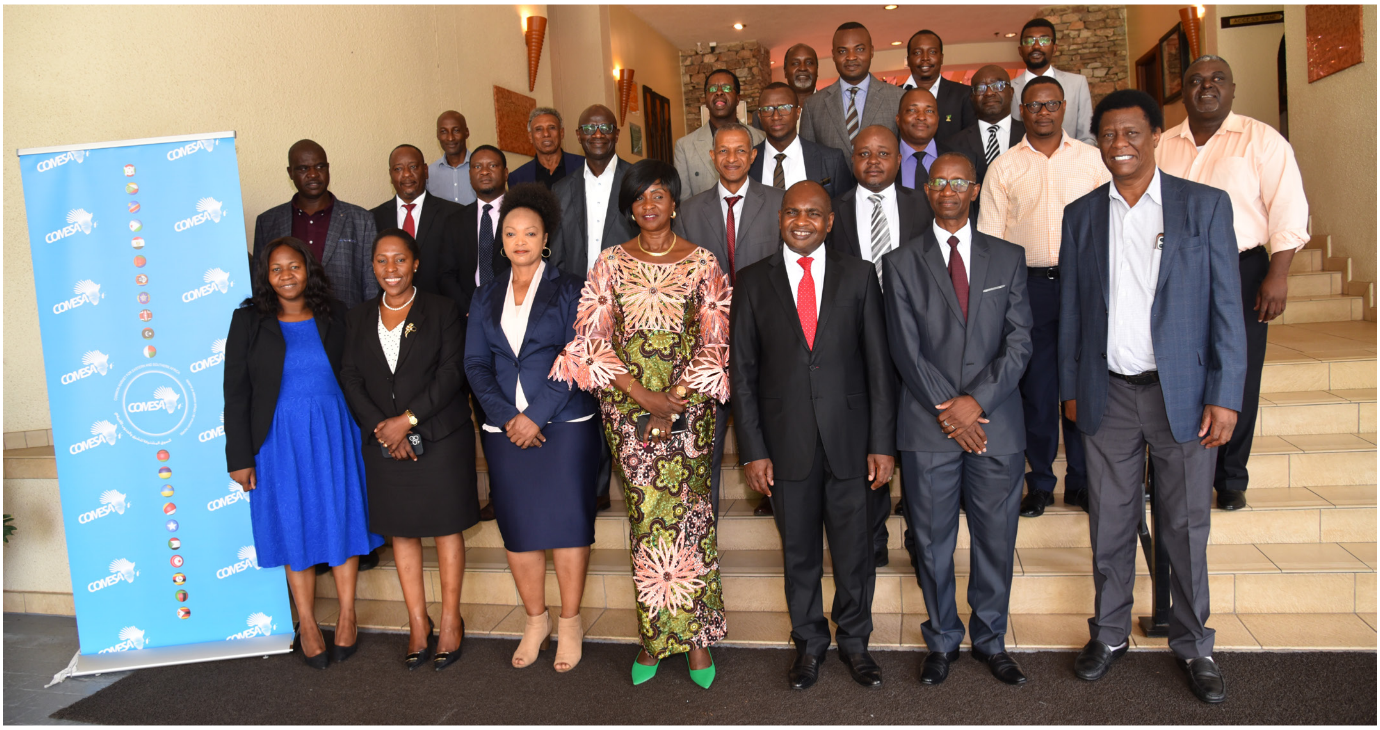
e-COMESA newsletter
Issue #: 708_20th December 2022

Over $1 billion Worth of Customs Bonds Executed in the North and Central Transport Corridors



Delegates attending the regional stakeholders' workshop on implementation of the RCTG

Over 1,282 Regional Customs Transit Bonds, amounting to US$1billion have been executed in the Northern and Central transport corridors in 2022 alone signifying a reduction in cost of transit and transport of goods by between 15 and 20 percent.

The two Corridors link Kenya, Uganda, Rwanda, Burundi, Tanzania and DR Congo which are part of 13 countries that have joined the COMESA Regional Transit Guarantee (RCTG) Scheme. Other countries in the scheme are Djibouti, Ethiopia, Madagascar, Malawi, South Sudan, Sudan and Zimbabwe.

