# Trade Security Role of Customs Administrations within the AfCFTA

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**Introduction**

The African Continental Free Trade Area (AfCFTA) is set to enable structural transformation across Africa by integrating fifty-five (55) national economies and creating a single market for goods and services, which will be facilitated by the movement of people. This will bring together more than one billion people and a combined Gross Domestic Product (GDP) of more than US $3.4 trillion. The new direction is set to impact the nature and role of Africa's Customs administrators, including their role in safeguarding trade. As the gatekeepers of national borders, Customs administrations play a critical role in protecting citizens and their interests as well as promoting legitimate trade. This role is one that is not static but is ever-evolving in response to contextual realities and involves coordination and consultation with multiple government departments, which have different sets of requirements and identified threats. While the AfCFTA provides opportunities for closer collaboration and interaction among member countries to deter trade risks, one cannot overlook the possibility of

security threats in some African countries spilling over into relatively peaceful areas with increased economic integration through increased intra-African trade. Moreover, the expansive free trade area could further contribute to the spread of transnational crimes such as drug trafficking and terrorism, which may find greater scope for evading detection under the unified market.

Managing cross border transactions within the AfCFTA may be beyond the scope of traditional methods due to the difficulties associated with collecting, managing, interpreting and using voluminous complex data in the larger continental free trade area. To compound these challenges the lack of digitalisation of logistics services and regulatory border controls in several African countries, and inaccuracies associated with paper-based exchange of information provide fertile ground for corrupt tendencies that undermine trade security.

**Trade Security Instruments**

To appreciate the significance of trade security it may be crucial to examine the key international trade instruments at the disposal of Customs administrators, which cover issues of trade security. They include: the World Customs Organization (WCO) SAFE Framework of Standards to Secure and Facilitate Global Trade 2005; the International Convention on the Simplification and Harmonization of Customs Procedures 1999 referred to as the Revised Kyoto Convention (RKC); the World Trade Organization (WTO) Trade Facilitation Agreement (TFA) 2013, and the WCO Punta Cana Resolution 2015. Each one of these instruments' deals with trade security in its own unique way with the World Customs Organization SAFE Frameworks of Standards to Secure and Facilitate Global Trade serving as a deterrent to international terrorism, securing revenue collections and promoting trade facilitation. The Revised Kyoto Convention is aimed at developing predictable and transparent Customs procedures based on the use of information technologies, risk management and a coordinated approach to controls along with other governmental agencies and partnerships. The WTO TFA, which is predominantly focused on trade facilitation, also places importance on secure trade under Article 7 on Release and Clearance of goods which upholds the need for each member State to design and apply a risk management matrix. The Punta Cana Resolution is renowned for highlighting the role and contribution of Customs administrators

in the promotion of border security and countering terrorism. The Resolution is based on three cornerstones: collaboration, technology and human resources. The writer shall explore the significance of Information and Communications Technologies (ICTs) in supporting the initiatives proposed under each of these trade instruments.

## The AfCFTA and Trade Security

The efficacy of Customs administrators in executing their roles is enhanced by international instruments mentioned above which include the WCO SAFE Framework of Standards to Secure and Facilitate Global Trade; Revised Kyoto Convention; World Trade Organisation Trade Facilitation Agreement and the Punta Cana Resolution. One of the principal aims of all four instruments is to encourage secure trade. Each of these instruments identifies ICTs as key drivers in promoting trade security. Guided by these instruments the AfCFTA member countries are currently at various stages of adopting digital technologies to enhance their capacity to secure their trade activities.

However, despite these provisions supporting adoption of ICTs, African countries have in the past been challenged by various factors that have limited their Customs administrations capacity to mitigate trade risks. Among the security challenges that would likely affect trade within the AfCFTA are the lack of budgetary and legislative support for the digital economy; defiance of the WCO Revised Kyoto Convention as some member States continue to use paper-based controls; absence of appropriate infrastructure at entry points such as One Stop Border Posts (OSBPs) or Secure, Measurable, Automated, Risk Management-based and Technology-driven (SMART) Borders; and also the perceived incompatibility of trade facilitation and trade security. Overcoming these challenges would enhance Customs administrations capacity to have greater control over the movement of goods at ports of entry.

