# AN ANALYSIS OF TRADE FACILITATION IMPLEMENTATION CHALLENGES IN SOUTHERN AFRICAN DEVELOPMENT COMMUNITY (SADC) 2000 TO 2014.

**BY**

**ITAI PASI**
**(R053924C)**

**A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS OF THE MASTER OF SCIENCE DEGREE IN INTERNATIONAL RELATIONS**

**DEPARTMENT OF POLITICAL AND ADMINISTRATIVE STUDIES**

**FACULTY OF SOCIAL STUDIES**

**UNIVERSITY OF ZIMBABWE**

**(MARCH 2015)**

**DEDICATION**

I dedicate this study to my adorable son, Ethan Anotidaishe Makone, my precious, good and perfect gift.

## ACKNOWLEDGEMENTS

In undertaking this study, I am grossly indebted to a lot of people, who without their support this research study would not have been a success. I would like to extend my heartfelt gratitude to my supervisor Mr. Murwira whose constructive criticism, guidance, dedication and commitment have shaped this study. Without your utmost support Sir, I believe, this study would not be a success.

Also special mention goes to my colleagues Nyamukomba Rudo, Shumbayawonda Tapiwa, Mutamangira Humpfrey and Mutume Visitor who have supported me throughout the whole study of this Masters in International Relations. I am grateful to all respondents who took their valuable and precious time to have in depth interviews with me.

Finally my heartfelt gratitude goes to my husband Albert S. Makone. Thank you for always believing in me, even in times I fail to believe in myself, your continuous and unwavering support baffles me. Thank you for always having my back a guaranteed 100% all the time, without you this research would have been a long aborted mission. My love thank you for being a great pillar of strength, I love you so much.

I acknowledge that it is by the strength and wisdom of the Lord that I have undertaken this research. I give the Sovereign Lord God Almighty **ALL** the glory and honour for the success of this research and I love Him so much.

## ABSTRACT

The study analyses the factors that challenge the implementation of trade facilitation measures in Southern African Development Community (SADC) 2000 to 2014. The concept of trade facilitation is based on theories which include complex interdependence and regional integration. The SADC Trade Protocol adopted the agenda of trade facilitation which therefore means each member state is accountable to implement trade facilitation measures. The absence of trade facilitation hinders the smooth flow of trade which is evident in border delays, trade losses, uncertainty, limiting the attraction of Foreign Direct Investment (FDI) among others. The study extensively employed qualitative techniques to collect and analyse data which was drawn from in-depth interviews and documentary search. The Chirundu One Stop Border Post (OSBP) between Zambia and Zimbabwe, Mauritius and Mozambique single window systems and the South Africa Coordinated Border Management (CBM) approach were discussed as success milestones taken so far by SADC. SADC faces a number of political and economic challenges in its effort to implement trade facilitation. Lack of strong political will, multiple memberships in regional blocks, internal challenges and preference of other international trade agreements over the SADC Trade Protocol are some of the political challenges. Fiscus constraints, different levels of economic development, different border opening times and diverse documentation requirements of road user fee, environmental, health and safety standards as well as a revenue mentality against the trade facilitation agenda are some of the chief economic challenges that SADC has experienced. If unaddressed these political and economic challenges will continuously lead to increased trade costs and cumbersome trade processes. The region is progressing at a very passive pace in line with trade facilitation; to change this SADC can initiate the mobilisation of resources for capital expensive projects like OSBP. It can also organise the simplification, standardisation and harmonisation of trade documents across the region as well as organise trainings for member states on the importance of trade facilitation with an emphasis on revenue generation.

## ACROYMNS AND ABBREVIATIONS

| | |
|---|---|
| AGOA | American Growth and Opportunity Act |
| BCOCC | Border Control Operational Coordinating Committee |
| CBM | Coordinated Border Management |
| CMT | Council of Ministers of Trade |
| COMESA | Common Market for Eastern and Southern Africa |
| DANIDA | Danish International Development Agency |
| DFID | Department of International Development |
| EAC | East African Community |
| ESA | Eastern and Southern Africa |
| EU | European Union |
| FOCAC | Forum on China-African Cooperation |
| FDI | Foreign Direct Investment |
| GATT | General Agreement on Trade and Tariffs |
| GDP | Gross Domestic Product |
| HIPC | Highly Indebted Poor Countries |
| ICT | Information Communication Technology |
| IGO | Inter-Governmental Organisation |
| INGO | International Non-Governmental Organisation |
| JICA | Japan International Aid Agency |
| LDC | Least Developed Country |
| MIC | Ministry of Industry and Commerce |
| MOU | Memorandum of Association |

| | |
|---|---|
| MPLA | People's Movement for the Liberation of Angola |
| NGO | Non Governmental Organisation |
| OCED | Organisation for Economic Cooperation and Development |
| OSBP | One Stop Border Post |
| RKC | Revised Kyoto Convention |
| ROO | Rules of Origin |
| SACU | Southern African Customs Union |
| SADC | Southern African Development Community |
| SCCC | Sub-Committee on Customs Cooperation |
| SME | Small Medium Enterprises |
| SPS | Sanitary and Phyto-Sanitary |
| TBT | Technical Barriers to Trade |
| TICAD | Tokyo International Conference on African Development |
| TIFI | Trade Industry Finance and Investment |
| TFTA | Tripartite Free Trade Area |
| UCDP | Uppsala Conflict Data Programme |
| UN | United Nations |
| UN/CEFACT | United Nations Center for Trade Facilitation and Electronic Business |
| UNCTAD | United Nations Conference on Trade and Development |
| UNECE | United Nations Economic Cooperation for Europe |
| UNITA | National Union for the total Independence of Angola |
| UNSC | United Nations Security Council |
| WB | World Bank |

| | |
|---|---|
| WCU | World Customs Union |
| WTO | World Trade Organisation |
| ZDERA | Zimbabwe Democratic and Recovery Act |
| ZIMRA | Zimbabwe Revenue Authority |
| ZIMTRADE | Zimbabwe Trade |

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## Chapter 1: Introduction to the Trade facilitation Debate

### 1.1 Background of the Study

World Trade Organization (WTO) (1998:1) defines trade facilitation as, “The simplification, standardisation and harmonisation of international trade procedures.” Trade procedures include any practice that is involved in facilitating trade and the movement of goods and people; this can be collecting, processing and communicating data. Trade facilitation ensures that barriers are reduced and potential costs are removed so that there is to a great extent free movement of people and goods.

Buyonge and Kireeva (2008:1) broadened the definition to include other aspects, “the transparency and professionalism of customs authorities, harmonisation of various standards and conformity to international or regional regulations.” The main focus of trade facilitation is on the movement of goods in cross-border trade. Trade facilitation now includes improvement of transport and infrastructure, reduction in corruption, modernisation and computerisation of customs, payment systems for imports and removal of non-tariff barriers. These measures may be hard to measure and implement for example the professionalism of custom procedures and corruption. Trade facilitation can be achieved through automation, standardizing documentation required, single window system, One Stop Borders Posts (OSBP), having appeal procedures, advanced rulings in place and improved transport infrastructure among other measures.

General Agreement on Tariffs and Trade (GATT) was an agreement that governed International trade formed in 1947, which conducted its negotiations using 9 rounds. The purpose of GATT according to Gupta (1967:126) was the removal of tariff and other non tariff barriers to trade and the eradication of preferential treatment by few countries amongst themselves but this treatment was to be extended to all members on a mutually advantageous basis. GATT was replaced by WTO in 1995 a more formalised institution. The WTO framework maintains the original GATT text (GATT 1947), although it was revised and altered to fit WTO framework. The provisions that have a significant effect in terms of Trade Facilitation under GATT are:

- GATT Article V (Freedom of Transit)
- GATT Article VII (Valuation for Customs Purposes)
- GATT Article VIII (Fees and Formalities connected with importation and exportation)
- GATT Article IX (Marks of origin)
- GATT Article X ( Publication and Administration of Trade Regulations)

WTO officially commenced on 1 January 1995 under the Marrakech Agreement, replacing the GATT. The WTO 1st Ministerial Conference of 1996 in Suntec Singapore which was the inaugural meeting for the organisation establishing four permanent working groups:

i. Transparency in government procurement
ii. Trade and competition.
iii. Trade facilitation (custom issues)
iv. Trade and investment

By setting up a working group specifically for trade facilitation it shows that WTO had it as one of its foundational core objectives. The WTO 9th Ministerial Conference in Bali 2013 brokered a Trade Facilitation Agreement, 17 years longer than the organisation would have preferred. The Agreement includes articles on publication and availability of information, advanced rulings, appeal and review procedures, customs cooperation, freedom of goods in transit, border agency cooperation among others. Special and differential treatment provisions for developing country members and least developed country members are also contained in the Trade Facilitation Agreement of 2013.