The RCTG, also known as Carnet, is a Customs transit regime designed to facilitate the movement of goods under Customs Seals in the region. It provides a uniform basis for transit movement through the region, where only one guarantee is used to cover goods in transit throughout all transiting countries. Currently, it is fully operational in Burundi, Kenya, Rwanda, Tanzania and Uganda.

The COMESA RCTG is the first regional guarantee system in Africa, recognized by the World Customs Organization and has attracted membership from Non-COMESA States such as Tanzania and South Sudan.

Currently, 1,077 Clearing and Forwarding Agents and Sureties are participating in the scheme with over 80% of them being small and medium-sized businesses. Fifty-one insurance companies are participating while the Premium collected as of 31 December 2021 amounted to US$833,530.

With the success of the regime in the northern corridor, focus now is on the North – South Corridor countries that links, among others, Tanzania, Malawi, Zambia, DR Congo, and Zimbabwe. Subsequently, a meeting of stakeholders from the five countries was conducted in Victoria Falls, Zimbabwe 13 – 15 December 2022 to address outstanding issues towards the implementation of the RCTG scheme in the corridor.

Among them is the participation of Zambia which has not joined the RCTG due to concerns

"Nationally executed bonds have tied up a colossal sum of money belonging to importers, clearing and forwarding agents and transporters, which if released from the current system may be used for other productive purposes," Alick Mutandiro

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Dr Willard Mweemba, the CCC Chief Executive

Competition Commission has Assessed 34 Possible Business Mergers in Five Member States

By August this year, the COMESA Competition Commission (CCC) had assessed 34 mergers which involved sectors in banking and financial services, agriculture, transport and logistics and energy. This represents a surge compared to the same period last year following business recovery post-COVID-19 pandemic.

In addition, some businesses are unable to sustain operations due to the pandemic resulting in strategic consolidation through mergers and acquisitions. The Member States most affected by the mergers are Kenya, Mauritius, Zambia, Uganda and Egypt.

This is according to a report presented by the Commission to the 43rd COMESA Intergovernmental Committee meeting held in Lusaka on 29 November 2022.

It is expected that by December 2022, the Commission would have assessed more transactions, surpassing the number of mergers assessed in previous years.

Established in 2004, the CCC is mandated to ensure that mergers and acquisitions taking place in the Common Market do not result in the creation or strengthening of market power of the companies concerned, with the likelihood of abusing this power to the detriment of other market players and eroding the welfare of consumers.

To achieve this, the Commission assesses all notifiable regional mergers taking place in the Common Market and issues Decisions to either approve without conditions, approve with conditions or prohibit such mergers.

"For 2023, the Commission will continue promoting and encouraging competitions in the Common Market by preventing anti-competition cross border restraints which are an affront to the single market agenda," Dr Willard Mweemba, the CCC Chief Executive said.

Meanwhile, the Commission has to date concluded Enforcement Cooperation Agreements or Memorandum of Understandings with national competition authorities of the Democratic Republic of Congo, Egypt, Eswatini, Kenya, Madagascar, Malawi, Mauritius, Sudan, Seychelles, Zambia, and Zimbabwe.

Over $1 billion Worth of Customs Bonds..

raised by its clearing and forwarding agents, that include among others, potential loss of business. Owing to its location, Zambia is a key transit hub, and its participation in the scheme is critical to the successful implementation of the RCTG in the corridor.

Speaking when he opened the stakeholders' workshop, the Head of Transit Management, Customs and Excise at the Zimbabwe Revenue Authority Mr Alick Mutandiro observed that the current practice in the North-South Corridor countries of raising the customs transit bond in each country of transit is cumbersome, time consuming and costly. He said these costs can be reduced or minimized by implementing the RCTG.

"Nationally executed bonds have tied up a colossal sum of money belonging to importers, clearing and forwarding agents and transporters, which if released from the current system may be used for other productive purposes," he said.

In her statement, Secretary General of COMESA Chileshe Kapwepwe noted that the movement of transit goods from the ports using only one regional bond and one Declaration has significantly contributed to the reduction of transit and transport costs and increased efficiency.

"The reduction is estimated at about $500 per container, $20 in documentation and significant reduction in transit time," she added in her statement presented by the Chief Programme Director, Transit and Transport Facilitation, The COMESA Yellow Card & RCTG, Mr. Berhane Giday.

