A national consultative meeting on the implementation of the COMESA Regional Customs Transit Guarantee (also known as RCTG Carnet) was held on Thursday 25 August 2022 in Zambia to take stock of the status of implementation of the RCTG carnet in the COMESA region and discuss issues and concerns raised by Zambia about the operationalisation of this tool in its territory. The RCTG is a customs transit regime whose objective is to reduce the cost of moving goods in transit in the COMESA region so to enhance the trade competitiveness especially of landlocked countries, that suffer from higher transport and transit costs, due to the fact that they depend on neighbouring coastal states to access to seaports that allow them to reach international markets.

The African Economic Outlook 2012 published by the African Development Bank (AfDB) in collaboration with the Organisation for Economic Cooperation and Development (OECD), the United Nations Development Programme (UNDP) and the United Nation Commission for Africa (UNECA), observed that compared with developed countries, transport costs in Africa are 63% higher, concluding that a great proportion of such costs are due to inefficient transit systems in the Continent that raise the cost of movement of cargo, increasing delays at borders.

The problem of regulating efficiently transit operations is key for Africa, as the continent hosts half of the Landlocked Developing Countries (LLDCs) in the world (16 out of 32), without considering the Democratic Republic of Congo (DRC), that can be defined a semi-landlocked country, as it has only 32 Km. of coastline despite his huge territory. This situation determines a scenario where goods exchanged within the different parts of the continent or exported to foreign markets have to cross many borders before reaching their final destination. If the movement of cargo through transit countries is not arranged efficiently, transport costs can escalate considerably.

The problem is that in Africa, as in all developing countries, cases where trucks moving under cover of transit documents are offloaded in a transit country evading the payment of customs duties and other additional taxes are very frequent. Transit operations carry therefore a high revenue risk for customs administrations, especially when goods are subject to high customs duty or excises. To prevent this risk, Customs usually put in place strict control measures on cargo in transit. One of these measures is the requirement to lodge an insurance bond or a bank guarantee that makes possible for the administration to easily recover duties owed in case of irregular discharge of the transit procedure or when related acts of fraud take place during the transit procedure. Bonds and guarantees play therefore a critical role in facilitating transit, because they avoid operators to use their own money for guaranteeing transit operations, as other parties (banks and insurances) cover revenue loss risks. To avoid traders to post a customs bond or a guarantee at every border where they enter, some Regional Economic

Communities (RECs) in Africa have developed regional customs guarantee schemes where a customs transit bond obtained in a member State is recognised and accepted in the other countries in the Region that the carrier has to cross, with goods accompanied by a commonly accepted document (carnet or logbook) that provides proof of the existence of the guarantee. Basically, the regional customs bond covers the risks of revenue loss that may incur in all the transit countries without the need of posting separate bonds with each national customs administration.

The RCTG is the regional customs bond scheme developed by COMESA, which is currently used along the Northern, Central and Dar es-Salam Corridors.

In the North-South Corridor (which passes through Zambia), the tool is at the moment not yet operational, but discussions are ongoing on how to extend the regional carnet also to this route. As a consequence, transporters using this road still need to post national customs transit bonds in each country of transit up to the country of destination of cargo, a practice which increases considerably the costs of transportation along the corridor.

So far Zambia, together with DRC, has been skeptical on the implementation of the scheme because the impact of this tool on businesses and logistics has not yet exactly quantified, with clearing agents, logistics operators and other private sector stakeholders worried on possible job losses that the implementation of the scheme can provoke.

At the moment, the COMESA RCTG has been operational in Kenya, Uganda, Rwanda, Burundi and Tanzania and recently expanded to Ethiopia and Djibouti, where operationalization is expected to commence next month.

Presently, nearly 1,000 Clearing and Forwarding Agents participate in the COMESA RCTG operations, 80% of them being Small and Medium Enterprises. In 2021, the such operators issued over 344,000 transit Carnets for transit goods only in the Northern and Central Corridors.

Another Regional RCTG stakeholders’ workshop is planned to be held in Malawi next month.