The East African Community (EAC), Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA) initiated to join regional blocks and formed the Tripartite Free Trade Area (TFTA), which was launched on the 12th of June 2011. The TFTA aims to reduce tariffs imposed on goods originating in the region and traded in the region. Essentially the Tripartite Free Trade Area is a programme that is aimed at reducing non-tariff barriers and improving trade and transport measures in the COMESA-EAC-SADC region. De Melo (2014:1) suggests, “The immediate objective is to reduce the thickness of borders across the continent so as to raise inter-regional trade across the continent, now standing at just 12 percent to total trade. An action plan released by the African Union says that the TFTA would be followed by a continental customs union forming in 2019.” The TFTA aims to boast intercontinental trade, something currently crippled by congested country borders.

The SADC Trade Protocol which was ratified in 2000 by two thirds of its members and governs trade in SADC. According to SADC Trade Protocol (1996:10) its objectives are

- To develop equitable and mutual intra-SADC trade governed by different Trade Protocols.
- To increase intra-SADC trade especially areas were states have comparative advantage.
- To create an enabling investment environment for domestic and foreign players.
- To enhance the economic development, diversification and industrialisation of the Region.
- To establish a Free Trade Area in the SADC Region.

The Trade Protocols aim is to make trade of goods and services much more free and non cumbersome as possible. Article 14 of the SADC Trade Protocol (1996:16), asserts that all SADC member states should take measures that ensure the simplification, standardisation and harmonisation of trade documents. This reveals that SADC is also concerned with trade facilitation and recognises the benefit of implementing trade facilitation in the region. Some of the benefits of trade facilitation that SADC can enjoy include reduction in transaction cost, reduction of border delays and uncertainty, attracting Foreign Direct Investment (FDI), increase in investment and trade increase in flow of trade and smoother trade flows. SADC aims to liberalise trade and make it as non cumbersome as possible, it has put in place other Protocols such as The Facilitation of the Free Movement of Persons signed August 2005 and Protocol on Trade in Services adopted 2012.

## 1.2 Statement of the Problem

Customs and port procedures are essential and enable the importation and exportation of goods to be more efficient. Complex processes and cumbersome documentation raise costs and cause delays; the resultant extra cost is translated on to businesses, economies and consumers. There has been a realisation of tariff and non tariff barriers which hinder effective trade. These barriers have resulted in border delays, trade losses, uncertainty, limiting attraction of FDI among others. Failure to redress these issues shows that SADC is failing to implement effective trade facilitation. Thus this study seeks to unpack the factors causing the delay or failure of the implementation of trade facilitation in SADC.

## 1.3 Objectives of the study

The broad objective of the study is to analyse the challenges trade facilitation implementation poses on SADC member states countries. The specific objectives of the study are:

- To trace trade facilitation process in SADC.
- To analyse costs and benefits of trade facilitation implementation in SADC.
- To assess the challenges of trade facilitation on SADC trade.
- To proffer recommendations to SADC on Trade Facilitation.

## 1.4 Research questions

i. What is trade facilitation and how has it evolved in SADC?

ii. Does trade facilitation have any potential benefits and what are the costs in SADC?

iii. How has the implementation or lack thereof of trade facilitation impacted on SADC trade?

iv. What recommendations can be applied for trade facilitation to be more fruitful in SADC?

## 1.5 Hypothesis

The lack of trade facilitation implementation leads to increased costs of trade.

## 1.6 Justification of the study

The findings of the study may be useful to individual SADC member states as well as the regional block SADC in identifying which impediments need to be addressed in order to make trade facilitation a success in the region. This has the potential benefits of increasing trade, reducing costs of business and increasing FDI to individual states. Policy makers and research institutes may benefit from the findings of this study especially in drafting their domestic trade policies. The study seeks to add to the existing literature especially on how trade facilitation affects SADC since many scholars have focused on trade facilitation in Eastern and Southern Africa (ESA). Thus the academic body and research institutes also stand to benefit from the findings.

## 1.7 Literature review

According to Pearson and Chaitezvi (2012:2), road costs account for approximately 95% volume of cargo trade recorded in the Tripartite region. The road system suffers from border delays; the costs of a stationary and idle truck at the border is between US$200-400 a day in the COMESA-EAC-SADC Tripartite region and these additional cost are incorporated into the total cost of the product and then passed on to the customers who need the product. This brings about the need to study the associated challenges of implementing trade facilitation specifically in the SADC region.

According to a report by the Organisation for Economics and Development (OECD) (2013:3) in Costa Rica, after the introduction of the single window the time taken to clear dairy products reduced from 10 hours to 1.5 hours due to simplified documents required. In Tunisia  to clear cargo took 10 days in 2003-2004 but after introducing the single window system in 2010 it reduced to 3.3 days and this generated 100 000 jobs both part time and full time jobs. Before custom reforms in Morocco to clear a cargo took between 18-20days but after reforms in 1996 cargo is cleared in 2 days. The single window system is one of the mechanisms to implement trade facilitation; this study seeks to unravel the challenges that SADC has encountered in trying to implement this method.

After a trade investment initiative in Lesotho a "One Stop Shop" supported by OECD and European Union (EU), on the border one would spend 15 minutes compared to previously 15 days needed to clear goods and instead of filling in 23 pages of documents one would just fill in 2 pages, Fabbi (2011:7). This initiative resulted in reducing time spent at the border and associated costs of trade this study will seek to find the challenges as to why SADC countries have not implemented many OSBP as a trade facilitation tool in the region. There is only 1 functional OSBP, Zimbabwe - Zambia Chirundu OSBP only and yet there are so many busy border posts that can be integrated into OSBPs.

**1.8 Theoretical framework**

This study makes use of the Complex Interdependence theory. The key authors who put forward the theory are Robert Keohane and Joseph Nye. Interdependency proposes that states cannot survive on their own they need others to survive. The theorists observed an increase in the various transnational connections as well as interdependence between states which was examined to be increasing; this is at the expense of the use of force and power balancing tactics which although they remain important are diminishing in their use.

The basic assumptions of Complex Interdependence according to Femi (2013:9) are:

> The costly nature of military force will lead to its minor usage in international politics by states to achieve their national interest. International Institutions are very powerful in our contemporary world. States are interconnected so much so that policies of one state may have costly effects on other states. Issues in international politics are not ranked in any particular order. International regimes (rules, procedure, laws) are fast becoming the guiding norm of behavior for interstate relations. Bargaining tools are the usable means of reaching an advantageous position in international relation. Asymmetric interdependence between and among states is the determinant of power in international relations. There are multiple channels of interactions in the international system such as advocacy groups, International Non-Governmental Organisations (INGO), human rights movements among others.

It is important to emphasise that interdependence is usually done with some sacrifice to a state's sovereignty in order to enjoy the benefits that come with it. Actions of one state ultimately have spillover effects in another state hence it is beneficial to cooperate. States will only give up part of their sovereignty as long as it does not conflict with their core objectives for example survival, territorial integrity, independence.

Complex interdependence is characterised by three characteristics, involving:

The first characteristic is the use of multiple channels of action between societies in interstate, trans- governmental and transnational relations. This challenges the state as the only actors in international relations because multinational companies for example, Coca Cola, AIG, also influence how globally states relate to one another. Instead of considering only states, in the SADC region powerful companies for example Sasol, MTN Group, Vodacom Group, Shoprite, De Beers consolidated mines are influential companies in their respective sectors so much that SADC members cannot make a huge trade agreement devoid of considering the reaction of such companies. Even when considering trade facilitation implementation, views from large companies can be considered.

