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## **ISSUES RELATED TO NON-TARIFF MEASURES APPLIED TO IMPORTS OF ECO-FRIENDLY VEHICLES IN MADAGASCAR**

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### **ABSTRACT**

The Trade Facilitation Agreement (TFA) and the Resilience and Sustainability Facility (RSF) require, among other things, the reduction of customs formalities and tax reform relating to energy and environmentally friendly vehicles. The question arises as to the measures applied to such vehicles in Madagascar. Analysed on the basis of non-tariff measures implemented between 2015 and 2025, the situation remains uncertain as there has been an increase in the time required for customs clearance of new environmentally friendly vehicles compared to the time required for combustion engine vehicles. Thus, the discussion suggests, among other things, strengthening risk management and improving interoperability between customs and other information systems related to vehicle customs clearance in order to implement the energy transition.

**KEYWORDS:** eco-friendly vehicles, non-tariff measures, customs clearance, risk management

### **INTRODUCTION**

In a context of increasingly complex trade relations, the member countries of the World Trade Organisation (WTO), through the Trade Facilitation Agreement (TFA), are committed to implementing simpler, more transparent customs procedures with a view to reducing delays and costs at borders. On the other hand, according to Montagnat-Rentier and Bremeersch, the role of customs in protecting the environment could expand considerably with the implementation of climate change initiatives (IMF, 2022). In this regard, green public policy and energy transition require differentiated treatment of polluting and environmentally friendly goods. Given the widespread use of clean vehicles (Birhanu et al, 2024), the question arises as to how they should be treated at entry, given that Madagascar's customs authorities have set a specific objective of 'protecting the environment and combating climate change'. In addition, WTO

member countries intend to reduce as much as possible trade restrictions, customs and administrative procedures that could constitute barriers or non-tariff measures (WTO, 2012). Furthermore, procedures affect the volume of trade (Mkimer-Bengeloune, 2013) in the same way as ordinary customs duties (WTO, 2021). It therefore seems legitimate to question the usefulness of additional procedures, given the existence of mechanisms already in place, such as risk management and ex-post controls, to combat customs fraud. Alternatively, if the customs administration implements several import procedures, how would they relate to or be consistent with the strategic objectives set, on the one hand, and with commitments under international agreements, on the other? In some cases, the UNCTAD study points out that, unlike customs duties, which are published regularly, the application of non-tariff measures is often opaque.

In the same vein, Azcárraga and Juan add that multiple physical inspections do not guarantee better results; they could lead to increased customs clearance times and costs (IMF, 2022). Therefore, if customs authorities want to protect the environment, what advantages should they offer to clean vehicles? This article therefore seeks to understand and characterise the customs clearance formalities applied to environmentally friendly vehicles in Madagascar. The hypothesis is that, unlike combustion engine vehicles, specific procedures are granted to environmentally friendly vehicles in order to speed up their customs clearance. As Birhanu and *al*, underscored, *the available information is limited to identifying critical challenges that require attention to ensure a reasonable decarbonization of passenger vehicle transport in the sub-saharian region* (Birhanu and *al*, 2024).

## METHODOLOGIES

By definition, non-tariff measures (NTMs) are policy measures other than ordinary customs tariffs that can have an economic effect on international trade in goods by altering trade volumes and prices. These include quantitative measures, sanitary and non-sanitary measures, and technical barriers to trade (UNCTAD, 2021). However, customs procedures and administrative practices also constitute NTMs as they affect the flow of goods and the cost of imports.

It is on the basis of the best practices and recommendations of the World Customs Organisation (WCO) through the Revised Kyoto Convention (RKC), on the one hand, and commitments to the World Trade Organisation (WTO) through the Trade Facilitation Agreement (TFA), on the other, that customs authorities are attempting to reduce and facilitate import procedures.

In addition, the study focuses on customs' ambition to promote energy transition through the 'green customs' project. This implies better treatment for clean goods, including environmentally friendly vehicles in this case. The analyses tend to highlight the implementation of best practices, compliance with

commitments and the reality experienced by importers.

