

JOINT MEDIA RELEASE

SACU MEMBERS SIGN MUTUAL RECOGNITION ARRANGEMENT

Johannesburg, 31 May 2023 - Accredited traders in Botswana, Eswatini, Lesotho, Namibia and South African will enjoy lower trade costs and simplified procedures for imports and exports, because of a mutual recognition arrangement signed on today by the five Member States of the Southern African Customs Union (SACU).

The Authorised Economic Operator (AEO) programme is a flagship Customs – Business partnership programme. It benefits both parties because it offers an opportunity for Customs authorities to share their compliance and security responsibilities with the private sector and at the same time, reward them with several trade facilitation benefits.

Partnership programmes of this nature with trade allow Customs to achieve more with less, with the goal of ensuring sustainable and long-term compliance through incentives. In layman terms, the AEO Programme is an internationally endorsed risk-management approach that seeks to collaborate with trade supply-chain entities. These entities must maintain high quality internal operational processes and have an appropriate record of compliance, and in turn, receive certain benefits to support these businesses.

The AEO programme supports increased voluntary compliance by enabling Customs to reward traders who choose to be compliant.

Through the signing of Mutual Recognition Agreement, the Commissioners General of revenue authorities in Botswana, Eswatini, Lesotho, Namibia and South Africa have agreed to recognise each other's Authorised Economic Operators (AEO).

The Commissioners General committed themselves “to do the best we can to facilitate cross regional trade to ensure the success of the Africa Continental Free Trade Agreement, exploring all its opportunities and being alert to respond to all its risks.

“It is in our hands as leaders of SACU Revenue Administrations to play a key role, in significantly reducing the stubborn residue of poverty, inequality and unemployment amongst our people in our region and beyond.”

The Commissioners General also committed to ensuring that the AEO program contributes toward the vision of further deepening Africa's connectivity to global trade networks to leverage opportunities for economic development presented by such integration.

The SACU leaders said they believe in partnerships, to work with and through others to improve the entire trade eco-system in support of voluntary compliance. “As SACU, we have set out an ambitious programme to improve trade facilitation,” they added.

The SARS Commissioner, Prof. Edward Kieswetter, said that “the AEO programme supports the SARS’ strategic intent to work towards a system of voluntary compliance. This requires of SARS to place more reliance on taxpayers and traders who choose to be compliant. The AEO Programme does just this! It establishes a *quid pro quo* between revenue administrations and business through which we hold each other to the highest standards”.

Prof. Kieswetter added that today's signing of the Mutual Recognition Agreement will further boost trade opportunities and contribute to the smooth flow of goods between SACU countries. The MRA will also strengthen end-to-end supply chain security for trade in goods by promoting multi-layered risk-management and providing facilitation benefits to accredited traders.

During the session today, which was open to the public and media, Prof. Kieswetter said Customs must carry out its two complementary mandates - facilitate legitimate trade while enforcing the country’s laws.

“These are not in competition. But we cannot do this on our own - we need you as the industry partners and business leaders, we need our fellow Customs administrators - because a border is a dividing line between two countries, but ports of entry connect our countries. The AEO allows both partners to collaborate beyond their narrow self-interest.

“We must understand that the outcome of our work must be the socio-economic development of every member state so that every African girl child, boy, every granny and every household can benefit,” Prof. Kieswetter said.

The Executive Secretary of SACU, Mr Thabo Khasipe, said “The AEO programme has now been mutually recognised by SACU so that these benefits can extend to compliant and accredited businesses, to operate seamlessly across borders between SACU member states.”

Mr Khasipe urged business to form mutually beneficial partnerships through the AEO programme so that the region can extend economic benefits to all its citizens. “This is a VIP system for trade in the region that can assist in developing the region,” he said.

For further information contact: sarsmedia@sars.gov.za

For further details please refer to the SACU AEO Fact Sheet (include hyperlink)

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