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**TECHNIQUES IMPLEMENTED TO MEET THE DEMANDS OF CUSTOM
MODERNISATION AND TRADE FACILITATION IN SOUTH AFRICA**

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**This mini dissertation is submitted in partial fulfilment of the requirements of the
master's degree in Commerce Maritime Studies.**

Unit of Maritime Law and Maritime Studies

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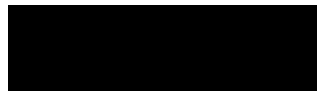
DECLARATION

By Nomvelo Philile Luthuli

“I hereby declare that **Techniques implemented to meet the demands of custom modernisation and trade facilitation in South Africa** submitted is my own original unaided work and has not previously been submitted for any other institution of higher education. I further declare that all sources cited or quoted are indicated and acknowledge by means of a comprehensive list of references”

Name: Nomvelo Philile Luthuli

Signature:



Date: 15-12-2021

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DEDICATION

I dedicate this work to myself, and my passion to self-discovery. You have to be odd to be number one Mvelo. Always remember to be loyal to your future and not your past, because what is coming is better than what is gone.

List of acronyms and abbreviations

AU	African Union
CBM	Coordinated Border Management
CCC	Customs Cooperation Council
CMP	Customs Modernisation Programme
FDI	foreign direct investment
FTA	Free Trade Agreement
GATT	General Agreement on Tariffs and Trade
GDP	gross domestic product
ITAC	International Trade Administration Commission
NDP	National Development Plan
OECD	Organisation for Economic Co-operation and Development
RKC	Revised Kyoto Convention
SACU	Southern African Customs Union
SADC	Southern African Development Community
UML	Unified Modelling Language
WCO	World Customs Organization
WTO	World Trade Organization

Definitions, interpretations and explanations of terminology

In this document, unless the context shows that another meaning is intended, the following means:

Best practice: “Best practice relates to policies, concepts, models, processes, activities, initiatives, information, and mode of organisation for tasks, people and technologies. Best practice provides a comprehensive approach to the planning, implementation and operation of optimal levels of performance. Best practice demonstrates the ability to achieve superior results, which have been demonstrated to be more effective in practice and considered as of leadership, or of exceptional model that must and can be followed by others, save the organisational, cultural and geographical particularities of each country.”

Border: “An area that demarcates the zone in which a state exercises jurisdiction; this includes the development, application and enforcement of policies and laws. The border is also the point which connects neighbouring countries to one another.”

Convention: “A general term that comprehends all kinds of contracts, treaties, pacts or agreements. It is defined to be the consent of two or more persons to form with each other an agreement, or to dissolve or change one which they have previously formed.”

Customs: “The official department or agency responsible for the administration of custom law and the collection of duties and taxes. With an added responsibility for the application of other laws and regulations relating to the importation, exportation and movement or storage of goods.”

Customs administration: “The competent authority that is responsible under the laws of the government for the administration of custom laws, regulations and, where applicable, policies.”

Customs control: “Measures applied by the customs authority to ensure compliance with customs laws.”

Customs modernisation: “A broad strategy and goal to improve the effectiveness, efficiency, transparency and predictability of an administration operation to meet the modern demands.”

Implementation: “The process of putting a decision or plan to effect execution.”

Risk analysis: “Systematic use of available information to determine how often defined risk may occur and the magnitude of their likely consequence.”

Risk evaluation: “Process of comparing the results of risk analysis with risk criteria to determine whether the risk and/its magnitude is acceptable or tolerable.”

Risk management process: “Systematic application of management policies, procedures and practices to the activities of documenting, communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.”

Risk profile: “Description of any set of risks, including a predetermined combination of risk indicators, based on information that has been gathered, analysed and categorised.”

Trade facilitation: “The simplification and harmonisation of international trade procedures that include the activities, practices and formalities involved in collecting, presenting, communicating and processing data required for the movement of goods in international trade, and controls governing the movement of goods across borders can be improved to reduce associated cost burdens and maximise efficiency, while safeguarding legitimate regulatory objectives.”

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ABSTRACT

South Africa has been an actively participating member of the World Trade Organization (WTO) since 1 January 1995 as well as that of the General Agreement on Tariffs and Trade (GATT) since 13 June 1948, and an official member of the World Customs Organization (WCO) since 24 March 1964. By signing these conventions, South Africa indicated its intention to take the necessary steps to abide by the terms of the conventions. In the same sense, South Africa committed to refrain from acts that would defeat the objectives and purpose of the conventions, given that these conventions have a binding effect on signatories.

The South African Revenue Services, Customs and Excise department is administered and regulated in terms of the Customs and Excise Act 91 of 1964. The extensive evolution of technology over the past 50 years rendered the statute obsolete and inept, thus beckoning the basis of its amendment in forming new legislation. The revised legislation would align with international best practice; as customs authorities globally had since modernised systems, including legislation, in line with the advancing technology. The anticipated new Customs Control Act 31 of 2014 adheres to the demands of the conventions also being propelled by the advancing technology, which ensures additional benefits to support the South African National Development Plan (NDP) in the promotion of exports, business competitiveness and the stimulation of domestic activity. However, this legislation alongside the Customs Duty Act 30 of 2014 and the Customs and Excise Amendment Act 32 of 2014, issued in the Government Gazette in July 2014, will be enforced on a date to be decided on by the President.

This dissertation aimed to recognise comparative attributes of countries that have implemented best customs practices and their possible relationships with practices explored in South Africa. The focus of this research is given to the customs administration situation of the Republic, within the greater context of transport management. Techniques linked to South Africa customs legislation, together with those implemented by the country considered as having the ‘best practices’ as defined by international organisations are explored.

DISSERTATION OUTLINE

1. Introduction

This chapter provides a summary of the study. It outlines the background knowledge to the research problem to better realise the importance and the objectives of the research. The chapter similarly encompasses the proposition of the study and the methodology, including other formal introductory aspects of this mini dissertation.

2. International techniques for customs modernisation procedure to enhance trade facilitation

This chapter comprises the analysis of the academic journals, articles and texts that have contributed towards the body of academic knowledge on the study of custom control and trade facilitation. It also compares what other regions have found to be of much success strategically. It also notes the South African standpoint in trade facilitation and modern customs control techniques.

3. South Africa's response to customs reform

In this chapter, the research questions are discussed and accounts of solutions to the questions are outlined, from a South African standpoint. The implemented modern techniques for customs management and trade facilitation, and the challenges experienced by South Africa in its quest for customs modernisation are also considered.

4. Summary and Recommendations

This chapter presents a summary of the entire research in terms of the current situation of customs control measures in South Africa as well as recommendations that arise out of the substantive discussions on both chapters 3 and 4.

5. Conclusion

This chapter seeks to draw closing remarks and the proposition reached from the elaborate arguments discussed on chapters 3, 4 and 5 informed against the background from the discussion of the accession of the WCO–RKC customs modernisation programme principles by South Africa.

1 INTRODUCTION

1.1 Introduction

International trade allows countries to transport various commodities from an area of surplus to the location with the demand through a transaction known as international business transaction. However, to best facilitate this transaction, international treaties need to be agreed on and their best practice guidelines adhered.

1.2 Background

The global perception of international trade has been enhanced by the interaction of countries engaging with one another; exchanging goods and services through international borders, thus the world as once perceived has become a massive global community.¹ At the ending of World War II, twenty-three countries, headed primarily by the United States, negotiated the GATT. The objective was to develop an agreement that would ensure post-war stability and avoid a repetition of the blunders that had contributed to the damaging economic climate that resulted from the Second World War. The levels of tariffs enforced today by developed economies is much lower than those during the Great Depression.

The GATT was a legally binding arrangement between countries, whose general intention was to stimulate fair global trade by lessening trade tariffs or quotas.² According to its preamble, the reduction of tariffs and elimination of preferences on advantageous basis is noted as a main purpose. According to Barton, the GATT concept was first attempted as a discussion during the United Nations Conference on Trade and Development by negotiating governments. Its failure however, as an outcome, created what was known as the International Trade Organisation (Barton et al, 2008). The initial breakthrough development of GATT was signed by 23 nations in Geneva on 30 October 1947 and was later enforced on 1 January 1948. This agreement continued in resolute influence and gained further signatures of 123 more nations in Marrakesh by April 14 1994 of the Uruguay Round Agreements, January 1 1995 saw the establishment the World Trade Organization (WTO). The WTO is an instrumental replacement to the GATT, and the original GATT drafts remains in effect under the WTO structure. GATT and its successor WTO have since successfully lowered global trade tariffs. The typical tariff levels for the main

¹ "International Trade" available at www.businessdictionary.com/definition/international-trade.html. Date of access: 18 August 2019.

² Irwin et al, 2007

GATT members was estimated at 22% in 1947 and further revised to 5% after the Uruguay Round in 1999.³

The WTO is an international organisation whose principal purpose is to simplify trade such that all trading nations benefit. It offers a platform for negotiating contracts intended to reduce obstacles in global trade and ensure a fair trade to all. The WTO also offers a legal institutional structure for the execution and monitoring of these treaties and resolving disagreements arising from its interpretation and use. This organisation conducts economic research, collects as well as publishes trade data. They assist the procession of accession of thirty countries not yet contracting members of the organisation. The WTO also functions to review and monitor trade policies of their members; also confirming transparency of regional borders, bilateral trade treaties and the conduct of its activities.⁴ The basis of trade facilitation dialogue commencement in 1996 at the WTO was a direct response to the global necessity for expeditious movement of goods across borders, to enhance global economic activity.⁵

The WTO convention established a Customs Cooperation Council, which was signed in Brussels on the 15 December 1950 and came into effect as of 4 November 1952. In 1994, the Customs Cooperation Council adopted the informal operating name World Customs Organization (WCO) to best mirror its worldwide membership. The WCO headquarters are in Brussels, Belgium. As of April 2009, the organisation had 174 contracting members. The official languages of the organisation are English and French, and they have since adopted four additional languages as working languages. The organisation also exercises a democratic tradition of one member, one vote.⁶

The WCO mission statement is to improve the usefulness and productivity of customs administrators by refining their ability to apply trade principles and trade facilitation, as well as protect humanity and amass fiscal revenue. These aspects promote economic prosperity and social development, while securing the highest degree of harmony and uniformity within the customs operation systems.⁷

³ GATT, 1986

⁴ WTO, 2018

⁵ Organisation for Economic Co-operation and Development, 2014. Trade facilitation indicators: An overview of available tools. <https://www.oecd.org/tad/facilitation/tfi-overview-availabletools-2014>. Date of access: 18 August 2019.

⁶ WTO, 2018

⁷ WCO, 2010

The WCO and the WTO cooperate on a variety of subject matters including market access, shared information technology agreements, customs valuation as well as rules of origin and trade simplification. The International Convention on the Simplification and Harmonization of Customs Procedure, simply known as the Revised Kyoto Convention (RKC), is the most paramount instrument of many established through the WCO, to encourage the facilitation of legal trade. It is an international convention addressing the simplification and harmonisation of customs procedures. The RKC also provides the blueprint for modern customs procedures and effective customs control.

The WTO negotiates multilateral trade arrangements, while the WCO will supervise global customs guidelines. Collectively, their complementary positions enable the global supply chain by forming the norms and standards of international best practice guidelines to be followed by all contracting member states pursuing global trade.

South Africa has been an active participating member of WTO since 1 January 1995 and an affiliate of GATT from 13 June 1948,⁸ as well as an official member of the WCO on 24 March 1964.⁹ By signing into these conventions, South Africa indicated the intention to take necessary steps to express its consent to be bound by the conventions, also creating an obligation to abstain from actions that would overthrow the objectives and intention of the agreements. The natures of these conventions are legally binding for governments that have signed them.¹⁰

The South African Revenue Services, Customs and Excise department is administered and policed in terms of the Customs and Excise Act 91 of 1964. With the extensive evolution of technology over the past 50 years, this Act had been rendered obsolete and inept, thus beckoned the basis of its amendment to new legislation that would align adequately with international best practices, as customs authorities globally had since modernised their systems, including legislation, in line with the advancing technology. The new Customs Control Act 31 of 2014 adheres to the demands of the conventions also being propelled by the advancing technology, which ensures additional benefits to support the South African NDP in the promotion of exports, business competitiveness and the stimulation of domestic activity. However, this legislation alongside the Customs Duty Act 30 of 2014 and the Customs and Excise Amendment Act 32 of

⁸ WTO, 2018

⁹ WCO, 2010

¹⁰ www.un.org (United Nations) Chapter Four: Becoming a party to the Convention and the Optional Protocol – Joining the Convention. Date of access: 19 September 2019.

