



1st COMESA Transporters & Logistics Services Industries Regional Dialogue

Towards improved trade facilitation and reducing the cost of doing Business in the Transport and logistics services industries

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1. Introduction

Transport and logistics services are a critical component of economic development and competitiveness of industries. Industrial performance is wrapped around the movements of products and cargo within the supply chain- from farm level, to firm level, to consumer. The competitiveness of any business lies in time, cost and quality- key elements that determine the ability of today's enterprises to play in the regional and global business arena.

Sub-Saharan Africa faces the highest transport costs in the world, largely related to the nature of our continent as the least integrated- flights of up to 24 hours between East and West Africa, and also given that intra-trade volumes are low. In the Northern Corridor, logistics has reached the level as high as 30-45% of the total costs of imports in terms of cost, insurance and freight inclusive- making it one of the highest transport costs in the world. While the regional integration

agenda seeks to create seamless borders within member states in COMESA, the infrastructure gap in road-rail - maritime, prolonged transit times, numerous roadblocks, inefficiencies in technology, cumbersome administrative procedures are among the many constraints that hamper the process.

While governments have engaged on bilateral bases and through Public Private Partnerships to improve on infrastructure inefficiencies, there is a need to focus on the structuring of strong distribution channels and systems that can improve the time line of products to markets. Today, formally in-house services are being outsourced to logistics providers of transport, warehousing, freight forwarding, quality audits, packing, labelling, sorting, order and inventory management, return, repair, recycling and the like. Trade facilitation is integral in addressing the need for efficient linkages in supply chains.

2. COMESA Transport Services

COMESA global trade in services amounted to US\$ 77 billion, with exports accounting for 54% and imports 46%. Travel and transportation sectors accounted for 74% of the exports and 57% of imports. The transport services covers four dominant modes of transportation; roads, rail, air, and; Ports, maritime and inland waterways. The transportation systems in the COMESA region primarily consist of road and rail; particularly for the landlocked countries. In terms of railway and air, though most countries have rail and air transport systems this is relatively at a limited level besides Kenya and Ethiopia in terms of air transportation. However, transport services are one of the most important in the region; as currently transport and logistics costs are a huge cost and a crucial element on the competitiveness of enterprises in the region.

In terms of trade, transport services exports increased by 9% in 2013, to US million \$16,107,000. Transport sector services export, and account for 44% of the total share of services exports in COMESA.

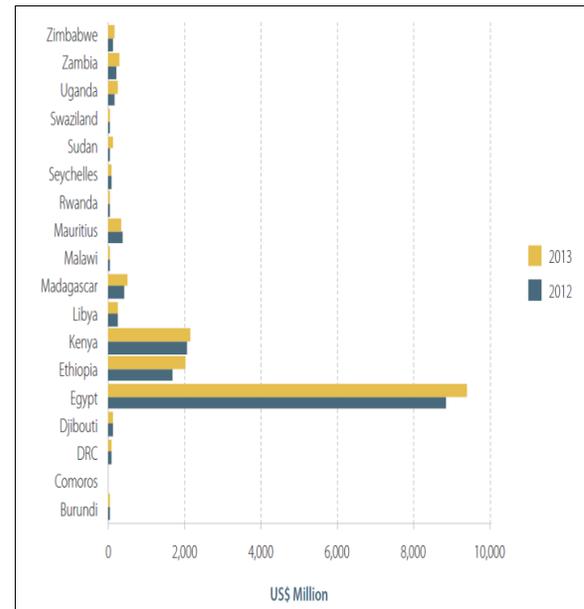
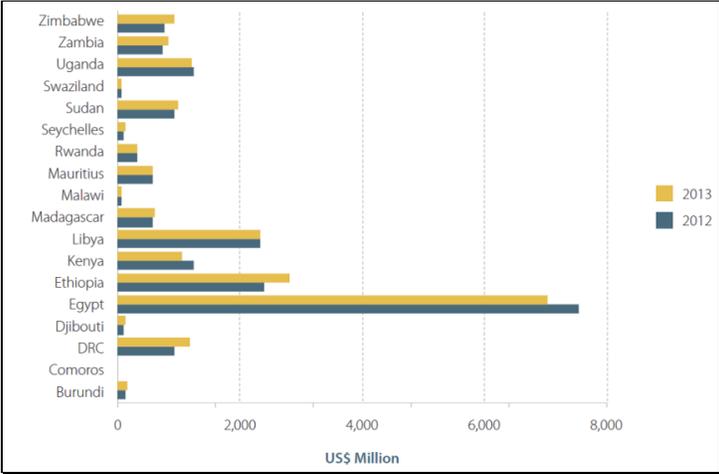


Table 4. Transport Services Exports, Values in US \$ million

In terms of trade, transport services imports accounts for about 49% of the total share of service imports, and in 2013 amounted to US million \$ 20,442,000.

