

## Supporting the Policy Environment for Economic Development (SPEED+)

### Mozambique Accelerates Trade with Authorized Economic Operator Program

The Authorized Economic Operator (AEO) program is an integral part of the global trading system, allowing qualified companies to greatly reduce the time and costs required to import, export or transit goods. SPEED+ has supported Mozambique Customs to increase participation in the AEO program by 75%, moving millions of dollars of goods in and out of Mozambique's ports more efficiently. Reducing time and costs for imports and exports makes Mozambique's products more competitive internationally, brings products to Mozambican consumers more affordably, and increases the attractiveness of Mozambique's ports as regional transit points.



GUILLERMO MACHADO, EXPORT TRADING GROUP

*“Being an AEO is good for us because it helps reduce our costs and we save a lot of time. In Nacala, for example, we now seal our containers inside our warehouses under intensive supervision by Customs. We wait for the ship to arrive then we send the containers to the port, and we avoid demurrage charges. Before, the containers had to wait in the port with the product, incurring demurrage charges of \$62 plus VAT per container, per day. Imagine if we have one thousand containers, this is a lot of money. Now that we are an AEO, in 15 or 20 minutes we can get all documentation cleared by Customs, which previously took 48 to 72 hours”.*

COUNTRY HEAD, EXPORT TRADING GROUP  
GUILLERMO MACHADO

AEOs enjoy accelerated electronic Customs clearance, fewer inspections and paperwork, and top priority in the timing and location for required physical searches. Customs also benefits since their limited inspection capacity can be better targeted at cargo of unknown and potentially unsafe operators. The Authorized Economic Operators program is part of Mozambique's participation in the World Trade Organization (WTO) Trade Facilitation Agreement (TFA) and the World Customs Organization (WCO).

Mozambique established its AEO program in 2009, and the first company (Fermentos de Moçambique) was certified in 2012. This first AEO reported a drastic reduction in clearance time at the border, from 2-3 weeks to just a matter of days! Despite this early success, by 2017 there were only 8 active certified AEOs. SPEED+, as part of support for TFA implementation, conducted the study *Increasing AEOs in Mozambique* which identifies the reasons for low participation. A key problem was limited awareness and understanding of the program among the potential private sector beneficiaries and within Customs itself. Companies were not aware of the remarkable benefits of certification, and most Customs staff, not directly involved in the program, were unprepared to answer questions or to promote AEO participation.

Over the next two years, SPEED+ and Customs created and implemented a clear, practical and feasible Roadmap to Increase Participation in the AEO Program. A Business Breakfast for the existing AEOs, accompanied by their customs clearance agents, provided a forum for them to discuss their experiences and generate recommendations to improve the program. SPEED+ then supported regional training workshops which brought together 110 Customs staff from all 11 provinces and 69 business

participants to better understand the AEO program benefits and certification process. The Authorized Economic Operators Manual created by SPEED+ was printed and distributed at each of the

workshops. SPEED+ and Customs also generated wide media dissemination of information about the program, and the Customs Director General clearly publicized Mozambique’s commitment to expanding the AEO program.



DIRECTOR GENERAL OF CUSTOMS ALLY MALÁ AT AEO PROMOTION WORKSHOP

*We want to see an increase in the number of Authorized Economic Operators in order to facilitate trade and thereby improve the business environment. We also urge entrepreneurs to apply for AEO status in order to enjoy the inherent benefits, including preferential treatment at borders and ports, as soon as possible”*

DIRECTOR GENERAL OF CUSTOMS  
ALLY MALÁ

Today, through SPEED+ support for Customs and collaboration with the private sector, there has been a 75% increase in the AEO program in Mozambique. Six more firms have become fully certified AEOs, bringing the total to 14. Two more firms are pursuing certification in 2019.

In addition to the reduced paperwork, time and expense of clearing goods, the participating companies have found that the AEO program brings other indirect benefits. Successful applicants must present a satisfactory customs and tax compliance record; full traceability in commercial and transport records and systems; proven financial solvency; and satisfactory security and safety systems. By improving their systems to qualify for AEO certification, businesses can also reduce thefts and losses, improve planning, deliver better customer service and gain greater customer loyalty, streamline inter-departmental processes and cooperation, improve relations with Customs and other government authorities, and attain recognition as a secure

and sound business partner domestically, regionally and worldwide.

The table below shows the impressive growth in participation in the AEO program in Mozambique. The improved knowledge and increased enthusiasm for the program within Customs and the successful promotion of AEO benefits among the private sector will ensure that this growth trajectory will be long-lasting.

**Table 1: Authorized Economic Operators Companies in Mozambique**

#	Company	Date Certificate was issued	Location
1	<b>Fermentos de Moçambique</b>	23/10/2014	Matola
2	<b>Terra Mar Nacala, Lda.</b>	2014	Nacala
3	<b>Woolworths Moçambique L</b>	2015	Maputo
4	<b>Higest Moçambique, Lda.</b>	29/01/2015	Machava
5	<b>Cervejas de Moçambique</b>	18/02/2015	Maputo
6	<b>Merec Industries</b>	29/06/2015	Machava
7	<b>Companhia do Sena</b>	10/03/2015	Sofala
8	<b>Sunera Cimentos, Lda.</b>	2016	Maputo
9	<b>Export Marketing Company,</b>	31/01/2018	Nacala
10	<b>Cimentos de Moçambique</b>	2018	Machava
11	<b>Moçambique Terra Mar</b>	2018	Maputo
12	<b>Korosho Moçambique, Lda</b>	Certificado/2019	Nacala

13	<b>Tropigália</b>	Renovado/2019	Maputo
14	<b>Agro Processors &amp; Exporters Limitada</b>	Certificado2019	Nacala

Source: General Directorate of Customs, June 2019