The second characteristic is when states depend on each other there is a decrease in the use of force as a tool of foreign policy in international relations. The decline of military force as a policy tool will result in enhancing the probability of cooperation between states in economic, social and cultural issues among other sectors. SADC states are dependent on one another, economically and conduct their operations using the SADC Trade Protocol of 1996, no one state can independently act in contradiction to what the Protocol promotes. Other SADC Trade Protocols include Protocol on Trade in Services and The Protocol on Facilitation of free movement of Persons. SADC has already set in place guidelines for the smooth follow of people and goods between borders.

Lastly there is absence of hierarchy of issues which means that the priority issues are dealt with as they unfold depending on the severity of the issues as the last characteristic. In SADC, the Zimbabwean economic situations in 2007-2009, SADC Agricultural Policy, Protocol of Trade in services of 2012, Protocol of Tourism of 1998, Protocol of Finance and Investment of 2006 are issues that SADC had to deal with as they unfolded. For example information about Zimbabwe's economic turmoil would trigger a response by SADC countries due to the spillover effect. South Africa would mainly react because many Zimbabweans live in South Africa which has implications of migration and it potentially affects the trade flow between Zimbabwe and South Africa since Zimbabwe accounts for over 70% of trade in goods and services with South Africa.

Another theory that explains the concept of trade facilitation within SADC is regional integration. Regional integration is when states in a similar region intensify interaction politically, economically, socially and culturally to achieve shared goals. Willingness and commitment of independent sovereign states to share their sovereignty will affect the level to which states integrate. There are eight critical functions that are fundamental for the success of regional integration according to Langenhove and Lombaerde (2007:380), these factors include unifying regional trade, developing the public institutions within states, having good governance systems and creating an environment for private sector growth. Also states have to develop the infrastructure so that it enables economic growth, include civil society in the decision making processes, reduce social exclusion and build programmes that necessitate the strengthening of regional interaction. When the frontline states joined to form SADC in 1992; SADC has evolved from just security concerns to also include trade, environment, and human rights issues among others. SADC is committed to boasting trade as seen by SADC Trade Protocol of 1996. In an effort to boast intra regional trade, SADC is committed to removing tariff and non tariff trade barriers, which are part of trade facilitation implementation.

### 1.9 Methodology

The study employs both qualitative and qualitative research methods. The study makes use of documentary search which includes books, published articles, United Nations Charter (UN), SADC communiqués, reports, internet sources to collect data. In-depth interviews with SADC member states trade representatives from South Africa and Zimbabwe are be employed as well. A Zambia-Zimbabwe OSBP, Mozambique and Mauritius Single Window systems and the South African Coordinated Border Management (CBM) are case studies which the study employs to assess the challenges of implementing trade facilitation in SADC.

#### 1.9.1 Data Analysis

The purposive non probability sampling method is used in this study. This method ensures that specified elements are selected on the basis of the researcher’s judgment about which ones will be most suitable for research. This sampling method is also chosen because it saves time, is cheap to conduct and an audit trail is available if there is need to make reference. The study adopts the use of the thematic and content analysis to analyse qualitative data. Graphs are used in this study for statistical presentation for quantitative data.

### 1.10 Delimitations

Trade facilitation in the SADC region under the SADC Trade Protocol from 2000 when the protocol was ratified to 2014 is the focus of this study. SADC, EAC and COMESA have an agreement called the TFTA; this is beyond the scope of this study.

### 1.11 Limitations

It was difficult to meet the Executive Directors from different organisations and embassies due to non-availability on their part hence I was able to set up meetings with their trade personnel as they were equally competent to answer the questions. The reliability of the information gathered by the researcher from the in-depth interview can only be accounted as true and not further scrutiny on the part of bias or lying.

### 1.12 Dissertation Outline:

Chapter 1 gives an overview of the whole study from the background, problem statement to the justification and the methodology that the study will utilise. In Chapter 2 the literature review and theoretical framework on trade facilitation is discussed while Chapter 3 presents the success of SADC and trade facilitation. Chapters 4 anaylses the challenges that SADC faces with regards to trade facilitation and Chapter 5 concludes and gives recommendations for the study.

## Chapter 2: A Global Overview of Trade Facilitation Development

### 2.0 Introduction

A historical account from GATT to the WTO Trade Facilitation Agreement, the benefits and costs of trade facilitation as well as the theoretical framework of trade facilitation will also be discussed. Various literature is reviewed on the different scholars who wrote about trade facilitation.

### 2.1 Definition of Trade Facilitation

Trade facilitation is a non tariff barrier measure that tries to reduce barriers to free flow of trade. Trade facilitation can encompass a lot of different variables; it depends on the definition being used. WTO (1998:1) defines trade facilitation as, "The simplification, standardisation and harmonisation of international trade procedures." Trade procedures include any practice that is involved in facilitating trade and the movement of goods and people; this can be collecting, processing and communicating data.

Department for International Development (DFID) (2011:3) defines trade facilitation as, "Any measure or policy which expedites the movement, clearance and release of goods through customs." This definition is not limited to customs procedures, but can include things such as port facilities and transport. On the other hand the OECD (2005:2) define trade facilitation as all measures taken to make trade as less cumbersome as possible so to achieve smooth flow of trade. A simple definition that captures the essence of trade facilitation, its role is to enable smooth flow of trade of good, services and even those in transit.

Grainger (2011:2) defines trade facilitation to be procedures that assist in the smooth flow of trade of goods and people and in turn reduces associated trade costs. According to Busse *et al* (2012:145) define the core objectives of trade facilitation as, "The improving of international trade infrastructure, the simplifying and internationally harmonising customs procedures so as to enhance cooperation between customs authorities and other government offices such as certifying or licensing bodies." The reason why there is an attempt to simplify and harmonise procedures is so as to reduce transaction costs in international trade.

The Swedish National Board of Trade (2003:5) reveals that the aim of trade facilitation:

> Is about increasing the economic growth for countries and their companies by reducing cumbersome unnecessary bureaucratic demands and procedures, to harmonise logistical and administrative systems while at the same time ensuring and strengthening each country's autonomous right to defend itself against illegal and unwanted trade practice.

All the above definitions point out clearly that trade facilitation is about, simplifying procedures, having common standards and harmonising systems in an effort to reduce the associated hidden costs of trade that exist when standards are dissimilar. Buyonge and Kireeva (2008:1) broaden the definition of trade facilitation to include, "the transparency and professionalism of customs authorities, harmonisation of various standards and conformity to international or regional regulations." Trade facilitation now includes improvement of transport and infrastructure, reduction in corruption, modernisation and computerisation of customs, payment systems for imports and removal of non-tariff barriers. These measures may be hard to measure and implement for example the professionalism of custom procedures and corruption.

The various actors in the trade facilitation process these are sovereign states, International Governmental Organisations (IGO) which are UN agencies United Nations Conference on Trade and Development (UNCTAD), United Nations Center for Trade Facilitation and Electronic Business (UN/CEFACT) and United Nations Economic Cooperation for Europe (UNECE) , World Bank (WB), World Customs Union (WCU) and WTO. Also the transport and infrastructure companies both domestically and internationally are important actors as well as customs, health and safety regulations, procedures and standards. This is not the exhaustive list but it captures the major participants of the trade facilitation process.

Trade facilitation can be achieved mostly by transparency and predictability of procedures. This can be accomplished through publication of availability of information, an up to date internet publication system, enquiry points, advance rulings and appeal procedures which reduces time delays at borders. The major challenge is to keep up to date information on the internet for most developing countries. Also trade facilitation is achieved by automating border facilities that is modernisation and computerisation of customs and port procedures, simplifying and harmonising custom regulations, single window systems, OSBPs, CBM among other initiatives. Strides in improving the transport system, improving infrastructure and reduction in corruption work hand in hand with achieving success in trade facilitation. Infrastructure can be divided into 'hard' infrastructure includes highways, railroads, ports while 'soft' infrastructure includes transparency, customs efficiency, institutional reforms.