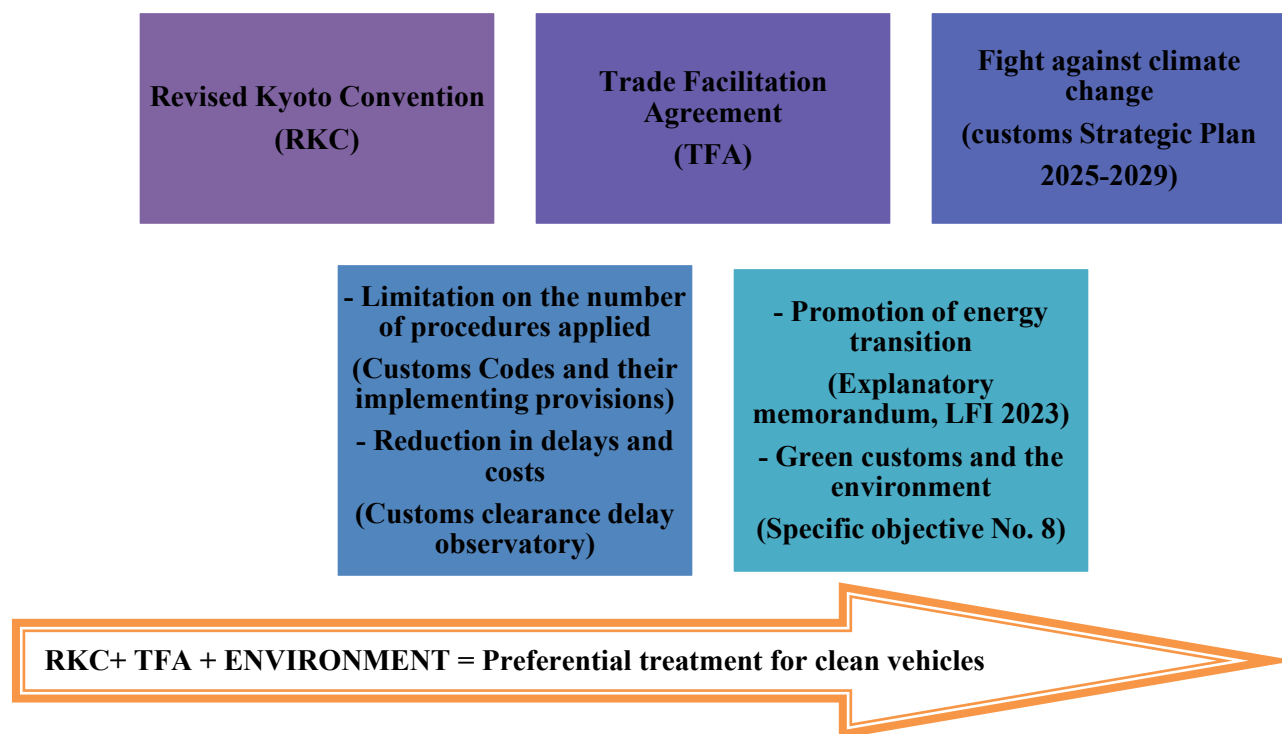


Figure 1 : Octroi d'un traitement spécifique aux véhicules propres

More specifically, the study seeks to verify the difference in treatment between combustion engine vehicles and eco-friendly vehicles, i.e. the advantage that customs offer to importers of these vehicles. In order to encourage the use of electric vehicles, it is necessary to implement electric mobility assistance programmes (Ousaci and Vailles, 2025) such as eco-bonuses, social leasing, premiums and subsidies, according to the literature.

In this study, **combustion engine vehicles** refer to vehicles that run on fossil fuels such as petrol and diesel. **Eco-friendly vehicles** include (i) vehicles that are equipped solely with an electric motor for propulsion and (ii) hybrid vehicles, which are equipped with two engines. Hybrid vehicles combine two energy sources, namely a petrol engine plus an electric motor or a diesel engine plus an electric motor (Madagascar customs tariffs according to the initial 2025 finance law). In environmental terms, hybrid vehicles produce fewer carbon dioxide (CO<sub>2</sub>) emissions than other conventional vehicles (ADEME, 2018).

### *Qualitative analysis of current legislation*

The qualitative analysis focuses primarily on import taxation, which encompasses customs legislation and regulations as well as the formalities and procedures applicable to both the import and export of goods (Lux, 2002).

For the purposes of this study, the legislative and regulatory texts governing mainly the importation of vehicles were reviewed, namely:

- Revised Kyoto Convention of the World Customs Organisation (WCO) on the simplification and harmonisation of customs procedures and schemes,
- World Trade Organisation (WTO) Agreement on Trade Facilitation,
- Agreement on Implementation of Article VII of GATT 1994 on Customs Valuation (WTO, 2005),
- Customs Code and its implementing texts (TEXDOU, 2015)
- Customs tariff updated from 2020 to 2025.
- Decree 8426/2007 of 4 June 2007 setting the fees charged by Gasynet<sup>1</sup> for operations subject to regulatory customs declarations at a computerised customs office.
- Decision No. 01/MFB/SG/DGD of 23 March 2007 establishing and validating the Cargo Tracking Form (Public Notice No. 173/MFB/SG/DGD of 26 March 2007)
- Note No. 306/MEFB/SG/DGD of 21 June 2006 on the implementation of identification checks on imported used vehicles (CIVIO)
- Public Notice No. 082- 2025 MEF/SG/DGD/DLV/STDA of 8 May 2025 setting out the terms and conditions for the application of the exemption from duties and taxes for new electric cars and motorcycles, hybrid cars and hybrid motorcycles, in accordance with the Initial Finance Act 2023.

The Customs Code and its implementing provisions describe the formalities and procedures, while the customs tariff is part of the World Customs Organisation (WCO) Harmonised System nomenclature, which includes the tariff classification of goods and the applicable rates or quotas of duties and taxes. From 2015 onwards, new tariff subheadings relating to hybrid and electric vehicles were included in the customs tariff. It should be noted that vehicles fall under Chapter 87 of the customs tariff.