2014, announced in the Government Gazette in July 2014 and will be effective once determined by the President.

According to the Economic Complexity Index of 2018, South Africa is considered the 34th largest export economy in the world and 38th largest importer globally, out of a total of 221 active exporting and importing nations. In 2017, South Africa exported US\$108 billion and imported US\$81.9 billion worth of goods; this resulted in a positive trade balance of US\$26.4 billion. The highest export products were gold, accounting for US\$16.9 billion, diamonds at US\$9.8 billion, platinum at US\$9 billion, automobiles at US\$6.9 billion, and coal briquettes at US\$6.23 billion. Import products included crude petroleum at US\$6.42 billion, refined petroleum at US\$4.96 billion, automobiles at US\$4.11 billion, gold at US\$2.79 billion, and broadcasting equipment at \$2.78 billion. South Africa's export destinations comprise of the Peoples' Republic of China, the United States, India, the United Kingdom and Germany. The import origin countries often consulted by South Africa encompass the Peoples' Republic of China, the United States, India, and Germany including Saudi Arabia.¹¹

The rationale of the study seeks to determine the techniques implemented by South Africa in observing its obligations to abide by the objectives outlined on the conventions acceded into for the facilitation of legitimate trade and custom control, not neglecting the challenges that may have emanated, therefore. The study will also compare the new Customs Control Act and the statute governing the WCO to express common elements. There is no literature at hand that has attempted to unpack this type of study, thus probing the necessity for this research to resolve the question as a result.

1.3 Purpose and Aim of Study

The purpose of this mini dissertation is to explore the advancements of the government of South Africa's custom authority with the implementation of the customs modernisation programme, managing customs control reform techniques, and aiding trade facilitation. Considering South Africa's accession to the RKC in 2004, the programme required change in customs procedures, operations and, ultimately, the rewriting of customs legislation relative to the model structure of the WCO, as a signing member. This study seeks to acknowledge South Africa's strides in this regard, focusing on the RKC, advised as a risk management tool; this convention was established by the body of WCO as an international instrument that requires change to customs procedures

¹¹ WTO Trade Profile. Date of access: 02 October 2019.

to warrant a competent and cost-effective system. Also, to identify challenges that South Africa customs authority experience in the quest to meet the national and international standard of customs administration.

1.4 Research Problem/Questions

Accession to conventions is legally binding to states that have signed into them. This therefore creates an obligatory atmosphere for member states to take necessary steps to advocate the organisation's binding goals. Having acceded to the RKC on the simplification of customs techniques and the subsequent consensus being achieved by the WTO on trade facilitation agreements, this outcome requires South Africa to re-examine its customs administrative environment.

This mini dissertation seeks to determine whether South Africa is proactive in reforming customs procedures in the Republic and ensuring efficient movement of goods across its borders. It will also offer answers to the following questions:

1. How does the New Customs Act align with the objectives of the WCO outlined in the RKC?
2. Which techniques of the RKC has South Africa implemented successfully to aid customs modernisation and trade facilitation?
3. What are South Africa's main challenges encountered when implementing RKC techniques to meet national and international trade demands?

1.5 Motivation

We are living in a fast-paced world, where international trade is essential not only for economic expansion but social improvement too, with customs playing a significant part in ensuring that global trade meets the standard regulatory requirements and follows to state laws, encompassing all elements of international supply chain and border control. This globalisation results in an increasingly complex world with a dynamic and rapidly changing environment that demands the accuracy and efficiency of risk management strategies outlined in the WCOs' instrument namely, the RKC to be implemented. These strategies aid the management and mitigation of risks and would, therefore, ensure that the fundamental function of customs, namely, to facilitate legitimate trade while maintaining border control, would be effectively balanced. South Africa, by signing into the WCO, entered into a contractual obligation to observe the objectives of the agreement and implement the organisation's set guidelines, outlined in the customs modernisation programme of the RKC, that foster the international standard of legitimate trade

facilitation and custom control required to meet the global trade market demand. These are the basis of the study, with the focus unpacking the progress of South Africa's customs authority in implementing risk management techniques aligned with international best practice.

1.6 Methodology

This mini dissertation is dependent on data accessible from secondary sources including textbooks, the national legislation as well as international agreements, and secondary sources comprising of journal articles and scholarly reports sourced. This methodology also considers the use of internet sources in discussing the South African perspective regarding the adoption of the customs modernisation programme ensuring adequate customs control and the facilitation of trade.

The following chapter discusses the method used to strategically develop and compile this work and the data sources from which relied on.

2 RESEARCH METHOD

2.1 Introduction

This mini dissertation is primarily a desktop research which mostly reviews secondary literature. Data accessible from secondary sources including textbooks, the national legislation as well as international agreements, and data comprising of journal articles and scholarly reports was sourced.

2.2 Research Problem

This mini dissertation seeks to determine whether South Africa is proactive in reforming customs procedures in the Republic and ensuring efficient movement of goods across its borders. It will also offer answers to the following questions:

1. How does the New Customs Act align with the objectives of the WCO outlined in the RKC?
2. Which techniques of the RKC has South Africa implemented successfully to aid customs modernisation and trade facilitation?
3. What are South Africa's main challenges encountered when implementing RKC techniques to meet national and international trade demands?

2.3 Method Approach

For logic of the inquiry when conducting the methodology process of this thesis, the qualitative research approach was drawn to. Qualitative research is a scientific method of observation to gather non-numerical data. This method aims at the systematic application of a predetermined set of procedures, to collect and analyse evidence and present findings that resolve issues. Also intends to gain an understanding on the particular case studied.

2.4 Method Design

The qualitative research design selected is that of conceptual studies. Conceptual studies are by large centred on secondary sources whilst critically appreciative of concepts and aims to the existing body of knowledge and understanding. Therefore these concept studies are often abstract and rich in theoretical underpinnings.

- Selecting the concept
- Identifying the aims or purpose of the analysis
- Analysing the concepts range of meanings
- Determining critical attributes of the concept
- Constructing additional cases
- Identifying consequences

2.5 Data Collection Method

Including textbooks, the national legislation as well as documents of international trade agreements, and other sources comprising of journal articles and scholarly reports sourced. The research also draws from international and domestic instruments related to the topic and reports from the WTO, WCO and other international bodies.

2.6 Data Analysis Method

- Type of document
- Publication date of document
- Based on empirical data, anecdotal or opinion
- Purpose or intent of document
- Main arguments of document
- Research methodology used in document

2.7 Justify Method Choice

- Open-ended process
- Provides industry specific insight
- Quality control
- Easy to organise
- Content generator
- Adaptability of the method process.

The following chapter discusses the custom modernisation programme implementation by the South African Revenue Services (SARS), as well as other regional programmes to realise effective change in customs tasks, especially at land border posts.

3 INTERNATIONAL TECHNIQUES FOR CUSTOMS MODERNISATION PROCEDURE TO ENHANCE TRADE FACILITATION

3.1 Introduction

Both the WTO and WCO established international regulations and excellent customs procedures for their participant members. Global trade is a key stimulator of international economic improvement and success. Based on this, it is pivotal to create an equally adept approach to safeguard that the passage of goods in international trade takes place without interruption. This chapter covers the literature reviewed from various sources and provides insight on the difficulties experienced at land border posts prior to the implementation of the customs modernisation programme, the benefits of good custom reform practices, and the progress South Africa has made with the employment of the customs modernisation programme.

3.2 Challenges before the Implementation of the Customs Modernisation Programme

Literature reviewed expressed that the development of the universal economy stimulates a direct increase of trade in goods and services that add value. This evolution compels countries to give attention to particular aspects of the value chain and identify suitable global trading partners, as opposed to interacting with suppliers and customers based within their own jurisdiction.¹² This phenomenon therefore inspires the fast-paced world we are living in, where international trade is vital to both economic expansion and social improvement. Customs administration performs a momentous role in assuring that global trade is parallel to the regulatory requirements and conforms to national laws, encompassing all elements of international supply chain and border control. Inconsistencies in the customs functional environment, together with continued trade and travel capacities, have impacted techniques followed by customs administrations when managing and approaching their tasks.¹³ Empirical indication advises that expenses linked with customs systems are 30% greater and record preparation 25% slower in Africa than the global norm.¹⁴ Developing countries with emerging economies are distinctive in the African continent and, thus, new trade facilitation in Africa addresses not only physical infrastructures of roads, ports, illicit trade and telecommunications but also administrative obstacles of customs and tax procedures, clearance, and cargo inspections. According to the World Bank, administration

¹² Hummels, D. and Schaur, G. 2013. Time as a trade barrier, American Economic Review.

¹³ Mikuriya, K. 2008.

¹⁴ United Nations Economic Commission for Africa, 2013. Trade facilitation from an African perspective. Addis Ababa: United Nations Economic Commission for Africa.

obstacles contribute 75% of trade facilitation delays in active African trading nations.¹⁵ The famous Alfred Beit Road Bridge, as an example, is a road bridge passing over the Limpopo River connecting Musina from South Africa to Zimbabwe through the Beit Bridge. Cargo in transit to pass through the Beit Bridge border post experiences typically a delay of three days to cross the border. This has been established as a norm and results in an estimated price hike in user goods estimated between 2.97% and 13.90% due to interruptions at the busiest border post in Southern Africa, the Beit Bridge border post.¹⁶

With 70% of containers opened for inspection in Africa,¹⁷ adequate modern infrastructure services cannot be denied as these are paramount for the improvement of global value chains and customs practices.¹⁸ Customs processes are extraordinarily impeded in Africa, thus a great percentage of trade costs are as a result of poor administrative practices.¹⁹ Trade obstacles at the border posts propel distinct financial impact onto traders, resulting in benefit losses to the economies of involved countries. Logistical inefficiencies impede exports with freight interruptions, underscore South Africa an unpleasant contributor in international ‘just-in-time’ value chains. Improved use of information and communication technologies have been anticipated to permit a more desirable cooperation between customs and trade risks.²⁰

De Wulf et al mentions that past knowledge generated by information and communication expertise in many unindustrialised and emerging economies has been unlike, difficult, and bearing high financial costs, resulting in developing countries forfeiting the ability to make use of the utmost potential obtainable through adequate application of modern technological advantages in the past. Information technology also assumes a significant position in modern customs management; since it accommodates the distinct priorities, experiences, expectations, capabilities, and resources of the different custom administrations of trading nations (De Wulf et al, 2005). Technology-based solutions improve operational efficiency as customs-specific computer systems can be designed, developed and tailored to meet national needs, consistent with international best practices and calibrated accordingly in progress to capitalise on developments in information and communications skills. Fortunately, this has changed over the

¹⁵ International Chamber of Commerce 2007, The international business perspective on capacity building to improve trade facilitation

¹⁶ South African Institute of International Affairs, 2014. Regional business barriers: Unlocking economic potential in southern Africa

¹⁷ World Bank, 2019. Doing business 2019: Southern African Development Community (SADC).

¹⁸ Taglioni, D.W. 2016. Making global value chains work for development.

¹⁹ United Nations Economic Commission for Africa, 2013. Trade facilitation from an African perspective. Addis Ababa: United Nations Economic Commission for Africa.

²⁰ Organisation for Economic Co-operation and Development, 2014. Trade facilitation indicators: An overview of available tools. <http://www.oecd.org/tad/facilitation/tfi-overview-availabletools-2014>. Date of access: 18 August 2019.

years due to the availability of custom-specific computer systems. Designing new, simplified practices and processes inspired by international best practices.²¹ African nations have since developed keenness to discover the opportunities offered by trade facilitation and custom control in the context of the WTO and the WCO agreements, and regional or country-specific initiatives.

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3.3 Land Border Post-efficiency Measures

Literature also portrays that Hoffman et al,²³ studied two proposed interventions to improving cross-border efficiencies. These interventions are detailed below.

