



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
17th-18th September, 2015- Nairobi, Kenya

REPORT



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1. INTRODUCTION

The COMESA Business Council (CBC) convened the 1st COMESA Transporters & Logistics Services Industries Regional Dialogue from the 17th-18th September, 2015 in Nairobi, Kenya. The Dialogue was held under the theme, “Towards improved trade facilitation and reducing the cost of doing Business in the Transport and logistics services industries.”

The objective of the dialogue was to engage key public authorities on private sector positions and recommendations on reducing transport costs to doing business in the region. The Dialogue focused on harmonizing common positions of the businesses in the Transporters and Logistics industry, through core discussions on pertinent issues that are directly and indirectly contributing to the high costs of business along the transport corridors.

The meeting was attended by Sixty (60) participants from Companies and associations, public authorities, COMESA Secretariat, representing 15 countries in the COMESA region. The private sector was composed of businesses such as Freight forwarders, logistics companies, cargo handlers, transporters and truckers. These were among the businesses which participated at the Dialogue. The List of participants is attached to this Report- **Annex 1– List of Participants.**

1.1 Mode of Presentation

The meeting took the format of an “inter-participatory or dialogue” approach, with the discussions structured along the following headline themes and sessions;

- **Session 1:** Transport and Logistics Costs of Doing Business: A Company’s Experience and Perspective.
- **Session 2;** a) COMESA Protocol on Transit and Trade Facilities; Focus on the COMESA Protocol on Transport. b) COMESA Trade Facilitation Program- Understanding the benefits of a Single Customs Territory and other trade facilitation instruments- in improving Integrated efficiency along transit corridors.
- **Session 3:** Transport and Trade Facilitation; Northern Corridor Perspective.
- **Session 4:** Constraints faced by the Private Sector in Transport Services Industry.
- **Session 5:** The Experience of the Private Sector- The Trucking Company’s trip from Point of Entry to Point of Destination
- **Session 6;** Towards Reducing Transport Costs in the region- Goods in Transit a) Focus Area- Constraints to time Efficiency and Additional Costs along the corridors b) Focus Area- Cargo Handling at the Ports.
- **Session 8:** The Role of Customs – The arm of Trade Facilitation
- **Session 9:** The COMESA Virtual Trade Facilitation System- The Regional Electronic Cargo Tracking System

- **Session 10:** Enhancing Trade and Transport Facilitation- Presenting Challenges, Opportunities and Solutions proposed by Freight Forwarders in facilitating transport services in the region
- **Session 11;** Key Recommendations for Reducing the Cost of Doing Business in the Transport and Logistics Services Industries
- **Session 12;** Illicit trade and Security Services. How the Public and Private Sector can Facilitate Control of Illegal Goods and Substances along the Borders.
- **Last Session;** Formation on the Regional Position of the Private Sector. Recommendations to COMESA Policy Organs meeting. b) Understanding the ToRs of the CBC Transporters & Logistics Services (TLS) Workgroup c) Adoption of the workgroup.

This report captures the discussions, key deliberations and recommendations of each of the above said sessions in the Dialogue.

2. OPENING SESSION

a) Opening Remarks - COMESA

Business Council Chief Executive Officer; Ms. Sandra Uwera

In her opening remarks, Ms. Uwera welcomed the delegates to the 1st COMESA Transporters and Logistics Services Dialogue. She began by providing a brief insight on the CBC as a regional Business member organization representing interests of the private sector in 19 COMESA countries.

Ms. Uwera observed that Africa faces the highest transport costs in the world exacerbated by limited development in road, rail and maritime infrastructure thereby affecting the region's competitiveness. She therefore emphasized the objective of the Dialogue to address the various costs that accumulate along the transport corridors, which ultimately affects business process and performance in terms of time, cost and quality.

She implored the importance of stronger collaboration between public and private sector on efforts towards improved transport corridors and urged that the dialogue put forward concrete positions that the CBC can advocate to the policy makers in the region for improved trade facilitation.

In closing she expressed gratitude on behalf of the CBC Board of Directors to the COMESA Secretary General, the government of Kenya and Philips Lighting East Africa, USAID- EA and the Transit Transport Coordination Authority of the Northern Corridor for their support in the event.

**b) Official Statement;
Executive Secretary of
the Northern Corridor
Transit Transport
Coordination Authority
(NCC-TA) - Mr. Donat
Bagula.**

In his address, Mr. Bagula expressed his appreciation to the CBC for organizing the event and for extending an invitation to NCCTA to collaborate with them.