Table 5. Transport Services Imports , Values in US \$ million



Tables from COMESA International Statistics Bulletin No. 13, 2014

3. Key Way of Promoting Transport Services:

a) Transport corridors in Eastern and Southern Africa

Transport corridors are a key focus of trade facilitation in the region. A mapping of today’s corridors highlights the strategic linkages made between countries that are existing or have a potential of being strong trading partners. The corridors are viewed as a solution to the challenge of fragmentation among countries in the region and can provide the much needed facilitation ; particularly for landlocked countries

- **The North–South Corridor** links the Port of Durban with Central Africa and connects with the Dar es Salaam corridor in Tanzania. This is the longest transport corridor currently in development, running through 26 countries.
- **The Central and Northern corridors**, located in East Africa, regionally integrate Kenya, Tanzania and Uganda, leveraging the ports of Dar es Salaam and Mombasa, while the Walvis Bay port connects Namibia to the interior through three transport corridors.
- **The Trans-Kalahari and Trans-Caprivi** connect Namibia with South Africa’s industrial and economic hub, Gauteng, and the Trans-Cunene corridor connects Namibia to Angola.

- **The Djibouti Corridor** links Port of Djibouti to Ethiopia, South Sudan and Sudan. The Corridor services the landlocked countries by facilitating the import and export of goods.
- Further, Mozambique hosts a few corridors, including **the Nacala and Beira corridors**, which connect Mozambique to Malawi and Zambia. The **Maputo corridor** links Mozambique to the largest manufacturing and economic hubs in Southern Africa, coming to an end in the Gauteng province of South Africa. The African vision of the corridors is to transform them into development corridors offering safe, fast and competitive transport and transit services that secure regional trade, stimulates investment, and encourages sustainable development and poverty reduction.

b) Other Trade Facilitaiaon Instruments.

There are various mecahnisms to promote and facilitate transport and logistcis secrives in the region. These include:

- Development of One Stop Border Posts
- Implementation of the transit transport instruments such as axle load limits, vehicle dimension, carrier license, transit plate etc.

- Simplification and Harmonisation of Customs Documents
- Development of Single Window Systems
- Harmonisation of Transport and Logistics Requirements; in particular Vehicle Overload Controls, Road User regulations.

c) Liberalisation of Transport Services.

The liberalisation of transport and logistics services can lead to increased service, competition and reduction of costs. Transport services in most COMESA Member states remained highly regulated with a lot of control from government parastatals. Balanced transport liberalisation frameworks are essential for facilitating the growth of the industry and trade in the region.

4. General Challenges faced by the Transporters and Logistics Service providers in the region?

- i. **Limited information flow** due to unsynchronized interconnectivity of the electronic business systems of the stakeholders involved in the clearance of goods, intermittent network and electronic system downtimes and slow speed of systems (slow migration or mapping of information from one system to another) were identified as a major cause of delays in the clearance of internationally traded goods.
- ii. **Long delays in transit time** due to the following; Non observance of working schedule at some key transits leading to delays in transit time, Weighbridge inefficiencies and poor operations in terms of queues;
- iii. **Multiple documentation and process requirements** including lack of clarity on customs documentation needed to clear goods along the borders;
- iv. **Limited awareness by some users on the Single Customs Territory, ASYCUDA** and other trade facilitation instruments.
- v. **The need to adopt one Electronic Cargo Tracking Systems** for seamless monitoring on
- vi. monitoring of cargo as opposed to having different ones at each point of entry in a country; The separate system is costly to the transporters furthermore; none of the stakeholders involved in the handling and clearance of goods is able to monitor the cargo across borders from origin to destination.
- vii. **Cabotage Rule.** Depending on the transport route, empty trucks upon return to home country, resulting in extra costs.
- viii. **Multiple rules and requirements;** particularly for operators travelling across more than two territories.
- ix. **Other delays in transit time** include, poor road networks, frequent roadblocks by various law enforcements authorities, high number of weighbridges, lengthy customs inspections at international borders, port congestions, monopoly shipping lines that contribute to inefficiency in cargo handling (more than 50% of time spent for a truck to reach its final destination is at the port of entry due to cargo handling)

What has been done so far?

