



STATEMENT

BY

MR ALICK MUTANDIRO

**HEAD OF TRANSIT MANAGEMENT, CUSTOMS AND EXCISE
ZIMBABWE REVENUE AUTHORITY**

**AT THE OFFICIAL OPENING OF THE
REGIONAL STAKEHOLDERS' WORKSHOP
ON
REGIONAL CUSTOMS TRANSIT GUARANTEE (RCTG) SCHEME**

Victoria Falls Zimbabwe 13th December 2022

The COMESA Representative Mr. Berhane Giday, Chief Programme Director of Yellow Card Scheme and RCTG Carnet

Representatives of Customs Administrations

Managing Directors and CEOs of Insurance

Representatives of Government Authorities.

Representatives of Clearing and Forwarding Associations and Transporters

Representative of the Export -Import Bank (Afreximbank)

Distinguished Participants

Ladies and Gentlemen.

It is my pleasant duty, on behalf of the Government of the Republic of Zimbabwe and indeed on my own behalf, to welcome you all to Victoria Falls, Resort town of Victoria Falls Zimbabwe. I hope you travelled well, and I am sure that you have already enjoyed the warm welcome and hospitality of our people.

Distinguished participants

Ladies and Gentlemen

I feel pleased to preside over the official opening of this Regional Stakeholders workshop for two reasons. Firstly, because the success of the operations of the RCTG scheme is now assured. This is indeed a landmark achievement in the process of the COMESA economic integration agenda. Secondly, because this is the first Regional Guarantee system in Africa, as confirmed by World Customs Organization (WCO), where various public and private stakeholders are establishing a regional trade facilitation instrument. The blending of the public with the private sector augurs well for the future of our region.

Distinguished participants

Ladies and Gentlemen

Trade facilitation has emerged as a key factor for international trade efficiency and the economic development of countries. This is due to its impact on competitiveness and market integration and its increasing importance in attracting direct foreign investments. Over the last decade, it has gained prominence in the international

political agenda which has culminated in the conclusion of the Agreement on Trade Facilitation at the WTO as well as of wide international technical assistance programs for developing and transition economies.

Trade facilitation is an important tool of economic development for developing countries, particularly, for landlocked/land-linked developing countries, such as, Zimbabwe, Malawi and DR Congo.

In this respect, customs security and indeed the security of the global supply chain are major issues of concern that we must constantly attend to in freight transport, trade facilitation and revenue administration. This is because, among other things, guarantee payment and non-integrated border control processes represent a high cost for transport operators and traders, and eventually increase the costs of goods and services for consumers at both business and household levels.

I am therefore very pleased to see the key public and private sector players and representatives from Dar and North-South Corridor countries, present in this Regional Workshop of the Regional Customs Transit Guarantee Scheme, (RCTG CARNET). I believe that this reflects the growing importance of trade facilitation which matters a great deal to the emerging economies.

Allow me to emphasize, once again, the need for common Customs Transit Bond/Guarantee for our transit corridors and for the COMESA region at large. One of the obstacles that faced stakeholders, namely: importers, exporters, transporters, and Clearing and Forwarding Agents, is the security or guarantee for the goods transiting through their territories and from one state to another.

The current practice in the North-South Corridor countries of raising the customs transit bond in each country of transit places an undue burden on business, is time consuming and costly. Nationally, executed bonds have tied up significant finances belonging to importers, which, if released from the current system may be used for other productive purposes. The combined effect of road transit fees and other administrative and operating expenses that arise from the execution of nationally executed bonds tends to raise the cost of doing business. These costs can be

reduced or minimized by implementing the Regional Customs Bond Guarantee Scheme.

I also see the implementation of the Scheme as providing a consistent service for traders and increasing the reliability of our transport system.

Long transit time inevitably increases transport costs through the payment of expenses resulting from delays at borders and high interest rates on working capital. The delays also contribute to the deterioration of some goods during transportation. There are also significant losses of goods in transit.

Opportunities for trade expansion are negatively affected by such losses and customer satisfaction is resultantly also negatively affected. Studies have revealed that transport costs absorb a large share of the export earnings of emerging economies, particularly those in Africa. Therefore, there can be no doubt that the RCTG will be of great value to traders and to our national economies. It is against this background that the implementation of the Regional Customs Transit Guarantee, is critical to the quality of the COMESA transit regime.

I am reliably informed that the COMESA RCTG Carnet is operational in Kenya, Uganda, Rwanda, Burundi and Tanzania for the last ten years since 2012. The RCTG operations are growing year to year and about USD1 billion worth of RCTG Bond/guarantees were executed in 2022 in the Northern and Central Corridors alone.

Generally, it is believed that the RCTG CARNET has reduced the cost of transit and transport in the Northern and Central Corridors between 15% and 20%. This is a tremendous achievement; I would like to congratulate all the stakeholders involved in the operations for the success of the implementation of the scheme.

I would like therefore to take this opportunity to urge the member states, especially those who are land-locked and at the end of the transit chain, who will gain most from the implementation of the scheme, such as: Malawi, Zimbabwe, Zambia and DR Congo to step up their efforts to implement the scheme without further delay.

Distinguished participants**Ladies and Gentlemen**

I am told that you have spent years discussing issues and concerns in the implementation of the RCTG. The ten-years' experience in the Northern and Central Corridor countries should give you a comfort that SMEs are also beneficiary of the RCTG. During the last decade several things have changed: Customs Administrations have embraced digitalization and inter-facing they Customs Systems and are adopting one declaration for transit covering several countries.

Considering the above; I would therefore like to appeal to you, to thoroughly discuss the issues and concerns objectively: identify the different interests –namely the interest of the those countries at the end of the transit chain- such as the DR Congo and Malawi – with a high cost of transport; and the interests of “transit hub”- Transit link countries such as Zambia: with high transit operations and interest of those coastline countries such as Tanzania ;which benefits from port service. Taking into account the different interests, you should be able to come up with a win-win solution that balance the interest of the North-South Corridor counties.

Change will not come if we wait for some other person or if we wait for some other time. Unless you realize that the situation is changing and move forward with time.

Distinguished participants**Ladies and Gentlemen**

Finally, I would like to say that our workshop has very important issues to discuss and tasks to accomplish within the next three days and as such, I do not wish to take much of your valuable time. However, I would like to thank, first, the COMESA Secretariat and the National Surety, the Insurance Council of Zimbabwe and the Zimbabwe Revenue Authority, (ZIMRA) for organizing this RCTG Regional Stakeholders Workshop. My thanks also go to you the delegates and participants for your positive responses to come and participate in this meeting. I would also like to

add that while you are here in Vic Falls, you should find time to visit a few places of interest and enjoy the hospitality of Zimbabwe that the town of Victoria Falls has to offer.

Distinguished participants

Ladies and Gentlemen

With these remarks, it is now my pleasure to declare the Regional Stakeholders workshop on Regional Customs Transit Guarantee Scheme officially open.

I thank you for your attention.