He went on to highlight that trade facilitation is central to doing business and improving trade competitiveness. As such he echoed that trade and transport facilitation is at the forefront of Northern Corridor Transit Agreement. Mr. Bagula further spoke of the various initiatives under the Northern corridor on trade facilitation to include; working with COMESA on piloting some of the key trade facilitation instruments like the Regional Customs Transit Guarantee and Carrier License. He also highlighted some key initiatives by the Authority including; formation of the Public Private Committee, Transport observatory for monitoring corridor performance and periodic stakeholder surveys.

Consequently, he noted that there has been improvement along the Corridor, reduction in transit times, operation of One Stop Border Posts (OSBPs) and various other concreted efforts towards trade and transport facilitation. Some of the key trade facilitation challenges recognized by Mr. Bagula along the corridor to included; poor information exchange, non-implementation of trade facilitation instruments, variations on vehicle load limits.

**c) Official Statement: Dr.
Amany Asfour-
COMESA Business
Council, Chairperson**

In her address, Dr. Amany Afsour spoke on the need to tap into opportunities for linking transport corridors to different production lines and building the capacity of corridor farmers; thereby promoting SME development. She therefore, implored the need to work with businesses to encourage strengthening of the agro-corridors, which is a key part of infrastructure development in the region. She further recalled the importance of curbing illicit trade through trade facilitation and efficient border management along the corridors. In her closing remarks, she appreciated the partnership and support of Philips Lighting East Africa, USAID- EA and the Transit Transport Coordination Authority of the Northern Corridor in the organization of the event.

She reaffirmed the importance of trade facilitation citing how the new Suez Canal in Egypt is an example of development of transport infrastructure to address trade facilitation and linking Asia and Europe to Africa.

Additionally, Dr. Amany Asfour recognized that transport costs in Africa remain extremely high and costly; thereby affecting the productivity and competitiveness of industries. Therefore, she urged the need to address a number of issues ranging from port efficiency, cargo handling as well as cabotage and development of infrastructure.

**d) Official Statement-
COMESA Secretary
General; Mr. Sindiso
Ngwenya**

In his address, Mr. Ngwenya recognized and extended his gratitude to the Government of Kenya and to Mr. Eshiwani for officiating the meeting. He further affirmed the collaboration between COMESA and the Northern Corridor on the implementation of trade and transport facilitation instruments.

Mr. Ngwenya recognized the importance of efficient transport sector and well managed freight logistics systems in facilitating trade and regional integration. He expressed keen interest on issues of trade and transport facilitation also highlighting that it is important to have an understanding of the key constraints directly from the private sector as a key stakeholder in trade and regional integration.

The Secretary General cited some of the key challenges; particularly the non-implementation of COMESA Trade facilitation instruments; Regional Customs Transit Bond, Yellow Card, Carrier License. Furthermore, he cited the COMESA Virtual Trade Facilitation System, an electronic system that ensures, reduction of time loss across borders, efficiency in auto-tracking of cargo, revenue collection, and reduced opportunities for corruption along the corridors as one of such efforts. He urged the private sector to take advantage of some of these instruments and to lobby their governments to fully implement them.

Mr. Ngwenya urged the need for the stakeholders to have a good understanding of the cumulating transaction costs along the corridor. He noted that whilst there have been improvements on the costs along the Corridors, such costs have not translated to reduction of costs in good or improved productivity. He also recommended the need to deal with competition issues amongst the stakeholders to ensure fair business practices.

In his closing, he asserted the importance of Public Private Dialogue and challenged the Forum to deliberate and provide solutions to ensure trade and transport facilitation. He also appreciated the partners for their support in ensuring the success of the event.

**e) Official Opening
Statement- Ministry of
Transport Kenya,
Senior Deputy
Secretary, Transport
Services- Mr. Martin
Eshiwani**

In his statement Mr. Eshiwani welcomed all the delegates to Kenya and appreciated the significance of trade and transport facilitation for Kenya as a gateway to Eastern and Southern Africa. He further recognized the need to control transport costs and facilitate trade to promote competitiveness of economies and to improve transport infrastructure.

He expounded on a number of key initiatives that Kenya is working on to ensure trade and transport facilitation including; efforts to improve port efficiency through the construction of the second terminal at the Port of Mombasa, the Lamu Port and New Transport Corridor to South Sudan & Ethiopia (LAPSSET) project and the new airport terminal.

Mr. Eshiwani urged the need for greater public and private partnership for the enhancement of the economies highlighting that the private sector is an important stakeholder. In his closing, Mr. Eshiwani further invited the delegates to enjoy the various/heterogeneous tourism attractions in Kenya and declared the Dialogue open.

