



KEYNOTE ADDRESS BY THE MINISTER OF TRADE, INDUSTRY,
BUSINESS DEVELOPMENT & TOURISM HON. MOKHETHI SHELILE
(MP) AT THE OFFICIAL OPENING CEREMONY OF THE SACU
AUTHORIZED ECONOMIC OPERATOR NATIONAL
CONSULTATIONS – THE LESOTHO CHAPTER

DATE: THURSDAY, 4TH MAY 2023

VENUE: AVANI LESOTHO

SALUTATIONS

HIS MAJESTY KING LETSIE III

RIGHT HONOURABLE THE PRIME MINISTER

HONOURABLE DEPUTY PRIME MINISTER

HONOURABLE MINISTERS

EXECUTIVE SECRETARY OF SACU

DEVELOPMENT PARTNERS, IN PARTICULAR THE UNDP

PRINCIPAL SECRETARIES

THE CHAIRPERSON AND MEMBERS OF THE REVENUE SERVICES LESOTHO
(RSL) BOARD

THE COMMISSIONER GENERAL OF RSL

SENIOR GOVERNMENT OFFICIALS HERE PRESENT

OUR GUESTS FROM SACU, SOUTH AFRICAN REVENUE SERVICE (SARS) AND
OTHER ORGANISATIONS

MEMBERS OF THE NATIONAL TRADE FACILITATION COMMITTEE (NTFC)

MEMBERS OF THE BUSINESS COMMUNITY

DISTINGUISHED MEMBERS OF THE MEDIA

LADIES AND GENTLEMEN.

Good morning, everyone,

I must say, I feel greatly honoured to join you this morning at the Official Ceremony of the SACU Authorized Economic Operator (AEO) National Consultations – the Lesotho chapter. Once again, a very warm welcome to everyone in the room.

I am very glad that finally, COVID – 19 restrictions are behind us, we are now able to meet in person as we discuss these important trade related issues that are extremely critical for revival of our economies especially for us in the SACU region. It is always preferable to meet in a physical setting such as today, and this is in line with the Sesotho saying that “Litaba li mahlong.” Online meetings can do little to replace the natural face-to-face interaction, yet we must move in the same direction with the rest of the world and meet virtually when circumstances so warrant.

Trade has been at the core of life in developing and developed countries alike for many centuries and remains the life-blood of Basotho to-date.

Over the years we have added our footprint in the flow of ideas, people, and goods & services, by innovating our trade facilitation processes.

As we highlight the importance of the AEO Programme we must not lose sight of the bigger picture in the international trade facilitation programmes. The Authorized Economic Operator is one of those facilitative programmes that can enhance efficiencies in international trade as a way to quicken the drive for trade competitiveness.

Voluntary compliance in international trade means that parties willingly offer to partner with customs and other regulatory agencies to manage risks associated with trade and therefore affords regulators an opportunity to do away with most stringent regulatory controls. The integrated relationship among the supply chain actors espoused by the AEO Programme envisions an unbreakable bond that will help us strengthen and secure global trade.

Severe socio-economic disruptions in the recent past have highlighted the importance of a well-functioning supply chain to keep essential goods flowing across borders and thus, saving lives and livelihoods. Trade facilitation has emerged as an effective tool to mitigate the devastating

effects of such disruptions on trade by simplifying and digitalizing formalities in international trade. Trade frictions related to cumbersome and costly border procedures have become particularly prominent among developing countries.

Hence, in the context of rising global trade issues, regional trade facilitation mechanisms are a key strategy to boost existing and emerging trade arrangements, reducing costs to trade, and fueling inclusive growth. Such a mechanism can also make a difference in our ability to face the long-term challenges confronted by our region by facilitating market access, strengthening value chains, and boosting our regional economy.

