

## **International Customs Day 2018**

**“A secure business environment for economic development”**

### **Key Note Address**

**Tom Moyane, Commissioner: South African Revenue Service**

Fellow members of the SARS Exco

Deputy Provincial Commissioner for SAPS Major-General Mbotho

Representatives from Other Government Agencies

The Executives of SAAF and SASSOA

Members of the media

And other distinguished guests

I bid you welcome to Cape Town and to the oldest operational sea port on the southern tip of our great continent. Customs has been present here for a very, very long time.

This event, which has brought us together today, marks an auspicious day in the history of Customs and it is my honour to deliver this keynote address.

As the Republic's Customs Authority, SARS salutes those who 65 years ago launched an organisation that has since become synonymous with improved customs administration around the world. That visionary first step is at the heart of the significant advances we have seen, and continue to see, in travel and trade facilitation, improved revenue collection and the protection of economies and societies.

There were only 17 Customs representatives at the first meeting of the Customs Cooperation Council on 26 January 1953, all from Europe. In the fast-changing global context of the latter half of the 20<sup>th</sup> century, the organisation grew rapidly – and became more representative – as it also evolved.

Today we know it as the World Customs Organization, or WCO, as the Customs and Excise Chief Officer mentioned earlier. It currently has 182 members across the globe collectively processing approximately 98% of world trade. On this day, SARS salutes the WCO, as well as SARS' Customs counterparts across the world. I extend the warmest greetings and appreciation from the leadership and staff of SARS to the WCO Secretariat, its Secretary General Mr Kunio Mikuriya and the 181 other Customs administrations celebrating today.

Ladies and gentlemen, the theme defining the focus of Customs administrations today, and for the coming year, is “A secure business environment for economic development”. As you are aware, international trade is recognised globally as a key vehicle through which economic development can be achieved.

The theme is intended to highlight the need for all of us to ensure an environment that enables businesses, as engines of the economy, to better participate in and benefit from international trade.

Customs can contribute to an enabling environment by ensuring stability, predictability, streamlining procedures, tackling corruption, enhancing integrity and ensuring facilitation of movement.

Customs can contribute to a safe environment by doing what is required of it to ensure a secure supply chain, enhancing its capacity to interdict illicit and harmful trade and countering activities such as the illicit funding of crime and terror through trade.

Customs can contribute to a fair and sustainable environment by being consistent and tackling activities such as intellectual property infringements, smuggling to avoid payment of duties and the deliberate misdeclaration of the value and origin of goods.

While different Customs administrations around the world may face different challenges given various unique local and regional contexts, they also share

common challenges. They are expected to make sure that people and goods move quickly across borders from where they came, to where they have to be. They are expected to collect revenue to make sure that governments have sufficient fiscal capacity to deliver on priorities. They are also expected to keep societies and economies safe from illicit and dangerous activities that exploit international trade and travel supply chains.

As a collective within the WCO, we are able to jointly address these divergent and common challenges. By doing so and understanding each other's contexts, we are able to develop commonly applicable instruments, standards and principles that serve all of us better. We are able to ensure the transparency, predictability and accountability that global trade, global travel and our partners in border management expect of us.

Through the existence of the WCO, many instruments and tools have been developed to support customs administrations and their varied stakeholders in this regard. These instruments and tools all have a common goal: enabling more effective and efficient control and administration of international travel and trade by and for Customs administrations, their partners in trade and government and society. The WCO continues to provide and develop world-class technical support, capacity building programmes, research, policy and frameworks for trade facilitation and border security.

You may be familiar with some of these key instruments and tools developed or influenced by the membership of the WCO:

- The Revised Kyoto Convention, to simplify and harmonise Customs procedures across the globe;
- The Harmonised System Convention, to standardise the way in which we describe and classify goods traded globally;
- The Nairobi and Johannesburg Conventions, to enable Customs administrations to assist each other in combating Customs offences;
- The SAFE Framework of Standards, to establish common standards and principles to secure and facilitate international trade supply chains;
- The Columbus Capacity Building Programme, to modernise Customs administrations across the globe to meet the challenges of modern travel and trade;

- The Customs in the 21<sup>st</sup> Century strategic vision, to guide our work at a strategic level as we move further into this new century; and
- The WTO's Trade Facilitation Agreement, to globally codify many standards and principles developed by Customs to enhance trade facilitation.

Ladies and gentlemen, SARS commits to continuing its role as an active member of the WCO and to working collectively to help enhance Customs' critical role in the international trade and travel supply chain. I am sure that we all share the broader objectives that flow from this, such as the facilitated movement of legitimate goods, strengthened economic development, the economic renewal of our region and continent through trade and mutual co-operation and better protection of our societies and economies through improved detection and interdiction of Customs offences and the movement of illegal and harmful goods.

SARS and its Customs officials are also uniquely placed to ensure that we attain these objectives and that South Africa reaps the benefits. We strive to make dealing with public administration simple and understandable. We strive to consistently respect people's rights to fair and courteous treatment. We understand that ensuring greater public accountability and responsiveness is now a distinct professional activity in itself that requires continuous attention. SARS' professionals recognize that although government is not a business, public administration could benefit by adopting a more business-like approach:

- We seek to be more cost-conscious, not to be cheap but more economic, and not to be extravagant and wasteful but more cost effective
- We seek to be more efficient by applying rationality and scientific methods to the conduct of public business by streamlining arrangements, cutting out unnecessary intermediaries, eliminating bottlenecks and delays, reducing paperwork and unnecessary bureaucracy, and generally reducing the time taken for transactions; as will be demonstrated today

- We seek to establish meaningful standards of performance, competence and responsibility for achieving such standards and applying evidence-based decision making and research to become more effective; and
- Lastly, we seek to strengthen professionalism through better training and education, higher standards of conduct and approved accreditation.