3. PLENARY KEY NOTE PRESENTATION- Transport and Logistics Costs of Doing Business: A Company's Experience and Perspective. *Philips Lighting EA; General Manager- Mrs Mary Kuria*

Mrs. Kuria provided an insight into Philips, as a strong diversified multinational company leading in health and well-being, lighting and consumer affairs in Africa. She noted that as a business, the consumers are their biggest stakeholders. However, while they try to meet consumer needs, around 30-60% of the final price of products is determined by logistics.

The presenter highlighted the costs of transportation in the region as being extremely high and adversely affecting the competitiveness of the manufacturing industry. She further stated that such delays and high costs lead to an increase on the turnaround time which in turn increases the costs of financing and the costs of production.

The presenter cited lack of harmonization of administrative procedures for instance reverse compensation issues on re-imports or bond cancellation processes and procedures. Other constraints are;

- Limited knowledge by all stakeholders on the relative processes and regulations across the COMESA region. This results in mistakes or delays because some logistics and transport service providers might not be fully aware of the regulations.
- Risk management and inspections are not strategic and in some instances are intrusive even when dealing with delicate equipment.
- The need for upgraded online systems to reduce time lags along the border.
- The business has been faced with over 50% of counterfeit products on the market, directly affecting the brand and competitiveness of the various product lines.

Key Recommendations;

- **The need to develop railway infrastructure; so that companies can start diverting products through railways to reduce the costs of transportation and over reliance on road transportation.**
- **The need for improved business practices and strong Service Agreements between manufacturers and transport and logistics services providers.**
- **The need to improve risk management systems through use of technology and consider non –intrusive inspection methods.**
- **Harmonization and standardization of regulations especially on Reverse logistics compensation.**
- **The establishment of a Pan African or Regional transport services facilities who can act as an information depository for all the requisite information and requirements on business across the region.**
- **There is a need to strengthen enforcement mechanism to address illicit trade.**

4. COMESA Protocol on Transit and Trade Facilities; Focus on the COMESA Protocol on Transport. *Speaker –Senior Transport Economist- COMESA; Mr. Bernard Dzawanda*

The presenter discussed the Amalty Declaration and Program of Action and the COMESA Treaty and Protocol on Transit Trade and Transit Facilities - Annex 1 of the COMESA Treaty as key regional instruments providing for trade and transport facilitation, transit policy and infrastructure development in the region. In his presentation he cited the Corridor Framework as providing some benefits on trade facilitation; using the implementation of programs on the Northern corridor as an example

The presenter explained some of the key COMESA Frameworks on Trade facilitation to include; COMESA Carrier License, Harmonized Road user charges, Axle loads limits/controls, vehicle dimensions, Yellow Card, One Stop Border Post, and COMESA Virtual Trade Facilitation System. He however, recognized that some of the key challenges pertaining to these; included the non-implementation or lack of harmonization in the implementation of the above and lack of awareness by stakeholders on some of the instruments. The presenter further noted the high transportation costs; especially for landlocked countries, due to poor infrastructure and regulatory bottlenecks.

He highlighted that some activities are underway to deal with the constraints under the Tripartite programs; Tripartite Transport and Transit Facilitation Programme (TTTFP) for implementation of the harmonized road transport regulations and standards amongst the COMESA, EAC and SADC countries. In closing he urged the need to strengthen corridor management and public private engagement as key to enhancing trade and transport facilitation in the region.

4.2 COMESA Trade Facilitation Program- Understanding the benefits of a Single Customs Territory and other trade facilitation instruments- in improving integrated efficiency along transit corridors . *Speaker- COMESA Trade Division; Senior Trade Officer- Mr. Tasara Muzorori*

The presenter provided an insight on the issues of the WTO Trade Facilitation Agreement highlighting that only 16 countries globally had ratified the agreement so far; and in the COMESA region; only Mauritius had done so. He further stated that at the regional level, the COMESA Treaty Chapter Nine, Articles 69 to 71 provide for the simplification and harmonization of trade documents and procedures as well as the framework for trade facilitation.

The presenter further briefed the meeting on the concept of a Single Customs Territory as stage towards full attainment of the Customs Union achievable by the removal of restrictive regulations/or minimization of internal border controls on goods moving between the Member States. He explained how the concept of a single customs territory alleviates some key challenges such as multiple customs declarations, multiple bonds and weigh-ins at weigh bridges. The example of the EAC highlights some of the key benefits of operating single Customs territories; for instance

the reduced turn-around time (18 to 4 days for Mombasa/Kampala and 21 to 7 days for Mombasa/Kigali).

On COMESA Trade facilitation instruments; he spoke of the COMESA Customs Document, Yellow Card, Regional Customs Guarantee System, Regional Payment and Settlement System and the Simplified Trade Regime. On the Regional Customs Guarantee System; he stated that the bond significantly reduces the cost, especially for those transiting through other States.