1. The use of data analytics for statistical profiling of customs risk

This statistical profiling is a technique by Laporte. This method makes use of data accessible to customs effectively. Laporte proposes a score-based approach, using statistical methods the score for each declaration is captured. This advised risk profiling scheme was assessed using two techniques:

- i) Comparison of basic averages, weighted averages as well as maximum values for the occurrence of interference based on simple techniques for score calculation.
- ii) Founded on econometric method for score calculation. Simple linear probability is compared against probit and logit approaches.

Principles used for risk profiling include the condition and welfare of goods, the origin of goods, the source of the goods, the freight drivers as well as the importer, exporter, and the relevant customs administration.

$$\Pr(IIIIII.) = \alpha + \beta_1fq_criteria1ij + \beta_2fq_criteria2ij + \dots + \beta_Nfq_criteriaNij + \epsilon_{ij}$$

Where Pr is the likelihood of interruption for a declaration ij, and fq_ij are the rate of customs interference for the criterion over a given period. The term ϵ_{ij} is the error term, and α and β are the model limits to be distinguished. Binary numbers are applied to signify risk level. A '1' implies a significant risk of interruption and a '0' suggests no risk and or a negligible risk of interference.

²¹ De Wulf, L. and McLinden, G. 2005. The Modernization of Customs Handbook. Part III Guidelines on issues that affect Customs Operational Trade Facilitation: Role of Information Technology in Customs Modernisation. The World Bank. 3rd Series. Washington, D.C.

²² Buyonge, C and Kireeva, I. 2008, Trade Facilitation in Africa: Challenges and possible solutions, World Customs Journal.

²³ South African Journal of Industrial Engineering, November 2016. A simulation approach to reconciling customs and trade risk associated with cross-border freight movements.

Risk outcomes are characterised to simplify the ruling when focused on several goods with differing risk results. An alarming customs examination will be prompted when the outcome of the package exceeds a set limit point. The set maximum point will correspond the compromise against the risk of customs defiance and the influence on trade movements.

2. Using telematics to generate a reliable data set for customs risk profiling

This method aims to expand datasets available to customs such that a risk result for each shipment can be generated. To identify the right information to include into telematics, it is crucial to establish the key contributors to lengthy interruptions, with human dependent processes being the principal culprits. Automating the clearing process of consignment as far as possible is the obvious solution; technology would complement human processes immensely.²⁴

Technology allows for accurate discrimination between suspicious consignments justifying inspections and those that are complaint. Technology can be applied as a tool to control processes monitored by human operators, ensuring adequate steps are taken and audit trails exist.

Other proposed cross-border management concept consists of the following factors:

- i) A compliant certificate system, generated for compliant cargo forwarders and carriers, including motivations for self-regulation. This system's effectiveness is dependent on the accurate distinction of complaint shipments from potential defiant shipments of non-certified carriers.
- ii) Automated directing of cargo congestion at the border posts. This system will automatically filter compliant from defiant traffic before the point of truck clearance for crossing; this would enable the flow of compliant traffic to not be disturbed by non-compliant traffic.

²⁴ Jordaan, A.C. 2014, The impact of trade facilitation factors on South Africa's exports to a selection of African countries, Development Southern Africa.

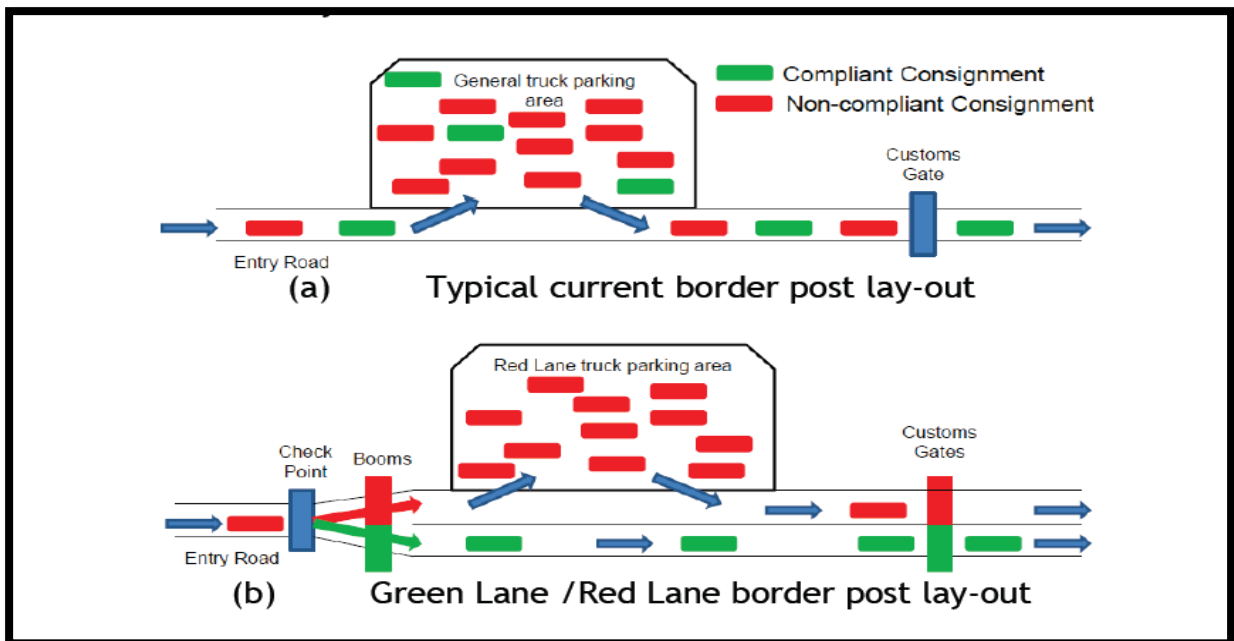


Figure 1: A diagrammatic representation of the proposed change in traffic flow management at the border posts. Source: African Development Bank, “Border Posts, Checkpoints, and Intra-African Trade: Challenges and Solutions”.

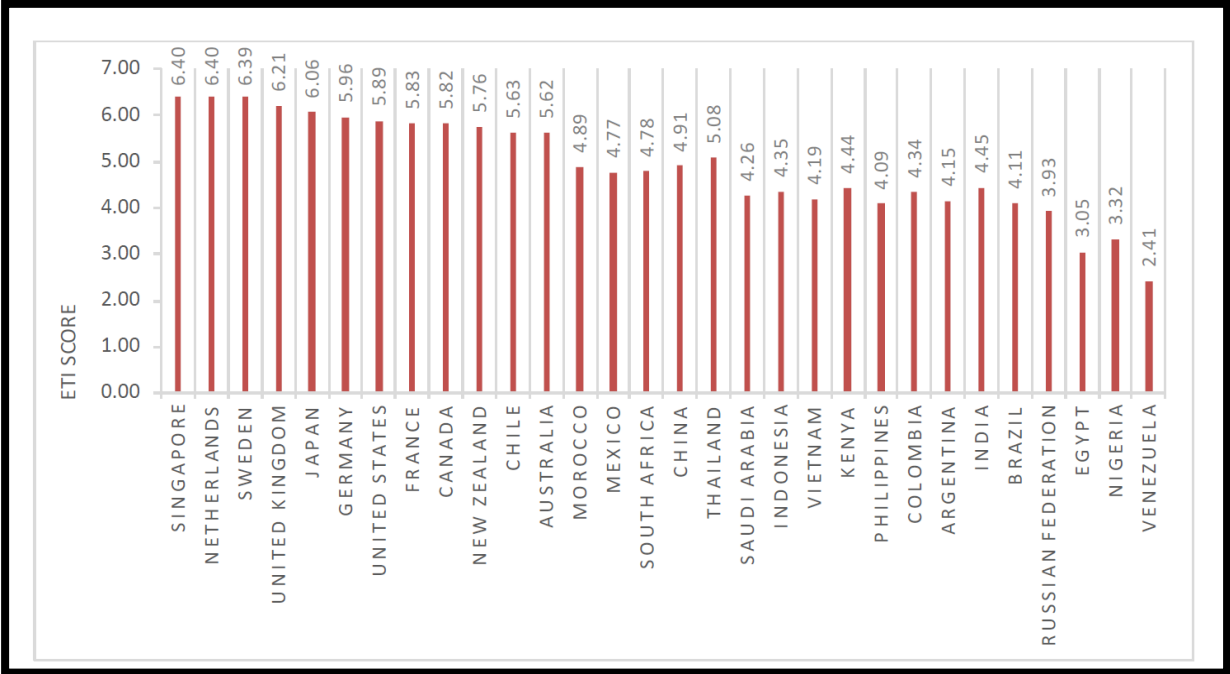
- iii) Documents submitted for customs inspection should be tagged with an electronic scannable code for machine readable detection of documents when presented and handled through the freight clearance procedure. This would smartly connect documents of freight forwarded to related vehicles transporting the consignment accurately.
- iv) The application of electronic seals on the cargo boxes would lessen the threat of tampering with the goods from the initial seal.
- v) The use of digital technology or computers may prompt customs administrators decision-making whilst executing their examination duties as well as ensuring proper procedures are used to all shipments being reviewed.

Hoffman’s interventions promote standardising of customs procedures to lessen cross-border delays as it motivates a substantial influence on exports and economic progress in the South African Development Community (SADC) region. The above suggested techniques are founded on the outcomes of the analytical analysis of previous customs data to outline the risk of declaration correctly and partial telematics skills technology to allow more effective customs procedures (Hoffman, A et al, 2018).

Cross-border interruptions can be lessened by an average of a day which subsequently result in a projected growth in yearly export within SADC of US\$400 million; with the possibilities of expanding global exports to US\$2 billion. Customs difficulties in Africa are further amplified not only by the significant sum of non-coastal states and commodities adhering to varying procedures at each country’s customs checkpoint but these difficulties are also influenced by illicit trade activities, non-compliant traders, poor road infrastructure as well as corruption; these result in delays as comprehensive inspections of containers ensue at cross-border posts.²⁵ Data capturing have come to be an on-tariff obstacle to the movement of goods thus the establishment of the single-window managing approach. This system provides a facility that enables all stakeholders involved in cross-border movement of goods, services as well as travellers to enter information and documents captured by the system in the WCO standard format. The single-entry point contains a standardised dataset, which is considered an international data dictionary for the customs domain.²⁶

3.4 Good Custom Reform Practices

A summary of customs restructuring to simplify trade by select countries was analysed as part of literature reviewed and from the figure below.



Graph 1: A graphical representation of the efficiency and transparency of border administration of custom reforms to facilitate trade in select countries. Source: World Economic Forum, “Enabling Trade Index, 2016”.

²⁵ Barka, H. “Border Posts, Checkpoints, and Intra-African Trade: Challenges and Solutions”, African Development Bank, January 2012, pp 5.
²⁶ International Standards for Data Exchange: Business guide on WCO Data model. World Customs Organization, 2019.

The World Economic Forum's Enabling Trade Index (ETI) demonstrates the relationship shared amongst the productivity of a state's border management systems and its facilitation of trade. Where advanced countries with efficient customs administrations rank highest in the ETI index while developing countries rank lowest.²⁷ South Africa has an ETI score of 4.78 and is trailing the highest ranked country, Singapore, by 1.62. South Africa also exceeds the standard ETI mean of 3.5.

South Africa's customs administration authority is the regulatory enforcer acting as enforcing agents for many government departments, monitoring and reporting all imports and exports within the South African borders and reporting directly to the commissioner of SARS.²⁸

Also, within the Republic, active and open trade has been on the rise over the years post-1994. Studies have further indicated that countries who participate in world trade similarly experience an economic growth. With that said, South Africa has been active in the initiation and facilitation of integrated and improvement agenda, both local and within the Southern African region, to expand trade and custom support within the South African Customs Union (SACU) and SADC. The country will, in turn, gain the opportunity of being exposed to advanced technological techniques and adequate infrastructure, thus enhancing its global competitiveness status.²⁹ Nations are further encouraged to develop domestic trade and investments with the emphasis on information and communication technology as a trade facilitation measure and risk management technique; in order to contend in the international arena as the world has embraced the concept of integrated supply chain management with technology as a significant driver.³⁰

There are a variety of upgraded facilitation and control measures available in the set modern customs practices for participants to respond to. Customs administrators have considered partnering when relating to international standards and agreements as well as modern export control measures to facilitate authorised international trade. The introduction and adoption of authorised economic operator programmes by many customs administrators is a perfect illustration of this trend.