### ***Quantitative analysis of processing times***

The quantitative data includes data collected by the Customs Administration's Statistics and Research Department. In particular, it covers customs clearance times from the customs clearance time observatory. In addition, there is data published on the website of the Directorate-General of Customs ([www.douanes.mg](http://www.douanes.mg)) and data from the Gasynet company and the National Institute of Statistics (INSTAT). For clarification, unlike the release time, which includes the time between the arrival of the ship or aircraft and the final exit of the goods from the port or airport, the customs clearance time includes the time between the registration of the customs declaration (DAU) and the recording of the exit in these systems.

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<sup>1</sup> A private company that supports Madagascar's customs authorities in their efforts to modernise and digitise procedures.

At the time of writing, declarations are recorded in the ASYCUDA Word (automated customs system), while departures are recorded in the Tradenet<sup>2</sup> system. For our research, we took the case of the Toamasina customs office<sup>3</sup>, whereby the majority of customs operations in Madagascar are carried out.

## RESULTS

Unlike new combustion engine vehicles, environmentally friendly vehicles and motorcycles receive special treatment at customs clearance, while used environmentally friendly vehicles and motorcycles follow the same formalities as used combustion engine vehicles and motorcycles.

However, the ‘special treatment’ reserved for environmentally friendly vehicles entails additional costs and longer processing times. These factors are generally inconsistent with the specific objectives outlined in the customs strategic plan and are not fully in line with its commitments<sup>4</sup> to the WTO.

### *1. Formalities and procedures required for customs clearance of vehicles*

The importation of vehicles into Madagascar is subject to a series of formalities laid down in the legislation in force. In addition, customs formalities prior to the filing of the goods declaration include all operations to be carried out by the importer and customs from the moment the goods are brought into the customs territory until they are placed under a customs procedure (Specific Annex A, Chapter 1 of the CKR).

In this regard, in order to proceed with the actual customs clearance of a vehicle, importers are required to follow the usual procedures, such as obtaining a cargo tracking slip<sup>5</sup> (BSC), completing the formalities for the ‘Identification Control of Imported Used Vehicles’ (CIVIO) before submitting the Single Administrative Document (SAD).

#### **1.1. Requirement to obtain an ‘acceptable’ BSC**

As part of the control process, importers are required to provide customs with relevant information about goods destined for Madagascar. As of 1 April 2007, each shipment must be covered by a Cargo Tracking Note (BSC). To this end, a BSC is created on the website (<https://bscmg.sgs.com>) using a username and access code. Once the BSC has been created, the exporter is required to provide and upload to the platform

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<sup>2</sup> TradeNet is the electronic Single Window system in Madagascar, operated by GasyNet, that digitizes and centralizes import/export procedures, including customs declarations, cargo tracking (BSC), and electronic payments.

<sup>3</sup> 75 to 80% of national maritime traffic passes through this main port in Madagascar, and around 80% of customs revenue is collected at the customs offices located there.

<sup>4</sup> Madagascar Customs is a full member of the National Trade Facilitation Committee (NTFC)

<sup>5</sup> Internet system developed by GasyNet to put in place a mandatory loading certificate required for all sea and air shipments destined for the country, enforced since 2007 to improve security, trade compliance, and cargo tracking. It must be acquired by shippers or freight forwarders at least three to five days before vessel arrival.

the commercial invoice justifying the purchase, the packing list detailing the goods and packaging, the transport letter specifying the mode of transport, and the export customs declaration.

It is the responsibility of Gasynet agents to examine and validate the BSC by granting it 'acceptable' status. It is on the basis of this status that the subsequent customs clearance formalities can be carried out.

## **I.2. CIVIO formalities, prerequisites for customs clearance of used vehicles**

The introduction of used electric cars and motorcycles, on the one hand, and used hybrid cars and motorcycles, on the other, is subject to CIVIO formalities.

Specifically for vehicles, customs clearance is subject to three different formalities depending on the condition and use of these vehicles.

As provided for in Memorandum No. 306/MEFB/SG/DGD of 21 June 2006, the importation of used passenger cars in categories B, C, D and E is subject to CIVIO. Normally, type B corresponds to a versatile city car, type C to a compact car, type D to a family car, and type E to a large saloon or luxury saloon.

However, the Service Note provides for a few exceptions and, as a result, vehicles imported under the two Vienna Conventions on Diplomatic and Consular Relations, category A motorcycles and mopeds, and category F vehicles intended for disabled persons are excluded from these formalities.

For CIVIO, the authorised customs agent, also known as a 'freight forwarder', submits the CIVIO verification request on the MIDAC platform of the Gasynet company, together with the required documents (vehicle registration document, bill of lading, certificate of transfer, NIF<sup>6</sup>/STAT<sup>7</sup>). In turn, Gasynet carries out a physical verification of the vehicles covered by the request.

Based on the results of the inspection, the value is set according to market prices, in line with the Argus<sup>8</sup> car price guide. For this purpose, vehicles over 8 years old are considered to be 8 years old, regardless of mileage or condition, when determining their value. The Admissibility Inspection Report (RIR) is issued in practice 3 days after the physical identification of the vehicle, upon payment of a contribution to the CIVIO programme of 40 euros for category B and 70 euros for other categories. It is on the basis of an

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<sup>6</sup> Local tax identification number issued by Domestic tax authority

<sup>7</sup> The STAT card (or statistical number) in Madagascar is an official document issued by INSTAT (National Institute of Statistics) that uniquely identifies any company, association, or economic operator.