Key Recommendations;

- **The need for the full implementation of the COMESA Trade Facilitation instruments and agreements.**
- **Increase awareness amongst both public and private sector stakeholders to ensure the above.**
- **Strengthening implementation mechanisms of COMESA Trade facilitation instruments.**
- **To adopt regional and corridor approaches in the implementation of trade facilitation instruments.**

5. Transport and trade facilitation; Northern corridor perspective; *Speaker- Transit Transport Coordination Authority of the Northern Corridor (NC-TTCA) Assistant Program Officer Customs and Trade Facilitation -Mr. Fred Babalanda*

The presenter provided an overview of the Northern Corridor routes and transport system. He highlighted that the Northern Corridor is the surface transport system linking the great lake countries of Burundi, DRC, Kenya, Rwanda, South Sudan and Uganda to the seaport of Mombasa. He noted that it also serves Northern Tanzania, Ethiopia and Somalia. On the legal and governance framework for the NCCTA, he stated that it's a Public Private Partnership mechanism established to facilitate trade, the movement of persons, vehicles and goods in domestic, regional and international transport along the Corridor.

The presenter highlighted that NCCTA plays an advocacy role; by providing a platform for public private engagement, supporting standardization of procedures, monitoring the performance of the corridor. It also monitors Logistics costs along the corridor through its various stakeholder surveys and platforms.

The presenter highlighted that there has been a huge improvement on the transport and logistics costs along the corridor over the past 5 years.

On the key challenges along the Corridor he spoke of a number of issues road infrastructure inefficiencies, delays at fuel depots and weighbridges, poor connectivity, inefficient utilization of transport infrastructure, inefficient information exchange and slow uptake of trade facilitation instruments by stakeholders.

Key Recommendations;

- Accelerate Regional Cooperation; implementing trade facilitation instruments lead to a reduction in costs along the corridor. In particular, fully adopting and using the COMESA Regional Customs Transit Guarantee (RCTG) across the region and establish a Regional Electronic Cargo Tracking System (R-ECTS).
- The need to invest in road and railway infrastructure development. This should not be viewed in silos, but as a whole in-order to boost the all the transport models.
- Investment in road-rail-maritime transport should be supported by regulatory frameworks and business practices that promote trade facilitation in the region.
- Private sector is key to effective implementation of trade facilitation instruments. The need for the private sector to understand the Trade facilitation instruments and also advocate for their implementation as Political will is a necessity in implementation of trade facilitation drives.
- Increase Sensitization/training, equipping operators and stakeholders as this facilitates smooth implementation of trade facilitation instruments at national level.

6. Constraints faced by the private sector in transport services Industry; *Speaker- Mauritius Professional Association of Freight Forwarders, Chairman- Mr. Gupta Gopaul*

The presenter gave a brief background of the Professional Association of Freight Forwarders, Mauritius as the largest freight forwarders Association dealing with about 80% of trade in the country.

He stated that Mauritius is one of the leading countries in terms of doing business reforms. For instance the World Bank has ranked Mauritius at the 17th place worldwide out of 189 countries for the ease of trading across borders. Furthermore, on customs clearance and inspection take on average 1 day on import and also, one day at export, and whole clearance process including preparation of documents takes on average 5 days. As such, when benchmarked with other countries, Mauritius achieves a much better performance than most highly-developed OECD countries which according to the report of the World Bank take 10.5 days. Sub-Saharan Africa countries have been evaluated as needing 30.5 days for all the procedures for export.

However, there are opportunities to increased better facilitation through measures for port efficiency and investment in more equipment such as scanners.

Key Recommendations;

- The setting up of a logistics Council – to oversee the implementation of trade facilitation and to ensure common standards.

- To improve the work ethics of all stakeholders including the private sector so that they are able to increase hours of operation to facilitate business efficiency.

7. The experience of the private sector- The trucking company's trip from point of entry to point of destination. *Speaker- Zambia Truckers Association; Chief Executive Officer- Mr. Robert Mtonga*

Mr. Mtonga provided key insights of a trucker's journey throughout the corridor. In his presentation he spoke of the key risks along the transport corridor; such as accidents, loss of property and loss of life. He also spoke of the number of police road blocks which increase the time and cost of productivity, proposing e-police systems or increase automation in transport management to deal with some of the above challenges.

The presenter talked about the accidents that took place along the Kasumbalesa border which claimed the lives of passengers and truckers. He commended the regional efforts to react to the loss of lives, road infrastructure and welfare. He however stressed the importance of improving road safety systems, borrowing a leaf from best practice countries.