²⁷ World Economic Forum. Enabling trade index 2016, 2016.

²⁸ SARS, 2019

²⁹ Wulf, L.D. 'Strategy for Customs Modernization' in L Wulf and J Sokol (ed) *Customs Modernisation Handbook* (2005) 3-29.

³⁰ Buyonge, C. 2007. Emerging Issues on the role of customs in the 21st century: An African Focus. Australia: International Network of Customs Universities. World Customs Organization: World Customs Journal. Volume 1 Number 1, pp 63-68.

Table 1: A tabular representation of the good customs practices

Period of reform	Aspects
2004-2012	Time specific customs clearance Application of electronic transmission of documents. Rejection of commercial permits. Use of risk analytics for manual inspections, risk management techniques. Removal of pre-shipment inspection. Upgrades to port and road infrastructure. Electronic debit of taxes. Support and arrangements between countries sharing borders. Collaboration between agencies in the ports. Improvement of port processes. Decrease in documentation. Proposal of digital processes. Introduction of single window.

Source: Adapted from World Bank “Doing Business 2013”.

The table above illustrates the good customs procedures recorded in the period between 2004 and 2012, according to an analysis produced by the World Bank.

South Africa’s initiative for customs reform was concluded and rolled out in August 2016. The Republic has thus been within the period of reform however delayed in launch. Aspects of reform according to SARS,2019 include but not limited to those listed on the above Table1 have been met except for upgrades in port and road infrastructure, removal of pre-shipment inspections as well as improvement of port processes; is were perfection is needed.³¹

Customs administrators maintain a crucial part in the expansion of global trade and the advancement of the universal marketplace. This task has expanded, now including domestic security, facilitating legal trade from dangers presented by terror campaigns, trans-national planned corruption, trade scams, forging, and piracy. This expansion enables the customs procedure to influence an advanced economic competency and social growth by stimulating international trade and foreign investment in a secure trading atmosphere.³²

Due to the added obligation of customs, the RKC indorses that customs administrations are required to assume reform and modernisation initiatives affirming adequate progression of

³¹ SARS, 2019

³² RKC, 2006

international trade and expansion, with modern productivity and delivery systems being quintessential for economic development and encouraging efficient and timeous trade. Development and implementation of risks management techniques within the international trade industry dates to before the development of the GATT.³³

Therefore, the WCO revised and updated its Kyoto Convention to ensure that customs systems were refined to meet the current demands of international trade and formed a launching platform for development and modernisation of global customs techniques. The amended form was approved by the WCO council in June 1999 and implemented on 3 February 2006, as a result of 40 contracting parties to the original Kyoto Convention of 1974 had consented to the protocol of amendment to the modified convention, with South Africa included.³⁴

The RKC encourages customs administrators to break away from exclusive control measures and foster audit-based control as this would allow customs to better handle the growing world trade and rising pressure to lower resources, and ensure greater trade facilitation.³⁵ Literature also mentions that a successful customs reform is a reform calling for a renewed awareness of development in trade – requiring political dedication, a thorough diagnosis of the present situation, and an awareness of the increased globalised environment that customs systems operate in. An increase in global trade in the latest decade has directly influenced pressures upon customs to intensify. Political support of the highest degree is essential, and customs administrations have operational responsibilities under government policies, therefore any change inevitably requires government support.³⁶

3.5 South Africa's Progress with the Implementation of the Custom Modernisation Programme

Trade difficulties may possibly be minimised and avoided by dynamic trade facilitation programmes. Southern Africa relies on boosted exports to empower economic expansion and sustainable job creation³⁷. Addressing critical concerns, South Africa formally launched the customs modernisation programme in 2009. Trading volumes had doubled over the decade and work member numbers declined steadily, and processing systems in customs remained paper-

³³ Van Grasstek, 2013

³⁴ RKC, 2006

³⁵ RKC, 2006

³⁶ De Wulf, L. 2005. The Modernization of Customs Handbook. Part I Cross-cutting Issues: Strategy for Customs Modernisation. The World Bank. 3rd Series. Washington, D.C.

³⁷ Organisation for Economic Co-operation and Development, 2014. Trade facilitation indicators: An overview of available tools. <http://www.oecd.org/tad/facilitation/tfi-overview-availabletools-2014>. Date of access: 18 August 2019.

based and required thorough human labour. These issues resulted in increased authentication errors, and subsequently the wastage of staff sources on low value-added events. The lessening of customs visibility at ports of entry, prolonged inspections, as well as inadequate trader guidance and supervision were identified as matters of interest and collectively sounded the call for immediate change. Customs modernisation was therefore proposed to deal with these and other concerns by concentrating on four strategic sections, the systems available, existing policies as well as processes and people.³⁸ In 2010, a number of ‘building block’ plans were applied in the customs modernisation programme amongst those involved the Release 1, which concluded the usage of purpose codes on declarations and established the procedure category and procedure codes. The stage of modernisation meant applying risk management technologies and streamlined the customs declaration process to align with the international best practice standards emphasised under the RKC and WCO customs data model. When implementing this model, latest cohesive customs solutions streamline the handling and validation of customs declarations throughout the modes of transport that facilitate trade.³⁹

In 2011 and 2012, the modernisation of customs mobilised effectively with main modifications called Release 2 and 3. The key change with Release 2 was the proposal of an electronic driven approach known as the Service Manager, this system enabled customs officials to perform all clearance practices without the need to rely on manual work. Release 3 was centred precisely on the Botswana, Lesotho, Namibia as well as Swaziland land border posts.⁴⁰

The Customs Control Act, endorsed in 2014, recognised a customs management measures for all shipments brought into and those traded from the Republic. This law regulates customs methods through the various transport modes; uses alternative electronic systems for critical customs procedures such as import and exports clearance, advance notification, as well as providing a secure recording of the movement of goods; also expedites clearance protocols founded on provisions expressed in Chapter 7 of the Act.⁴¹

Some changes mentioned on the New Customs Control Act are as follows but not limited to;⁴²

- Licencing and registration of customs brokers will be through the use of an e-filing portal; hard copy applications are no longer accepted.

³⁸ www.sars.gov.za/Home/Customs-Excise/CustomsModernisation.aspx (accessed 11 May 2021).

³⁹ South African Revenue Services, Trader Pocket Guide: Customs Modernisation, moving into the future. Version 1 (2010).

⁴⁰ South African Revenue Services, Trader Pocket Guide: Customs Modernisation, moving into the future. Version 2 (2010).

⁴¹ www.sars.gov.za/Home/Customs-Excise/LAPD-LPrim-Act-2014-3-Customs control act 2014.aspx (accessed 11 May 2021).

⁴² SARS, 2019

- Clearance for both full container loads and break bulk have been reduced to 3 days from the time the vessel carrying the cargo berths; this is an improvement from 28 and 14 days respectively.
- Goods may be imported without a permit and placed into a bonded warehouse for less than 90 days. Permit may be obtained thereafter and cargo cleared from the warehouse.
- The acquittal period for goods going into a bonded warehouse is reduced from 30 days to 3 hours; due to real time electronic reporting.
- International transit cargo move from port of entry to port of exit in 10 days as opposed to 30 days provided for acquittal before.
- National transit; port of entry to place of delivery occurs within 5 days against 30 days before.

3.6 Conclusion

This chapter discussed the international guidelines on modern customs processes to advance trade simplification. To appreciate the idea of trade facilitation, several international organisations' perspectives were consulted. It was also emphasised in this chapter that adequate trade facilitation improves the trading environment, however, this is relative to the specific country applying these trade facilitation techniques and the organisations that ensure countries meet these standards.

The following chapter relates the research problems and viable solutions, which are supported by literature reviewed to yield adequate results.

4 SOUTH AFRICA'S RESPONSE TO CUSTOM REFORM

4.1 Introduction

The global community has developed into a more organised and interdependent society through increased transnational interchange of people, movement of goods, sharing of services, developing transport infrastructure as well as information technology skill, with emphasis made towards understanding of customs and its role in the global trading system, specifically in South Africa.

In this chapter, we address the three research questions with solutions and/or results that are acknowledged by various authors through literature and approved sources. Question 4.2.2 is the key research question for this dissertation.

4.2 Research Problem/Questions and Solutions

4.2.1 How does the new Customs Control Act align with the objectives of the world customs organisation outlined in the RKC's custom control?

The customs control procedures covered in the Kyoto Convention elaborate on the best practices. If these practices are administered correctly by the customs administrators these standards can accomplish the simplification and usefulness pictured by the Kyoto Convention. The standards comprise the following ideologies:⁴³

- a) Customs administrations should abandon manual customs controls measures and adopt audit-based measures. Modern techniques would allow officials to better cope with the expansion in global trade, rising pressures and improved trade facilitation.
- b) Risk management is an essential factor in reaching this aim and is therefore central to the control programme of an up-to-date customs administration.
- c) To keep the programme useful and effective customs officials should enforce key performance areas to the control programme.
- d) Customs collaboration generates responsiveness to changes emanating from trade practices, presents critical evidence for assessment and analysis of mechanisms in customs, and further demonstrates the prospective for better intended submission.

⁴³ RKC, 2006

- e) An up-to-date customs control approach requires continued backing from high-ranking officials, staff who are adequately qualified, excellent legislation, organisation as well as active procedures.
- f) Mutual administrative assistance would aid customs administrations to manage with rising global trade, expanding international markets as well as the criminal element and therefore create a basis for seamless movement of legitimate trade.
- g) For active and efficient control as well as trade facilitation, customs officials should consider the use of information technology skills including electronic commerce mainly for their clearance processes.
- h) To boost confidence in the operating rules and guidelines custom officials must insist on declaration of all global passage of goods and people for customs-approved treatment.
- i) These laws and regulations apply to both the global passage of goods and people as well as bans and limitations also apply to goods, people together with the chosen mode of transport.
- j) Customs administrations must apply useful and effective controls by implementing risk management techniques. And concurrently achieve the duty to apply the trade policy, manage the rising global trade and collect revenue, safeguard the public, travellers and carriers.

Consistent analysis of the outcomes of the programmes will enable custom officials to remain abreast and accomplish their targets with ease during anticipated shifts in the global commerce and the continued change in the trading environment.⁴⁴

South Africa's initiative for customs reform was concluded and rolled out in August 2016. The aspects of reform according to SARS, 2019 include but not limited to;

- Time specific customs clearance
- Application of electronic transmission of documents.
- Rejection of commercial permits.
- Use of risk analytics for manual inspections, risk management techniques.
- Electronic debit of taxes.
- Support and arrangements between countries sharing borders.
- Collaboration between agencies in the ports.
- Decrease in documentation.

⁴⁴ SARS, 2019

- Proposal of digital processes.
- Introduction of single window.

Upgrades in port and road infrastructure, removal of pre-shipment inspections as well as improvement of port processes; are aspects where perfection is still needed.⁴⁵

According to SARS, the customs authority is the regulatory enforcer acting as the enforcing agent for many government departments; they control and account for all imports and exports within the South African borders and report directly to the SARS commissioner (SARS, 2018). The South African customs legislature is presently governed by the Customs and Excise Act 91 of 1964, *inter alia* the levying of customs and excise duties. The Act stipulates a structure of customs control to permit the administration and collection of these taxes. The South African customs administration exercises an essential role in the facilitation of the passage of merchandise and people traveling through the borders of South Africa. Customs officials are an agent of SARS, with a vision to bid a world-class customs facility contributing towards the steadiness, health and success of the country, region or world, and its mandate and priorities include the ability to ensure border control management, guard communities and industry, administer trade policy procedures and industry schemes, and ensure the capacity to collect revenue is met.⁴⁶ Cumbersome systems, techniques and poor infrastructure increase transaction costs and lengthen delays to clearance of imports, exports and transit goods. These delays make a country less competitive and disorganised border management deters foreign investments and produces environment for administrative corruption. This challenge is acute in Sub-Saharan Africa, which lags in trade facilitation.⁴⁷

SARS pursues to extend the South African government's target of stimulating the economy and establishing sustainable employment via trade facilitation and preventing illegal trade practices. They also aim to better the information sharing amongst all agencies involved, to positively influence turnaround times as well as handling inspections better through precise identification of compliance risks. Customs officers participate in activities aimed at expediting genuine trade and travel, while guaranteeing compliance with customs requirements. Furthermore, they are tasked with controlling and accounting for all trades, ensuring prohibited goods are not imported or exported, and confirming all revenue due to the state is collected timeously. Customs officers

⁴⁵ SARS, 2019

⁴⁶ SARS, 2019

⁴⁷ Doyle, T., Fanta, E., McLinden, G., & Widdowson, D. 2011. "Border Management Modernization" The World Bank. 1(1). Washington: D.C.

are responsible moreover, for managing specific industry policies, trade methods, international code of behaviour and other international commitments. The directing of enforcement action will aid in eradicating smuggling and other transgressions, and SARS officers aim to enforce control on the importation and exportation of illegal or restricted goods on behalf of other authorities overseeing such laws. Furthermore, they are also responsible for collecting and compiling trade statistics.⁴⁸

Customs administration plays a critical part in the expansion of global trade and the progress of the international commerce. This role has developed, now including state security, facilitating legal trade from risks posed by terrorism and other criminal acts. This expansion enables the custom procedure to influence an advanced economic effectiveness and social growth by stimulating international trade and investment in a reliable trading atmosphere (Revised Kyoto Convention, 2006).