According to the OECD (2005:6), political will and commitment from policy makers are the two main ingredients for the success of a trade facilitation programme, without these the programme will be unproductive. This view is also supported by the Swedish National Board on Trade (2005:3) which states that:

> Experience shows that it is imperative that four key elements are present for a successful trade facilitation process: a strong political will; a clear strategic plan; a close co-operation with the business community and for developing countries a well-funded and long-term technical assistance programme based on a partnership between donor and recipient.

For trade facilitation to be successful, a strong political will is of paramount importance otherwise, the programme or activity will not be fruitful or sustainable.

## 2.2 History of Trade Facilitation

GATT was an agreement that governed International Trade formed in 1947, which conducted its negotiations using 9 rounds. The purpose of GATT according to Gupta (1967:126) was the removal of tariff and other non tariff barriers to trade and the eradication of preferential treatment by few countries amongst themselves but this treatment was to be extended to all members on a mutually advantageous basis. Trade facilitation falls under the non-tariff measures of reducing impediments to trade. The provisions that have a significant effect in terms of Trade Facilitation under GATT are:

- GATT Article V (Freedom of Transit)
- GATT Article VII (Valuation for Customs Purposes)

- GATT Article VIII (Fees and Formalities connected with importation and exportation)
- GATT Article IX (Marks of origin)
- GATT Article X ( Publication and Administration of Trade Regulations)

These are explained as; Article V states that there should be freedom of transit of goods through the most convenient route, no unnecessary delays and restrictions, no levies (such as customs duties) only for services provided. Article VIII is with regards to fees charged for import and export these must be limited to cost of services, minimise the incidence and complexity of import and export formalities, also there is need for decreasing and simplifying import export documentation requirements. Article X deliberates about the prompt publication of laws, regulations and decisions relating to import and export, laws relating to trade must be administered in uniform, impartial and reasonable manner and there must be provision for judicial review of administrative decisions.

Article VII of Customs Valuation Agreement is supported by these agreements, Agreement on import licensing procedures, Agreement on pre-shipment inspection, Agreement on Rules of Origin (ROO), Agreement on Technical Barriers to Trade (TBT) and application of Sanitary and Phyto-Sanitary measures (SPS). The core principles of the above articles are transparency, consistency, predictability, non-discrimination, simplification and avoidance of unnecessary restrictiveness.

### 2.2.1 From GATT to WTO

WTO officially commenced on 1 January 1995 under the Marrakech Agreement, replacing the GATT. The WTO framework maintains the original GATT text (GATT 1947), although it was revised and altered to fit WTO framework. The 1st WTO Ministerial Conference of 1996 in Suntec Singapore which was the inaugural meeting for the organisation established four permanent working groups which are known as the "Singapore Issues":

i. Transparency in government procurement ii. Trade and competition.

iii. Trade facilitation (custom issues)     iv. Trade and investment

The 1999 WTO Ministerial Conference in Seattle some member states made official submissions to WTO to launch negotiations on trade facilitation as part of the new WTO round. Unfortunately the meeting was unable to agree on a new agenda for the Seattle round due to differences between the developed and developing country's proposals. Developing countries representative felt sideline and thereby became uncooperative when the United States and EU attempted to cement a mutual deal on agriculture that disadvantaged them. The conference ended due to protests by Non- governmental Organisations (NGO), trade unions, student groups, environment groups, human rights groups and faith based organisations. (Global Issues 2001)

In 2001 WTO Ministerial Conference in Doha, an attempt was made to include trade facilitation in the agenda for the new round of negotiations but no consensus was reached, though agriculture and services were included on the agenda. According to Khor (2001:1) concerning the Doha Declaration, "Both in the process that created it, and in the content of it**,** the draft Declaration was described as 'unbalanced' and 'biased' because it ignored the views of most developing countries." The Doha WTO Ministerial Declaration (2001) affirms that Article V, VII and X of GATT 1994 were to be improved upon as well as developing countries concerns regarding trade facilitation. In this case the Trade in Good Council had to start preparatory work to assess the trade facilitation needs WTO members especially developing and least developed countries and investigate if the GATT article V, VII and X could be improved. In this case, WTO had no committed to trade facilitation yet but that the area would be looked upon.

The Cancun WTO Ministerial Conference 2003, made no declaration on trade facilitation. According to Jayanetti (2005:22):

> The Doha Ministerial Declaration and the WTO General Council Decision of July 2004 (July Package) constituted the combined framework of initial trade facilitation negotiations. (Doha Work Program, Decision Adopted by the General Council on 1 August 2004; WT/L/579) In the July Package it was decided to start negotiation for an agreement in the area of trade facilitation and drop the other three Singapore issues from the Doha negotiations.

The other Singapore issues were dropped in 2004 and WTO concentrated on the trade facilitation agenda.

The 9th WTO Ministerial Conference in Bali, Indonesia on 3–7 December 2013 birthed the Trade Facilitation Agreement as part of the Bali Package; aimed at reducing impediments to global trade. Trade facilitation, agriculture, cotton and the development of least developed nations is what is called the Bali Package. The Bali Package forms part of the Doha Development Round, which started in 2001. The Agreement reaffirms that the non-discrimination principle of Article V of GATT 1994 remains valid. It includes articles on obligations on publication and access to trade related information, appeal cooperation and cross border customs cooperation. The Agreement is legally binding and requires some expense and a certain level of technology. Also WTO intends to put in place measures to support least developing countries in building capacities to implement the change. By July 2014 a sub-committee had to submit a proposal of the finer document. All SADC countries are members of the WTO and subscribe to the rules of the organisation, this therefore means that SADC countries are signatories to the Bali Trade Facilitation Agreement (2013).

Another important organisation in trade facilitation is the WCO. The WCO Kyoto Convention of 1974 was the first convention to set custom standards. The Revised Kyoto Convention (RKC) of 1999 has taken into account modern systems and procedures. The revised Kyoto Convention entered into force on the 3rd of February 2006; it promotes trade facilitation and effective controls through its provisions. The WCO is important because it administers the technical aspects of the WTO Agreements on customs valuation and ROO. All SADC countries are members of the WCO, the RKC has been enforceable from 2006 and if willing SADC could have fully implemented custom convention requirements from 2006.

### 2.3 Benefits of trade facilitation

There are incalculable benefits for the successful implementation of trade facilitation. The benefits are not only limited to monetary value but the unlocking of time, the attraction of FDI are some of the benefits that trade facilitation has to offer. The shortening of waiting time for goods in transit, customs release and clearance is one advantage of trade facilitation. According to Fabbi (2011:7), "A Trade Investment Facility in Lesotho (a "One Stop Shop" supported by OECD and EU) now processes applications in 15 minutes rather than 7 days, and exporters fill in 2 pages of forms instead of 23." This massively reduces border delays and waiting times for investors. OECD (2013:3) argue in favour of the same view, "In Casablanca, Morocco to release goods from the border for an importer before customs reforms in 1996 it would take18-20 days, after reforms it now takes only 2 days." This reduction in the number of days spent at borders also reduces costs of trading and makes businesses more competitive, leads to an attraction of investment and trade to a country.

Implementation of trade facilitation will result in more efficient and reliable tax collection which is an advantage especially tax dependant countries especially Least Developing Countries (LCDs). According to the OECD (2005:3) asserts that, incompetent and unproductive border procedures lead in many cases to a failure by customs in collecting revenue and to losses of more than 5% of GDP. In this case, tax revenue would increase much to the benefit of the government. This is supported by Fabbi (2011:4) who argues that, the benefits of trade facilitation are, "Increased overall trade flows, both for exports and imports, higher revenue collection (due to increase in trade volume, and higher fraud detection), improved efficiency of customs administrations, rule of law contributes to stable business environment and attracts FDIs." Milner *et al* (2008:9) agrees with the argument by stating that, "Trade facilitation allows for increases in government revenue and collection efficiency and generally contributes to welfare improvements and economic growth."

Another major advantage of trade facilitation is the reduction of trade costs. According to Milner *et al* (2008:9) trade facilitation substantially lowers trade costs and this has a significant impact in increasing the volume of trade by increasing volumes of exports and imports, which has more direct gains than would a trade policy. This is emphasised by Jayanetti (2005:10) by stating that, “Trade facilitation benefits in reducing trade transaction costs for traders, especially for Small and Medium Enterprises (SMEs) and improving revenue collection and effectiveness of border controls.” The OECD (2009:22) agree by noting that, “It seems reasonable to expect that greater trade facilitation efforts are associated with lower trade costs and that less attention to improving the quality of border services will tend to result in higher costs for import and export operations.” By stipulating clear procedures, publishing articles of requirements for exports and imports as well as having advanced procedure, business people can calculate the appropriate cost for either importing or exporting. It also encourages economic growth and attracts FDI into the country.

