

GUIDELINES FOR EXPORTERS PARTICIPATING IN PHASE 2 OF THE ELECTRONIC MONITORING AND MATCHING OF EXPORTS (EME) PILOT PROJECT (FORMERLY F178 PILOT PROJECT)

1. **Introduction**

The South African Reserve Bank (SARB) is in a position to match the physical flow of goods (exports) out of the country with the flow of funds (export proceeds or receipts) into the country resulting from these exports. The SARB receives data from the South African Revenue Service (Customs) regarding all exports out of the country and the SARB receives reports from banks when these exports proceeds flow back into the country. The SARB uses a unique number to link the physical export of goods with the receipt of payment for these exports. This unique number must be used when goods are cleared through Customs and exactly the same number must be used when receiving payment for these goods via the banking system. It therefore follows that the correct and accurate use of these unique numbers is critical to the electronic matching of exports with receipts.

There are two kinds of unique numbers that can be used to tie up physical exports with the receipt of payments for these exports. The one is called the **Export Control Number (ECN)** and the other is called the **Unique Consignment Reference (UCR)** number. This document explains the composition and features of both unique numbers and provides guidelines with regards to the use of these numbers to match exports electronically. An exporter can only use **one** unique number (either ECN or UCR) to tie up his exports with the receipt of payments. Each exporter must decide which unique number will be used within his business to link his exports with the receipt of payments. Once an exporter has decided which number will be used for a particular export consignment, that number must be used for both Customs purposes as well as for banking purposes.

2. **The Export Control Number (ECN)**

- 2.1 The ECN is generated by Customs and is used for Customs purposes.
- 2.2 It can be read off the Customs Release Notification (CRN) document and the Bill of Entry Exports (DA 550) after processing by Customs.
- 2.3 It is available to the exporter only post-clearance, i.e., only after goods have been cleared through Customs. It is thus not suitable to use this number for matching purposes when receiving advance payments for exports as it is not available to pass on to the bank at the time of receiving advance payments.
- 2.4 It can be used for exports done on credit terms and when exports are not too complex.
- 2.5 The ECN number is made up of the following three parts:
 - 2.5.1 The first part is the final date in the YYYYMMDD format and consists of 8 digits, e.g., 20051129.

- 2.5.2 The second part is the Customs district office through which goods and export documentation have been processed. This part consists of 3 digits, e.g., PTA.
- 2.5.3 The third part is the final number allocated to the DA 550 by Customs. It consists of 7 digits, e.g., 0002566.
- 2.5.4 The three parts combined in a final date, district office and final number order make up the ECN. The ECN is unique per DA 550 and consists of 18 digits, e.g., 20051129PTA0002566.
- 2.6 The ECN field is alpha-numeric and must not contain any special characters, such as spaces, hyphens, forward or backward slashes. Therefore, exporters must not use special characters when passing on the ECN number to their banks.

3. **The Unique Consignment Reference (“UCR”) number**

- 3.1 The exporter is responsible for the UCR number and the exporter (or his agent) must generate a different UCR number for each export consignment.
- 3.2 Each export consignment must have a different UCR number with a consignment being identified as ‘the total number of items specified in the commercial contract between the supplier and the customer and transported in a single or multiple shipments’ within a calendar month. Therefore, a UCR is unique for each export consignment.
- 3.3 The UCR number is made up as follows:
 - 3.3.1 It has a minimum length of 12 and a maximum length of 21 characters.
 - 3.3.2 The first character is reserved for the last digit of the calendar year in which the exports took place. For example, if the exports took place in 2004, the first character will be reflected as a 4.
 - 3.3.3 The next 2 characters will be reserved for the UNLCODE/SWIFT country code of the country from where the exports originated. These 2 characters may be defaulted to ‘ZA’ for export purposes if goods are manufactured in, or sourced from, South Africa.
 - 3.3.4 The next 8 characters will be reserved for the customs client number as allocated to the exporter by Customs. Where the customs client number, for example, consists of only five digits, such as 11111, the 8 character requirement must be made up by placing three zero (0’s) in front of the number 11111.
 - 3.3.5 The last 10 characters must reflect the unique reference number of the document generated by the company that will link the export proceeds to the export consignment. This number may be an invoice number, consignment number, purchase order number, etc., and must be

between 1 and 10 characters in length. (Exporters are strongly advised to study the 21 character UCR number which has been developed to address the difficulties associated with bulk payments and the like. The use of the 21 character UCR number will require an alternative format for the UCR number from the 12th character onwards, i.e., for the fourth part).

3.3.6 The UCR field is alpha-numeric and must not contain any special characters, such as spaces, hyphens, forward or backward slashes. Therefore, exporters or their agents must not use special characters when creating a UCR number.

3.4 While the exporter may use his forwarding, freight or shipping agent to complete the UCR number on the DA 550, it is the responsibility of the exporter to ensure that the UCR number, in all its aspects, is correct and the exporter is ultimately responsible for the correctness of the UCR number.