4.2.2 Which techniques of the RKC has South Africa implemented successfully to aid customs control, modernisation and trade facilitation?

As mentioned previously, the RKC is an authorised instrument proposed by the WCO to establish the simplification of common customs procedures for the world to facilitate legitimate trade.⁴⁹

The most important RKC goals include the advancement of standard methods and processes throughout the globe, the progress of suitable principles for customs control, the expansion of customs awareness to counter to foremost developments in the business sector, and the reduction of the cost of processing customs data; this to benefit economic operators, governments and the competitive gains for better exports. The RKC established best practices in the following areas:⁵⁰

1. Risk controls.
2. Controls dependent on audits of internal controls.
3. Information before to the entrance of the cargo.
4. Information technology systems.
5. Organised involvements and physical conference.
6. Consulting of economic operators.
7. Capturing of customs matters on a simplified resource form.

⁴⁸ SARS, 2019

⁴⁹ RKC, 2006

⁵⁰ RKC, 2006

An inevitable component of risk associated with the passage of goods and persons experienced by the customs administrators is always anticipated. The degree of risk however, is distinguished by the priorities of the customs administration and the extent of control to ensure compliance is proportionate to the level of assessed risk (Revised Kyoto Convention, 2006). Customs administrators need to execute useful and operational techniques by using adequate risk management controls and concurrently accomplish their responsibilities of revenue collection including the development of opportunities to improve business results.

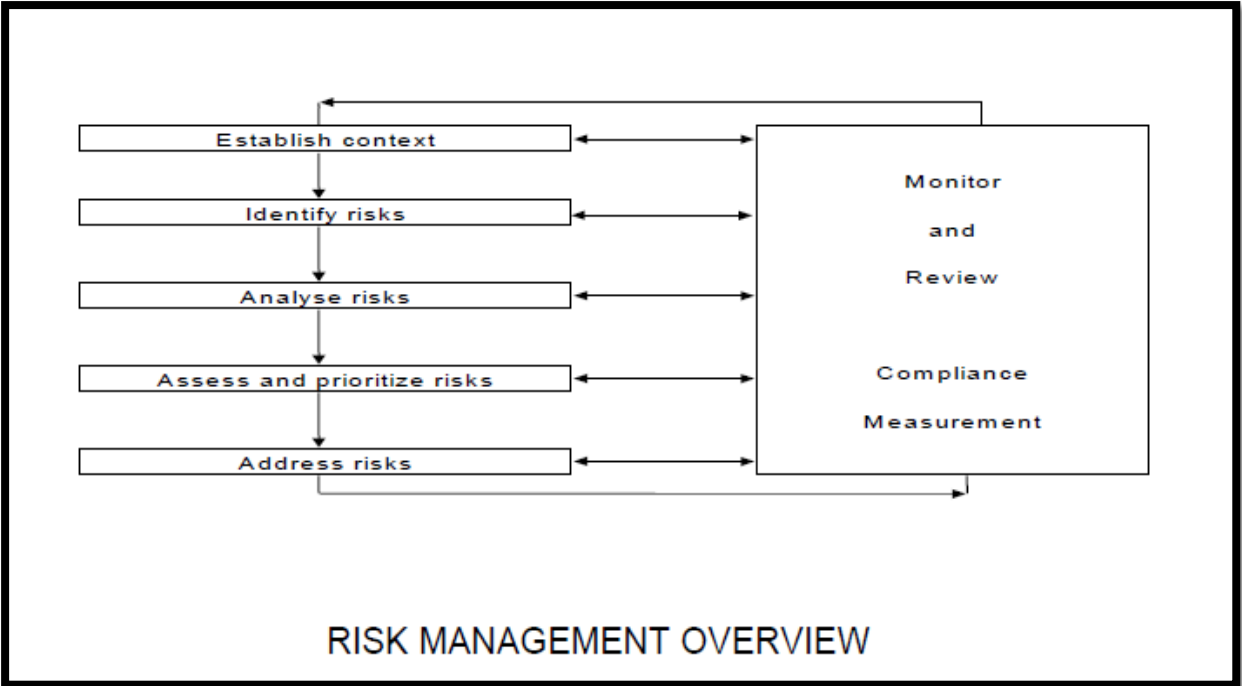


Figure 2: A diagrammatic representation of the risk management process. Source: RKC, General Annex Guidelines, Chapter 6, Customs Control.

The risk management overview is flow charts that enables customs officials to identify the risk and grade the risk priority and later address the risk using the appropriate control measures. The risk management review chart is further broken down into seven steps.⁵¹

Step 1: Establish the context

Areas where risk is to take place should be known and the conditions evaluated and the method of the examination specified.

Step 2: Identify the risks

⁵¹ RKC, 2006

Existing control procedures must be accounted for and determine the members strong points and limitations. The nature of the threat, the individual plotting the threat, its likeliness to occur as well as its impact needs to be distinguished.

Step 3: Analyse the risks

Resolve controls measures and analyse the probability of risk occurrence and consequence.

Step 4: Assess and prioritise the risks

Compare the projected ranks of the risk opposed to the established criteria. Rank the risks from high, medium and low to identify management priorities.

Step 5: Address the risks

Accept and observe lower ranking risks. For higher ranking risks, improve and execute a risk-specific control procedure.

Step 6: Monitor and review – compliance measurement

Observe and evaluate the risk management routine outcome, its' success and productivity onto the risk management system and note the alterations that might influence it.

Step 7: Documentation of the risks

A risk register should be compiled that provides the basis behind decision on the risks and valuable information is to be archived.

Mikuriya believes exposure to a variety of risks with differing magnitudes has led to many administrations relying more on structured and systematic measures to manage risk. Customs authorities are obligated to address risk wherever it occurs moreover as early in the supply chain as possible. Also, the usage of risk management is a crucial element that reinforces all modern customs administration including the improvements of the facilitation of trade and border control (Mikuriya, K. 2008). Well-designed border posts can deliver reform across the whole border, endorse facilitation as well as security objectives with modern tools; for example, x-ray equipment, cargo tracking systems and information technology can ease trade while boasting regulatory compliance.⁵²

⁵² Doyle, T., Fanta, E., McLinden, G., & Widdowson, D. 2011. "Border Management Modernization" The World Bank. 1(1).Washington: D.C.

The International Trade Administration Commission (ITAC) of South Africa is the body accountable for the application and management of the importation and exportation control procedures in terms of Section 6 of the International Trade Administration Act 71 of 2002. These control procedures are applied to uphold health, enforce security and safety of the public, environment as well as implementing technical standards that arise from national laws and international treaties. Application is also led to certify that compliance with requirements outlined on the permits, as well as compliance with the terms of the Regulations, and for the exposure of contraventions of the Act is upheld.⁵³

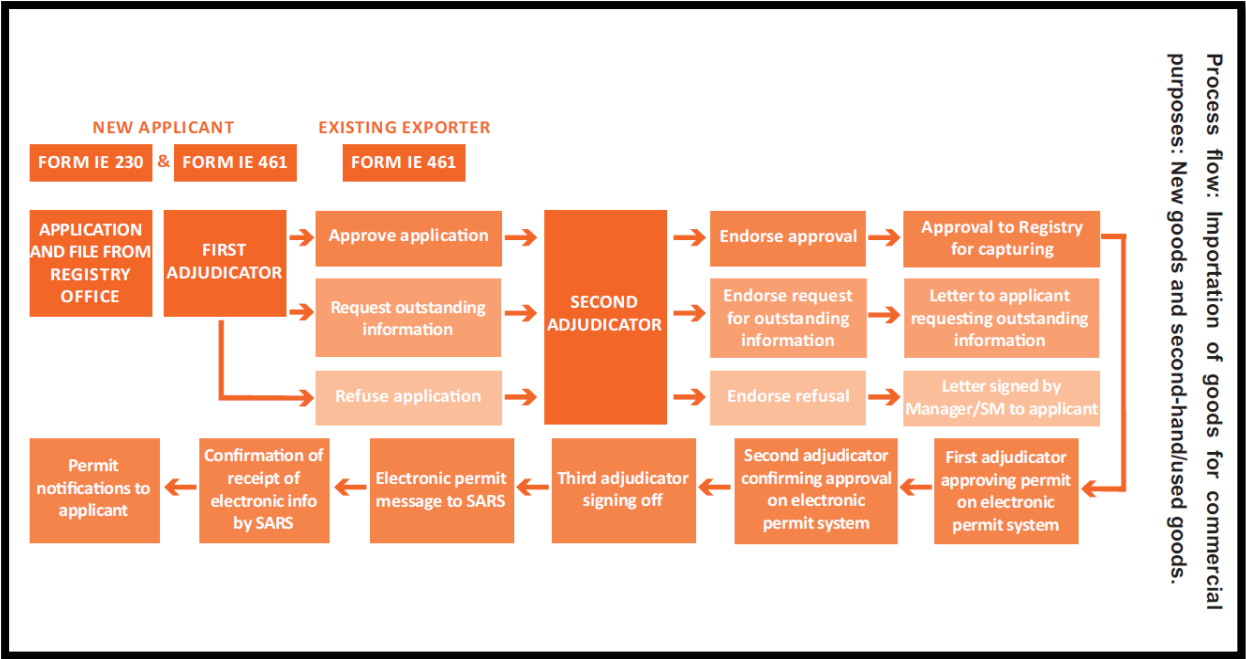


Figure 3: A diagrammatic representation of the import control process flow with new goods and second-hand goods/used goods as an example. Source: ITAC of South Africa, Import and Export Control.

