporting Legislative Framework

- 1) Article 75 of the East African Community Treaty.
- 2) East African Customs Union (*Article VI-Trade Facilitation*)
- 3) The EAC Customs Management (*Compliance and Enforcement*) Regulations, 2012.

Summary of WCO-EAC Project

Phase 1 - Pilot (Completed) that focused on

1. the Project scope
 - Regional Policy covering RM, PCA, AEO
 - AEO Scheme definition (Criteria and Benefits)
 - Standard Operating Procedures
2. AEO Pilot Roll out
3. National AEO Operations

Phase 2 – Regional AEO Rollout (Current)....

The Pilot ?

1. Undertook pre-pilot tasks
(Assessment, Criteria, Benefits, SOPs, Training)
2. Selection
 1. Pilot operators – 13 (3 per country - **Selection Criteria**)
 2. Pilot Sites – 7
 3. **Benefits – 5**
3. Readiness Preparations
 - Readiness check
 - Confidence building, training etc
4. Pilot Execution.

Guiding Principles

- ➡ National TRUST for Application of Selection Criteria in selection of Pilot AEOs.
- ➡ Risk Management consideration

AEO SCHEME

Selection Criteria

1. **Eligibility** – Licensed in the business in EAC, PIN/TIN etc...
2. **Organization Details** – Company Identification, Business activities / size, ownership, management, partnerships etc.
3. **Company's accounting & logistical systems** – Presence of System with controls, Audit data ...
4. **Compliance History** – With Customs and other relevant agencies
5. **Financial Solvency** – Financial soundness check
6. **Business Volume** – Customs, Turnover etc
7. **Safety and security requirements** – Presence of supply security including a requirement for trading partners.

Pilot Benefits

- 1) **Local Clearance**
- 2) **Self-Management**
- 3) **Pre Clearance**
- 4) **Guarantee waiver**
- 5) **Inward Processing**

Pilot Results

- Reduction in Logistical Time

	Pilot Site	Before	After
	Kobero /Akanyaru Haut (Rwanda /Burundi)	3hr	10 mins
	Katuna /Gatuna (Uganda /Rwanda	1hr	10 mins
	Dar es Salaam (Tanzania)	24 hrs	8 hrs
	Malaba (Kenya/Uganda)	2 hrs	30 mins
	Mombasa to Kampala	18 days	5 days
	Kampala to Kigali	4 days	1 day
	Bujumbura airport	3 days	30 mins

Pilot Results Cont..

- Other reported cases of savings as a result of reduced cost of compliance to the operator

	Pilot Operator	Cost savings	
	Brarundi	USD 11,603	Over the pilot period
	Toyota Burundi	USD 2510	Over the pilot period
	SS Bakhresa	USD 500	Per Truck
	Nice House of Plastics	USD 250	Per Truck
	Spedag Interfreight	USD 5,000	Over pilot period

Results Cont..

1. Release times: 80 – 90 % decrease
2. Compliance costs: 400 US \$ decrease for each consignment
3. Turn-around time decreased 50 %
4. Joint border controls
5. One operator employed 10 more staff as a result of the savings
6. Improved information exchange
7. Improved relationship with legitimate traders
8. Improved controls and better allocation of resources

Pilot Challenges,

1. Late pre arrival notification
2. Unpiloted Benefits (Guarantee waiver, Inward Processing Relieve).
3. Customs systems Network failures
4. Limited knowledge of CBRAs
5. Staff Transitions
8. Lack of legal framework and MOUs with CBRAs
9. Challenges with Port (KPA) approval process
10. Transport challenges faced by the operators

Risks

1. **Misuse of Benefits/ facilities.**
2. **Failure to delivery of all promised benefit to AEO's**
3. **Communication Breakdown among stakeholders**

Conclusion / Recommendations

Regional AEO Implementation was found to be feasible in EAC.

Single Customs Territory implementation in EAC further presents great opportunities for AEO scheme to enhance compliance and inter-trade in the region.

Strategies and Wayforward

Fast forward, the plan is

1. **Maintain and Sustain** the Programme momentum at the National / Regional level.
2. **Review the AEO Scheme** in light of the changes that have taken place in the region.
3. Develop **Regional AEO procedure manual** that is not only in line with Single Customs Territory (SCT) but also international Best Practices.
4. Develop an **AEO specific Diagnostic tool** to be used to evaluate the scheme administration sustainability capabilities.

THANK YOU