She said the concerns raised by stakeholders in the North – South Corridor are genuine and should be addressed through compromise or mutual concession.

Participants at the meeting included Customs Administrations, chief executives of insurance companies, national revenue authorities, ministries in charge of regional trade, representatives of the clearing and forwarding associations and the AFREXIMBANK which joined the RCTG as a regional surety.

COMESA Yellow Card's Performance Maintains Impressive Performance

A transit cargo truck operating under the RCTG scheme leaving Mombasa port in Kenya heading to Kigali, Rwanda

The COMESA Yellow Card Insurance Scheme has maintained excellent performance in providing regional insurance cover. Between July 2021 and June 2022, gross Premium Income of US$14.7 million was recorded, an increase of 11.7 percent from the previous year with 251,947 Yellow Cards issued.

The COMESA Yellow Card provides third party legal liability cover and compensation for medical expenses resulting from road traffic accidents caused by motorists visiting or transiting in countries under the scheme. It is operational in 13 countries including Tanzania a non-COMESA Country. Over 250 Insurance companies in the region are participating in the scheme.

In addition, the YC is being issued in other non-COMESA countries including South Africa and Mozambique and will soon be issued in Botswana and South Sudan to motorists travelling to the COMESA region under the business-to-business (B2B) arrangement.

According to a report presented to the Council, a total of 1,138 claims were reported out of which 370 were paid showing an increase in claims activities. This year, over US$1.81 million claims compensation, have been paid to road accident victims caused by visiting/foreign motorist, an increase of 2.24% compared to US$1.77 million paid in 2021.

The Council noted concerns raised by some Member States on incidences of detention of visiting/transiting drivers and motor vehicles involved in road traffic accident despite having a valid Yellow Card. Hence the urged the governments in countries where such incidences are reported to address them.

On the implementation of the Regional Customs Transit Guarantee (RCTG CARNET), the Council urged Zambia to consider its implementation to facilitate the effectiveness of the system for other Member States whose trade routes runs through Zambia.

The RCTG Scheme is fully operational in the Northern Corridor, namely: Burundi, Kenya, Rwanda, Tanzania, and Uganda but has experienced implementation delays in the North- South Corridor countries covering DR Congo, Malawi, Zambia and Zimbabwe.

Hence the Council urged Zambia to address the issues raised by its Clearing and Forwarding Agents to enable implementation of the RCTG Carnet. It also urged the DR Congo, Malawi and Zimbabwe to commence its operations by early 2023 and Ethiopia and Djibouti to finalize preparations for the commencement within the same period as well.

The Council also endorsed the recommendation to harmonize the COMESA RCTG Carnet with similar instruments in East African Community, and Southern Africa Development Community into a Tripartite RCTG system and scale it up at the continental level under the AfCFTA.


Delegates participating in the SATSD validation workshop in Nairobi, Kenya

Regional States Review Laws to Enable Implementation of Open Skies

Regional States have embarked on the review of their national laws, rules, regulations and policies to conform with the provisions of the Yamoussoukro Decision (YD) to ensure full operationalization of the Single African Air Transport Market (SAATM).

The review is supported under the programme on Support to the Air Transport Sector Development (SATSD) which is under implementation in five regional economic communities. These are COMESA, the East African Community, Intergovernmental Authority on Development, Southern Africa Development Community, and the Indian Ocean Commission. It is funded by the European Union.

Representatives from 15 countries participated in a validation workshop conducted in Kenya on 29 November to 01 December 2022 to review the legal instruments. It was attended by stakeholders from Burundi, Democratic Republic of Congo, Djibouti, Egypt, Kenya, Malawi, Mozambique, Eswatini, Lesotho, Rwanda, Seychelles, South Sudan, Tunisia, Zambia and Zimbabwe.

The forum also provided an opportunity for review intra-Africa Bilateral Air Services Agreements aimed at removing restrictions on air traffic rights under the 3rd, 4th and 5th freedoms, frequencies, fares, and capacity. This is expected to accelerate the operationalization of SAATM by fully implementing the provisions of the YD.

