

### Interview With the Honourable Dr Dixon Chongo, Former President of the Chamber of Customs Brokers of Mozambique

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#### 1. Please describe your experience in customs, taking into account your professional experience with the Mozambican Customs

**R:** As a trained lawyer and customs broker, I have been working as a customs broker since 2002, and since 2003 under the use of a professional card. Before that, I have been working as a customs broker's assistant since 1998. I have acquired experience in the customs area in connection with the customs offices over these years, and it was a learning experience even at the Institute during training. I also saw a little bit of the process that customs used, which was later transformed with the entry of Crown Agent, and the change to the customs in-house system.

Back then, we used the teams system and for many years this system was used. Today, a customs clearance process in Mozambique could be complete in more or less twenty-one days. A few years ago, we started using the Single Electronic Window for a company called MCNet. The Single Electronic Window is a spectacular process. It has greatly improved the life of economic agents, since it is possible to clear goods in less than twenty-four hours. So we are saying that we go from around twenty-one days to less than twenty-four hours to clear goods.

#### 2. What are the major challenges Mozambican customs authorities face today in terms of international trade in the context of the COVID-19 (Coronavirus) pandemic?

**R:** I think that the great challenges Mozambique customs authorities face at this time of the COVID 19 pandemic is the process of adapting people to new procedural changes. In terms of the system, Mozambique has an adequate system that allows for the so-called 'Less Paper', as to use of as little paper as possible in customs procedures. So, it is possible to submit the declarations, have the authorization and clear the goods without the need for many persons to be physically involved in the customs terminals.

However, we have another huge constraint, which is that many people fail to accept the new change. So, the problem in Mozambique is not a legal problem, or a problem of procedures, but it is a problem of people who do not accept the new way of customs procedures and who do not accept that they don't need to have the customs officials to solve the problem and the customs officer does not need to see the agent. The Mozambican system allows this, and it does it very well, since we can just communicate through the system. Now, we have this challenge that is for people to adapt to the new reality and the new normal of the paperless customs procedures.

#### 3. What expectations does Mozambique have within the framework of the Southern African Development Community (SADC) regional integration process and possible changes in the VAT (Value-added Tax) settlement process out of the customs offices scope?

**R:** The integration process of the SADC region, from which Mozambique is a part, still needs to be consolidated. It is necessary that the Member States continue to work in order to benefit from the gains that countries can have. There is no doubt that huge gains will be made, but the countries are probably not yet aware of this integration process. So, there is still a great amount of work to be done, and it needs to be accelerated. We see that the great challenge that Mozambique has is in fact the elimination of non-tariff barriers in the customs clearance process and also of tariff barriers. Although tariff barriers' elimination are already in an advanced stage in the sense that customs duties have already been removed, they continue to apply in the region. Further, specific VAT excise tax must be levied according to the VAT in each of the countries. But, we believe that in the process of integration the major difficulty is at a higher level of perception of the Member States about the advantages that regional integration brings.

#### Notes

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**4. What are the real and practical effects that can arise from the implementation of the Single Electronic Window in the course of activity of the Mozambican Customs Brokers?**

**R:** The impact of the Single Electronic Window is extremely positive for customs brokers as for anyone connecting with the customs clearance process. As I said earlier, the Single Electronic Window in Mozambique works very well. A customs clearance process, which took about twenty-one days before, now take place in less than twenty-four hours. So, it's a big advantage for customs brokers, and now with the COVID 19 pandemic, people don't have to go to customs to advance the process. They interact directly with Customs within the system and the system works flexibly and operationally. We all believe the process is functional.

**5. How do special customs procedures work in Mozambique's commercial and customs policy, particularly concerning the granting of customs and tax advantages applicable to the import of raw materials and components for the processing and manufacture of goods that are subsequently exported (inward processing)?**

**R:** Special customs procedures have brought great advantages and have shown that they actually serve as an incentive for both national and foreign investment. Mozambique is currently developing projects that encourage the application of special procedures such as the creation of special free zones where raw materials enter and final goods are produced for consumption in the Mozambican territory or for export.

Companies have found great advantages of these procedures with the exemptions and permissions given under the law, in the context of temporary admissions, re-exportations, re-importations. Taking into account that Mozambique is not a producer of raw materials for the industry, we notice that, for the production to be industrial or agricultural, the application of special procedures is used for temporary importation, temporary exportation, entries in warehouses. This facilitates the manufacturing process, leading above all to the reduction of storage costs or other costs in the supply chain. So, I think it is praiseworthy the way in which Mozambique has dealt with the special procedures in the territory.

**6. How do you qualify the institutional relationship between the Mozambican Customs Authorities and the Chamber of Customs Brokers, and what role can the latter play in defining the customs and international trade policies in Mozambique?**

**R:** The relationship between the Chamber of Customs Brokers of Mozambique and the Custom Authority is very good. We are partners in the Mozambican customs administration. We work together at all times when it comes to the customs administration, the development of international trade, the reduction of clearance time, and the improvement of all the systems that the Mozambican Customs administration uses. We are consulted in any

review of legal instruments that affect the lives of brokers and that affect international trade. We have made our contributions since the creation of the Chamber of Customs Brokers and there is respect from the administration of the Mozambican Customs administration for the brokers. So, I feel satisfied as a Customs Broker with the relationship between the Chamber and the Customs Administration of Mozambique.