On the forums and public private dialogues he emphasized the need for actionable recommendations and outcomes to ensure that forums become more effective. On some of the key challenges of truckers he highlighted the need for reduction in turn-around time and to minimize down-time of vehicles.

Key Recommendations;

- **Creating efficiencies in international and regional transport systems through automation and increased use of IT.**
- **Importance of accelerating regional initiatives for advancing road safety.**
- **Increased Public Private Dialogue and the positioning of CBC as a link between the public and private sector, information and knowledge dissemination on best practices for trade and transport facilitation in the region.**

**8. Plenary Discussion –Towards reducing transport costs in the region- Goods in Transit-
8.1 Focus Area- Constraints to time efficiency and additional costs along the corridors;
*Speaker- The Federation of Clearing and Forwarding Associations of Southern Africa, Vice President- Mr. Emmanuel Mutale***

Mr. Mutale explained that the high transaction costs in the region are highly attributed to road transport infrastructure issues and the under development of rail infrastructure. He reaffirmed that developing and improving railway systems is key to reducing the over reliance and decongesting the road systems and also improving competitiveness. On this he proposed improved government financing mechanisms for railways and also improved railway management systems.

He also expounded on some key constraints to include: prolonged transmit time because of numerous road blocks and weigh bridge, IT inefficiency and overloading. He outlined that port and border post delays contribute significantly to the high cost of transportation in the region and recommended the need for Coordinated Border Management, One Stop Border Post and single window (SCT) should integrate all border actions, activities and processes.

8.2 Focus Area- Cargo Handling at the Ports; *Speaker- Southern Africa Shippers Transport & Logistics Council, Chief Executive Officer- Mrs. Brenda Horne Ferreira*

In her presentation, Mrs. Ferreira first gave a brief overview of the Southern Africa Shippers Transport and Logistics Council for Southern Africa as a collaborative public private, stakeholder advocacy and cooperation platform for the shippers industry in the region.

The presenter focused primarily on Mandatory verification of gross container mass to deal with issues of incorrect declaration of container weights which offers a number of risks at the port with respect to loss of life or injury, damage to the ship, equipment, cargo and the environment. She enlightened the dialogue on the Regulation of the Mandatory Verification of Container Weights to be implemented in July 2016 in terms of the SOLAS Convention. There are various methods; but it is important to ensure that certified approaches are used for the weighting processes.

Key Recommendations;

- **The need to invest in improving the road and railway transportation system in COMESA. In particular, investment in railway infrastructure will lead to a sizeable reduction in transport costs.**
- **Coordinated Border Management and One Stop Borders. The need for harmonization and coordination of inspections and interventions by other agencies such as police, health, standards which has an impact on transit time. Such coordination should extend to port activities as well.**
- **The need for the development of a Shippers committee within the umbrella of the CBC workgroup as an immediate action, and in the long term a Shippers Council- to strengthen the public and private engagement on shipping and logistics providers.**
- **The need for stakeholders to be aware of regional and international regulations; such as the newly introduced regulation on the mandatory verification of container gross mass as it will have an impact on the operations for all stakeholders. Such awareness will allow stakeholders to prepare and adopt cost efficient ways for compliance.**
- **The need to have railway lines as part of the monitoring of cargo within the Regional Electronic Cargo Tracking System.**

9. ROUNDTABLE 1; - THE ROLE OF CUSTOMS – THE ARM OF TRADE FACILITATION

9.1 An International and Regional Perspective, USAID East Africa Speaker- Mr. Mathew Rees.

In his presentation Mr. Matthew Rees echoed that the costs of transport and transit in Africa are the highest in the world. He stated that USAID is working with COMESA and EAC on reduction of costs and trade facilitation on various initiatives including on issues of harmonization of documentation, automation of customs processes and others. He further noted there have been improvements on trade facilitation and a decrease in costs of transport and logistics; particularly in the Northern corridor over the past 5 years. He however, urged that the significant changes should translate to reduction in actual costs and competitiveness. He outlined the need to show the world these success stories to encourage investment in Africa.

On Trade facilitation, Mr. Rees advised that governments have made huge commitments in terms of WCO and WTO Trade Facilitation Agreement and commitments. He stated there is need to harmonize customs facilitation procedures in compliance with such agreements; and USAID has been supporting such initiatives.

He also urged the need to take advantage of AGOA and trade facilitation as the key to African competitiveness. By reducing the time and costs of importers to get their goods into the market, Africa can effectively participate in global and regional trade. In conclusion he affirmed that trade facilitation is a shared responsibility between the public and private sector and both parties should work together for its realization.

