

# COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA



## COMESA RCTG CARNET

# CONTENT

- I. Background
- II. Customs Bond & Guarantee
- III. Customs Bond & Trade Facilitation issues
- IV. COMESA RCTG & How it operates
- V. Current Status of operations
- VI. Benefits
- VII. Challenges
- VIII. Future developments

# Background

Customs security is one of the major difficulties in freight transport and trade facilitation. This is because, among other things, guarantee payment represents a high cost for transport operators and traders.

- Thus
  - a) COMESA Treaty ( Article 4, 1(b);
  - b) Protocol on Transit Trade and Transit Facilities  
Annex I of the treaty ) ;
  - c) RCBG Agreement of November 1990
  
- Development of the modalities was delayed until 2002 due to limited ratification and undefined modalities of operations.

# Customs Bond/Guarantee

**Legal requirement-** any person who wishes to import goods must deposit a security in form of cash, Insurance bond or Bank guarantee.

- **Guarantee v. Bonds**

- a ) Guarantee are issued by Banks

- b) Bond are issue by Insurance companies

- i) Bond can be Particularly /specify bond or

- ii) Genera; Bond

However, the issue of depositing cash or lodging Insurance bond or Bank guarantee in every transiting country is serious trade facilitation challenge, due to the following reasons:

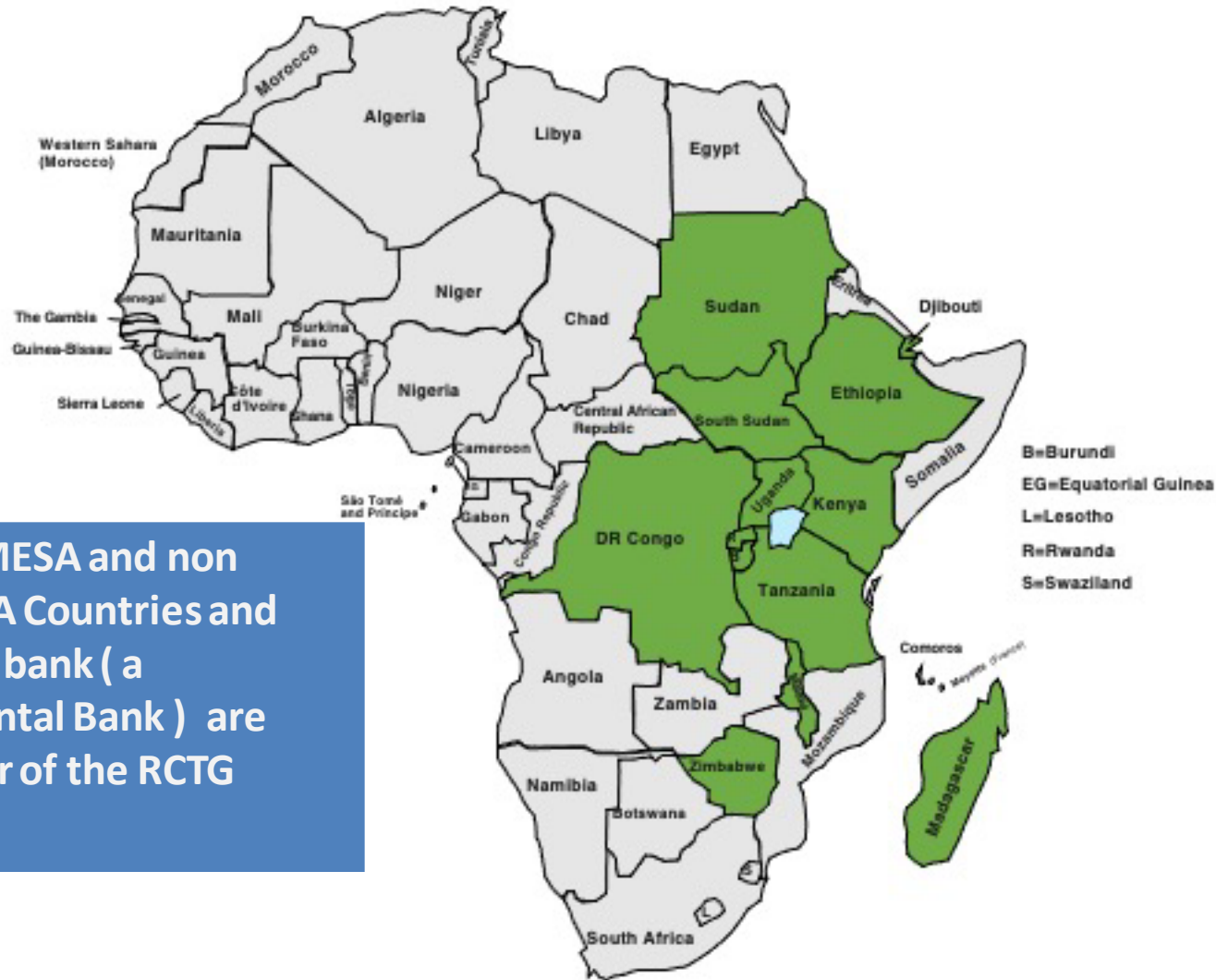
# Customs Bond & Trade Facilitation issues