**7. Where does the Chamber of Customs Brokers stand concerning the recent recommendation from the World Bank to conduct international trade without the function of Customs Broker in Mozambique?**

**R:** I think that the Chamber of Customs Brokers has a position that is firm and it is not the chamber's objection to apply this principle, which is a recommendation of the World Bank as well as the World Trade Organization. But, this recommendation leads us to reflect on why it is necessary to look at the characteristics and specificities of each country. Mozambique has its own specificity. At the moment, it uses a single electronic window system that requires the user to be registered and was designed with the customs broker in this perspective. Mozambique has a very vulnerable legal weakness that can actually endanger sovereignty issues such as the issue of forgery of documents and the lack of a unique citizen identification number. This leads to people being able to assign themselves certain numbers and use them to make declarations. Then, these declarations are used to import goods that can endanger public health in the national territory. So, there are aspects that must be observed in the national territory, closing all these loopholes. Then, we can move towards the application of non-mandatory use of customs brokers. It is not because there is discontent on the part of customs brokers. But, I believe that it is really a decision for the country to decide, taking into account public health and the issue of sovereignty.

Today, with the number of customs brokers that exist in the national territory, and taking into account the fragility of documents that the country has, it is possible to identify all those involved in the process that are within the single electronic window of clearance. When we allow anyone to make their declaration with massive entry and with the opening of Mozambique, I don't know if we would have the capacity to control.

**8. The significant effort that Mozambican Customs has been making in recent years with regard to the implementation of new information and communication technologies is well known. What relevant projects does it have in the coming years to pursue this objective?**

**R:** Mozambique has developed several projects to improve the system and the customs clearance process in Mozambique in the context of international trade. As I said, the issue of the single electronic window was a huge step forward, since it reduced clearance time. There are also new projects that Mozambique is developing in this perspective with an issue of electronic storage, goods in

transit, and fuel marking. Due to its geographical location, Mozambique has to think a lot about traffic. It passes a lot of fuel through the national territory to the hinterland countries, and Mozambique has developed electronic platforms that help to minimize revenue losses from freight paths through this type of transport based on electronic control such as electronic storage and the fuel marking process. So, I believe that they are innovative projects and Mozambique has progressed very positively in this process.

**9. Do you consider that post-clearance audits may become increasingly important in customs controls, replacing traditional documentary and physical inspections? What plans does the Mozambican Customs Authorities have in this area?**

**R:** The audit after the unloading of the goods has been an attitude that Mozambique has been developing in a positive way lately, and it has been shown to be effectively safe. It has been shown as one of the ways to reduce the loss of revenue. It has also been proved positively for economic agents as a way of reducing time and cost in the clearance process, because people are able to get the goods in time and then the subsequent procedures follow. This is also connected with the process of the authorized economic operator. So, we believe that Mozambique is currently doing positively in the customs area, acting in the best way to ensure that the process of doing business in Mozambican territory is affected less and less by the customs clearance process. I believe the audit of customs clearance, be it normal or post-clearance control, is one of the best we can find in our region.

**10. What is the impact, in percentage, resulting from the collection of customs duties and other charges due for the importation of goods in the context of the total of tax revenues collected annually by Mozambican Customs? What expectations do you have regarding the evolution of this percentage in the coming years (tendency to increase or decrease)?**

**R:** It is difficult for me to speak about percentages concerning collection of duties, since these are data controlled by the Mozambican Customs Administration.

As a customs agent and former president of the Chamber of Customs Brokers, I have to state that, at the beginning of the customs reform process, we had greater revenue from external taxes with the de-bureaucratization and the reforms made by the Mozambican Customs Tax administration. Today, we notice clearly that the external taxes that Mozambique collects become inferior to the internal taxes. So, it means that there is greater opening for people to enter the national territory with various tax exemptions or benefits and then pay internal taxes where

the state manages to collect revenue. So, we can notice that gradually the amount charged in terms of external taxes is reducing and giving way to the collection of internal taxes which grows remarkably and brings development and economic growth to the country in an accelerated way. For me, this is extremely positive, creating good incentives for investors to enter and then charging them with internal taxes afterwards.

**11. How do you assess Mozambique's participation in the World Trade Organization and also in the World Customs Organization, as a full member of those two entities?**

**R:** Regarding the role of Mozambique in international organizations such as the World Trade Organization and the World Customs Organization, there has been no effective participation by our country. We are often without permanent staff in these organizations, and this has led sometimes to a lot late arrival of information in our territory. Mozambique needs to take advantage of this opportunity to occupy these places and invite officials who make decisions in these organizations. It is a huge dream to see a Mozambican official in the leadership of these organizations, and in addition to the leadership, in the effective contribution of these processes. We have already had leadership in these organizations in the rotating positions, but not in terms of careers within these institutions. So, I think the country is still not taking this opportunity properly, allowing Mozambican officials to work at these institutions, making their careers, creating mechanisms for involvement within the institution, taking ownership of these processes. This would help Mozambique to recognize that by career a Mozambican can reach high levels position in these organizations and contribute to international trade as well as to customs worldwide.

**12. What impact and to what extent can the African continent benefit from the recent election of Dr Ngozi Okonjo-Iweala as Secretary General of the World Trade Organization?**

**R:** The election of Dr Ngozi Okonjo-Iweala is a source of inspiration for Africans, especially for African women. The doctor becomes a source of inspiration for all of us in Africa. International organizations that for many years were known as institutions from the West or with the objective to facilitate the West have space for Africans, have space for African women and we all have the opportunity to get a space to make a career in these institutions and contribute to the development of international trade or customs around the world. So, it becomes above all, and beyond the respect for her competence, an inspiring factor for Africans, especially for African women.