



SACU MIGRATION FROM HS 2017 TO HS 2022

THE BENEFITS, PROGRESS AND OUTLOOK TO JANUARY 2022

JULY 2021

1. THE EU-WCO PROGRAMME IN SACU AND ANTICIPATED BENEFITS

- 1.1 The first Mission of the EU-WCO Programme for Harmonised System (HS) in Africa, within SACU was a national Diagnostic Mission on the implementation of the HS and advance rulings for the Lesotho Revenue Authority (LRA) which was held on 04-08 November 2019 in Maseru, Lesotho. The Workshop did not only discuss matters of national interest of Lesotho, but also included a discussion on how SACU as a Customs Union could work together in the management of HS related matters, considering that it has a CET. A key outcome and recommendation from the LRA Mission was to organise a regional workshop to share views on a regionally coordinated process of migrating to HS 2022, as well as their capacities to implement advance rulings.
- 1.2 The WCO and SACU jointly organised the 1st regional consultative Meeting for the SACU region, within the framework of this Programme on 27 - 30 January 2020, in Cape Town, South Africa. The purpose of the Meeting was to take stock of the current situation in the SACU region on the implementation of HS 2022, management of the HS Nomenclature, implementation of the advance rulings, as well as modernisation of tariff classification and valuation.
- 1.3 The Meeting agreed on an Activity Plan incorporating various activities such as (i) development of Migration Framework and Roadmap for Migration from HS 2017 to 2022; (ii) establishment of a Customs technical committee, task team, or working group to coordinate the implementation of the HS 2022 and other related matters; (iii) activities at national level to promote awareness and ensure availability of relevant HS tools; and (iv) implementation of advance rulings.

2. PROGRESS TO-DATE AND OUTLOOK TO JANUARY 2022

- 2.1 Despite the challenges brought about by the COVID-19 pandemic across the globe, the work in SACU under the Programme continued virtually. The SACU and WCO Secretariats facilitated the two more Regional Meetings, one in July 2020 and another one in April 2021. The purpose of these Meetings were to take stock of progress made on the Activity Plan for the implementation of the HS 2022 amendments in SACU and discuss the way forward to ensure successful implementation of HS 2022 amendments by January 2022.

2.2 It is notable that the SACU Roadmap for Migration from HS 2017 to HS 2022 is on track, with the following milestones already achieved as at the end of June 2021:

- (a) the Member States adopted the HS Migration Framework that will facilitate HS Migration from time to time, as well as a specific Roadmap for migration from HS 2017 to HS 2022, with a completion target of January 2022;
- (b) in accordance with the Roadmap:
 - (i) Member States simultaneously published the first set of HS 2022 related draft tariff amendments for public consultation in February 2021. Initial comments were received from the Private Sector. These were considered both at national and regional levels; and
 - (ii) the second set of draft amendments for public consultation was published in June 2021 with the consultation period set to end on the 31st July 2021.
- (c) with the work on HS Migration having been incorporated into the broader SACU Trade Facilitation Programme, a SACU Working Group was established with the responsibility of, among other things, ensuring successful migration from HS 2017 to HS 2022; and
- (d) all Member States have started implementation of their Advance Rulings Systems at national level, which will provide a good basis for SACU to move towards a regional framework for Advance Rulings in future.

2.3 Looking forward to the rest of 2021 towards January 2022, an intense work programme lies ahead for SACU. It is expected that by October 2021, most of the work on preparation of amendments for implementation will be complete. After October, more work will be addressed at national level as Member States will be undertaking final national processes to meet the January 2022 target. Another Regional Meeting is also anticipated before January 2022 to make a final assessment of the Member States' readiness.

3. CONCLUSIONS

3.1 The EU-WCO Programme for HS in Africa is an important one for SACU. As a Customs Union, the importance of a well-coordinated HS Migration and management of CET in general is a fundamental aspect that cannot be overemphasised. The Programme will not only help SACU with Migration but will also go a long way in promoting uniform interpretation of the Harmonised System throughout the Customs Union, through incremental implementation of a regional framework on advance rulings, as well as working together on HS related matters through the Working Group on HS, Tariff, Origin and Valuation.