When importing controlled goods into South Africa, permission is required from ITAC for an import permit. Merit is determined amongst the importation of new or used goods, recycled goods as well as excess and scrap goods. For used goods, further analysis of the market is conducted establishing an availability of merchandise under claim from the native producers. When considering new goods, to ensure compliance with international treaties, and adherence to the safety, health, environmental and technical standards, the relevant stakeholders are engaged

⁵³SARS, 2019

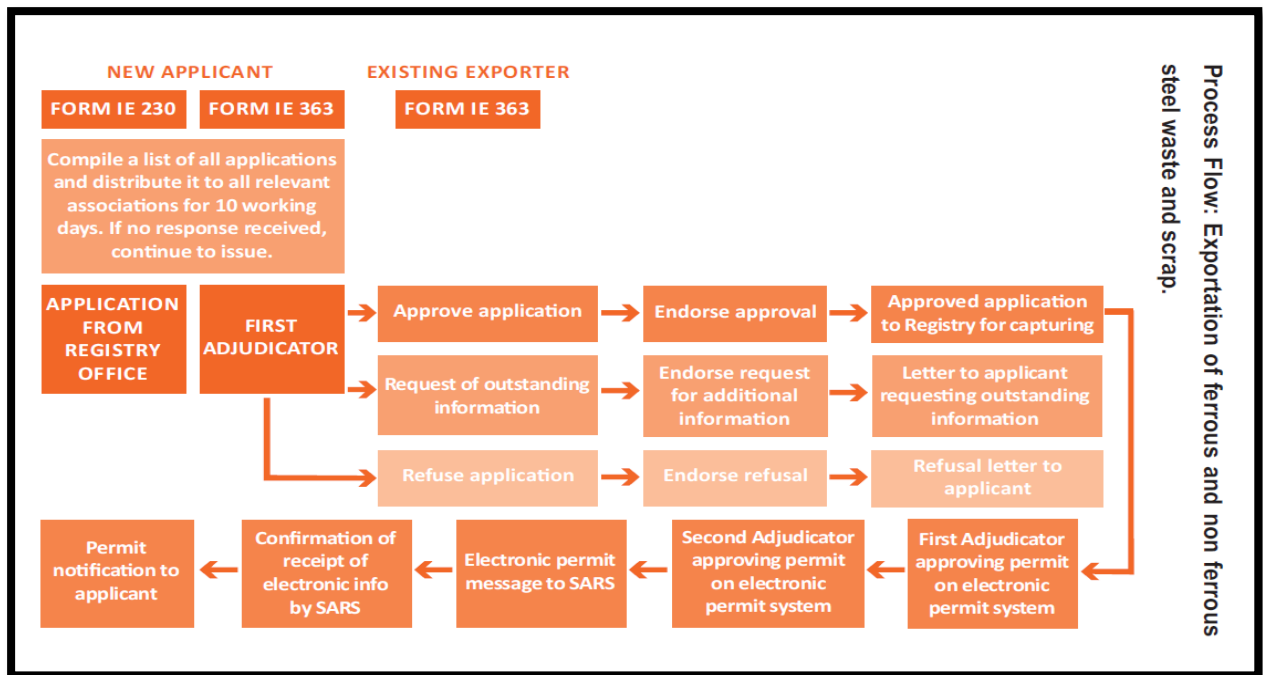


Figure 4: A diagrammatic representation of the export control process flow with ferrous and non-ferrous steel waste and scrap as an example. Source: ITAC of South Africa, Import and Export Control.

When exporting certain goods out of South Africa, a permit is also compulsory ensuring that the application export control measures are complied with, especially the requirements of international treaties. This permit also facilitates to monitor the exportation of goods with a strategic nature and to limit the outflow of trafficked and embezzled goods. The rule concerning the exportation of goods varies from sectors.

SARS acknowledges that it is a part of a larger law enforcement system; fulfilling legal obligations and legislation related to law enforcement in general, at both national and international level. Their strategic outcomes strive for improved customs compliance; boost tax compliance, increase ease and fairness of conducting business with SARS, as well as better cost effectiveness, internal efficiencies and institutional duty.⁵⁴

The legal framework and new Customs Control and Duty Act of South Africa dutifully defines and articulates the mandate for customs and provides the legal framework within which all goods, conveyances and travellers must be administered. It is also designed to enable customs operations to evolve within the confines of the said law. The new Act acknowledges the

⁵⁴ SARS, 2019

international and regional conventions, frameworks and agreements as norms and standards, for example, the WCO–Kyoto Convention, the SAFE Framework of Standards, the WTO agreement on trade facilitation, and regional SACU and SADC agreements. These standards directly influence the local national context which including customs. Green paper and bilateral agreements, in turn, make provision for the definition of the new Customs Control and Duty Act, which informs the enactment of customs policy and procedure. This reiterates the inspiration the international and regional agreements and frameworks highlight in the national standard policy built on the concept of customs control.⁵⁵

South Africa customs key strategic desired outcomes are categorised into three groups outlined in the table below, warranting improved service, improved enforcement and enhanced compliance.

Table 2: A tabular representation of South Africa’s customs key strategic desired outcomes.

Fiscal	Economic and social protection	Border control
<ul style="list-style-type: none"> • Efficient trade administration 	<ul style="list-style-type: none"> • Prevent harm to the community, the economy and environment 	<ul style="list-style-type: none"> • Prevent smuggling
<ul style="list-style-type: none"> • Assist with compliance 		<ul style="list-style-type: none"> • Collaborative border management
<ul style="list-style-type: none"> • Provide trade policy support 	<ul style="list-style-type: none"> • Protect industry from harmful and unfair trade practice 	<ul style="list-style-type: none"> • Promote South Africa as a secure trading partner
<ul style="list-style-type: none"> • Collect duties and taxes lawfully 		
<ul style="list-style-type: none"> • Managing incentive schemes and free trade agreements 		

Source: SARS.

This strategy promoted by SARS also affirms to build fiscal citizenship, migrating from gate keeper method towards risk manager approach, allowing for an combined economic view of the taxpayer and trader, while creating an automated, digital and self-service environment and reducing the burden of an administrative environment.

⁵⁵ SARS, 2019

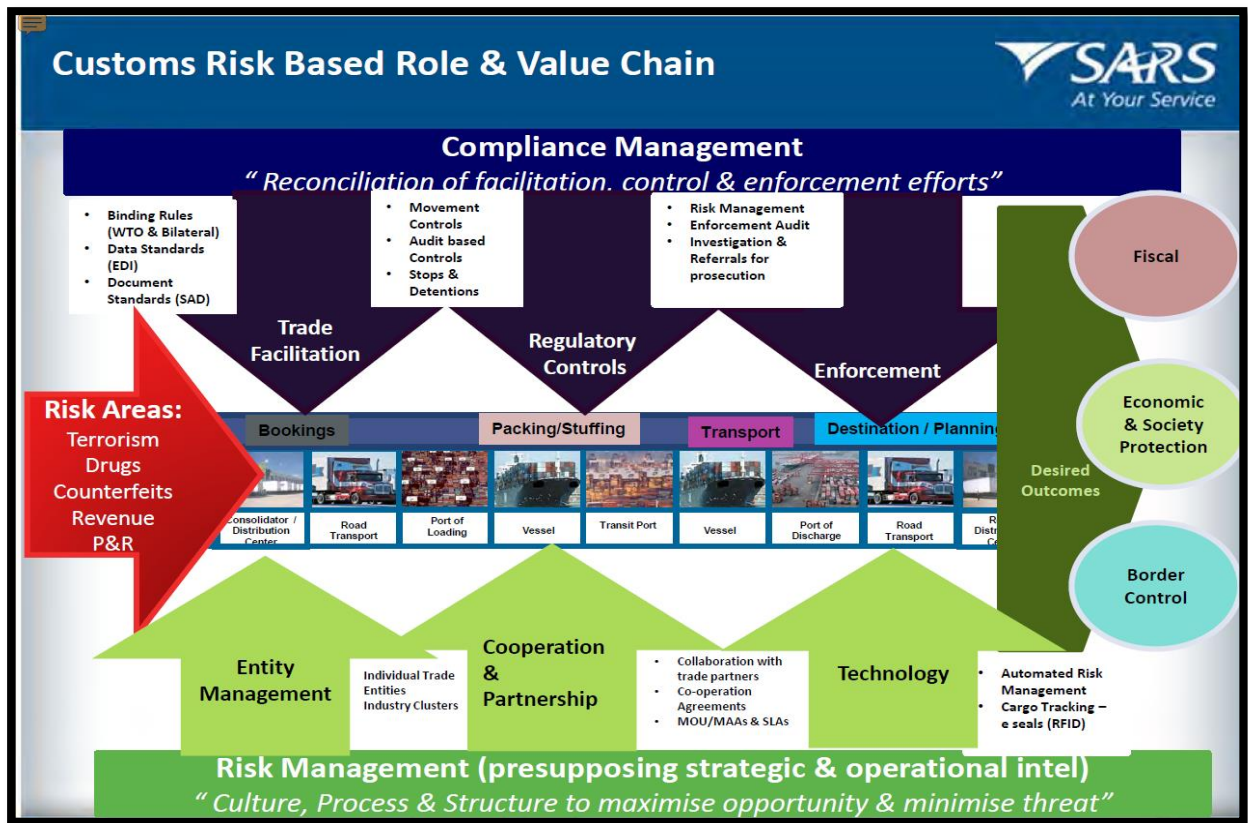


Figure 5: A diagrammatic representation of the customs risk management and compliance management. Source: SARS.

SARS has successfully identified the capital risk areas associated with international trade and implemented the most adequate compliance measures. This also ensures that the opportunities to lever and subsequently manage the international supply chain are suitable. Some factors directly affect and others indirectly affect the design of a comprehensive strategy, which intends to link the company with the external environment in which it operates. Strategic outcomes of South Africa customs administration attempt to align with global reference.⁵⁶

The implementation of the RKC provides for the customs authority to deploy a variety of risk management techniques and strategies to facilitate trade (Yasui, 2010). To enable legal global trade, customs officials are ascribing greater significance to export measures by assuming modern techniques as well as working closely together based on international standards and agreements. Such techniques are outlined as follows (Revised Kyoto Convention, 2006):

- a) Delivers a complete set of constant values for straightforward, useful and expected customs process with active customs control. This responds to the main requirements of both to-date customs administration and stresses of global trade. The assurance of a

⁵⁶ SARS, 2019

harmonised standard across managements will enable and improve global investment and trade whilst simplifying the passage of goods crossing borders. This technique will lessen barriers, thus inspiring small and intermediate businesses to engage in global trade encouraging foreign investment.

- b) Needs customs to implement information technology to maintain customs processes, especially how to employ information technology to benefit the clearance of goods. Electronic advanced passenger information systems if applied can improve the management of travellers and their approval time through customs.
- c) Improvements in the security of the international trade supply chain gave rise to the SAFE Framework of Standards, to control and simplify international trade by using modern management techniques and procedures, including the digitising of advance cargo information to help customs authorities derive to educated and timely conclusions regarding their involvement.
- d) The adaptation towards digitisation of data aids in the streamlining of information formerly summarised onto a manual declaration sheet. Divided into two databases; control data to be analysed prior the arrival of goods at the border with the transactional data reviewed through an audit-based control practice.
- e) Bilateral or multilateral customs agreements require one submission containing standard data for all official administrative requirements instead of separate export and import control functions.
- f) Making use of a single competent agency such as customs, with wide knowledge of the working conditions of global trade and economic responsibilities, rather than a range of different agencies, at various locations.

These streamlined processes allow administrators to offer assistance to legitimate traders, while maintaining a necessary level of management. The customs reform progression has been methodical and is an ongoing process in the Republic, where the SARS transformation programme of 1997 shaped the custom transformation programme based on the current customs modernisation programme (CMP) we have operating to date. The approach to custom reform has

been holistic in South Africa, initiating policy change in customs administration and operations that saw the dawn of the new customs control legislation. South Africa is also invested in the development of customs cooperation within the SACU and SADC.⁵⁷

African governments are prepared to dismantle custom barriers and deepen regional integration in addition to customs unions. Customs unions are established amongst nations with shared borders, these contracts require member states to develop border control policies and mutual external tariffs that apply to third party states. Trading amongst custom union participants is free.⁵⁸ Free trading agreements and customs unions are established to expand market access for contributing states by cut off trading barriers and custom barriers. Trade passages are used essentially to enable trading between non-coastal and coastal neighbouring nations. Nations involved in these arrangements intend to harmonise customs processes and regulations. Countries have implemented differing custom reforms to streamline customs paperwork and improve transparency.⁵⁹

South Africa has formed a strategy measure in the improvement and implementation of the NDP to enhance socio-economic progress by eradicating of poverty and promoting infrastructural advancement by 2030. The NDP is said to provide the blueprint of a strategic framework promising to lead the South Africa economy into an exponential growth pattern through resilient governance, effective leadership and active citizenry.⁶⁰ Chapter 7 of the NDP tackles the “Positioning South Africa in the World”, outlining main intentions as increasing intraregional trading activities in Southern Africa from 7% to 25% by 2030 and growing trade with regional neighbours doubling it also by 2030. These activities would comprise a durable development of roads, rail works and seaport arrangements in the region.⁶¹ This chapter also includes the necessity for amendment in customs techniques and trading simplification framework to be applied, which would see South Africa functionally integrated into both regional and global production, including the supply chain.⁶²

South Africa’s customs modernisation commenced because of its accession to the WCO’s RKC in 2004. This also compelled meaningful change to follow in business and processing models; these changes would, therefore, introduce simplified procedures of modern information

⁵⁷ Customs Control Act 31 of 2014.