<sup>8</sup> Cote Argus is a major, trusted reference for evaluating the trade-in or resale value of used vehicles. It is used by professionals, insurers, and private individuals to estimate a vehicle's price based on criteria such as year, mileage, and general condition...

RIR issued by Gasynet, and not the amount stated on the bill of sale, that the applicable duties and taxes are calculated. This process has been the subject of much criticism and negative comments from importers regarding the cost and complexity of the procedures.

### **I.3. Special treatment of used vehicles**

Used vehicles and motorcycles imported in commercial quantities require a procedure to be followed prior to customs clearance. A request must be sent to the Value and Origin Department of the Customs Directorate. This request must be accompanied by the documents provided by the freight forwarder, such as the vehicle registration document, the invoice, the bill of lading, the cargo tracking slip and the technical data sheet or manufacturer's certificate showing the year in which the vehicle was first put into service. The Department determines the value based on its databases, taking into account international market prices and market research results.

This new value replaces the value on the invoice for these vehicles and constitutes a FOB<sup>9</sup> (Free on Board) value used at the time of customs clearance.

### **I.4. Declarative system**

The declarative<sup>10</sup> system applies to taxation at the border in Madagascar. As a result, both imported and exported goods must be declared in detail (Article 84 of the Customs Code). It is therefore the responsibility of taxpayers, i.e. importers or exporters, to provide all the necessary and sufficient information to enable the Customs Administration to carry out verification or control of the goods (Article 118 of the said code) before the clearance of duties and taxes (Article 119). The declaration<sup>11</sup> is made through an authorised customs agent (Article 89 et seq.).

Then, payment or guarantee of duties and taxes determines the release of goods from customs in accordance with the provisions of Articles 122 to 126 of the Customs Code. Furthermore, with the implementation of the single window system, the payment of duties and taxes is made through a bank, and the goods are only allowed to leave the port once all other costs incurred by the importation of the goods have been paid in full. These charges include the IT fees provided for in Order 8426/2007 of 4 June 2007, the fees charged by the Maritime and River Port Authority, municipal fees and other landing or handling charges. In computerised customs offices, exit is managed via the Tradenet<sup>12</sup> platform (single

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<sup>9</sup> Free on board refers to the value of goods excluding transport costs.

<sup>10</sup> Meaning it is in charge of importers and exporters to inform the customs administration about their goods ; as counterpart, the customs officers shall conduct the controls needed.

<sup>11</sup> Thanks to the modernisation, online submissions are made through the web-based system called SYDONIA (ASYCUDA in English) or the computerised customs system operated by UNCTAD.

<sup>12</sup> Tradenet is an electronic platform that facilitates data exchange and allows all import and export formalities to be completed.

electronic window).



In practice, the declarant can obtain the electronic exit voucher as long as all the signals are green: customs verification completed, payment of duties done, taxes and other charges made, voucher to be issued by the company obtained.

**II. Immediate customs clearance for new combustion engine vehicles**

Customs clearance for new vehicles imported by authorised dealers is much more advantageous for importers as it is relatively simple and less costly. This is because it is carried out directly at the relevant customs office. To this end, no prior formalities such as CIVIO or an application to the Value Service are required for the introduction of new fossil-powered vehicles. It should be noted that new eco-friendly vehicles were able to benefit from this facilitation before the adoption of the 2023 Finance Act. On average, a vehicle could leave the port on the day the declaration is filed and, at the latest, within four days of filing.

Apart from that, the transaction<sup>13</sup> value provided for in the GATT Agreement applies at the time of filing the customs declaration. This value is based on the price actually paid or payable by the importer (Articles 23 and 24 of the Customs Code).

**Table 1: Estimated time required for customs clearance of new combustion engine vehicles**

	Maritime Company	Gasynet	Customs	Customs	BANK	PORT
	manifest	BSC	SAD lodging	checking	payment	EXIT
<b>NEW INTERNAL COMBUSTION ENGINE VEHICLE</b>	<b>0,001 day</b>	<b>1 to 3 days</b>	<b>0,8 day</b>	<b>0,88 day</b>	<b>0,1 day</b>	<b>0,2 day</b>
						

<sup>13</sup> More favourable to importers

	1 to 3,001 days	1,98 days
<b>Elapsed time</b>	1 to 4,981 days	

### III. *Specific formalities for new environmentally friendly vehicles*

As of the 2023 Finance Act, the importation of new electric cars and motorcycles, hybrid cars and hybrid motorcycles is subject to specific formalities.

#### III.1. **Importation subject to the production of a certificate of conformity**

A public notice<sup>14</sup> dated 14 March 2023 sets out the terms and conditions for applying the exemption from duties and taxes for new electric cars and motorcycles, hybrid cars and motorcycles, in accordance with the initial 2023 Finance Act (Act No. 2022-015 of 22 December 2022).

##### III.1.1. **For direct consumption**

Under the tariff law (2023), a certificate of compliance is required in order to benefit from the tax advantages reserved for environmentally friendly vehicles. When importing vehicles or motorcycles for direct consumption<sup>15</sup>, the formalities are carried out in two stages.