4. **The SARB-related information on the DA 550**

4.1 The DA 550 was amended in 2003 to include in the top right hand corner four additional fields that are required to be completed by exporters for the purposes of Exchange Control Regulations, 1961.

4.2 The four additional fields are UCR, 'Trans Value', 'Adv Payment' and Credit Terms.

4.3 Completion of the UCR field is compulsory. Each exporter or his agent must generate a UCR number for each export consignment, which must be completed in this field.

4.4 'Transaction Value' or 'Trans Value' field is compulsory. It means the full foreign currency proceeds paid or payable in terms of a particular export consignment.

4.4.1 This value must be completed in the first space next to the 'Trans Value' field.

4.4.2 The currency code must also be completed in the second space next to the 'Trans Value' field and means the SWIFT currency code applicable to the foreign currency proceeds paid or payable to the exporter.

4.5 The 'Adv Payment' field must be completed. Please note that exporters are required to complete in this field the details of the bank through which the export proceeds will be received. The name of this field will be amended to "Receiving bank" in the Single Administration Document (SAD) to be introduced by Customs later in 2006.

4.5.1 The approved shortened name of the bank receiving the export proceeds must be completed in the first space next to the 'Adv Payment' field.

4.5.2 The bank code (or AD code) of the receiving bank must also be completed in the second space next to the “Adv Payment’ field.

Note: The approved shortened name of the bank and its AD code is provided in a separate document also available on this website.

4.6 The ‘Credit Terms’ field is compulsory. It refers to the period between the date of shipment and the anticipated date for the receipt of outstanding payments.

4.6.1 The exporter must specify the number of days between the date of shipment and the anticipated date for the receipt of outstanding payments.

4.6.2 This field is three digits and the credit terms may be from 001 (i.e., one day) to 180 (i.e., 180 days).

4.6.3 In this regard, we may mention that where no credit terms are applicable or goods have been paid for in advance, the letters ‘ADV’ or ‘000’ must be indicated in the ‘Credit Terms’ field. Furthermore, if goods are exported on a NEP basis, then the letters ‘NEP’ must be completed in this space.

4.7 The example used to complete the four fields below assumes that the exporter sent an export consignment abroad with a transaction value of R12 million in January 2004 and that his customs client number is 11111 and that he uses his invoice number 222 as his link. His UCR number in this instance will be 4ZA00011111222. In addition, the example assumes a fixed exchange rate of \$1 = R6 and that the overseas client had paid \$1 million dollars (R6 million) in advance resulting in a remaining amount of R6 million (\$1million) still being owed to the SA exporter for which credit terms of 90 days have been granted. The credit terms for the above transaction must be indicated for the balance owing. However, if the entire transaction amount was paid for in advance, then ‘ADV’ must be completed in the ‘Credit Terms’ field.

For Exporter / Agent Use		
UCR	4ZA00011111222	
Trans Value	12,000,000.00	ZAR
Adv Payments	ABSA	042
Credit Terms	090	

5. Advance payments

- 5.1 Where the exporter receives advance payments in respect of a particular consignment and a UCR number has already been generated at the time of the receipt of such advance payments, the UCR number in question must be supplied to the bank through which the funds will be received.
- 5.2 Where an exporter receives advance payments, the exporter must ensure that exactly the same UCR number used for the receipt of export proceeds via the bank is used on the DA550 Bill of Entry Exports when the goods are exported.
- 5.2 Where the exporter receives advance payments in respect of a particular consignment and a UCR number has not been generated and there is no reference number or document against which to generate a UCR number, the exporter is strongly encouraged to use the 21 character UCR number.

6. The 21 character UCR number

- 6.1 The 21 character UCR was developed for complex export arrangements, such as advance payments, bulk payments and where there are no export documents against which to generate a UCR. It is made up as follows:
- 6.1.1 The 21 character UCR remains unchanged up to the 11th character, i.e., it consist of the last digit of the year, SWIFT country code plus the exporter's Customs client code. In the example in 4.7 above, the UCR number up to the 11th character will remain unchanged - 4ZA00011111.
- 6.1.2 The exporter must create a client number or customer code for its overseas customer that is 6 digits in length. This code is inserted from the 12th to the 17th digits of the UCR number. An example of such a code is **KNN040**. The UCR number will thus be **4ZA00011111KNN040** up to the 17th digit.
- 6.1.3 The exporter must use the next digit, the 18th character, to indicate the month during which the export will take place by inserting an 'A' for January and a 'B' for February and so on. The UCR number, if the export relates to January, will thus be **4ZA00011111KNN040A** up to the 18th digit.
- 6.1.4 The 19th and 20th characters will be the sequence of the export for the month. The first export to a particular client will be 01 and the second 02, etc. The UCR number for the third export to the client will thus be **4ZA00011111KNN040A03**.
- 6.1.5 If more than 99 exports are made to the same client in January, then 'M' must be used for the 100th export and will be indicated by M00 and the 101st export will be M01. The same numbering convention will apply if exports to the same client exceed 99 in February and the 100th export in this case will be indicted by N00. 'O' will apply to March, 'P' will apply to April and so on. Thus, for the 110th export to the same

client in April, the UCR number will be **4ZA00011111KNN040P10**.