Among the key recommendations of the workshop was the need to simplify regulations governing Code Shares and Joint Ventures among African airlines to deepen the cooperative arrangements they can enter into. In addition, the delegates recommended for benchmarking with other regions such as the European Union and Association of Southeast Asian Nations (ASEAN) which have made great advancements in the liberalization of air transport services and modelling the process to suit the unique African context.

They also recommended the establishment of competent competition agencies or strengthening of existing ones within the Member States. This will ensure they have capacity to handle competition issues in air transport through domestication of AU Regulations on Competition in Air Transport Services within Africa. Individual States are at liberty to determine the best organizational models to achieve this.

COMESA M & E Online System Preparation for Deployment

COMESA Secretariat is making steady progress to fully implement the Online Monitoring and Evaluation (M & E) System. The development of the M & E System is being supported by USAID/ Regional Intergovernmental Organization (RIGO) System Strengthening Project which engaged a company, InfoTronics Business Systems.

In consultation with COMESA Divisions and Units, the system has been under development and is currently ready for testing. To support the testing and future implementation of the system, a team of staff from different Divisions and Units has been selected to be M & E Champions who will support the final testing, roll out and implementation of the COMESA online M & E system.

The champions have since had their initial Change Management session on the 5th of December 2022 as part of a series of several change management and training sessions which will continue to be conducted during the course of 2023.

Being a web-based application, the M&E system will support easy and timely generation and access to data and reports for timely decision making. It will support planning and scheduling of activities. The system will use standardized M&E tools and templates which will lead to enhanced accuracy of information.

Building Regional Capacity on FDI Statistics

Participants at the FDI Statistics Workshop that met physically in Lusaka

Experts in Balance of Payments from the EAC-COMESA-SADC-IGAD and IOC region have undergone a four-day workshop to enhance their capacity in the production of statistics under Foreign Direct Investments (FDIs), a key driver of growth in economies.

The training was conducted by the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) in collaboration with COMESA Secretariat through hybrid format.

Speaking at the opening of the training in Lusaka, Chief Statistician at COMESA Mr Themba Munalula said FDI highlights the compelling need for availability of statistics to assess the trends and developments of these flows. He added that with the right policy framework, direct investment provides a list of benefits for the host economy that include increases in tax revenues, creation of jobs, technological advancement, and promotion of international trade.

"However, the robustness of these statistics in the COMESA and MEFMI regions is limited by weaknesses in data collection systems, compilation and dissemination practices in some of the countries," said Mr Munalula. Furthermore, the increasing globalization of production processes and technological advancement continue to pose complex methodological challenges for compilers, as it calls for innovation in existing data collection techniques, he added.

The meeting was informed that COVID-19 pandemic disruptions to survey data collection has presented emerging challenges which require compilers to be proficient with alternative approaches to collect the data. This has contributed to the calls for continuous capacity building in the region to address existing and emerging challenges relating to compilation of these statistics.

The training covered interpretation of financial statements and extraction of data from financial statements for validation of FDI surveys among others. It was funded under the European Union funded Regional Enterprise Competitiveness and Access to Markets Programme (RECAMP).

National Gender Sensitization Workshop Conducted for Mauritius

COMESA has conducted a national gender sensitization workshop for Mauritius to strengthen the participants' knowledge of the different gender policies and guidelines the Secretariat has developed over the years. This will also increase COMESA's engagement with Member States in adopting a citizen- centered approach.

The forum is part of COMESA's initiative to understand the extent to which public, private and civil society sectors in Mauritius are implementing gender mainstreaming and women empowerment initiatives as well as regional and international gender instruments. "Through our deliberations…we would like to raise awareness on various documents such as the COMESA Treaty, the Social Charter, the COMESA Gender Policy, the COMESA Gender Policy Implementation Plan and the COMESA Gender Mainstreaming Guidelines, Indicators and Check Lists," said Mrs Beatrice Hamusonde the Director of Gender and Social Affairs at COMESA Secretariat on 12 December 2022.

Mauritius was the first country to sign the COMESA Social Charter and this paved the way for other Member States to do so.

Further, the need for participants to be familiar with the normative framework of the region was emphasized to ensure that national policies align with the national, regional and continental vision such as the Agenda 2063 of the African Union. This informs the development of Medium Term Strategic Plans of Regional Economic Communities.