First, obtaining the certificate is conditional on applying for certification from Gasynet through the MIDAC system, on the one hand, and on the physical inspection of the vehicles or motorcycles, on the other. The physical inspection focuses mainly on the characteristics of the engine, the energy storage system and the drive system. The certificate is then issued after the importer has paid an inspection fee of between €35 and €80 per unit.

Motorcycles and tricycles are subject to 35 euros per unit; 50 euros for vehicles with a gross vehicle weight rating (GVWR) of 3,500 kg or less, and 80 euros for vehicles with a GVWR of more than 3,500 kg.

##### III.1.2. **As for rolling stock authorised in private warehouses**

In cases where vehicles or motorcycles are dismantled, unassembled and containerised by dealers and are currently intended for storage, i.e. under the IM7<sup>16</sup> customs regime, the certificate of conformity is

<sup>14</sup> Public Notice No. 188-2023/MEF/SG/DGD of 14 March 2023

<sup>15</sup> Direct release for consumption, known in customs jargon as IM4, is a customs procedure applicable to goods that go immediately onto the market without going through any other procedure (such as storage (IM7) or temporary admission (IM5)).

<sup>16</sup> IM7 is a customs warehouse scheme entitled for goods which need storage before going to consumption (IM4).

required when these goods leave this customs regime. This means that when filing the IM7 declaration, the declarant is required to indicate that these are electric or hybrid vehicles or motorcycles. However, the certificate application and inspection by Gasynet will take place when the declaration of discharge under the IM4 customs regime is filed and even before the declaration is cleared by the verifying inspector.

**III.2. A new requirement from 8 May 2025**

An additional formality managed by a new structure will result in longer processing times for applications relating to the import of hybrid vehicles.

**III.2.1. New formality managed by a new structure**

A new public notice emphasises the differentiation between hybrid systems: full hybrid, plug-in hybrid and mild hybrid (see Table 2).

Thus, mild hybrid vehicles equipped with a mild hybrid or micro-hybrid system<sup>17</sup> cannot be classified under the tariff headings for environmentally friendly vehicles. To this end, the Directorate-General of Customs has implemented a new procedure<sup>18</sup> and a structure enabling it to ensure the effective application of the provisions of the 2023 Finance Act.

**Table 2: Classification of vehicles according to energy sources**

Type	Energy	Tariff heading description	NEW REQUIREMENTS
THERMAL	Petrol	vehicles, only with spark ignition piston engines	NOTHING
	Diesel	vehicles, only with compression ignition piston engines	NOTHING
ECO-FRIENDLY	100% electric	vehicles equipped solely with an electric motor for propulsion	NOTHING
		vehicles equipped with both a spark-ignition piston engine and an electric motor for propulsion	<b>Question on :</b> <b>Mild hybrid</b>

<sup>17</sup> In practical terms, there are two types of hybrid vehicles: mild hybrid cars, which use the combustion engine at all times, and full hybrid cars, which can run in 100% electric mode

<sup>18</sup> Public notice no. 082-2025 MEF/SG/DGD/DLV/STDA of 8 May 2025

	Hybrid	vehicles equipped with both a compression ignition piston engine for propulsion	or	<b>Full hybrid</b>
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To this end, in addition to the formalities described in the public notice of 14 March 2023, an advance ruling request for new hybrid electric cars and motorcycles will be created in May 2025, preceded by a request<sup>19</sup> to open an ‘AR’ module (an acronym for advance ruling, in the customs Sydonia Word system). Thus, the Service in charge of tariffs and advance rulings is responsible. Subsequently, a new structure was established, composed of several members from different departments, which is responsible for examining the requests received by the Department and then granting the appropriate tariff classification in accordance with the general interpretative rules of the World Customs Organisation's Harmonised System. The purpose of this structure is to specify the ‘national tariff subheading’, which excludes light hybrid vehicles from the tariff headings for environmentally friendly vehicles, both ‘electric-only vehicles’ and ‘vehicles equipped with both a combustion engine and an electric motor’. This means that light hybrid vehicles are to be classified under the tariff headings for combustion engine vehicles.

**III.2.2. Extension of file processing times**

In view of the above, customs clearance will take place after the formalities have been completed with Gasynet and the Customs Tariff and Advance Rulings Department (STDA) (see Table 3). In procedural terms, Gasynet issues a visit certificate attesting to the consistency between the documents provided and the physical characteristics of the vehicles observed during the inspection, subject to the inspection fees.

In turn, the STDA, with a report validated by the Director General of Customs, transmits the advance ruling via the advanced ruling or ‘DA’ module<sup>20</sup> to the customs office for the purposes of clearing the declaration.