Another gain of implementing trade facilitation is there is a more transparent and efficient regulatory climate that attracts investors. There is more predictably and less uncertainty of the costs, documentation, rules of origin among other requirements needed. This environment reduces corruption, fraud and uncertainty. Peter Malinga former Commissioner of Customs Uganda in Fabbi (2011:7) argues that, “My country’s reforms to improve customs administration and reduce corruption helped increase customs revenue by 24% between 2007 and 2008.” This is supported by the Swedish National Board of Trade (2005:8) when it states that, “Reformed customs procedures reduce levels of evasion, under-declaration, fraud and collusion with customs officials and thus generate obvious profits for the public revenue.”

In business one cannot completely eradicate corruption but the level of corruption should not be high to deter investment that wants to come to a country. Trade facilitation implementation causes a decrease in administration costs for government; losses that would have resulted due to corruption by custom officials and an attractive atmosphere that trader want to be associated with a country. The OECD (2005:3) states that by implementing trade facilitation measures it reduces opportunities for corruption and theft, reduces administrative costs and creates an environment conducive for cooperation between government and business. In agreement to the above statement Jayanetti (2005:10) states that, “Trade facilitation offers a more transparent and efficient regulatory climate for investors and also reduces administrative costs for government.” This statement points in support of trade facilitation reducing administrative costs for government.

**2.4 Costs of Trade Facilitation**

According to Portugal-Peverz and Wilson (2008:3), “Weak infrastructure and institutions, however, contribute to high trade costs along the logistics chain in Sub-Saharan African countries. Moreover, evidence suggests that African countries have some of the highest trade costs in the world.” If the benefits are so evident, why is that Africa has the highest trade cost when the solution is to simply implement trade facilitation measures. It takes huge capital outlay to implement trade facilitation. Moise (2005:8) emphasise that for trade facilitation to be effective changes have to be made in terms of facilitating training of existing staff, costs incurred in instituting new regulations, purchasing of new equipment, upgrading existing infrastructure as well as making institutional changes.

According to the OECD (2005:5), the reason why developing countries in particular are hesitant to agree to trade facilitation negotiation in multilateral organsations is that trade facilitation programmes though it has future benefits imposes financial committement from governments who have limited resources, hence developing countries are not too keen about trade facilitation. For developing countries resources are limited and the needs are immense, customs reform will be competing with government priority issues thus this hampers the implementation of trade facilitation.

One of the costs is instituting new legislation or amending existing laws of a country, unfortunately these are undertaken in isolation as just trade facilitation but comprehensively as customs modernisation. This involves specialised staff in various line ministries, time and parliament; these departments also have many issues that demand their attention. According to OECD (2013:10), points out that there are a lot of stakeholders involved in drafting and implementing trade facilitation programmes and much has to be done to ensure that domestic laws are upheld and that there is no conflict of interests by all relevant stake holders involved.

Improvements in equipment and infrastructure are a cost of implementing trade facilitation. Moise (2005:11) reveals that, although infrastructure and equipment are not always a prerequisite for trade facilitation, inadequate infrastructure and poor equipment can hamper the successful implementation of trade facilitation. And the OECD (2005:6) also confirms that, Information and Communication Technology (ICT) products as well as good infrastructure are used by border agencies to enhance the effectiveness and efficiency of customs operations. However it is worth noting that the degree of technology adopted depends on a country, its ability to purchase and maintain it, this is weighted against more pressing issue fiscus priority needs.

Other costs are institutional costs and training. Concerning training the OECD (2012:6) notes that, there may be need to expand existing borders or to contrast new ones, this imposes demands on available human resources and financial resources that need to be supplemented. Training and redeploying existing staff is a better option than recruiting new staff for countries with constrained resources. There is no other alternative however for upgrading infrastructure and building at the border cites.

Jayanetti (2005:9) states that, "Substantial initial investment varies according to the level of reforms needed and the existing infrastructure." However; considerable improvement can be made within the existing framework without incurring heavy capital investments if the country cannot afford it.

## 2.5 Theoretical framework

This study makes use of the Complex Interdependence theory. The key authors who put forward the theory are Robert Keohane and Joseph Nye. Interdependency proposes that states cannot survive on their own they need others to survive. The theorists observed an increase in the various transnational connections as well as interdependence between states which was examined to be increasing; this is at the expense of the use of force and power balancing tactics which although they remain important are diminishing in their use.

The basic assumptions of complex interdependence according to Femi (2013:9) are:

> The costly nature of military force will lead to its minor usage in international politics by states to achieve their national interest. International Institutions are very powerful in our contemporary world. States are interconnected so much so that policies of one state may have costly effects on other states. Issues in international politics are not ranked in any particular order. International regimes (rules, procedure, laws) are fast becoming the guiding norm of behavior for interstate relations. Bargaining tools are the usable means of reaching an advantageous position in international relation. Asymmetric interdependence between and among states is the determinant of power in international relations. There are multiple channels of interactions in the international system such as advocacy groups, INGO, human rights movements among others.

It is important to emphasise that interdependence is usually done with some sacrifice to a state's sovereignty in order to enjoy the benefits that come with it. Actions of one state ultimately have spillover effects in another state hence it is beneficial to cooperate. States will only give up part of their sovereignty as long as it does not conflict with their core objectives for example survival, territorial integrity, independence.

Complex interdependence is characterised by three characteristics, involving:
The first characteristic is the use of multiple channels of action between societies in interstate, trans- governmental and transnational relations. This challenges the state as the only actors in international relations because multinational companies for example, Coca Cola, AIG, also influence how globally states relate to one another. Instead of considering only states, in the SADC region powerful companies for example Sasol, MTN Group, Vodacom Group, Shoprite, De Beers consolidated mines are influential companies in their respective sectors so much that SADC members cannot make a huge trade agreement devoid of considering the reaction of such companies. Even when considering trade facilitation implementation, views from large companies can be considered.

The second characteristic is when states depend on each other there is a decrease in the use of force as a tool of foreign policy in international relations. The decline of military force as a policy tool will result in enhancing the probability of cooperation between states in economic, social and cultural issues among other sectors. SADC states are dependent on one another, economically and conduct their operations using the SADC Trade Protocol of 1996, no one state can independently act in contradiction to what the Protocol promotes. Other SADC Trade Protocols include Protocol on Trade in Services and The Protocol on Facilitation of free movement of Persons. SADC has already set in place guidelines for the smooth follow of people and goods between borders.

There is absence of hierarchy of issues which means that the priority issues are dealt with as they unfold depending on the severity of the issues as the last characteristic In SADC, the Zimbabwean economic situations in 2007-2009, SADC Agricultural Policy, Protocol of Trade in services of 2012, Protocol of Tourism of 1998, Protocol of Finance and Investment of 2006 are issues that SADC had to deal with as they unfolded. For example information about Zimbabwe's economic turmoil would trigger a response by SADC countries due to the spillover effect. South Africa would mainly react because many Zimbabweans live in South Africa which has implications of migration and it potentially affects the trade flow between Zimbabwe and South Africa since Zimbabwe accounts for over 70% of trade in goods and services with South Africa.

Another theory that explains the concept of trade facilitation within SADC is regional integration. Regional integration is when states in a similar region intensify interaction politically, economically, socially and culturally to achieve shared goals. Willingness and commitment of independent sovereign states to share their sovereignty will affect the level to which states integrate. There are eight critical functions that are fundamental for the success of regional integration according to Langenhove and Lombaerde (2007:380), these factors include unifying regional trade, developing the public institutions within states, having good governance systems and creating an environment for private sector growth. Also states have to develop the infrastructure so that it enables economic growth, include civil society in the decision making processes, reduce social exclusion and build programmes that necessitate the strengthening of regional interaction. When the frontline states joined to form SADC in 1992; SADC has evolved from just security concerns to also include trade, environment, and human rights issues among others. SADC is committed to boasting trade as seen by SADC Trade Protocol of 1996. In an effort to boast intra regional trade, SADC is committed to removing tariff and non tariff trade barriers, which are part of trade facilitation implementation.