⁵⁸ Customs Administration Reform and Modernization in Anglophone Africa, August 2011

⁵⁹ Customs Administration Reform and Modernization in Anglophone Africa, August 2011

⁶⁰ National Planning Commission National Development Plan 2030: Our Future-make it work,2011

⁶¹ National Planning Commission National Development Plan 2030: Our Future-make it work,2011

⁶² National Planning Commission National Development Plan 2030: Our Future-make it work,2011

technology solutions to benefit trade. The CMP introduces the new custom rules, and the use of innovative, digital and cohesive technology skillset. The CMP is an ongoing reform initiative that emanated, and forms part of the economic programme known as the NDP. This phase of innovative measures included executing risk management technology, to a great extent, the restructuring of the customs declaration process resembling that of international standards as proposed under the RKC, standardising the handling and authentication of customs declarations across all modes of trade through a single declaration engine.⁶³

A modernisation programme relative to customs administration is mandated to cultivate a comprehensive administrative system, acquire sufficient management of staff and ensure adequate technical resources. The culture of an excellent government with integrity aids to enable the role of customs administration in the international trading environment. Customs modernisation is considered the full range of customs operations, where customs administration seeks to keep abreast of technological, legal and economic developments in international trade.⁶⁴ The Customs Control Act 31 of 2014 was passed in 2014, launched a customs management method for products imported into South Africa and those exported from it. This statute regulates customs processes across varying transport means centred on provisions stated in Chapter 7 of the Act.

4.2.3 What are South Africa's main challenges encountered when implementing the RKC techniques to meet national and international trade demands?

Yasui is of the view that accession of the RKC is paramount prior to any economy enjoying full benefits of the RKC. Benefits include and are not limited to the following (Yasui, 2010):

a) Certification of international customs standards in place

RKC accession produces a positive effect in that a RKC contracting party is certified as having international customs standards in place. Due to the legally binding nature of the RKC, being an RKC contracting party gives traders and other stakeholders inside and outside the country's economy a firm assurance that the government promotes and maintains efficient and modern customs procedures consistent with international standards and ensures that legitimate trade is facilitated without compromising the customs controls' function.

b) Future participation in standard decision-making

⁶³ South Africa Revenue Service, Trade Pocket Guide: Customs Modernisation, moving into the future Version 2.

⁶⁴ 'Customs Modernisation' available at

www.sars.gov.za/Clientsegments/customsexercise/aboutcustoms/pages/modernisation.aspx. Date of access: 21 December 2019.

Article 6 of the RKC helped create the management committee and must be exclusive to RKC contracting parties. Non-contracting parties are entitled to attend as observers only.

c) Trade negotiation advantages

The RKC is a reference tool within the WTO's Trade Facilitation Negotiating Group (TFNG), RKC contracting parties take lead roles in their trade negotiations. These parties negotiate bilateral or regional trade agreements where shared common definitions and customs procedures in accordance with the RKC enable these parties to save time in negotiating customs-related provisions.

d) Faster release and lower trade costs

Quicker release of goods at borders is beneficial directly and indirectly for both customs administrations and businesses, allowing customs administrations to process additional transactions without interruption at borders and enabling traders to enhance their competitiveness in domestic and international markets, thereby to enhance business opportunities (Organisation for Economic Co-operation and Development, 2009).

e) Increased revenue

Revenue could improve because of additional imports attracted by the quicker release of goods and lowered trade costs. Revenue collection could enhance through the use of specific customs technique such as a post-clearance audit.

f) More foreign direct investments (FDI) and economic competitiveness

According to surveys conducted by the World Bank (2003), the private sector carefully considered efficient and streamlined border procedures to be a crucial factor in determining where to invest. When goods are traded faster at lower cost, traders will obtain higher competitiveness in domestic and international markets thus attracting FDI.

The application of RKC is anticipated to support useful customs control techniques while enabling legal passage of goods. Streamlining of data and shared technology skills enable customs administrators to discover the passage of illegal shipments and thus communicating such outcomes with global partners., where transparent and predictable customs techniques successfully develop the reliability and effectiveness of customs administrators worldwide (World Customs Organization, 2010).

Table 3: A tabular representation of countries that implemented certain best custom modernisation practices and their rankings.

Country (placing)	Main practice
Singapore (1 st)	Trade facilitation and security programs
Hong Kong (2 nd)	Single clearance system for transport and trade control
South Korea (3 rd)	Declaration system and electronic clearance
Denmark (4 th)	Contact committee for customers and traders
United Arab Emirates (5 th)	Feedback from customers to resolve problems.
Finland (6 th)	Integrated system of customs clearance and cargo transit
Estonia (7 th)	Facilitate the collection of the Estonian tax through electronic system.
Sweden (8 th)	Customs clearance risk management plan and communication tool
Panama (9 th)	Integrated foreign trade system

Source: Doing Business: 2013 Ranking, World Bank.

Analysing the above table, indicative of new measures and techniques implemented by the mentioned countries, it is evident that more developments are a result of creating sound infrastructure and the upgrading of procedures and methods associated to customs administration practices. Structure and service delivery by customs officials is essential to promote the competitive degree of the country. Nations adopt reform measures aimed at increasing productivity in the supply chain and that ensure adequate facilitation of trade to achieve competency across the whole chain.⁶⁵

South Africa's main challenges encountered when implementing RKC techniques to meet national and international trade demands included:

- A lack of human capabilities – while trade volumes have increased over the past decade staff numbers have decreased.
- Poor infrastructure – interruptions in the clearing of merchandise when trading across borders is common due to a lack of sufficient technology as well as the absence of a consistent and co-ordinated methodology to customs procedures.
- Differences in the scale of responsibility and influence from one administration to another and from one country to the next –the customs management functions independently of the other on both ends of the border, resulting in the duplication of clearance documents.

⁶⁵ Morini, C. 2014. Best Practices in Customs Administration: A preliminary exploratory study.

- Lack of automated systems – systems and processes in customs are manually prepared and labour demanding, thus giving rise to an increase in authentication errors, and the focus on low value-added events.

Literature advises that incurred charges and delays at the borders are more serious amongst emerging and low-income nations than they are amongst much higher-income states. Research indicates the result of this disparity is due to the attention developed countries has made to the digitising of customs processes and their subsequent improvement in transport structures.⁶⁶

Border management is essential as this is the bottleneck in clearance of goods in the larger supply chain transport network. Thus compromising the country's ability to link regional and global markets. Trade facilitation through improved border management as difficulties at the border hampers trade facilitation by obsolete border clearance processes imposed by customs.⁶⁷ Inadequacies in customs techniques prevail in South Africa, as discussed above with the challenge at Beit Bridge border post that has trucks experience a minimum of three days delay to be permitted for route due to road and border station infrastructure coupled with outdated information technology skills in use at the border post. The sum of methods and documents used for the discharge of merchandise by customs for either import or exports contribute to the loss of national competitiveness, causing stress to an already dense international competition.⁶⁸

Unlike the WCO which aids structure the customs community reform agenda; the border management reform is without a reform body to assist propel its agenda and afford specific guidelines and best practice models. This is a compelling reason behind the duplication of roles and documents thus wasting resources giving rise to less ideal outcomes.⁶⁹ Attaining an approach where the passage of goods would be stress-free and unobstructed rests solely on the specific nations employing the trade facilitation techniques. Customs can confirm the swiftness and unrestricted passage of goods by securing a structure that encourages modernisation and warrants standard processes for the timeous approving and release of merchandise at the borders. Addressing such matters has inclined South Africa to assume improved actions to guarantee

⁶⁶ World Bank. Trading across borders methodology, 2016.

⁶⁷ Doyle, T., Fanta, E., McLinden, G., & Widdowson, D. 2011. "Border Management Modernization" The World Bank. 1(1).Washington: D.C

⁶⁸ Morini, C. 2014. Best Practices in Customs Administration: A preliminary exploratory study.

⁶⁹ Doyle, T., Fanta, E., McLinden, G., & Widdowson, D. 2011. "Border Management Modernization" The World Bank. 1(1).Washington: D.C

development in custom management procedures via the economic improvement programme of the NDP and the sub sequential CMP.⁷⁰

4.3 Conclusion

South Africa has been active in its quest to being recognised as a maritime nation. The Republic has also shown initiative by implementing many custom reform measures. These strides have been formidable but never without challenges. As a member who has ratified the RKC, South Africa has embodied the convention's resolute objectives.

The following chapter will afford a more astute summary of the dissertation, having accurately assessed the literature and addressed the fundamental research questions, and further provided recommendations.

⁷⁰ National Planning Commission. 2011. "National development plan 2030: Our future-make it work". *Department of the Presidency*. Pretoria: South Africa. pp. 235-245.

5 SUMMARY AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary conclusion and makes recommendations based on what has been discussed, particularly in chapters three and four. As accounted for below, the summary proposes a well-founded approach going forward and sets out ways South Africa can consider improvements on the proper implementation of the custom modernisation techniques. Recommendations are made against the discussion of customs modernisation programmes and the RKC (the Convention) implemented by the signatory countries to the international agreements issued through the WCO and the WTO, further recognising the strides the Republic has achieved both globally and regionally in its attempt to initiate the facilitation of international trade through the implementation of custom modernisation techniques as suggested by contractual obligation outlined on the WCO agreement.

5.2 Summary

The world has evolved and has become more interconnected and interdependent because of improved information technology. Information technology assumes a key role in up-to-date customs administration as it accommodates the priorities, expectations and resources of specific customs administrations.⁷¹ The extended cross-border passage of goods, services and individuals has resulted in globalisation, which offers economies with the prospect to foster development and improvement aims through expanded global trade. Customs, therefore, ought to increase productivity to keep abreast of the global demands for transit goods and services.⁷²

The preamble to the Revised Kyoto Convention indicates that the Convention seeks to eradicate conflict emerging from customs techniques and methods of signing parties which may impede global trade. Desiring only to successfully develop global trade by streamlining and facilitating customs processes and techniques, the Convention attempts to guarantee that proper guidelines of customs control enable customs officials to counter significant fluctuations in the business, managerial methods and practices. These principles strengthen customs officials with measures endorsed by suitable and useful control methods. The Convention is intended to standardise and harmonise worldwide procedures through customs policies and national customs legislation thus

⁷¹ De Wulf, L. and McLinden, G. 2005. The Modernization of Customs Handbook. Part III Guidelines on issues that affect Customs Operational Trade Facilitation: Role of Information Technology in Customs Modernisation. The world Bank. 3rd Series. Washington, D.C.

⁷² Funke, N., Claasen, M., Nortje, K., and Meissner, R. 2016. pp 6. A Research, Innovation and Knowledge Management Road Map for the South African Maritime Sector: Charting a Course to Maritime Excellence by 2030. CSIR No.: CSIR/NRE/WR/ER/2016/0044/A. Pretoria: Council for Scientific and Industrial Research.

allowing customs to process goods traded in, those transferred from as well as global tourists successfully.⁷³

Unclear, repetitive and inconsistent techniques of data capturing have come to be an on-tariff direct challenge to the movement of goods, thus the establishment of the single-window managing approach. This system provides a facility that enables all stakeholders involved in cross-border movement of goods, services as well as travellers to enter information and documents captured by the system in the WCO standard format. The single-entry point contains a standardised dataset, which is considered an international data dictionary for the customs domain. This system advances harmonised trade regulatory requirements by allowing the adoption of coordinated border movement, risk management, and comprehensive audit programmes that support the facilitation of trade. However, this is relative to the specific country applying these trade facilitation techniques and the organisations that ensure countries meet these standards.⁷⁴

South Africa's customs modernisation commenced because of its accession to the WCO's RKC in 2004. This also compelled meaningful change to follow in business and processing models; changes which present simplified procedures of modern information technology solutions to benefit trade. The CMP is an ongoing reform initiative and forms part of the economic programme known as the NDP; it also further introduces the new custom rules, and the use of innovative, digital and cohesive technology skillset.⁷⁵

The South African new customs legislature is presently governed by the Customs and Excise Act 91 of 1964. The Act stipulates a structure of customs control and customs administration which facilitate the passage of merchandise and people traveling through the borders of South Africa. Customs officials are an agent of SARS. SARS pursues to extend the South African government's target of stimulating the economy and establishing sustainable employment via trade facilitation and preventing illegal trade practices as well as corruption. They also aim to better the information flow issue relating to trade, positively influence turnaround times and support in handling inspections better through more timely and precise identification of compliance risks.⁷⁶

⁷³ Mikuriya, K., Legal Framework for Custom Operations and Enforcement Issues" in Wulf LD and Sokol JB Customs Modernisation Handbook (2005) 52-65 54.