**Table 3: Steps required for customs clearance of new environmentally friendly vehicles**

	Gasynet	Gasynet	Customs headquarter	Customs bureau	Customs bureau	Bank	Port
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<sup>19</sup> Please send by email to cellule\_da@douanes.mg

<sup>20</sup> Decision No. 080-2025/MEF/SG/DGD of 8 May 2025 establishing the forms and conditions for applying the advance ruling mechanism

	BSC	CIVIO	STDA	SCANNING	checking	payment	EXIT
<b>NEW ECO VEHICLE</b>	X	X	X	X	X	X	X
<b>NEW COMBUSTION VEHICLE</b>	X			X	X	X	X
<b>USED COMBUSTION VEHICLE</b>	X	X		X	X	X	X
<b>USED ECO VEHICLE</b>	X	X		X	X	X	X

### III.3. Eco-friendly vehicles treated as high risks goods

In addition to the treatments mentioned above, environmentally friendly vehicles are subject to risk management carried out by the Intelligence and Risk Analysis Service (SRAR) and selectivity at the SYDONIA level, which indicates the level of control<sup>21</sup> to be undertaken. The results are the subject of risk messages to be taken into account by inspectors during clearance. Vehicles must then be scanned in accordance with the 100% smart scanning policy. The images produced by the scanner are also stored in the system for inspection purposes. After scanning, vehicles are transferred to the storage area for inspection and verification by customs inspectors.

In short, the exit of an environmentally friendly vehicle from the port is subject to the completion of various steps, as is the case for other high-risk goods, such as (i) risk analysis conducted by the SRAR, (ii) scanning, (iii) notification from Gasynt in the CIVIO, (iv) the advance decision by customs in the 'DA' module, (v) verification by the inspector, evidenced by the 'Certificate of Inspection' in SYDONIA, and (vi) payment of duties and taxes at a commercial bank. The exit permit is issued automatically in the Tradenet platform once all charges incurred by the vehicles (port fees, municipal fees, unloading and handling charges, etc.) have been paid.

### III.4. Procedure excluded from PAD

<sup>21</sup> Selectivity leads to two or three circuits depending on dynamic risk criteria; the circuit indicated determines the degree of risk inherent in the goods. The red channel means that the goods are high risk and require physical verification before the declaration can be cleared; the yellow channel corresponds to a documentary verification and the green channel indicates a very low level of risk.

The simplification and facilitation provided for in the ‘Accelerated Customs Clearance Procedure<sup>22</sup> mechanism (PAD) allows authorised importers to immediately dispose of their goods without going through the various stages of border control. This saves importers a considerable amount of time and makes the process much easier for them. But it does not apply to environmentally friendly vehicles. The fact of not granting this procedure to importers of less polluting vehicles implies, in a way, an opaque energy transition policy.

### III.5. Additional delays caused by new requirements

Discussions with the department in charge of processing certificate of conformity applications revealed a certain delay between the online submission of the application in the MIDAC system, the inspection carried out by Gasynet and the review by the STDA, and finally the electronic transmission of the final decision via MIDAC. However, the processing of files by these two departments (Gasynet and the STDA) inevitably adds an additional **2 to 10 days** (see Table 4). These figures show that, in the end, the total delay at the port of customs clearance is between 3 and 14 days.

**Table 4: Estimated additional time required for customs clearance of new environmentally friendly vehicles**

	Maritime Company	Gasynet	Gasynet	Customs headquarter	Customs	Customs	BANK	PORT	
	Manifest	BSC	CIVIO	STDA	SAD lodging	checking	PAYMENT	EXIT	
<b>NEW ECO-FRIENDLY VEHICLE</b>	<b>0,001 day</b>	<b>1 to 3 days</b>	<b>1 to 3 days</b>	<b>1 to 7 days</b>	<b>0,8 day</b>	<b>0,88 day</b>	<b>0,1 day</b>	<b>0,2 day</b>	
			<b>2 to 10 additional days</b>						
	<b>3 to 13.001 days</b>					<b>1,98 days</b>			
	<b>Pre-clearance formalities</b>					<b>Customs clearance formalities</b>			

<sup>22</sup> Decision [N°05-MEF/SG/DGD du 22 septembre 2020](#)

<b>Elapsed time</b>	<b>3 to 14, 981 days</b>	

## DISCUSSION

On the one hand, Madagascar is a net importer of vehicles. It has produced only two brands, ‘Karenjy’ and ‘Mazana’, which are in circulation in the Republic, but in insignificant numbers (around a few dozen only). On the other hand, customs is expected to contribute between 45 and 47% of budget revenue. It is undeniable that the Customs Administration operates in a context of uncertainty and change. However, the various combined efforts to implement risk management and trade facilitation seem to have been nullified, and importers may ultimately not be able to benefit from the facilities provided for by the instruments in place, as also mentioned by Taglioni and Kee (2025). Furthermore, while the strategic plan<sup>23</sup> (SP 2025-2029) expresses the customs authority's desire to promote sustainable development (SO 8) and plans to transform controls using technology and strengthen intervention procedures (Strategic Objective 2 of the SP), the practices and measures taken have had the opposite effect, resulting in **cumbersome procedures**.

### *The attempt at fraud inherent in the ‘mild hybrid’ tariff shift, the basis for a lengthy procedure*

Reconciling two sometimes contradictory interests such as ‘control and facilitation’ does not seem obvious for an administration whose primary mission is fiscal. According to the World Customs Organisation<sup>24</sup>, *‘Attempting to strike a balance between intervention and facilitation is sometimes seen as a “zero-sum game”, where any increase in one area would necessarily mean a decrease in the other.’*

In fact, customs authorities assign two distinct tariff classifications for hybrid vehicles (see Table 2), separating ‘mild hybrids’ from ‘full hybrids. According to customs authorities, the former falls under a tariff classification reserved for combustion engine vehicles, while the latter is considered to be electric vehicles. As a result, customs authorities continue to face the challenge of countering potential attempts to misrepresent the type of vehicle, as 100% electric vehicles are subject to very favourable duty and tax rates, which is a source of enthusiasm for unscrupulous importers.

