COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA

COMESA RCTG CARNET
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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.
13 COMESA and non-COMESA Countries and Afreximbank (a continental Bank) are members 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 ........................................................................................................ Day of .................................................. 20 ..................................

For and on behalf

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

........................................................................................................................................................................ (Full names)

(Signature)

Signed and delivered by the above-bounden Surety at

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

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

1 delete the country or countries in which the guarantee is not valid.
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

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

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

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

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

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

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

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

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

For and on behalf

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

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

(Full names) ........................................................................................................ (Signature)

In the presence of:

Witness: ....................................................................................................................

..........................................................(Signature)

Approved: .......................................................... Date of Approval: ................................

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 issued by the undersigned Survey of the basis of Registered Customs Transit Guarantee Bond approved by the Customer. It is intended to provide guarantees in lieu of bond for the amount of duties or charges due on the goods, which might arise from irregularities during transit or otherwise in accordance with the national Customs Act of the country.

Le Carnet du COMESA est un document de garantie de déouanement des marchandises délivré par le garant signataire en base de la Régime Régional de garantie de transit sous-soumises par l'administration des douanes et autorité signataire de paiement de l'équivalent du montant des droits de douane des douanes de transit ou autres documents conformément à la réglementation douanière nationale du pays.

### COMESA Carnet NO NO DU CARNET COMESA

| 1. VEHICLE MAKE/MARQUE DU VÉHICULE | SCANI A |
| 2. REG. NO/No D'IMMATRICULATION | UAG 053 U |
| 3. TRAILER REMORQUE 1 | UAG 991 Q |
| 4. TRAILER REMORQUE 2 |
| 5. GOODS DESCRIPTION/DESCRIPTION DES MARCHANDISES | JACUNN STC 88A PIGGA PEDESTA PAR C/W REMOTE |
| 6. IDENTIFICATION MARKS/MARQUES D'IDENTIFICATION | 13677757 |
| 7. AMOUNT OF GUARANTEE/MONTANT DE LA GARANTIE | 1124445 |
| 8. LOCAL CURRENCY/MONNAIE LOCALE | Kenya Shillings |
| 9. USS EQUIVALENT/EQUIVALENT EN USD | KES 13071 |

**CTG No NO DU CARNET DE GARAITE DE TRANSIT SOUS DOUANE**

| 6. ISSUING SURTY/GARANT EMETTEUR | GA INSURANCE LTD |
| 7. PRINCIPAL/GARANT PRINCIPAL | SPEDAG INTERFREIGHT |
| 8. COUNTRY OF COMMENCEMENT/PAYS DE DÉPART | KEN |
| 9. COUNTRY OF TRANSIT/PAYS DE TRANSIT |
| 10. COUNTRY OF DESTINATION/PAYS DE DESTINATION | UGA |
| 11. CUSTOMS DECLARATION NO/DECLARATION EN DOUANES N° | 2014MSA0525704 |

**DATE OF ISSUANCE/DÉDATE/DATE D'ÉMISSION**

**DATE OF DELIVERY/DATE DE DELIVRANCE**

- 2013-11-07

**SIGNATURE OF CARNET HOLDERS/SIGNATURE DU TITULAIRE DU CARNET**

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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
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.
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)
  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