The Mauritius workshop is among a series of workshops that the COMESA Secretariat has undertaken in several Member States including Djibouti, Ethiopia, Kenya, Rwanda, Seychelles, Sudan and Zambia since the beginning of 2022.

Small Scale Traders Trained on Benefits of the EAC-COMESA-SADC Trade Agreement

Small Scale Traders from the EAC, COMESA and SADC Tripartite region have been sensitized on the potential benefits of the Tripartite Agreement, status of negotiations in various areas among them customs cooperation and the compelling factors that make the arrangement relevant today.

A two-day training workshop was conducted in Nairobi, Kenya, 15-16 December 2022 targeting small-scale businesses as they are the cornerstone of cross border trade in the Tripartite region currently estimated at over 70% of intra-regional trade.

COMESA Director of Trade and Customs Dr Christopher Onyango said this will empower the traders to widen their understanding about the Tripartite Free Trade Area and the opportunity it offers.

"As ambassadors of the Tripartite, you will be expected to share out Tripartite-related information including but not limited to business and investment opportunities and value chains development by Small Scale Traders in the Tripartite region," he said.

With a membership of 29 countries, combined Gross Domestic Product (GDP) of US$1.6 trillion and a population of about 800million, the Tripartite RECs is a formidable market, only second to the African Continental Free Trade Area (AfCFTA) market.

The aim of the Tripartite is to reduce existing obstacles to trade in the three RECS that hinder the free movement of goods, services and people as well as affecting industrial growth. It provides the platform through which the three RECs are able to harmonize trade rules and regulations and effectively address challenges associated with multiple members to various RECs.

Some of the challenges facing small scale traders include lack of business-related information about regional markets, ignorance about cross-border clearance procedures/ requirements, lack of knowledge about existing tools/instruments by governments to assist them conduct their businesses and lack of credit or financial related constraints to expand businesses.

The training was organized by the Tripartite Capacity Building Project (TCBP-II) which is funded by the African Development Bank.

COMESA Hold 2022 Long-Term Financing Scoreboard Workshop

Continuous statistical capacity building is necessary for strengthening the statistical, policy and decision-making value chain, leading to better statistics for better policies, decisions and development outcomes.

The manifest statistical capacity deficiencies in Regional Member Countries (RMCs) make it imperative to scale up the implementation of Strategy for Harmonisation of Statistics in Africa (SHaSA-2) through Statistical capacity building phase 5 (SCB-5). This will spur the production of timely and reliable data to inform national development policies, the SDGs, the AU's Agenda 2063.

For this reason, the AfDB and COMESA Secretariat signed a 2-year Protocol of agreement for COMESA to be the Executing Agency for the Statistical Capacity Building Program, Phase 5.

The SCB-5 program resonates with National Statistical Strategic Plans, Regional Strategic Plans and the Bank's Managing for Development Results (MfDR) agenda. The SCB V is supporting 4 components on economic statistics, social statistics, data dissemination and strategic planning.

Under the support to economic statistics, the SCB V is supporting the data collection for the long-term finance initiative. Supported by the SCB V the LTF Initiative accomplishes its objective by managing and maintaining an operational LTF Database and Scoreboard (http://afr-ltf.com).

To mark the conclusion of the 2022 data collection round under the theme, "Financing Africa-sustainable development in times of global headwinds A three-day regional workshop on a long-term financing (LTF) scoreboard," was held in Lusaka, 28 – 30 November 2022.

The workshop attracted Statistical data coordinators from Central Banks of Burundi, Kenya, Liberia, Uganda, Malawi, Tanzania, Rwanda, Comoros, Djibouti, Ethiopia, Guinea, Mauritania, Egypt, Sudan, Liberia, South Sudan, Zambia and Zimbabwe.

The workshop provided a platform for coordinators to network, engage and participate in the dialogue with governments and financial sector stakeholders on the importance of long-term finance in a challenging global context and the outcomes being delivered by the initiative.

Zambia's Director of Bank Supervision, Ms. Gladys Mposha opened the workshop on behalf of the Central Bank Governor, Denny Kalyalya. She said there was need for Africa to raise a staggering US$30-50 billion in additional funds per year for climate change adaptation through among other instruments, the Green Bonds, an alternative to debt accruals as it seeks to invest in infrastructure.

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