Ladies and Gentlemen, South Africa remains buoyant amidst its many challenges and the slow pace of economic transformation. The role of SARS and Customs in the national development agenda remains critical. As such, this will require us to continue on our journey of building a flexible and innovative organisation, responsive to the demands and expectations placed on our government by the electorate.

Our work as Customs is not immune to the some of the global megatrends that impact on our ability to effectively maintain security and facilitate prosperity for all, such as:

- Increased volumes and complexities of international trade;
- New business models and requirements, such as “Just-in-time” distribution, low inventory retention and multi-modal transport, resulting in innovative methods of moving goods across borders and increased pressures on supply chains;
- Increased security threats and organized crime;
- Demands from society for protection from prohibited and dangerous goods, while ensuring more effective and efficient administration of borders; and
- Increased revenue fraud, leveraging the complexities of international trade supply chains.

As Customs we seek to respond to the challenges posed by these complexities in the border landscape, which are both virtual and physical, coupled with the accelerating pace of change. We recognise that Customs is not in this alone in addressing these challenges and that it cannot and does not work on its own.

Customs has to work with its partners in government and trade to adopt a proactive and resilient approach that incorporates a few key features:

- **Innovative technology and infrastructure** that leverages data analytics to improve the validation of information and risk management, facilitate legitimate movement, enhance the detection of efforts to circumvent formal channels. The integrity of the physical frontier remains critical and improving the way in which we engage virtual frontiers is vital.
- **Effective integration and co-ordination** that defines the responsibilities of each agency, identifies areas of co-operation and develops a shared understanding and resource mobilisation for security, including more effective sharing of data.
- **Coherent processes** that reconcile the challenges posed by the need to both facilitate trade and prevent threats to the sovereignty of the State and its citizens. This requires appropriate strategies and capabilities, change management, performance management, co-operation security and compliance. Our operations processes should advance command and control, planning and prevention, investigation, information analysis and execution. ICT, HR, training and education and communications and legal support are key enablers in this.
- **Agile Organisational Capabilities** that ensure perpetual awareness and the ability to be decisive through advancing expedient and well-co-ordinated action. We need to adapt, innovate, collaborate, be visible and respond with the requisite tempo to changing circumstances and events.

I contend that the four features are inter-dependent. Robust performance indicators are required to ensure effectiveness, vigilance and continuous improvement as we sow the seeds of the Customs of tomorrow. Through our membership of the WCO, as well as our various Customs Cooperation Agreements; we can learn from examples of best Customs and border practise from around the world. These lessons and insights need to be shared with our sister countries through our participation in SACU and the African Union, as we contribute to Africa's rebirth and renewal.

It is envisaged that by 2020, Customs should be fully functional within what IBM refers to as the "Cognitive Era". This requires better data-driven governance and the implementation of digital applications that can harmonise

with public, private and hybrid cloud technologies with distributed devices that have security and protection of sensitive information at its core.

We will strive to ensure that SARS continues to be recognised as a world-class Customs service and that it contributes to improving South Africa's trade and economic competitiveness. Measures such as the World Bank's Logistics Performance Index already recognise South Africa's effectiveness in this regard, and SARS will seek to improve on this. I believe that this will be achieved through our efforts in improving service, quality management, investing in our people, developing our leadership and partnering with our stakeholders.

This places a responsibility on every Customs officer to become agents of change, ambassadors of pride and patriotism and servants to our citizens.

So where are we going as SARS?

As the executive leadership of SARS, we celebrate the WCO and embrace its theme. We will continue to advance the objective of creating an enabling and safe environment for businesses to benefit from international trade.

The implementation of the New Customs Acts Programme (NCAP) will be pivotal at the domestic level. We are working to improve and enhance the way in which businesses are registered, licensed and accredited. We are working to enhance the way in which businesses declare goods and report the movement of such goods and their conveyances.

Business and Customs need an effective legal framework that is in line with international standards and principles and ensures prompt, transparent and predictable customs procedures, coupled with better control over international movement into and out of the Republic.

SARS is also improving its capacity to create a fair and safe environment by enhancing its capacity to better detect illicit movements and activities, both virtually and physically, through enhanced risk analysis capabilities and tools and technologies such as scanners. Tied to this is the need to ensure that SARS can also most effectively and efficiently retain physical control over goods, if such is required, through optimised state warehousing and related processes.

Regionally, SARS is working with its neighbours, the SACU Secretariat and the WCO to create a sustainable regional compliance environment that will enable compliant traders across the region to benefit from enhanced access to regional and international trade, in turn benefiting the region's inter-connected economies.

Furthermore, SARS co-operates and works with other Customs authorities, as well as regional and international bodies, to share experiences and to better understand how they enable their businesses to benefit from international trade. Through these networks and platforms SARS is also seeking to improve trade facilitation for South African businesses across the region and beyond. SARS also seeks to improve its capacity to combat illicit trade activities.

And of course, SARS also cooperates and collaborates with its partners in trade and in Government through joint forums and structures, as well as regular engagements. The SARS-SAAFF forum is one such example, as is the Border Control Operational Coordinating Committee. SARS has consistently supported the adoption of a "whole-of-government" approach at the country's ports of entry to achieve value chain efficiencies.

I am proud that SARS can today share with you some of its many ongoing initiatives. At the heart of such initiatives you will find a core feature of SARS' customs DNA: The desire to ensure an environment that enables better trade and more effective control.

Ladies and gentlemen, I thank you for joining me here today. Let the rains of today nurture our seeds of hope that we sowed yesterday; whilst the sun of tomorrow strengthens and radiate our dream.

Nkosi Sikeli iAfrika.

God Bless Africa.

I thank you.