### 2.6 Conclusion

This chapter defined the concept of trade facilitation. It also gave the historical account from GATT to the WTO in 1995 and the chronology of how the WTO Trade Facilitation Agreement of 2013 was reached. The incalculable benefits were discussed as well as costs of embarking on a trade facilitation programme. The chapter then concludes by discussing the major theories on trade facilitation which include complex interdependence and regional integration.

## Chapter 3: SADC and Success of Trade Facilitation

### 3.0 Introduction

In this chapter, the articles governing trade facilitation in SADC will be discussed. The success case studies of trade facilitation will be examined; these are the Chirundu One Stop Border Post (OSBP) between Zambia and Zimbabwe, the Coordinated Border Management System (CBM) in South Africa and the Single Window System in Mauritius and Mozambique. The chapter takes a comparative approach of the above cases and trade facilitation efforts.

### 3.1 SADC Trade Protocol and Facilitation

The SADC Trade Protocol which was ratified in 2000 by two thirds of its members governs trade in SADC. According to SADC Trade Protocol (1996:10) its objectives are:

- To develop equitable and mutual intra-SADC trade governed by different Trade Protocols.
- To increase intra-SADC trade especially areas were states have comparative advantage.
- To create an enabling investment environment for domestic and foreign players.
- To enhance the economic development, diversification and industrialisation of the Region.
- To establish a Free Trade Area in the SADC Region.

The SADC Trade Protocol aim is to make trade of goods and services much more free and non cumbersome as much as possible. In the SADC Trade Protocol the articles that address trade being non cumbersome are Article 12 on ROO, Article 13 on cooperation in custom issues, Article 14 on trade facilitation and Article 15 on trade transit. The trade facilitation issues are discussed in followings Annexes of the SADC Protocol on Trade:

i. Annex II: Concerning customs co-operation within the SADC
ii. Annex III: Concerning simplification and harmonisation of trade documentation and procedures
iii. Annex IV: Concerning transit trade and transit facilities.

ANNEX II: Concerning customs co-operation within the SADC

The objective of Annex II of the Trade Protocol is to simplify and harmonise customs laws and procedures. The harmonisation of these instruments leads to trade facilitation.

The Trade Protocol also recommends member states to incorporate this in their customs laws provisions designated to simplify customs procedure with the internationally accepted standards.

One of the international best practices which SADC is pursuing is the implementation of WCO RKC an international convention on the harmonisation and simplification of the customs procedure, by implementing these it will assist the member states to reduce the non tariff barriers. This Convention contains set of international standards on customs procedure. The SADC Council Ministers of Trade (CMT) in their meeting held in November 2012 agreed and recommended member states to accede and implement the RKC, SADC CBM Guidelines (2012:118). So far in the SADC region out of 15 Member States 11 are already contracting part to the convention.

Annex II creates the Sub Committee on Customs Co-operation (SCCC) which is a forum made by head of customs and their mandate derives from Article 13 of the Protocol on Trade. The head of customs meets annually to discuss issues pertaining to customs and other trade related issues. They develop instruments which facilitate trades and endorse for its approval by the Committee of Ministers responsible for Trade.

ANNEX III: Concerning simplification and harmonisation of trade documentation and procedures

Annex III aims to create the same standards applicable among SADC member states for increased intra-SADC trade. Article 14 creates the Subcommittee of trade facilitation in which responsibility among others is to address matters of documentation and procedures such as insurance of goods, export and import licensing and transit operation.

ANNEX IV: Transit trade and transit facilities

This Annex prescribes a set of procedure which allows the goods to move under transit procedure from port of commencement to the last destination under the customs control but with simplified procedure which facilitate trade. The good under transit procedure should be covered by a bond issued at the port of commencement and valid up to last destination. During the transit movement of the goods the physical verification only occurs when there is high risk involved and is done on the basis of risk management approach, SADC Trade Protocol (1996:52). The transit management system encompasses the Information Technology Information System and Regional Customs Transit Bond Guarantee; this is an instrument for trade facilitation. The operationalisation of this Annex involves various important stakeholders who include customs authorities, transporter providers, customs clearance, insurance agency, commercial banks among others.

## 3.2. Case studies

### 3.2.1 Zimbabwe OSBP

According to the Barka (2012:4), A OSBP is defined as, “A "one stop" form of border crossing point jointly managed by neighbouring countries and where activities are streamlined to maximise efficiency.” This is also consistent with the OSBP Source Book (2011:2) which defines a OSBP as, “A border post that combines two stops for national border control processing into one and consolidates border control functions in a shared space for exiting one country and entering another.” People, goods, trucks, cars only pass one border on either side of the border; they do not have to be stopped at the other border crossing point if they have been cleared by one side. For instance, at Chirundu border post, northbound trucks and traders are only checked and cleared once by the Zambian authorities, while southbound trucks and traders are cleared by the Zimbabwean authorities.

It takes the countries sharing a border to ensure that each country’s regulations are adhered to at the border posts. OSBP increase intra-regional trade by reducing bottlenecks and avoiding duplication of clearance procedures at borders for people and goods. OSBPs aim to reduce the formalities and required time for goods and persons to cross the border as well as help prevent irregular practices for example smuggling of food and drugs. OSBP help address the needs of landlocked countries that lack access to the sea and in turn suffer high transit costs when the goods are transported to their country.

There are four core elements that are essential for the implementation of a OSBP to occur, according to Pearson (2011:7) these are:

i) Legal framework done nationally;
ii) Design of procedures and traffic flows for the whole common control zone;
iii) ICT;
iv) Design of physical facilities as a common integrated facility by the countries concerned.

Chirundu is the main border between Zambia and Zimbabwe, it was officially opened as a OSBP on 5 December 2009 and it is the first operational OSBP in SADC. According to Pearson (2011:8) the major success factors are strong political will, the signing of a bilateral agreement to enable the legal functioning of the OSBP, private sector buy in and the establishment of different committees and external funding. The four core elements of legal, physical site, ICT and design of procedures were all combined to make the Chirundu OSBP became operational. Also strong political support by both governments was paramount otherwise the plan would have just remained as a plan and not operational.

The achievements so far of the Chirundu OSBP according Barka (2012:3) reports that the Chirundu OSBP reduced crossing time for trucks from 2-3 days to only 2 hours and a fast track preclearance process is taking 15mins. This view is also supported by Pearson and Chaitezvi (2012:9) who state that, “More truck drivers are using Chirundu as their preferred point of entry into and point of exit out of Zambia, despite this increase in traffic volumes the border agencies are still able to clear all trucks arriving at the border in the same day.” This improvement has substantially reduced transit cost, border delays as well as attracting investment both to Zambia and Zimbabwe.

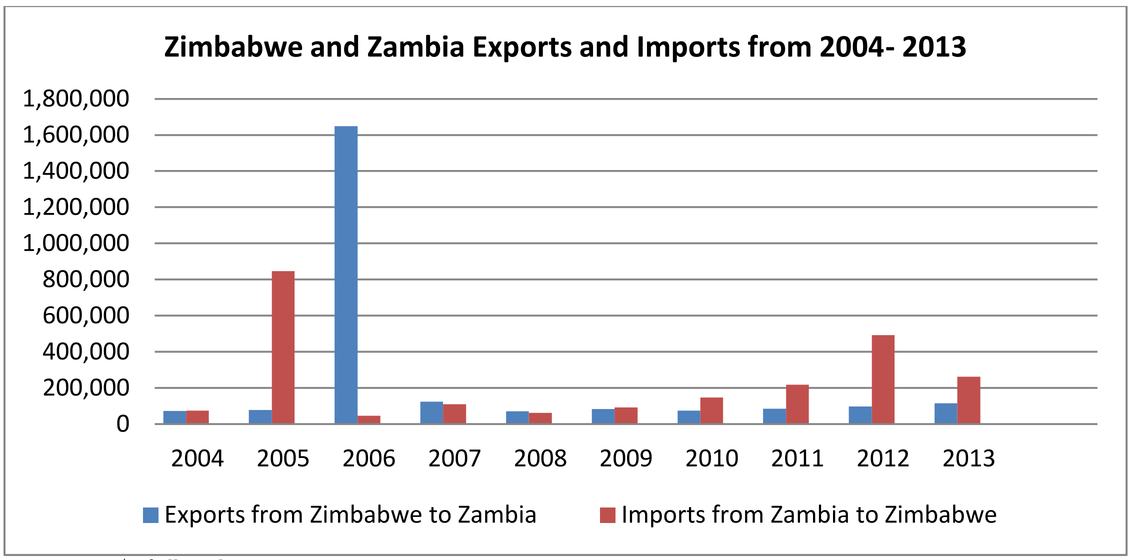
An evaluation of the Chirundu OSBP by Barka (2012:12) highlights many benefits which include, “The reduced supply chain transaction costs, increased government revenues, reduced duplication of efforts, reduced retail price of consumer goods. Furthermore, the reduced transaction costs, translates into increased volume of goods traded across the border.” The OSBP leads to an increase in investment and growth in trade between the two countries.