Legislative support is critical for Customs work especially in establishing an integrated border management framework. Cooperation and coordination among nations exists at a national and international level. National legislation should create an enabling environment for a member State to cooperate and coordinate with fellow member States. Border agencies cooperation can be implemented through legislating of governance frameworks. Introducing an

electronic system often requires governments to enact legislation on electronic transactions. Cooperating on a voluntary or ad hoc basis is not effective. There has to be a well-planned effort supported by legislation. The perennial congestion at Beitbridge border post between Zimbabwe and South Africa is a case in point where there is insufficient coordination and the International Cross Border Traders Association (ICTA) blames Zimbabwe for the congestion. Congestion at Beitbridge makes access to the control area and policing extremely difficult. To make control and policing effective joint borders should be supported by legislation. Regrettably, African member States are at different stages of enacting legislation in preparation for the digital economy.

Some challenges are at times as a result of lack of technical capacity. For instance, integrating Kenya's Simba system with Uganda's ASYCUDA version through the development of the Revenue Authorities Digital Data Exchange (RADDEX) system has taken several years and expanding the system to the rest of the East Africa Community (EAC) has proved to be challenging. This failure to integrate and effectively engage in data exchange compromises trade security. If it is currently happening at the regional level then it is likely to manifest at the continental level.

The challenges associated with SMART Borders and OSBPS have a bearing on the prospects of trade security in the AfCFTA. The Purpose of SMART Borders is to guarantee secure, measurable, and automated risk managed trade. This deters prejudices to revenue and controls. Under SMART borders customs administrators need to be more dynamic in identifying potential risks and reducing reliance on physical inspection. Similarly, OSBPs enhance greater control over the movement of goods and people across borders. For instance, the Malaba OSBP for both road and rail transport between Kenya and Uganda is set to help the region in dealing with smuggling activities and loss of revenue. Nonetheless, the Malaba OSBPs has not been spared from the common problems that bedevil other OSBPs across Africa, and has been characterised by inadequate staff skills, system downtime, inadequate office space and intermittent internet coverage. Such challenges have led to pile up of traffic and congestion and confusion providing fertile ground for corruption.

The manual processing of paper-based cargo and goods declarations is not only time consuming but also prone to human error and manipulation. In light of the

deficiencies of paper-based controls Customs administrators are encouraged to embrace automated systems that are in sync with the requirements of the digital economy. There are a number of reasons behind African countries failure to embrace automation despite the obvious benefits of ICTs. One of the reasons is that such projects are very complex, requiring the necessary analytical and project management skills to properly specify and manage user and technical requirements, and to develop an achievable implementation and roll out plan and keep the overall project on track. Apart from lack of technical capacity, Customs administrators have found themselves constantly reverting to paper-based controls during system down time caused by intermittent connectivity. Unreliable systems erode the confidence of both the Customs officers and stakeholders resulting in a general reluctance to fully embrace automated ICT based systems. This has dire consequences on trade security which is compromised in instances where parallel paper-based system are consistently reverted to.

The AfCFTA Agreement is elaborate on the promotion of trade facilitation in Article 2. The success of this trade facilitation will largely depend on the ability of Customs administrators to achieve an appropriate balance between facilitation and regulatory control aimed at securing their borders.

**Conclusion**

Trade security is an important component of Customs work. Customs administration should adapt to the environment they operate and the commencement of the AfCFTA is a new development which calls for adaptation. The AfCFTA presents challenges to trade security due to the large volumes of cargo whose movement should be as unhindered as possible. Various international instruments seek to promote trade security through promoting collaboration, capacity building for Customs administrators, as well as simplification and harmonization of procedures. Interestingly, all trade instruments discussed have demonstrated that trade facilitation and trade security are intrinsically inter-linked. Even though Customs administrations in the AfCFTA have embraced digital technologies they continue to have implementation challenges. The major challenges are associated with lack of technical capacity and financial resources. These challenges or weaknesses have culminated in poor internet connectivity and failure to implement ICT projects. In today’s digital economy ICTs are key for processing and sharing

accurate information as well as enhancing collaboration between border authorities. Computer based systems have the capacity to interpret and analyse large amounts of data providing intelligence which is vital for security of trade. Against that background it is recommended for Customs administrations of AfCFTA member States embrace ICTs through incorporating them in their strategic plans and ensuring implementation of the ICTs in a bid to promote trade security.

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