The Permanent Secretariat of the Transit Transport Coordination Authority of the Northern Corridor (NC-TTCA) conducted a survey in October, 2014, named “*Efficient Transport System for Reduction of Time and Cost of Doing Business*” that highlighted the above challenges among many others, and proposed solutions to the challenges presented. Some of the key recommendations made in this survey are as follows;

Port Authorities

- The business systems from the Revenue Authorities should be aligned such that releases can be received from a single platform e.g. Single Window System.

On weighbridges;

- Truck owners should be compelled to produce the drivers who jump bail/skip court summons.

- Agency responsible for providing security for trucks parked at weighbridges should handle compensation of losses at the weighbridges
- Report unbecoming behavior to Transporters Association/Police for action.
- Dedicate customs officers that are supposed to be on call to respond to requests for redistribution/transshipment of cargo at weighbridge stations.
- Standard and regular calibration of weighing scales (static & WIM) be done on a regular and Uniform to all the weighbridges. This is to avoid readings discrepancies

On Transit Cargo Handling

- Interconnect stakeholders; integrate the automated systems of all the stakeholders involved in clearance of fuel at the depot.
- Open offices for work over the weekends.
- The Revenue Authorities should rectify the irregularity in declaration of consignee for fuel which changes ownership when being exported. The declaration of consignee should be based on international best practices and conventions.

On Customs;

- Establish a Regional Stakeholders Platform for exchange of information.
- Deploy more staff to match with the level of activity at the areas where goods are cleared
- Make use of IT system to check whether a consignment of goods which is received at the border station is already entered and facilitate its clearance to proceed on its journey.

- Localize the training of stakeholders in ASYCUDA, SCT.

On Immigrations;

- Explore modalities and interconnect the immigration systems.
- Harmonize the Laissez Passez issued to travelers.
- Immigration should set a time limit for which one is expected to report to the adjoining immigration office after being cleared to exit a country, furthermore, put in place deterrent measures to stem undue delays to report for immigration entry clearance after being granted exit.

On the Electronic Cargo Tracking System

- Implement a Regional Electronic Cargo Tracking System).
- Harmonize the operating costs for the ECTS in the Region

On the Single Customs Territory

- Establish a regional platform for exchange of information among stakeholders involved in the handling and clearance of goods.
- Train and sensitize of stakeholders
- Deploy more staff to match level of activity
- Gradually phase out national bond securities
- Use information in the IT business systems to clear the goods.
- Use phased approach of roll out to involve other Government Agencies.

Further to this, it should be noted that political will in East Africa has set the pace for accelerated efficiency towards trade facilitation in the region. However, progress on the above recommendations among others remains a challenge. In this regard, the Transporters Associations and their members have called for the need to review how various constraints faced are being addressed and how they can support the process at a national and regional level.

The Way Forward; Setting up the COMESA- CBC Transporters Workgroup, presenting a common position of industry to the policy makers at national and regional level

The COMESA Business Council is the regionally recognized business member organization and private sector institution of the COMESA Secretariat.

It has a mandate to facilitate the private sector to advocate and articulate their interests in order to influence ongoing discussions on regulations, policy and other practical interventions that affect the competitiveness of businesses. Within the agenda of promoting trade facilitation and under the formation of a regional services cluster of Transport and logistics services industries in the region, the COMESA Business Council, working hand in hand with the COMESA Secretariat will convene the 1st COMESA Transport and Logistics Services Industries Regional Dialogue, 2015- under the theme- Towards improved trade facilitation and reducing the cost of doing Business in the Transport and logistics services industries.

The dialogue brings together the transporters associations and key stakeholders of the public-private sector to be

- i) sensitized on the ongoing progress made on the trade facilitation agenda along the corridors and on the WTO-TFA
- ii) form common positions of industry that shall be developed into a position brief for further advocacy.

The Associations and their members have been to fill in a questionnaire that will inform the discussions of the meeting.