⁷⁴ WCO, 2010

⁷⁵ National Planning Commission National Development Plan 2030: Our Future-make it work,2011

⁷⁶ SARS, 2019

The Republic has experienced active and open trade over the year's post-1994. Studies have further indicated that countries who participate in world trade similarly experience an economic growth. South Africa has been active in the initiation and facilitation of integrated and improvement agenda, both local and within the Southern African region, to expand trade and custom support within the South African Customs Union (SACU) and SADC.⁷⁷

South Africa's main challenges encountered when implementing RKC techniques to meet national and international trade demands included:

- A lack of human capabilities
- Poor road and technology infrastructure
- Absence of a co-ordinated customs procedures
- Differences in the scale of responsibility and influence from one administration to another and from one country to the next
- Lack of automated customs systems

Nations are further encouraged to develop domestic trade and investments with the emphasis on information and communication technology as a trade facilitation measure and risk management technique; in order to contend in the international arena as the world has embraced the concept of integrated supply chain management with technology as a significant driver.⁷⁸

In 2019, the World Bank's market indicators presented that world trade contributed 60.29% to the global GDP,⁷⁹ thus supporting the WCO's assertions that international trade is indeed a vital driver of economic growth and development (World Customs Organization, 2008). Countries with good relations create a favourable environment by combining their economies through increased investments and trade, and domestic and international trade improves the standard of living in both developed and developing trading nations. More affluent and time-consuming practices of export and import, however, make it difficult for local business to thrive and to be competitive to penetrate and achieve international markets.⁸⁰ Some writers such as Yasui acknowledge that the RKC introduces contemporary and useful customs processes in the 21st century to enable legal trade, whilst maintaining customs control function (Yasui, 2010). The

⁷⁷ Wulf, L.D. 'Strategy for Customs Modernization' in L Wulf and J Sokol (ed) *Customs Modernisation Handbook* (2005) 3-29.

⁷⁸ Buyonge, C. 2007. Emerging Issues on the role of customs in the 21st century: An African Focus. Australia: International Network of Customs Universities. World Customs Organization: World Customs Journal. Volume 1 Number 1, pp 63-68.

⁷⁹ <https://tradingeconomics.com/world/trade.percent-of-gdp-wb-data.html>. Date accessed 16 June 2021.

⁸⁰ Doing Business: Making a difference for entrepreneurs. World Bank, 2012.

RKC also delivers a thorough and fundamental set of global best practice guidelines and encompasses a sizeable portion of international trade.

5.3 Recommendations

The writer commends the strides that the Republic has made both globally and regionally in its attempt to initiate the facilitation of international trade over the years. The writer has further drawn two recommendations. Firstly, South Africa must continue to implement techniques set out in the RKC and its national programme of the NDP and CMP; these techniques certify legitimate trade facilitation and custom modernisation, ensuring the recognition of South Africa globally as a successful maritime nation.⁸¹

The second recommendation is that South Africa should lead the conversation of the adoption of modern customs techniques by its neighbouring countries in the SADC region. Having neighbouring countries with the same course in facilitating legitimate trade through existing best practice for an up-to-date customs administration, would stimulate regional commerce and develop timeous trade within the region by considering the accession of the RKC (World Customs Organization, 2010).

The following chapter is dedicated to the conclusion of the dissertation, having accurately assessed the literature and addressed the fundamental research questions as well as an in-depth assessment of both chapters 3 and 4 of this research.

⁸¹ Funke, N., Claasen. M., Nortje. K., and Meissner, R. 2016. pp 6. A Research, Innovation and Knowledge Management Road Map for the South African Maritime Sector: Charting a Course to Maritime Excellence by 2030. CSIR No.: CSIR/NRE/WR/ER/2016/0044/A. Pretoria: Council for Scientific and Industrial Research.

6 CONCLUSION

6.1 Introduction

The OECD is of the view that the financial losses that companies experience are because of insufficient management of international supply chain (OECD, 2013). For example, issues that are likely to influence the increase in cost of tariffs are border delays, complicated documentation, lack of transparency and other cumbersome customs procedures. Therefore, improvements in border procedures and trade facilitation are recommended as this measure alone would decrease transaction costs and, in addition, it would lead to progressive outcomes in trade flows.⁸² This research provided a comprehensive overview of the RKC techniques South Africa successfully implemented to aid customs modernisation and trade facilitation. This examination was followed by determining whether South Africa is indeed proactive in reforming its customs processes to guarantee seamless passage of goods across international borders, particularly because South Africa is a member of both the WTO and the WCO. A dialogue of whether South Africa has implemented any reform methods centred on those global treaties was undertaken.

6.2 Conclusion

Literature reviewed in this study indicated that information technology assumes a key role in modern customs administration and technology-based solutions improve the operational efficiency of customs-specific computer systems. These can be designed, developed and tailored to meet national needs, in accordance with international best practices. The customs-specific computer system can be adjusted accordingly in progress to capitalise on shifts in information and communications skills. Buyonge makes a review of the role of customs in the 21st century and bring to light matters that may stress the progressive nature of customs administration in Africa. He identifies that an inefficient and ineffective customs impact the following areas;

- a) Trade facilitation: National initiatives need to build business culture that appeal to better local and overseas investments.
- b) Enforcement: Customs administrators needs to enforce the new Customs Act, thus ensuring a governable trade environment that may result in increased foreign investor confidence.
- c) Revenue optimisation: Improved efficiency of revenue agencies would ensure maximised revenue collection by SARS.

⁸² Organisation for Economic Co-operation and Development (OECD). Interconnected Economies: Benefiting from global value chains, 2013.

The world has adopted technology as the significant driver of integrated supply chain management and Buyonge further encourages African nations to develop domestic trade and investments with emphasis on their information and communication technology for a more improved trade enabling techniques to contend in the international market field.⁸³ Grainger argues that concepts may be well understood but employment is not without barriers taking into account the complication of the trading environment.⁸⁴ Among other challenges that South Africa experiences regarding import and export inspections and certification procedures, is the direct involvement of many government departments in transactions. The government departments include customs reporting directly to SARS, the South African Police Services, the departments of Home Affairs, Health, as well as Environmental Affairs, to name but a few. These bodies often fail to coordinate resulting in the replication of tasks and expenditure of state funds thus hampering effectiveness in trade facilitation. However, the single-window processing system has been essential to address the above issue. The transition to electronic interchange of data will simplify the various data formerly compressed into one complete declaration document. The evidence may be categorised into two datasets; one focusing on control data analysed prior to the arrival of shipment at the border, the other could comprise of transactional data, studied in an audit-based control procedure. These simplified techniques would allow customs to offer acceleration to conforming traders, while maintaining an adequate degree of management.⁸⁵

Legal research led by Mikuriya noted that in the drafting of new regulation, the writer should be aware of the permitted traditions of the country and the legal framework must be consistent throughout the document to simplify understanding and clarification of the bylaws and keep the formality of the statutory procedure. The author also encourages the use of a single consolidated customs code. These custom codes are said to promote compliance through ease of access by a trader to discover applicable laws and regulations rather than accessing multiple documents. A successful legal framework is encouraged to strive to achieve international legal standards, allowing for enough transparency and predictability based on providing basic information.⁸⁶

South Africa expressed its genuine commitment to legitimate international trade facilitation and customs management initially when acknowledging both the WCO and WTO by adopting both instruments. The Republic implemented the new automated customs management system to

⁸³ Buyonge, C. (2007). Emerging Issues on the role of customs in the 21st century: An African Focus. Australia: International Network of Customs Universities. World Customs Organization: World Customs Journal. Volume 1 Number 1, pp 63-68.

⁸⁴ Grainger, A. (2008). Customs and Trade Facilitation: From concept to implementation. Australia: International Network of Customs Universities. World Customs Organization: World Customs Journal. Volume 2 Number 1, pp 23-34.

⁸⁵ www.sars.gov.za/Home/Customs-Excise/CustomsModernisation.aspx Date of access 11 May 2021.

⁸⁶ Mikuriya, K. 2005. The Modernization of Customs Handbook. Part I Cross-Cutting Issues: Legal Framework for Customs Operations and Enforcement issues. The world Bank. 3rd Series. Washington, D.C.

enable the reduction of non-tariff trade barriers. This system centralised the clearing of both imported and exported goods, replacing the manual administration system with a single processing engine. This measure indeed suggests that South Africa has acknowledged and supports fully the significance of trade simplification by adopting reformed custom procedures.⁸⁷ The government of South Africa has a critical role to play in generating and sustaining the capacity of the Republic to continue developing favourable business growth to obtain competitive gains for companies and the country.⁸⁸

Funke, et al believes that South Africa is the only country on the African continent with direct access to both the Indian and Atlantic oceans. Therefore, it is the most strategically situated African centre for marine businesses in the south–south market strip, from Asia to the east coast of South America. South Africa also serves as a connector route along the east and west coasts of Africa. The country has eight major ports with two resourceful container ports and two proficient dry bulk ports.⁸⁹ These container ports and dry mass docks have capability for Panamax,⁹⁰ capsized ships and extremely large container liners, with Durban port and Saldanha Bay port having the ability to offload large crude carriers. When compared to countries with access to one of the oceans surrounding the African continent, the Republic displays economic likelihood to inevitably be the most feasible marketplace for shipments to the local community, as well as infiltrate the global markets, through capitalising on its existing maritime trade routes.⁹¹

Circumstances necessary for a popular customs reform in trade, requires political dedication and a thorough diagnosis of the status quo. Strong political support is essential since a customs administration has operational responsibilities under government policies. The increase in world trade of latest decade has heightened demands upon customs, thus awareness of the increased globalised environment customs operates is also vital. Any change, therefore, inevitably requires government support.⁹²

⁸⁷“South Africa unveils modernised customs system” available at www.southafrica.info/business/trade/export/customs-230813.htm#.VQki0ZMpp5k. Date accessed 15 October 2019.

⁸⁸ South Africa Revenue Service, Trade Pocket Guide: Customs Modernisation, moving into the future Version 2

⁸⁹ Funke, N., Claasen. M., Nortje. K., and Meissner, R. 2016. pp 6. A Research, Innovation and Knowledge Management Road Map for the South African Maritime Sector: Charting a Course to Maritime Excellence by 2030. CSIR No.: CSIR/NRE/WR/ER/2016/0044/A. Pretoria: Council for Scientific and Industrial Research.

⁹⁰ Panamax vessels: container ship, tonnage between 65 000 – 80 000 DWT, length 366m, beam 51.25m and 57.91m height. <http://www.yieldstreet.com/resources/article/types-of-cargo-ships>. Date of access: 8 June 2021.

⁹¹ Funke, N., Claasen. M., Nortje. K., and Meissner, R. 2016. pp 6. A Research, Innovation and Knowledge Management Road Map for the South African Maritime Sector: Charting a Course to Maritime Excellence by 2030. CSIR No.: CSIR/NRE/WR/ER/2016/0044/A. Pretoria: Council for Scientific and Industrial Research.

⁹² De Wulf, L. 2005. The Modernization of Customs Handbook. Part I Cross- Cutting Issues: Strategy for Customs Modernisation. The world Bank. 3rd Series. Washington, D.C

Regular reviews of the above-mentioned controls will keep customs administration relevant and contemporary, meeting the desired goals, in spite of trials arising from fast expansions in international markets and changes in trade, transport types and methods. (World Customs Organization, 2010).

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APPENDIX 1: Editorial Certificate

Author	Document title	Date issued
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EDITORIAL CERTIFICATE

This document certifies that the above thesis was proofread and edited by Sue Cato, editor.

The document was edited for proper English language, grammar, punctuation, spelling, and overall style. The editor endeavoured to ensure that the author's intended meaning was not altered during the review. All amendments were tracked with the Microsoft Word 'track changes' feature. Therefore, the author had the option to reject or accept each change individually.



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