

Challenges for Eastern and Southern Africa: Trade Facilitation in a Regional Context

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Presentation Outline

- **Definition & Perspectives**
- **Challenges of the TF Environment in ESA**
- **Recent Developments**
- **Lessons Learnt**
- **Conclusion**



Definition & Perspectives

- **Broad definition:** Government regulations and controls including legal framework, efficiency of financial sector, customs, other government agencies, transportation, physical infrastructure, ICT capacity
- **Narrow definition** (a) WTO – clarification of GATT Articles V (transit), VIII (fees and formalities) and X (transparency in rules and regulations) (b) TF as Customs? (c) TF as transport costs? (d) TF as what the other party fails to do?



Broad Definition: UNECA Report 2004

- Transport costs, rail/road conditions, vehicle use + management, road blocks
- Rules and regulations, customs barriers, port facilities, energy, corruption
- ICT, payment mechanisms, international trade standards . . .
- TF in the multilateral framework



“Trade Facilitation needs to be looked at in the broadest possible extent”

Narrow Definition 1: World Trade Organization

- **Article V (Transit):** Exemption from customs duties and other charges, designated transit routes, reduction in delays . . .
- **Article VIII (Fees and Formalities):** Fees for government services, simplified documentation requirements, border agency coordination . . .
- **Article X (Publication and Administration of Trade Regulations):** Publication of laws+ regulations, judicial decisions, admin. rulings; sequencing of publication; PREDICTABILITY, transparency . . .



“In the hands of a negotiator,
TF changes its form. . .”

Narrow Definition 2: Customs as Culprit

Reasons:

- Excessive documentation requirements
- Samples for laboratory analysis
- Tariff Classification and valuation delays
- Outdated Laws + Regulations
- Manual, slow systems
- Incompetent staff
- Corruption . . .



. . . Because Customs is the most visible government agency at the border . . .

Narrow Definition 3: TF as Transport Costs

- There are **31** landlocked countries globally
- In Africa (**15** Africa, **10** ESA): Botswana, Burkina Faso, Burundi, Central African Republic, Chad, Ethiopia, Lesotho, Malawi, Mali, Niger, Rwanda, Swaziland, Uganda, Zambia and Zimbabwe (cf. **2** in EUR, **2** in S/Am.)
- Geography determines our fate: typically, transport costs higher for a landlocked country by 50% than in a coastal country, while trade volumes are 60% lower
- Border delays add up costs . . . Transit transport issues important to landlocked countries



“Landlocked countries likely to be LDC, highly indebted”

So what is trade facilitation about?

- Borders
- Simplification and Harmonization
- Reduction of costs (hard/soft issues)
- More than WTO, Transport, Customs, payment procedures . . .
- . . . Includes role of the private sector



“Sub-Saharan Africa needs TF more than any other region because of our numerous borders, high transport costs, un-developed private sector, (at times) poor government quality”⁸

The TF Environment in ESA

- ESA Borders and Border Operations
- TF institutions (Government, Customs, Other agencies, Private sector)
- Legal Framework for Trade Facilitation
- Recent Developments in TF Environment
- Lessons learnt from TF Reforms



Borders in ESA – Conflicts Locus

- 1963 OAU Charter: respect independence borders
- 1964: border conflicts (Kenya/Somalia; Ethiopia/Somalia)
- Angola: Cabinda enclave (2006 peace agreement)
- Botswana/Namibia: Kwando/Linyanti/Chobe River resolved '03
- D.R.Congo: Rebel fighting in NE region; refugees; LRA rebels in Garamba National Park; indefinite boundary between DRC and Congo Rep. in the Congo River
- Eritrea/Ethiopia: UN monitoring Mission on Temp. Sec. Zone
- Ethiopia/Somalia: non-demarcation; Somaliland's Berbera port provides facilities and trade ties to Ethiopia



Borders in ESA – Conflicts Locus

- Ethiopia/Sudan: Porous boundary in the East (rebels)
- **Malawi/Tanzania: Lake Nyasa boundary undefined**
- Conflict in Zimbabwe: Refugee movements affect Botswana, South Africa

BORDER OPERATIONS: Immigration focuses on people, Customs on goods . . . No Standard Operating Procedures for all the Border Agencies



...Then there's the issue of border facilities

Required Border Facilities – Geneva Convention (1982)

- Facilities enabling joint controls
- **Separation of traffic (preference to holders of TIR carnets, live animals, perishables)**
- Off-lane control areas for random cargo/vehicle checks
- **Appropriate parking and terminal facilities**
- Proper hygiene, social + telecoms. Facilities for drivers
- **Establishment of forwarding agents at border crossings with adequate facilities, offering services to transport operators on a competitive basis**



TF Institutions in ESA

- TF part of government plans but there exist some instability
- Government support for Privatization of infrastructure
- Customs ahead of other TF institutions – focus needs to shift to other border management agencies and the private sector
- Transport Corridor Management Organizations: Northern Corridor, Central Corridor, Dar es Salaam Corridor, Walvis Bay Corridor, Maputo Corridor
- Private Sector Federations in TF (e.g. RPSF in Rwanda)



Legal Framework for TF Reforms

- **International:** Revised Kyoto Convention (1999), Geneva Convention (1982), World Trade Organization
- **Regional:** COMESA, EAC & SADC Treaties; Bilateral/Multilateral Agreements; MOU's on Corridor Management, One Stop Border Posts
- **National:** Customs Laws; border agency cooperation – ref. Geneva Convention 1982



Something Positive: Recent Developments

Customs Reform and Modernization in ESA

- Adoption of ICT (processing, single-window, info exch.)
- Border post infrastructure (e.g. EATTFP, Chirundu, LRG on Mz/SA, Unity Bridge on Ruvuma River on Mz-Tz)
- Time Release Studies: Kenya, Malawi, Mozambique, Tanzania, Zambia
- Revenue-plus approach (includes trade facilitation)
- Enhanced Training (includes p/graduate courses)
- One-Stop Border Posts (e.g. Malaba, Chirundu, LRG)



Some Positive Things: Recent Developments

- Resolved border disputes
- Greater public-private sector cooperation
- Better understanding of the Customs environment (WCO Columbus Program)
- Regional programs (SADC, COMESA, EAC)
- Best Practices e.g. Customs Transit Bond Guarantee Scheme based on TIR procedure



Lessons Learnt

- Multiple borders are a challenge to TF – but this means gains are huge
- TF programs need to be anchored on international best practices (Conventions)
- Reforms can lead to TF reversals (IT without Risk Management approach)
- Trade Facilitation needs to go beyond Customs



Conclusion

- Narrow/Broad definitions: business adopts broad
- Landlocked countries: ESA has largest number
- Many borders/border conflicts
- Poor infrastructure and border facilities – situation is changing with more investments by governments and international financial institutions/bilaterals
- Certain progress – challenges still remain

