THE IMPLEMENTATION OF AN ADVANCE RULING MECHANISM IN MADAGASCAR

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I. FOUNDATIONS FOR THE IMPLEMENTATION OF THE ADVANCE RULING

- National Trade Facilitation Committee roadmap 2018 - 2023
  Improve the transparency and predictability of formalities and requirements related to the customs clearance process towards businesses, and the predictability of origin and tariff classification.

- Malagasy Customs strategic plan 2020 - 2023
  Trade facilitation through transparency, increased partnership and the promotion of tax compliance.

- The Alliance approach
  Forging strong Public Private Partnerships in order to reduce trade barriers, through the implementation of projects with high impacts on clearance time and cost savings.
II. SCOPING MISSION APPROACH

Alliance scoping results on the « advance ruling » project

- **Implementation**: fairly simple and can be started in 2021.

- **High impacts** on exportations, importations and on all types of businesses (small, medium and big)

- **Main risks**:
  - Reluctance of customs officers to respect the binding aspect of ARs,
  - Less interest for economic operators for lack of guarantees of the transparent application of ARs.

*Source*: Scoping report for the Alliance’s priority projects in Madagascar, 2021
III. PROJECT IMPLEMENTATION

DEVELOPED ASPECTS

- **Legislation:** Development of the texts governing the mechanism
- **Procedures and IT:** Implementation of the mechanism itself and digitization on ASYCUDA World
- **Organization:** Creation of the advance ruling unit and the technical committees on tariff classification and origin
- **Change management:** Training of customs officers in tariff classification and origin, sensitization of the private sector and customs officers on the mechanism

- **Scoping phase**
- **Prescoping with the NTFC**
- **Customs – Alliance – NTFC MoU preparation**
- **Project implementation**
- **End of the project: launch of the mechanism**

- **Jul. 2022**
- **Jul. 2021**
- **Feb. 2021**
- **Dec. 2020**
- **Sept. 2020**
- **Jun. 2020**
IV. CHALLENGES AND SUCCESS KEY FACTORS

**CHALLENGES**

- Direct involvement of importers/exporters in the mechanism, without necessarily customs brokers.
- IT development based on the ASYCUDA customs clearance system within a limited time frame.
- Understanding of Customs trade facilitation policy by businesses used to a "customs policeman" image.
- Reluctance of users to use the mechanism.

**SUCCESS KEY FACTORS**

- Active involvement of the General Directorate of Customs in the execution of the project.
- Strong partnership with the Alliance.
- Close collaboration with the experts mandated by the Alliance and those of the World Customs Organization.
- Private sector implication.
- Malagasy NITFC support.
## V. RESULTS AND PERSPECTIVES

### CURRENT RESULTS
- **Number of businesses registered on ASYCUDA**: 32
- **Number of received and processed ARs requests**: 60
- **Number of issued ARs**: 01

### 2023 TARGETS
- **Number of businesses registered on ASYCUDA**: 100
- **Number of received and processed ARs requests**: 50
- **Number of issued ARs**: 30

### ONGOING ACTIONS
- Continuous sensitization of targeted businesses
- Continuous optimization of the AR processing system

### EXPECTED IMPACTS
- Reduction of customs clearance time
- Reduction of frauds on tariff and origin


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