6.1.6 The 21st and last character will indicate whether the export involves an advance payment (indicated with an 'A'), bulk payment (indicated with a 'B') or whether it was a normal payment (indicated with a 'N'). Thus, if the 110th export to the same client in April involves an advance payment, then the UCR will be **4ZA00011111KNN040P10A**.

6.2 Where exporters want to use the 21 character UCR for normal exports and want to do the matching on the usual (i.e., one-ton-one) basis, they must use an 'N' as the last digit. Thus, the UCR number used in 6.1.6 will in this case be changed to read **4ZA00011111KNN040P10N**.

6.3 Exporters must ensure that, whenever they receive advance payments, category 101 must in all instances be marked on the integrated form of the bank through which the funds will be received.

6.4 The bulk payment UCR number with a 'B' at the end has been developed for certain kinds of exports and it may not be used without prior approval from the Exchange Control Department. Exporters will thus have to apply for approval to use this kind of UCR number.

7. **Integrated forms and the reporting systems of banks**

7.1 All banks are required to report export and other relevant foreign exchange related transactions to the SARB.

7.2 These banks use integrated forms to gather the required information of the transactions that will be submitted to the SARB. Some banks use other formats, such as telephonic confirmations, facsimiles, e-mails and other IT programmes to gather the relevant information that will be submitted to the SARB.

7.3 The exporter must ensure that, whenever he receives payments in terms of exports, the correct ECN or UCR number is provided to the bank through which the receipt of such funds are to be reported in the Cross-border Foreign Exchange Transaction ("CBFET") reporting system. i.e., reporting bank.

7.4 Where the exporter receives a bulk payment covering two or more export consignments, the exporter must provide the reporting bank with a breakdown of this payment so that the necessary amounts will be apportioned or allocated to the relevant ECN or UCR numbers.

8. **Part payments and part shipments**

8.1 Where exporters receive part payments in terms of a particular export

consignment, they must always ensure that the relevant ECN or UCR number for that export consignment is submitted to the bank involved in the transaction every time a part payment is received. It remains the responsibility of the exporter to ensure that the total 'Transaction Value' is received within the required period.

- 8.2 Where a consignment is to be exported to the consignee in multiple shipments within a calendar month, the exporter may elect to apply one UCR number to all those shipments. It therefore follows that the same UCR reference number must be stated on all the DA 550s linked to that export consignment. In addition, the full 'Transaction Value' of the entire export consignment must be indicated on each DA 550 used at every stage and not the value of the shipment at each stage.

9. **Trade Finance**

- 9.1 An exporter may make use of approved trade finance facilities. In this regard, the exporter must ensure:

9.1.1 That, where this facility was granted in foreign currency, the relevant ECN or UCR number is quoted upon every draw down, whether in Rand or foreign currency.

9.1.2 That, where this facility was granted in Rand and the export proceeds were ceded to a third party, the party receiving the export proceeds is aware of the relevant ECN or UCR number/s to quote to the AD when receiving such export proceeds.

10. **Multi-party Export Transactions**

- 10.1 In cases where there are two or more parties involved in an export transaction involving one party exporting the goods and another receiving payment for the goods, the parties involved in the export transaction must ensure:

10.1.1 That they decide beforehand what kind of matching number will be used and that they share the information pertaining to the relevant ECN or UCR number;

10.1.2 That the party exporting the goods use a valid UCR number and, where the UCR is used as the matching number, that this same number is provided to the AD by the party receiving the export proceeds;

10.1.3 That where the ECN is used as the matching number, the party receiving payment for the exports must provide the AD with the ECN number of the relevant DA 550;

10.1.4 That, in cases where the export proceeds have been received in advance, the same UCR number/s used for the receipt of the export proceeds is/are also recorded on the DA 550 when exporting the goods.

11. **Audit trail**

10.1 Every exporter must ensure that all export transactions in its accounting system or records are linked to the relevant ECN or UCR number.

10.2 There must in all cases be a clear audit trail between all payments (advance or other) received and a particular export consignment so that the exporter can demonstrate clearly that the full foreign currency proceeds due in terms of each export consignment has been repatriated and/or accounted for.

11. **General**

11.1 Exporters are encouraged not to complicate the electronic monitoring and matching exercise unnecessarily. In this regard, exporters are advised to keep the entire numbering and matching system simple and straight forward so that the electronic matching of exports can, as far as possible, be done on a shipment or one-to-one basis.

11.2 Please address all your queries and comments to your banks and freight agents who, in turn, will forward them to the Exchange Control Department of the SARB, if necessary. Alternatively, these queries may be addressed to the SARB at sarbexports@resbank.co.za.