Key Recommendations;

- **There is need to show the world the success stories on trade facilitation along the Northern corridor, to encourage investment.**
- **Trade facilitation is a shared responsibility between the public and private sector. The need for all stakeholders to work together to facilitate increase trade in the region.**

9.2 *Success Stories from Customs Authorities- Kenya Revenue Authority; Chief Manager, Policy and Programmes-Mr. Hadi Abdullahi*

The presenter spoke of the EAC Single customs territory; where goods move from point of entry to destination with limited interference. He highlighted the key advantages of the Single customs authority to include;

- Reduction of transit times and costs
- Reduction of road blocks
- Removal of multiple documentation and multiple weigh ins.
- Improving customs processes automation
- Harmonization of Custom processes and law and mutual recognition of processes

Highlighting the principle role of customs as trade facilitation and border control not revenue collection; he showcased how the Kenya Customs authority was working towards improving trade facilitation in line with the EAC Customs Union. He urged the need for COMESA to move towards the implementation of the Regional Bond and consider the best practices from the EAC model on implementation of the customs union.

On opportunities for reform he urged the need to extend pre clearance especially with respect to goods that come through ports, adopting Single window systems and One Stop Border Posts as key to promoting trade facilitation. He also spoke on the importance of aligning domestic legislations with regional Protocols and instruments to ensure their effective implementation.

Key Recommendations;

- **The EAC Single customs territory is a success story removal of weigh bridges, reduction of road blocks, removal of multiple documentation and harmonization of Custom processes and law. Such best practices should be replicated in the COMESA region.**
- **The need for COMESA to move towards the full implementation of the Regional Customs Bond across the region as key to reducing costs along the North South Corridor.**
- **One Stop Border Posts. The effectiveness of OSBPs lies in increased coordination of processes, sharing of information and mutual recognition and not just the physical facilities.**

9.3 Federation of East African Freight Forwarders Associations, Executive Director-Mr John Mathenge

The presenter commended the customs administrations in the EAC for having transformed at an accelerated pace in the past few years, noting that the monitoring of the performance along the corridor indicates the efficiency in the movement of goods- as part of efficient trade facilitation in the region. Some of the key challenges affecting the industry are;

- Poor risk management systems and the need to upgrade to automated systems.
- The need to harmonize electronic cargo tracking systems across the region, as currently the countries are operating in silos and regional truckers would need to install two or three systems.

Mr. Mathenge recognized that the level of uptake of WTO Trade Facilitation Agreement is very low; which is worrisome considering its key objectives. He spoke on the need for automation of customs procedures in a harmonized manner, suggesting that different customs systems meant the need for service providers to be trained on all different systems. He also reaffirmed the importance of improving IT Infrastructure to ensure good connectivity for automated procedures and to avoid the occasional system downturns experienced at the borders.

Key Recommendations;

- **The need to improve on risk management through use of technology.**
- **To work towards harmonization of electronic cargo tracking systems across the region.**
- **There is need for increased investment in efficient IT connectivity for automated procedures, to avoid recurrent system downturns.**
- **Strengthening service level agreements between transporters and owners of goods to deal with issues of liability when transporting cargo.**

10. The COMESA Virtual Trade Facilitation System- The Regional Electronic Cargo Tracking System. Speaker- CVTFS Coordinator for the CVTFS the Northern Corridor- Mr. Charles Mutie COMESA

The presenter highlighted some of the key challenges on transport facilitation in the region; to include; long queues, delays in clearances, unsecured bulk open cargo, cargo dumping and multiple bond regimes for regional transporters.

He stated that COMESA trade facilitation instruments include; Yellow Card, Transit Data Transfer Module, Carrier License for road freight operators, Regional Customs Transit Guarantee, Harmonized Axle Load and Gross Vehicle Mass Limits.

Mr. Mutie highlighted the COMESA Virtual Trade Facilitation System (CVTFS) as a comprehensive platform to manage and monitor the process of movement of general, dry bulk and bulk liquid cargos in effective and efficient manner and in real-time to reduce the cost of doing business in the sub-regions.

He explained that the system is an electronic platform with modules on tracking, risk management, transit bond and data management. The tracking system provides for a regional electronic monitoring system, whilst the data management module provides for data collection and exchange. The data management module also provides data for forecasting trends and analyzing high risk cargo. He stated that the system also incorporates the Yellow Card and the Regional Transit Bond Guarantee thereby strengthening issues of authenticity of the instruments.

He further mentioned a number of key benefits of the system to include; reduction in transaction costs, regional harmonization, increased security and transparent revenue collection.