5. In the Interests of the users- Private Sector.....

The private sector will be presented with the opportunity to engage with various public and private stakeholders on the following;

- Review the progress made in improving trade and transit efficiency along the corridors in Eastern and Southern Africa
- As part of information exchange and advocacy- dialogue directly with drivers of key areas of the logistics chain along the transit corridor- Revenue Authorities, World Customs Organization, the Transit Transport Coordination Authority of the Northern Corridor (NC-TTCA), Freight Forwarders of Southern Africa, Freight Forwarders of Eastern and Southern Africa, Federation of Eastern and Southern Road Transporters Association among others.
- Dialogue with COMESA about the key trade facilitation instruments put in place to improve efficiency and competitiveness along the corridor- ASYCUDA- Single Customs

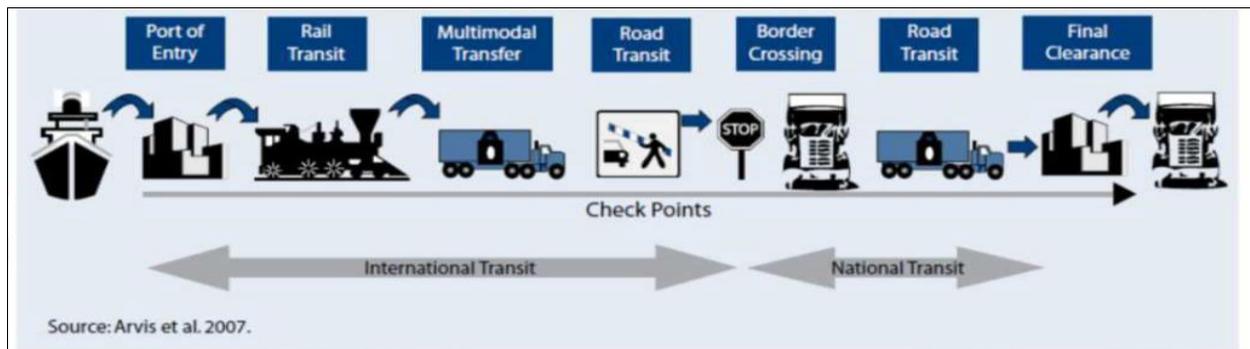
Territory Regime, COMESA –Virtual Transit Cargo Tracking System-CVTS, Regional Cargo Transit Guarantee, among others.

- Practical strategies to be adopted by public-private sector to address impediments to trade in transport;
- Have a regional understanding about the WTO –Trade facilitation Agreement and the specific schedules of commitments to the transport services and their application to business efficiency;
- Developing a common position of the transporters association under the CBC Transporters Workgroup, for further advocacy to the COMESA Policy organs and national policy meetings.

The COMESA- CBC will seek collaborative partnerships with various organizations including the Transit Transport Coordination Authority of the Northern Corridor (NC-TTCA) and the East African Freight Forwarders Association.

6. Stakeholders Vs. Interests

Stakeholder	Main Interests
a. Shippers	<ul style="list-style-type: none"> ▪ Consignment moved from origin to destination in the shortest possible time and at minimum cost ▪ Reduction in shipping costs ▪ Safe transportation and handling
b. Transporters	<ul style="list-style-type: none"> ▪ Reduction in turn round time ▪ Minimization of opportunity cost of tying up the truck on a particular route longer than absolutely necessary
c. Clearing & Forwarding Agencies	<ul style="list-style-type: none"> ▪ Reduction in operating costs ▪ Increased volumes of cargo handled ▪ Fast clearance process ▪ Reduction in cross-border charges ▪ Harmonization of documentation
d. Customs Authorities	<ul style="list-style-type: none"> ▪ Increased customs duty collection ▪ Harmonization of Customs documents ▪ Improved throughput ▪ Promoting overall economic development
e. Port Authorities	<ul style="list-style-type: none"> ▪ Improved cargo throughput ▪ Increased port utilization ▪ Enhancing port competitiveness
f. Road Authorities	<ul style="list-style-type: none"> ▪ Asset preservation through axle load control ▪ Infrastructure cost recovery ▪ Improving road safety
g. Security services	<ul style="list-style-type: none"> ▪ Control of illegal movement ▪ Control of illegal goods and substances ▪ Management of movement of plants and animals
h. Service providers	<ul style="list-style-type: none"> ▪ Increased traffic flows and therefore customers
i. Consumers.	<ul style="list-style-type: none"> ▪ Reduction in cost of goods



7. Who are invited?

- Transporters Associations and transport companies in the region
- Shippers Councils and companies
- Port Authorities
- Freight Forwarding Associations and Agencies and companies in the region
- Logistics Services Providers
- Corridor Management Authorities
- International and Regional Partners- WCO, ITC
- Customs and Clearing agencies

8. How to apply.

Dates for the meeting will be provided. To participate in this meeting, contact CBC. Please note the meeting offers a limited number of seats- on a first come, first serve basis. echingoma@comesa.int , kmadzivanyika@comesa.int info@comesabusinesscouncil.org.

If you have any questions , please don't hesitate to write to – the CBC Coordinator, Ms. Sandra Uwera- suwera@comesa.int