Challenges in Trade system and Customs Procedure Codes

Zambia's trade with DR Congo in ‘Refined Copper’ and ‘Cobalt oxides and Hydroxides’

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Introduction

This presentation is a country experience in Trade systems and CPCs challenges

There are two Trade Systems by which International Merchandise Trade Statistics are compiled;-

(a) The General Trade System, and

(b) The Special Trade System.

All Trade, whether Special or General is governed by Customs Procedure Codes (CPCs)

Goods leaving or entering a customs territory are declared for different CPCs or Regimes which are crucial in determination of the trade system

Zambia compiles IMTS using the General trade system

Statement of the problem

The Congolese 'Refined Copper' and 'Cobalt oxides and hydroxides' are normally intended to pass through Zambia on transit to other destinations. However, just a share (5 to 10 %) of it is recorded to be passing through Zambia via direct transit, a high share is imported into bonded warehouses, and later on these goods are exported out of Zambia. This created challenges in establishing accurate national foreign trade statistics as materials that are supposed to be transiting are also captured as part of the imports and exports of the country. Further, this affected Zambia's BOP as even a case where a product imported is later exported, the DR Congo valuation was about 30% to 50% higher than the LME and Zambian prices used to value the same product.

Fact finding mission TORs

A fact finding mission was conducted by CSO, ZRA and MVCMP, below were some of the TORs;-

- **Review the customs procedures used**
- **Ascertain the true ownership of the goods**
- **Analyze warehousing, if the warehouses handle Zambian Minerals.**

Fact finding mission Outcomes

- Transportation and Logistics Companies represent the various owners of the goods who are not in Zambia for purposes of transportation and warehousing as they wait for the instructions on where to export the minerals
- Agents appear on the customs declaration as importer/ exporter for administrative purposes
- These transactions appeared in our trade statistics as a consequence of the CPC's 7180 (warehousing after R.I.B), 7100 (Direct warehousing), 1071 (direct export after warehousing) they are using
- All the Minerals exported from warehouses (CPC = 1071) originated from DR Congo

Recommendations

Based on the facts established a number of recommendations were made, below are some of recommendations relating to compilation of trade statistics;-

- **Zambia being a Trade HUB for DR Congo minerals, Customs Services Division should explore unique CPC to cater for bonding transit goods to address the misrepresentation of national statistics that the practice had caused.**

- **The Mineral Transactions between Zambia and DR Congo undergo validations by CSO to eliminate the minerals intended for transit**

Thank You