OSBP Source Book (2011:105) reveals the importance of the Chirundu OSBP:

> In 2007 Chirundu was handling about 6,000 trucks a month, with an average of 225 trucks per day in both directions. About 120 trucks per day travelled northbound, while approximately 105 travelled southbound. It handled about 25 cars each day and 10 buses. Freight on the corridor has fluctuated with the rise and fall in mineral production in the Copper Belt and the regional economy. By the first two weeks in February 2011, the traffic had increased to about 200 trucks northbound and 180 trucks southbound, demonstrating the importance of Chirundu and its effective operation as an OSBP.

Traffic has increased from 6000 a month to approximately 11400 a month; this shows that there has been an interest in using the Chirundu OSBP.

**Figure 1: Exports and Imports from Zimbabwe to Zambia using Chirundu OSBP**




Figures in US$ of all products
Statistics from Zimtrade (2014)

The graph shows that before the Chirundu OSBP, in 2004 exports from Zimbabwe reached their highest value. After 2004 – 2009 there is a sharp decline of both imports and exports passing through Chirundu. From 2010 there is steady growth of imports and exports as compared to the period 2005-2009 when the OSBP was not there.

According to a Senior Economist from the Ministry of Industry and Commerce (MIC) in Zimbabwe, the factors that lead to the successful implementation of the Chirundu OSBP are, “A strong political will, available and spacious infrastructure on the Zimbabwean side, funding especially from Danish International Fund (DANIDA) and Japan

International Aid Agency (JICA) to fund the new infrastructure needed on the Zambian side and private sector involvement." The success of the Chirundu OSBP is however attributed to COMESA and not SADC by MIC. COMESA facilitated the hiring of a consultant to oversee the success of the project and sought after the much needed funds from donors. It is a success to SADC physically because it is located in the SADC region, but it was not initiated or managed by SADC.

SADC is making some effort to operationalise borders into OSBP, there is a OSBP construction project between Mozambique and South Africa at Ressano Garcia/ Lebombo, project between Botswana and Namibia at Mamuno and the Kasumbalesa between Zambia and the Democratic Republic of Congo, Pearson (2011:11). The Ressano Garcia/ Lembombo OSBP project was supposed to have opened in August 2014 but expectations are high that it will open in the first quarter of 2015. The project of OSBP in Kasumbalesa between Zambia and DRC is under negotiation between the two governments.

### 3.2.2. Mozambique and Mauritius Single System

The UN/CEFACT (2005:7) defines a single window as a platform for all traders and transit related traders clearing agencies are located and all standardised required information is available to traders when they visit the location. This is the most common definition and it is the exact same definition given by UNECE Recommendations and guidelines for establishing a single window (2005:6) which extends the definition of a single window to include that, "If information is electronic, then individual data elements should only be submitted once." It is a place where all relevant stakeholders involved in trading that is government, private sector, companies that import and export can easily transact under one roof or one system. Electronic information should just be submitted once.

In a traditional setting with no single window, traders are forced to visit different government agencies which may be in different locations in order to get the correct clearance documentation for import or export. This is expensive in terms of time and money; it increases costs of trade by increasing the number of days to complete an export or import process. The reason for having a single window for a country is to increase the efficiency through reducing time and save costs for traders in their dealings with government authorities for obtaining the relevant clearance and permits for moving cargos across national borders. The single window is currently being used in Mozambique and Mauritius in SADC while other countries are still consulting to implement the single window system.

Mozambique is located on the southern east coast of Africa and because of this it is a transit country to Swaziland, South Africa, Zimbabwe, Zambia and Malawi. Mozambique's single window was launched in 2011 and it has made border control management more efficient in Mozambique, Mozambique Case Net (2011:11). A single window was therefore designed to enhance revenue collection by the Mozambique government to close revenue leakages due to transit. According to UNEFE Mozambique Case Study (2011:3), the functions that have been incorporated into a single window ensure it to detect a breach in consignments and has a GPS system able to track transit cargo among some of its functions.

The system processes approximately 400 000 customs declarations per year that would mean processing approximately 1 100 per day. The single window has benefitted Mozambique in a huge way. For the importer and exporter the major benefit has resulted in faster clearance times it has reduced processing time from 3 days to a few hours. Also it has enhanced into a more transparent and predictable process and by far less bureaucracy. It has also benefited custom in that there is improved staff productivity through the increase in customs revenue, a more structured and controlled working environment as well as enhanced professionalism. Government stands to benefit the most because of a significant addition to government revenue it stands to gain. Commercial banks have gained an increase in customers and an increase in the amount of funds passing through bank operations.

Mauritius is an island nation in the Indian Ocean, situated on the southeast coast of Africa. The initial single window phase 1 was implemented in 1994; followed by phase 2 in 1995, then phase 3 in 1997, phase 4 in July 2000 and lastly phase 5 in December 2000, UNECE/UN/FACT Single window development and implementation: Experiences of Mauritius (2004:10). According to the UNECE Recommendation and guidelines to implementing a single window (2005:16) the single window in Mauritius, "Allows the electronic submission of customs declarations and it processes and returns submissions electronically through TradeNet, a proprietary system developed by Mauritius Network Services Limited in collaboration with Singapore Network Services Limited." According to the UNECE/UN/FACT Single window development and implementation: Experiences of Mauritius (2004:10) the results for the Tradenet system so far are:

> Reduction in processing time of customs declarations from days/several hours to 15 min. Declarations sent/information retrieved from one's own office, Paper returns and payments eliminated, One-stop process: one window - one interlocutor, Reduction of errors through the use of a standard software, Harmonisation/control on deadlines and info frameworks, Enhancement of transparency and productivity, Conclusive public/private sector collaboration,
> Considerable improvement in trade efficiency

The various parties involved in the electronic submission of documents in the movement of import and export goods are customs and excise department, freight forwarders, shipping agents, customs brokers, the cargo handling corporation, the Ministry of Commerce, operators within the Freeport as well as importers and exporters.

According to the UNECE single window short brochure (2005:3) The benefits for traders in the implementation of a single window system include, "Cutting costs through reducing delays, faster clearance and release of documents, predictable application and explanation of rules, increased transparency as well as a more effective and efficient deployment of resources." The benefits for of implementing a single window for government are vast and these include more effective and efficient deployment of resources, correct and often increased revenue yield, improved trader compliance, enhanced security, increased integrity and transparency, UNECE Recommendations and guidelines for establishing a single window (2005:11).

According to UNECE Recommendations and guidelines for establishing a single window (2005:16), key elements that contribute to the successful implementation of a single window system are:

> A strong political will, a strong lead agency, partnership between government and trade, establishment of a clear project boundaries and objectives user friendliness and accessibility, a legally-enabling environment, international standards and recommendations, identification of possible obstacles, promotion and marketing and communications strategy

The single window is highly beneficial as seen by the experience of Mozambique and Mauritius; it would be beneficial for growth in trade if all SADC countries implement it. MIC Zimbabwe Senior Economist said that Zimbabwe was still undertaking internal consultations for it to be implemented in Zimbabwe. Mr Stevens a Senior Economic Counsellor from the South African High Commission in Zimbabwe was uninformed about the status of South Africa concerning the single window.