In terms of implementation he stated that a number of countries; Djibouti, Ethiopia, DRC, Malawi, Rwanda are already implementation some of the modules. While Zambia, Mozambique and Tanzania are in the process of planning the implementation. On sustainability, he explained that the software is owned by the COMESA Secretariat and that the fees from the CVTFS Services provided to transporters, Agents and other stakeholders will be shared with the Government through the Revenue Authority.

Key Recommendations;

- The need to maximize use of technology in integrating trade facilitation instruments.
- Member States to adopt and implement the COMESA Virtual Trade Facilitation System; which provides a regional mechanism to cater for a number of key challenges on data management, strengthens risk management systems and leading to reduction of time and processes through a One Stop Shop system.
- The implementation of the COMESA Virtual Trade Facilitation system should take key cognizance of all stakeholders and ensure value for all stakeholders; including ensuring efficient service delivery especially in instances when some of the services are provided through third parties.

11. Enhancing Trade and Transport Facilitation- Presenting Challenges, Opportunities and Solutions proposed by Freight Forwarders in facilitating transport services in the region; Federation of East African Freight Forwarders Associations, Executive Director-Mr. John Mathenge

Mr. Mathenge introduced his presentation by providing information of the Federation of East Africa Freight Forwarders Association. He highlighted that it is regional private sector association for the Customs clearing and freight forwarding industry representing over 2500 firms in East Africa.

The presenter identified key challenges in transport and logistics services, which include;

- Inadequate infrastructure,
- Inadequate human capital development
- Inadequate participation of private sector in policy formulation, reform, implementation and monitoring
- Low deployment of risk management.
- Unfair trading terms and conditions by shipping lines
- Cargo safety and security.

On some of the key solutions, he recommended the following;

- Strengthen Public Private Partnerships in trade facilitation policy design, implementation and monitoring;
- Harmonization, thinking and acting regional in policy and regulation issues e.g. customs securities, tracking, Axle load control
- Infrastructure development should be quality- based, quantity and have an regional integration focus;
- Invest and mainstream risk management in all processes;

- Investment in Human capital development for all cargo interveners to ensure business efficiency;
- Value addition by logistics service providers and integrated freight logistics services.

In closing he spoke on some of the key initiatives by FEAFFA on regional practitioners; training programme, developing Code of Conducts and Standards Training conditions for the industry and engaging in inclusiveness of women in the freight forwarding industry.

Key Recommendations;

- **Strengthen Public Private Partnership in Trade Facilitation policy design, implementation and monitoring.** The formation of a Regional sectoral workgroup to increase collaboration amongst the private sector stakeholders for development of common positions and sharing of information and best practices on trade and transport facilitation.
- **Improve risk management systems and introduce trade facilitation systems such as Authorized Economic Operators.**
- **Business practices and balanced regulatory frameworks; Provide legislative safeguards to protect local business from exploitation by international shipping lines.**
- **From a business perspective; improving the business of logistics services providers; through training, value addition and integrating logistics services.**
- **The need for the implementation of a Regional Bond Guarantee System; to do away with the various challenges pertaining to multiple bonds regime and authenticity of such bonds. The need to adopt and fully implement the COMESA Regional Customs Guarantee Bond.**
- **Border agencies; especially customs official should be trained prior the pilot implementation of new administrative regulations and policies. On introducing new regulations; there is need to provide enough notification period to enable the private sector to adequately prepare for implementation.**

12. Illicit trade and Security Services. How the public and private sector can facilitate control of illegal goods and substances along the borders. *Speaker; Mr. Casper Oluochi Kenya Anti Counterfeit Agency.*

Mr. Oluochi cited examples of illicit trade in counterfeiting, piracy, smuggling of legitimate products and tax evasion. He suggested that it includes human trafficking, drug trafficking, arms trafficking; trade in human body parts, environmental crime, illegal trade in natural resources and smuggling of excisable goods.

Of key interest, he spoke on the issues of counterfeiting, the economic margins of counterfeits and how the value of pirated goods is estimated to reach US\$1.77 trillion by 2015. He cited the example

of Kenya, where the Kenya Association of Manufacturers estimates that the government loses Kshs.19 billion in lost taxes, while the private sector loses Kshs.50 billion in sales per year.

He emphasized that in terms of Kenya legislation importing, transit and transportation of counterfeit goods is an offence; and urged the transporters and all stakeholders to ensure they are not accomplices to the offences.

Mr Oluochi further articulated the role of Public Private Partnership in the control of illicit trade. Furthermore, he echoed the importance of collaboration, cooperation and communication and sharing of information amongst all key stakeholders (standard setting bodies, police, customs, Interpol, judiciary and the private sector). He gave examples of such coordination and collaboration to include financing, training, awareness initiatives, and joint investigations and prosecution measures as some of the key ways for all stakeholders to work together on controlling illicit trade.