In this regard, physical inspection has become the best method and the last line of defence for customs

<sup>23</sup> The Madagascar Customs Strategic Plan 2025-2029 aims to modernize, secure, and facilitate trade by positioning the Customs authority as a central, innovative, and transparent actor. It focuses on enhancing revenue mobilization, fostering legitimate trade, protecting the economy...

<sup>24</sup> WCO Risk Management Compendium

inspectors to detect possible fraud. In this case, the Administration believes that the more physical inspections there are, the better the results. However, Azcárraga and Juan insist that '*At the heart of this problem are various misconceptions and assumptions about risk management that undermine an integrated approach to this function*' (IMF, 2023). According to these authors, physical inspections may not yield better results. This could justify the longer customs clearance times for new eco-friendly vehicles compared to combustion engine vehicles (see Tables 2 and 4). Hence the use of best practices and risk management to better prevent false declarations.

### ***A challenge to the risk management process and best practices***

The legal framework governing '*goods verification*' is sufficiently clear. It generally corresponds to the requirements of international standards and best practices of the World Customs Organisation (Montagnat-Rentier and Parents, 2012). Indeed, Article 107 of the Customs Code highlights at least two main pillars of goods verification, namely (i) the results of risk management<sup>25</sup> and (ii) post-clearance control<sup>26</sup>.

Firstly, since the implementation of risk management<sup>27</sup>, the famous '*customs officers' intuition*'<sup>28</sup> (Mouchette, 2022) should no longer have a place when inspecting goods. To this end, various tools have been implemented by customs, such as the Selectivity module in the ASYCUDA Word system, targeting and deployment of risk messages at the Risk Intelligence and Analysis Service (SRAR) for front-line inspectors at customs offices or for agents of the Value and Origin Service. Recently, Madagascar's customs authorities have implemented platforms developed by UNCTAD, namely ASYHUB for cargo manifest processing and ASYRISK for a modern approach to risk management.

Similarly, risk management is being modernised through the Enhanced Risk Analysis (ERA) mechanism developed with Korean customs and the Generative Artificial Intelligence project with the IMF for automatic image analysis (RESNET) and the support of the Value Service in the context of customs valuation.

Then, in May 2025, a Centre of Excellence for Data and Artificial Intelligence<sup>29</sup> was established to improve data analysis and, in particular, the fight against fraud. This is in line with the recommendations

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<sup>25</sup> Article 46, paragraphs 4 and 5, of the Customs Code

<sup>26</sup> Article 53 of the Customs Code

<sup>27</sup> Chapter 6 of the General Annex, standards 6.3 to 6.5 of the CKR. For Madagascar Customs, this mechanism has received various forms of technical assistance from the International Monetary Fund, through Afritac South.

<sup>28</sup> Verification of goods based solely on the intuition or experience of customs officers.

<sup>29</sup> DECISION No. 05-2025/MEF/SG/DGD of 8 May 2025 establishing a Centre of Excellence for Data and Artificial Intelligence.

of the World Customs Organisation (Cantens, 2023). In addition, Matsudaira and Koh point out that the use of artificial intelligence also improves the selectivity and targeting of freight through predictive analysis and automatic classification of vehicle HS numbers (IMF, 2022).

It should also be noted that customs, in collaboration with the World Bank, uses mirror statistics (Chalendard et al, 2016), which also enable it to detect anomalies and possible import fraud. Finally, performance contracts remain a major project within this public administration (Raballand et al, 2017) in order to mobilise revenue and strengthen the fight against fraud.

Therefore, in cases where customs advocates innovative strategies and a proactive risk management culture, it seems legitimate to question the continued usefulness of physical inspections in light of these various risk management tools and mechanisms and the fight against fraud, already stated.

In any case, post-clearance checks are part of the day-to-day activities of the Anti-Fraud Department, which aims to carry out ‘second curtain checks’ on goods that were not checked when they passed through the port as part of trade facilitation. Consequently, in order to shorten customs clearance times, customs could carry out any checks it deems necessary after goods have left the port.

In short, there is an urgent and pressing need to review the approach and methods of customs controls in Madagascar, otherwise the risk management policy will remain unclear.

### ***Contribution to the economic policy of energy transition and customs ambitions partially undermined by non-tariff measures***

On the one hand, customs advocate the implementation of the TFA and the CKR (see Figure 1) because facilitation contributes significantly to explaining the volume of trade (Mkimer-Bengeloune, 2013). The TFA was concluded by the members of the World Trade Organisation (WTO) at the Bali Ministerial Conference in December 2013. Madagascar ratified it<sup>30</sup> on 20 June 2016 and it entered into force on 22 February 2017.