- Lodging Insurance bond or Bank guarantee in every transiting country was leading to the following:
  - a) Costly: raising bond in each and every transit country;
  - b) Ties-up huge sums of money by way of collateral;
  - c) Delays at border crossing points;
  - d) Long vehicle turn-around/transit time; and
  - e) Delays in acquittal of bonds in some countries.
  
- COMESA introduced the Regional Customs Transit Guarantee Scheme (RCTG CARNET) in order to address the above challenges.

# COMESA RCTG?

- **The COMESA Regional Customs Transit Guarantee ( RCTG Carnet)** is a contract between the Surety, the Principal and Customs Administration, in which the Surety guarantees a Principal's undertaking to pay duties and taxes and other charges of equivalent effect to the Customs Administrations if the Principal fails to comply with the Customs law of the transiting country.
- RCTG provides a uniform basis for transit movement through the region, where only one guarantee is used to cover goods in transit throughout all transiting countries.

# RCTG Members



13 COMESA and non COMESA Countries and Afreximbank ( a continental Bank ) are member of the RCTG Carnet

# RCTG Institutional & Instruments

- The RCTG Institutional has the following Organs in
  - a) The Council of RCTG
  - b) The Management Committee (MC)
  - c) The RCTG Carnet Technical Working Group (TWG)
  - d) National Sureties
  - e) Secretariat
  - f) Reinsurance Pool
  
- RCTG also has several Instruments and documents





# REGIONAL CUSTOMS TRANSIT GUARANTEE SCHEME



## GENERAL BOND

I/We.....of  
 .....as principal,  
 and .....  
 of .....as surety,  
 hereby acknowledge that I/ we are bound to the Government(s) of (insert the name of the Country)

.....  
 in the sum of .....  
 to be paid to the said Governments for which payment I/ we bind myself/ ourselves jointly and severally and also my/our  
 heirs, executors, administrators and assigns and each of them.

Date this ..... Day of ..... 20 .....

Whereas the above bounden Principal is desirous to enter goods in transit, without payment of the duty thereon, from  
 any port in ..... and bound to ..... or to any place in any  
 of the above-named countries 1.

Now the condition of this obligation is such that if within the period allowed by law the goods and every part thereof  
 shall be exported and proof of exportation satisfactory to the Customs Administration concerned shall be produced  
 within that period and, furthermore, in any case in which the customs Administration concerned requires it, proof  
 satisfactory to the Customs Administration concerned of the landing of the goods at the port of destination shall be  
 produced within the period by law, then this obligation shall be void but otherwise shall be and remain in full force.

Signed, sealed and delivered by the above-bounden Principal at .....  
 This ..... Day of ..... 20 .....

For and on behalf

.....

.....  
 (Full names)

.....  
 (Signature)

Signed and delivered by the above-bounden Surety at

.....

this..... day of ..... 20.....

For and on behalf

.....

.....  
(Full names)

.....  
(Signature)

In the presence of:

Witness: .....  
(Full names)

.....  
(Signature)

For the purpose of this guarantee I/we, the above-bounded Surety, hereby declare that beyond the borders of ..... the following persons will be held and firmly bound to this obligation in each of their respective countries specified above:

**State**

**Full names and address**

.....  
.....  
.....  
.....  
.....  
.....

Signed, sealed and delivered by the above-bounded Principal  
at .....  
This ..... Day of ..... 20.....

For and on behalf

.....

.....  
(Full names)

.....  
(Signature)

In the presence of:

Witness: .....  
.....(Signature)

Approved: ..... Date of Approval: ...../...../20.....  
For Controller/Commissioner of Customs and Excise

Mother Bond Number : RCTG...../.....



# COMESA CARNET

## CARNET DU COMESA-RCTG SCHEME-REGIME RGTD



The COMESA Carnet is a guarantee document of undertaking issued by the undersigned Surety on the basis of Regional Customs Transit Guarantees issued approved by Customs Administrations to provide guarantee to pay equivalent to the amount of duties or charges due on the goods, which might arise from irregularities during transit or otherwise in accordance with national Customs Act of the country.