Key Recommendations;

- **To increase the Public Private Partnership Initiatives in the control of illicit trade; through: sharing of information, resources.**
- **The need for improved business practices and strong Service Level Agreements between manufacturers and transport and logistics services providers to deal with issues with respect to transportation of illicitly traded goods.**
- **The need for increased inter agency cooperation; customs, law enforcement, anti-counterfeit, standards and others to work together and coordinate efforts to curb illicit trade.**
- **The need for balanced and business friendly regulatory frameworks on curbing illicit trade; that considers all stakeholders in the public and private sector.**

13. FINAL PLENARY- Adopting the regional position of the private sector-towards reducing the cost of Doing Business in the Transport and logistics services industries Co-Chaired by Chairperson of the COMESA Business Council- Dr. Amany Asfour and Director of Investment Promotion and Private Sector Development COMESA, Mr. Thierry Kalonji

This was a dialogue session where the panelist assisted in guiding discussions on the key recommendations.. The key recommendations form part of the positions of the Transporters and Logistics Services industry which are to be tabled through various COMESA policy organs platform; starting with Ninth Joint Meeting of the Committees on Transport and Communications, Information Technology and Energy to be held in October 2015. ***The Key Recommendations are annexed as Annex 2 of this Report.***

14. Formation of the CBC Transporters &Logistics Services (TLS) Workgroup and Adoption of the workgroup, Speaker- CEO, COMESA Business Council, Ms. Sandra Uwera.

Ms. Uwera presented on the Terms of References for the Transporters and Logistics Services Workgroup. She stated that the workgroup falls within CBC's technical committees whose mandate is to ensure the representation of the sector in terms of advocacy at high level COMESA policy organs meetings. She highlighted that the Technical Workgroup sits twice year. She went on to elaborate on the composition of the workgroup stating that it consists of associations thus invited them to be part of the workgroup.

Key Recommendation;

- **The members approved the formation of the Technical Workgroup.**
- **The Uganda Transporters Alliance was elected as Chairperson of the Technical Workgroup, while the Zambia Truckers Association was elected as Vice Chairperson of the Technical workgroup.**
- **The meeting agreed that the Chairperson, Vice Chairperson and the Chair or her representative will present the adopted private sector position report to the Ninth Joint Meeting of the Committees on Transport and Communications, Information Technology and Energy to be held in October 2015.**

15. CLOSING CEREMONY- *Dr. Amany Asfour- COMESA Business Council Chairperson*

In her closing statement, Dr. Amany Asfour appreciated and thanked the private sector for their participation and for fruitful deliberations at the 1st COMESA Transporters and Logistics Services regional dialogue.

She further called for continued lobbying for the private sector and persuaded them to be part of the as their active participation is important to ensure the inclusiveness of private sector in policy interventions. Dr. Asfour reaffirmed that the positions of this dialogue will be tabled at the policy organs meeting.

She spoke on the need to support the Africa Union Agenda 2063 for improving and transforming African economies. Consequently, she highlighted that trade and transport facilitation are at the core of transforming economies and ensuring economic development for all including that of SMEs, women and the youth. In closing she expressed appreciation to the all the delegates for their participation and partners; Philips, USAID East Africa and NCCTA for supporting the event.

15.b) Vote of Thanks

Mauritius Professional Association of Freight Forwarders, Chairman- Mr. Gupta Gopaul

Mr. Gopaul expressed his appreciation on behalf of the delegates to the COMESA Business Council, for hosting the event and inviting the Mauritius Professional Association of Freight

Forwarders to the Dialogue. He commended the discussions and echoed the need for the Transporters and Logistics Services Workgroup to ensure the recommendations of the forum are taken forward as trade facilitation is key to enhancing regional integration. He reiterated the willingness of his Association to work with the others to ensure the above objectives are met.

15.c) Southern Africa Shippers Transport & Logistics Council, Chief Executive Officer- Mrs. Brenda Horne Ferreira

Mrs. Ferreira thanked the CBC for organizing such an important event to deal with trade and transport facilitation challenges in the region. She stated that most platforms are not as inclusive and do not cover all regions; and commended the dialogue on including both Southern and East Africa. She applauded the CBC Secretariat for efficient organization of the meeting and on logistics issues. She affirmed her Council's availability to work with CBC and the regional counterparts on trade and transport facilitation matters. She also expressed appreciation to the partners who had sponsored their participation.

There being no other business the meeting closed at 1800hrs.

ANNEXURES

Annex 1 of this Report- List of Participants

Annex 2 of this Report- Position Paper of the CBC Transporters and Logistics Services- (TLS) Workgroup.