The Authorized Economic Operator Programme directly complements the WTO TFA's Article 7.8, which is in relation to Expedited Shipments. The implementation of this provision is especially important at a time of escalating costs in terms of transportation of goods. Despite the surge in international shipping costs, it is my belief that developments in streamlining trade facilitation could partially suppress such an increase in cost of trading across borders. Whilst undertaking various reforms to implement

the TFA in respective countries, fostering regional cooperation is critical to tackling vulnerabilities of regional value chains. There is a wealth of distinct experiences and institutional frameworks across countries, and this underscores the importance of mutual learning and experience sharing. Together we can continuously agree on a set of key measures, where collective action can reduce the time and cost of trading across borders.

The past few years have certainly been challenging for all of us. In the area of trade, COVID-19 caused painful supply chain disruptions. But within SACU, we were able to work closely in ensuring free flow of essential goods like medical equipment and supplies, and food products between member countries. All of our customs authorities and trade officials had a key role to play in all of this, so I would like to say a big thank you to you for your close coordination during the past few years.

Looking ahead, the immediate outlook remains uncertain. Trade volumes in SACU states are yet to recover to pre-pandemic levels. Many companies are still facing supply chain disruptions due to Covid-19 restrictions arising from within and beyond our sub-region. We all know that these

disruptions have been further exacerbated by the Russia/Ukraine hostilities. The strains on energy and food supplies around the world are also felt in SACU countries, and this has led to rising prices. There are also now growing concerns about the outlook for growth in the short to medium term.

Given the challenges we face, we must redouble our efforts to cooperate and work together and to ensure that SACU culminates in becoming an attractive destination for foreign direct investment. In fact, the economies of the Region are increasingly becoming more intertwined and interdependent. So, to ensure continued growth and prosperity for the region, we must deepen our integration with each other, and also with the rest of the world.

To make SACU competitive, efficient, and secure, customs clearance processes are important too. And this is where the Authorized Economic Operator Programme comes into play. Such more efficient processes can minimize trade-related business costs and support important business operations like just-in-time manufacturing. Lesotho has long recognized the importance of this, and that is why we

established a Single Window across trade-regulating authorities, which was launched in 2022.

By standardizing, digitizing, and transmitting customs documentation for cargo clearance, such initiatives remove the need for business to fill in large volumes of hardcopy documents and courier them to different various authorities nationally. A SACU Single Window would go a long way in the facilitation of trade & investment amongst member states. Implementation of the AEO is but one excellent example of how customs authorities in the region can work together to bring down the cost of trade between regional countries.

I am very happy that SACU has taken this very important step forward. Under the AEO arrangement, businesses which are successfully validated by any one SACU country will have reduced documentary and cargo inspections across all member countries. They can potentially enjoy additional benefits, including:

- a. A higher level of facilitation during customs clearance;

b. Priority treatment if goods have been selected for inspection; and

c. Expedited clearance in the event of a trade disruption.

The benefits are substantial – studies have shown that such arrangements can improve customs clearance efficiency by 30% or more. For businesses, it will mean higher cost savings. For SACU countries, it will mean more efficient trade with each other, so that we can remain competitive. So, it is an excellent initiative and I would like to congratulate the teams on the ground, for working tirelessly with the SACU Secretariat towards its implementation.

Beyond this, there are some other areas of customs collaboration which would be of tremendous benefit to our Region. I single out one as an example, which is;

Aligning our respective customs processes to common standards. One area that could benefit from this is e-commerce, which is a fast-growing industry. Some countries have already simplified their customs processes

and procedures to facilitate such e-commerce shipments, while others have not done so. Aligning our processes will reduce administrative costs and make our region more attractive for e-commerce.

These areas will involve a lot of close coordination. But I am confident that we will continue to make progress, through the strong spirit of collaboration and partnership that underpins everything we do in SACU.

On that note, I wish you all fruitful deliberations as Lesotho plays her own part for a more integrated and prosperous future for SACU.

I thank you all for your attention.

Khotso! Pula! Nala!