The explanatory memorandum to the Act clearly states that ‘The WTO Trade Facilitation Agreement aims to simplify not only the documentation required for customs clearance of goods, but also the simplified procedures applied by customs agencies’ (Act 2015-033 of 08.12.15). Thus, of the 36 measures notified to the WTO, a few were in category A, i.e., already effective in Madagascar at the time of ratification. The rest remain in categories B and C, whose implementation requires either a transition period or a transition

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<sup>30</sup> Law No. 2015-033 of 8 December 2015 authorising Madagascar to ratify the World Trade Organisation (WTO) Agreement on Trade Facilitation.

period with technical assistance and capacity building.

In this regard, the NTFC<sup>31</sup>, established by Decree 2016-1343, highlighted in its 2023 report that nearly 36% of the measures had been implemented<sup>32</sup>, while it plans to undertake the entire package of commitments made between 2028 and 2035.

However, the new measures contained in the two public notices of 14 March 2023 and 8 May 2025 could have effects that run counter to the energy transition policy. The literature emphasises that cumbersome procedures are more costly<sup>33</sup> than customs duties (Henn & McDonald, 2011 and WTO, 2012). The competitiveness and well-being of importers are affected by non-tariff measures (Taglioni and Kee, 2025). Importers suffer from relatively long delays<sup>34</sup> in completing formalities with Gasynet and at the customs office in Antaninarenina. Discussions with the customs department responsible for processing requests for decisions revealed importers' concerns and dissatisfaction with the time taken to obtain decisions.

Although the costs of these measures are not analysed, waiting times are included in the statistics of the Customs Clearance Time Observatory<sup>35</sup> (ODD). For the year 2024, 193,500 declarations were recorded in ASYCUDA Word. With regard to maritime offices, the Directorate-General of Customs has set itself a target of two calendar days for the release of goods at the port; However, only 20 to 30% of declarations were processed within two days, 47% of declarations were released within seven days of the arrival of the ships, with an average delay per stage of 12.3 calendar days and a median delay per stage of 7.4 calendar days. It should be noted that this delay is not specific to vehicles but applies to all imported goods without distinction.

From the above, the customs authority's ambition<sup>36</sup> (PS 2025-2029) regarding customs clearance times is not really justified or is not very realistic. As Chalendar et al. (2016) have stated, customs controls increase customs clearance times by around two days in Madagascar. These factors exacerbate the deficiencies in port and transport infrastructure. They therefore increase the costs of trade (Montagnat and Parents, 2012). It is also the case in France during the research conducted by Isis Durrmeyer and *al*, (2024) by saying that « Studies of events relating to the penalty system (malus system) in France show that sales

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<sup>31</sup> National Trade Facilitation Committee, with the Ministry of Trade and Customs acting as secretariat.

<sup>32</sup> Multi-year Expert Meeting on Transport, Trade Logistics and Trade Facilitation, 10th session, UNCTAD, 17 to 19 July 2023

<sup>33</sup> Henn & McDonald (2011) state that customs duties have caused trade to fall by 5%, while non-tariff barriers have caused it to fall by around 7%.

<sup>34</sup> Between 5 days and two weeks, according to information gathered from the STDA, as the Committee meets every Monday.

<sup>35</sup> <https://www.douanes.gov.mg/statistiques-et-bilan/>

<sup>36</sup> Time release 3 days; customs clearance time: yellow 3 hours and red 8 hours and 30% control efficiency

react strongly to this measure, regardless of the model used ».

### ***Improving interoperability between customs and other border information systems***

In the context of implementing the information technologies recommended by international standards (RKC), it is worth considering cooperation between customs and the private sector with a view to removing new requirements on the one hand and securing customs revenue on the other. It is in line with this approach that Nagy and Duchesneau propose blockchain technology for multi-purpose transactions (IMF, 2022). In addition to inspections carried out by both Gasynet and customs at the port of Toamasina, vehicles undergo mandatory checks before registration. As a result, information relating to vehicles at the time of customs clearance is also required by other public services such as the Customs Anti-Fraud Service, the Registration Centre (CIM) and INSTAT. Such information should be consistent, otherwise these various checks lose their usefulness and merely constitute an unjustified penalty for importers, according to Azcárraga and Juan (IMF, 2022).

In this regard, with this technology, the recorded data could be shared with public bodies and economic operators (e.g. the Association of Motor Vehicle Dealers in Madagascar, GCAM) using a distributed register secured by cryptography. This could generate feedback that could be of interest to each entity in the context of their respective missions: possible infringements to be noted by customs.

Moreover, cooperation with the tax authorities is strongly desired for the mobilisation of revenue (Montagnat-Rentier and Parents, 2012).

### **CONCLUSION**

The situation remains uncertain in Madagascar, as they say: with the right hand he gives, with the left he takes away. The measures implemented are not particularly consistent. As a result, the government's desire to move forward is not sufficiently supported in relation to the energy transition, particularly the promotion of environmentally friendly vehicles. While customs fraud is the reason for strengthening non-tariff measures, these measures have become barriers to trade as the rationale for granting tariff measures has gradually faded. Additional delays are added to the time allowed for customs clearance. Thus, the hypothesis of this study is partially refuted because the dynamics of importers are hampered by the still demanding formalities. This finding would be partially in contrast of some improvements underscored by the national Committee in charge of trade facilitation. So, in terms of prospects, an in-depth study should be conducted to explain the impact of these customs measures on the behaviour of importers.

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