Le Carnet du COMESA est un document de garantie de cautionnement douanier émis par le garant signataire sur base du Régime régional de garantie de transit sous douane approuvé par l'administration des douanes et servant de garantie de paiement de l'équivalent du montant des droits de douane ou des taxes dues sur les marchandises qui pourraient résulter d'irrégularités pendant le transit ou d'autres circonstances conformément à la législation douanière nationale du pays.

COMESA CARNET NO/NO DU CARNET COMESA: KEN38002869

1. VEHICLE MAKE/MARQUE DU VEHICULE: SCANIA
2. REG. NO/ No. D'IMMATRICULATION: UAG 053 U  
TRAILER (REMORQUE 1): UAG 992 Q  
TRAILER (REMORQUE 2):
3. GOODS DESCRIPTION / DESCRIPTION DES MARCHANDISES: 1X20 CNER STC 884 (500) PEDESTAL PAK QW REMOTE
4. IDENTIFICATION MARKS/MARQUES D'IDENTIFICATION: CMAU 1367757
5. AMOUNT OF GUARANTEE/MONTANT DE LA GARANTIE: 1124245  
LOCAL CURRENCY/MONNAIE LOCALE: Kenya Shillings  
US\$ EQUIVALENT / EQUIVALENT EN US\$: KSH 13071

DATE OF ISSUANCE (DDMMYYYY):  
DATE DE DELIVRANCE (JJMMAAAA):  
2014-11-07

SIGNATURE OF CARNET HOLDER/SIGNATURE DU TITULAIRE DU CARNET

CTG No/NO DU CARNET DE GARANTIE DE TRANSIT SOUS DOUANE: RCTG13/13409KE

6. ISSUING SURETY/GARANT EMETTEUR: GA INSURANCE LTD
7. PRINCIPAL/GARANT PRINCIPAL: SPEEDAG INTERFREIGHT
8. COUNTRY OF COMMENCEMENT/PAYS DE DEPART: KEN
9. COUNTRY OF TRANSIT/PAYS DE TRANSIT:
10. COUNTRY OF DESTINATION/PAYS DE DESTINATION: UGA
11. CUSTOMS DECLARATION NO/ DECLARATION EN DOUANES No: 2014MSA3095704



KCN38002869

### Country of Commencement/ Pays de Départ

#### Departure/ Départ

1. WAS INSPECTION DONE?/INSPECTION A-T-ELLE ETE FAITE? Yes  
CUSTOMS OFFICER/PAR UN AGENT DOUANES?
2. ALTERATIONS/MODIFICATIONS: EVERY THING IN ORDER
3. APPROVED BY/APPROUVE PAR:   
GOODS INTACT UNDER  
CUSTOMS OFFICER'S ID / AGENT DES DOUANES:

STAMP/CACHET

AT DEPARTURE  
AU DÉPART

#### Exit/Sortie

1. WAS INSPECTION DONE?/INSPECTION A-T-ELLE ETE FAITE?   
CUSTOMS OFFICER/PAR UN AGENT DOUANES?
2. ALTERATIONS/MODIFICATIONS:
3. APPROVED BY/APPROUVE PAR:   
CUSTOMS OFFICER'S ID / AGENT DES DOUANES:

STAMP/CACHET

AT EXIT  
A LA SORTIE

### Country of Transit Pays de Transit (Where applicable)

#### Departure/ Départ

1. WAS INSPECTION DONE?/INSPECTION A-T-ELLE ETE FAITE?   
CUSTOMS OFFICER/PAR UN AGENT DOUANES?
2. ALTERATIONS/MODIFICATIONS:
3. APPROVED BY/APPROUVE PAR:   
CUSTOMS OFFICER'S ID / AGENT DES DOUANES:

STAMP/CACHET

AT DEPARTURE  
AU DÉPART

#### Exit/Sortie

1. WAS INSPECTION DONE?/INSPECTION A-T-ELLE ETE FAITE?   
CUSTOMS OFFICER/PAR UN AGENT DOUANES?
2. ALTERATIONS/MODIFICATIONS:
3. APPROVED BY/APPROUVE PAR:   
CUSTOMS OFFICER'S ID / AGENT DES DOUANES:

STAMP/CACHET

AT EXIT  
A LA SORTIE

### Country of Destination Pays de Destination

#### Departure/ Départ

1. WAS INSPECTION DONE?/INSPECTION A-T-ELLE ETE FAITE?   
CUSTOMS OFFICER/PAR UN AGENT DOUANES?
2. ALTERATIONS/MODIFICATIONS:

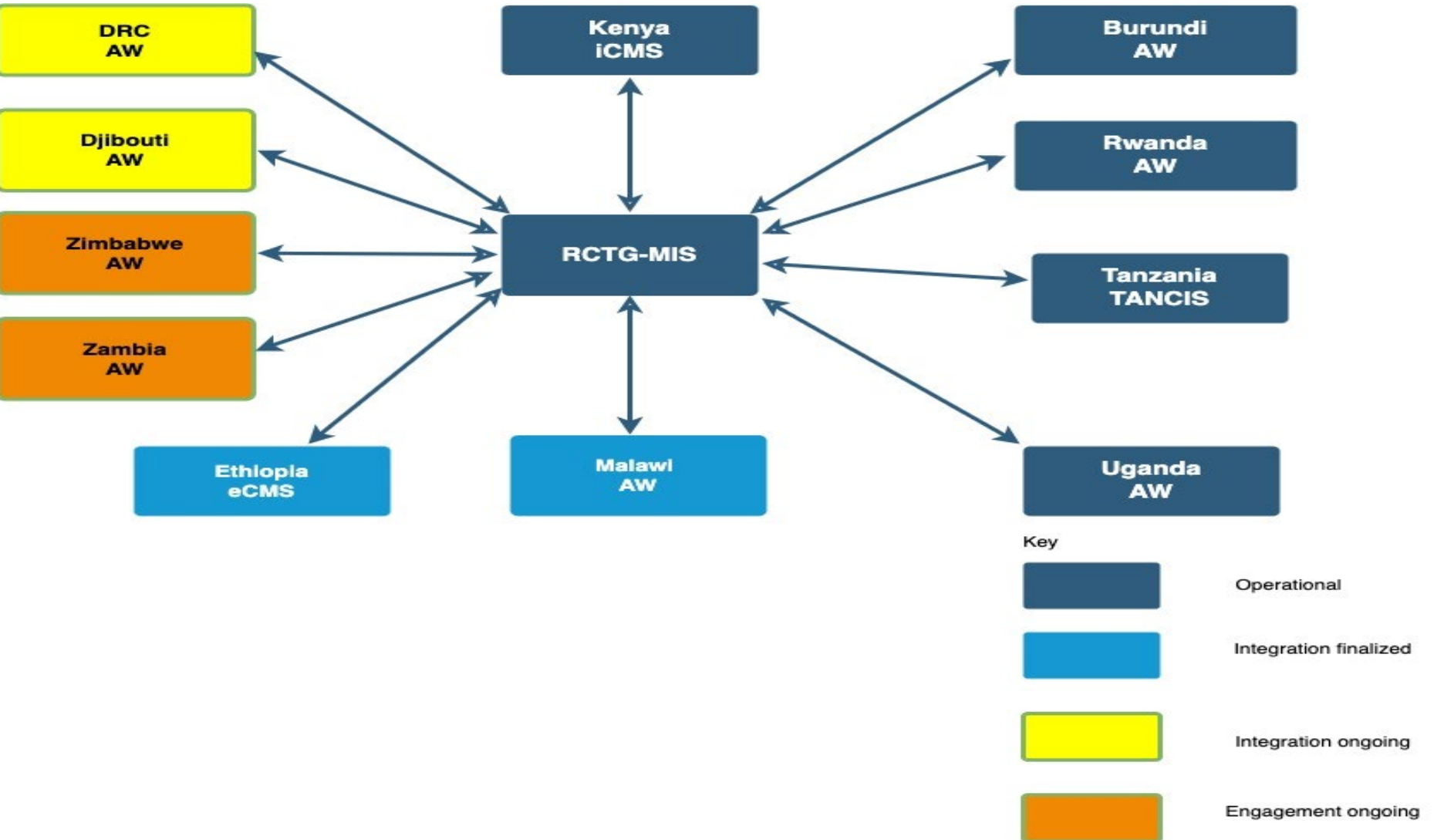
#### Exit/Sortie

1. WAS INSPECTION DONE?/INSPECTION A-T-ELLE ETE FAITE?   
CUSTOMS OFFICER/PAR UN AGENT DOUANES?
2. ALTERATIONS/MODIFICATIONS:

# RCTG Features

- Bond holders: Clearing and Forwarding Agents (CFAs)
- CFAs lodge RCTG bonds on behalf of Principals
- Carnet is a guarantee for single transit
- RCTG cover risks on local and regional transit
- Carnet is automatically generated by MS Customs systems
- RCTG system is integrated with MS Customs IT systems
- RCTG Mobile Application for CFAs
- RCTG Online Bond Application ready for roll out
- Administration of RCTG at national level is handled by National Sureties with the support of Customs Admin.
- RCTG has a Reinsurance Pool

# RCTG Integration



# How RCTG operates

- RCTG Bond issued/executed in one country is recognized and registered in all MS National Customs Systems that are party to the RCTG
- Operates on destination clearance mode
  - a. Clearance of goods is done in the destination country while the goods are at the first point of entry (country of departure)
  - a. Carnet is automatically generated by MS Customs systems
- Some countries use RCTG Bond on local and regional transit while others use them parallel

# How RCTG operates

## Computation of Guarantee amount

- a. The highest duty & tax in the transit Corridor
  - b. In case of transit diversion, duty & tax are calculated based on the Customs Act of the country in which transit diversion has occurred.
- **Guarantee release/discharge /acquittal of Carnet**
- a. Done at final destination upon completion of Customs procedures
  - b. Upon acquittal of the bond, the carnet /guarantee amount is credited back to the account of the Bond holder
  - c. Release of Guarantee under RCTG use similar procedure for local/national bonds.

# North-South Corridor countries





# How RCTG operates

- **Claims handling:**
  - a. RCTG claims are handled using similar procedure for local/national bonds.
  - b. Claims are settled by the Principal.
  - c. On failure to settle the claim, Surety settles the claim and recovers the amount by using collateral.

# RCTG Premium

- a. Rate is fixed by the Council of RCTG
- b. Premium rate charged is 0.3%-1.5%  
(reduced gradually during the 10 years from 0.75%-0.3)

# RCTG Reinsurance Pool

- The RCTG Carnet Reinsurance Pool provides reinsurance cover and clearing house facilities.
  - a. Reinsurance Cover: for risks which include loss of duties and taxes payable, which the transit countries may lose in case of transit diversion.
  - b. Clearing House Facility: settlement and reimbursement of claims between Handling & Issuing Sureties in line with the Reinsurance ( Quota Share Treaty )Agreement.

# Status of RCTG operations in 2022

Number of RCTG Bonds executed	1,282
Amount of RCTG Bonds (US\$)	1billion
Number of Carnets	330,618
Number of Clearing Agents	1,077
Number of Sureties	51

- RCTG is fully operational in Burundi, Kenya, Rwanda, Tanzania and Uganda and Afreximbank
- Ethiopia and Djibouti are ready to comments
- DR Congo and Malawi are at an advanced stage . Zimbabwe is waiting for Zambia to join.
- Engagements with Zambia at high level are ongoing

# Benefits of RCTG

## Reduction on cost of Bond/Guarantee , collateral and Agents Fees

- **Premium** paid on guarantee is reduced as one (1) RCTG Bond is used throughout all transiting countries
- **Collateral** is attached once as there is no need to have RCTG Bond in every country
- **Clearing Agents fees** are paid in one country as RCTG Bond covers transit from commencement to final destination

# Benefits

## Reduces delays at border posts and simplifies clearance process

- Lodging bonds at border posts is one of the reasons for delays- as many Clearing Agents have limited capacity/or insufficient bonds
- **Reduction in transit time** There is no requirement to lodge bonds at border posts under the RCTG because bonds issued in country of commencement cover the transit up to destination
- **Digital RCTG** provides real time information to Customs Administrations ahead of time thus reducing cargo clearance process and transit time

# Benefits

- Digital RCTG is integrated with Customs IT systems thus enhances bond acquittal process

As a result of implementation of RCTG, the following direct & indirect benefits have been realized:

- Premium on Guarantee and Clearing Agent direct saving is estimated to be US\$500 on a container
- Reduction on transaction cost to process one (1) Customs declaration is estimated to be US\$20 per declaration

# Challenges

- Misconception that RCTG favors multinationals (80% of CFAs are SME)
- Infrastructure- Power and connectivity inadequate or lacking
- Attempt by partners( REC) to duplicate RCTG system
- Slow process of integration between customs systems



# Future developments

- Ongoing engagements with:
  - a. COMESA and Non-COMESA countries to join the scheme (
  - b) Regional ( COMESA-EAC –SADC Tripartite Harmonization)
  - c. Continental ( AfCFTA) and
  - d. Global level

# COMESA RCTG

- RCTG is patented
- Recognized by WCO
- COMESA RCTG is the only Single Regional Transit Bond in operations in the Africa continent

Thank you