The World Bank the Ease of Doing Business Index (2012), Mauritius is number 28 out of 185 countries. This means that it is far easier to conduct business in Mauritius than most countries. It is top in the SADC region, South Africa is second at 43, Botswana at 74, Seychelles at number 85, Namibia at 88 and all other SADC countries are above 100. The Index includes the following factors, managing and processing construction permits, the process of registering property, acquiring credit processes, protecting minority investors interests, paying taxes, trading across borders, availability of electricity, enforcing contracts and resolving insolvency. The single window has contributed to this ease of doing business.

### 3.2.3 South Africa CBM

CBM is defined by the SADC CBM Guidelines (2012:11) as, coordination and cooperation amongst all the necessary border authorities and agencies. The main aim for cooperation is to preserve the states interests, address security concerns as well as establish an efficient and effective system of managing the border. This can be at international or national level focusing on improving management. It should also be noted that CBM concerns all the agencies at the border equally as each has its own statutory mandate and national interests to protect.

Intra-agency cooperation describes the efficient internal cooperation and management of processes, information and resources within a ministry or agency responsible for specific tasks vertical or horizontal cooperation. Inter-agency cooperation takes a horizontal approach based on cooperation and coordination between offices of the different agencies at the local level, as well as among the provincial and headquarters offices of the agencies, Aniszewski (2009:10). This involves day-to-day operational formal and informal contacts at the border post and extends to consultations on mid-term and long-term strategies between the head offices.

According to Mr Monteiro Programme Officer, Customs Trade Industry Finance and Investment (TIFI) at SADC, CBM is being implemented in South Africa in the form of Border Control Operational Coordinating Committee (BCOCC). Malawi and Zambia are implementing the Joint Border Committees concept at selected border post; this concept has some elements of CBM. Any country can implement its own border committee. Zambia is implementing this at Kasumbalesa border while Malawi is implementing in Mchinji, Punungwe (2012:9). Some of the SADC countries are still working on their internal consultation to implement CBM.

CBM is therefore about improvement of coordination and collaboration at intra-agency, inter-agency and international levels with the aim of having open but controlled and secure borders. Irrespective of the national system and its level of development, the results of the individual border agencies generally improves when their level of cooperation is enhanced. Border management results in more efficient service and this in turn translates to shorter waiting periods at the border crossing points and inevitably higher customer satisfaction. At the same time cooperation can contribute to increased detection rates of illicit trans-border activities.

The implementation of CBM along the draft SADC CBM guidelines should benefit the countries of Southern Africa and the adjoining regions. According to SADC CBM Guidelines to (2012:18) if CBM is implemented it will have the following benefits:

- improve management of border agencies and clarify responsibilities and accountability of border agencies
- remove inter-agency rivalry and duplication of resources
- facilitate trade, transport, tourism and foreign investment
- provide for overall single ownership of the responsibility for border efficiency
- contribute to the success of regional and national cross-border facilitation projects like those for implementing single window and OSBP
- facilitate implementation of the regional integration agenda (customs union; common market - free movement of goods, labour and capital; security.)

It is beneficial for SADC countries to improve their border management systems; it works out better for the regions good. According to Mr Hoto an Economic Counsellor from the South African High Commission in Zimbabwe, he was uninformed with regards to whether South Africa has benefitted from the above benefits.

### 3.3. Conclusion

The chapter discussed the articles governing trade facilitation in SADC from the SADC Trade Protocol of 1996. The Chirundu OSBP between Zambia and Zimbabwe was discussed as one of the success case studies of trade facilitation in the region. South Africa was given as the case study for CBM while for the single window system Mauritius and Mozambique were the cases studied. The region is slowly progressing in line with trade facilitation. In fourteen years, much more could have been achieved than what SADC has implemented. It takes the commitment of SADC head of states to initiate and implement programmes that enable the achievement of trade facilitation. The next chapter focuses on some of the bottlenecks encountered in trade facilitation efforts.

## Chapter 4: Challenges affecting Trade Facilitation in SADC

### 4.0 Introduction

The previous chapters have given the background of how the concept of trade facilitation evolved in the SADC region. In addition to that the chapters have revealed the success to date of trade facilitation, although there are not many to acknowledge. This chapter will analyse the challenges that have constrained progress in terms of trade facilitation in the SADC region politically or economically.

### 4.1 Challenges of trade facilitation in SADC

#### 4.1.1 Political Challenges of trade facilitation in SADC

The major ingredient for a successful trade facilitation programme is the political will of the government and other governments if it involves more than one government. According to the OECD (2005:6), "To be successful, a trade facilitation agenda needs wide political support and the sustained commitment of those involved in formulating and implementing trade policy." This view is also supported by the Swedish National Board on Trade (2005:3) which states four key elements for a successful trade facilitation programme as, "A strong political will; a clear strategic plan; close co-operation with the business community and for developing countries a well-funded and long-term technical assistance programme based on a partnership between donor and recipient." According to the Zimbabwe MIC Senior Economist, the factors that lead to the successful implementation of the Chirundu OSBP are, "A strong political will, available and spacious infrastructure on the Zimbabwean side, funding especially from DANIDA and JICA to fund the new infrastructure needed on the Zambian side and private sector involvement." The need for strong political buy in for trade facilitation to be a sustainable agenda cannot be over emphasised. SADC lacks the political will to make trade facilitation from a blue print plan to a reality. Were strong political will exists, the lack of resources and other excuses can be circumvented.

SADC member states belong to other regional blocks that is Southern Africa Customs Union (SACU) and COMESA hence this multiple membership presents challenges. SADC has 15 member states. South Africa, Swaziland, Lesotho and Namibia have an agreement under SACU and these same countries are wholly in SADC. Democratic Republic of Congo, Madagascar, Malawi, Seychelles, Swaziland, Zimbabwe, Zambia and Mauritius are COMESA members as well as full SADC participants. Swaziland is integrated into all three regional blocks COMESA, SACU and COMESA. Within SADC countries they have also signed individual bilateral agreements amongst themselves, for example Zimbabwe and Zambia signed one so as to operationalise the Chirundu OSBP. This presents a challenge when negotiating an agreement as SADC, because other outcomes will contradict SACU, COMESA or bilateral agreements that states have with one another. Mr Stevens South Africa High Commission Economic Counsellor illustrated the difficulties that arise when negotiating an agreement in SADC; some states make reference to another agreement which can be SACU, COMESA or individual bilateral agreements. Mr Matevere Zimbabwe Revenue Authority (ZIMRA) Technical Services Manager pointed out this challenge in the region in that when sharing customs information between states, other states will first seek clearance in order not to contravene any Memorandum of Understanding (MOU) that they have with other states. SADC member states because of their multiple agreements across the region choose the agreement that best suit their national interest and use it as a reference point to circumvent not implementing another agreement. In as much as SADC has committed to trade facilitation through the SADC Trade Protocol agreement it is easier to circumvent implementation citing commitments to other regional agreements.

In the period 2000-2014, the SADC region has seen so many unfolding unplanned challenges. Angola experienced a civil war from 1975 to 2002, due to a dispute between the former liberation movements, the People’s Movement for the Liberation of Angola (MPLA) and National Union for the Total Independence of Angola (UNITA) in terms of how to effectively share power, Uppsala Conflict Data Programme (UNDP) Conflict Encyclopedia (2015). The Democratic Republic of Congo in 1998 was attacked by rebels and Zimbabwe, Angola and Namibia sent troops to reinforce its military capability. In

2002 Laurent Kabila was assassinated and his son Joseph Kabila became president. In 2006 the country held its first official multi-party elections and Joseph contested won as president. Zambia in 2000 had a external debt of US$7.3 billion and in 2001 took the first steps to be part of the Highly Indebted Poor Countries Programme (HIPC) initiative which aimed at reducing and cancelling external debt to sustainable levels, Easterly (2002:1680). According to the United States Embassy in Harare (2015) Zimbabwe was placed under the Zimbabwe Democracy and Recovery Act (ZDERA) sanctions from 2003 to date, which is enacted by different United States government department. It was ravaged by hyper inflation from 2007-2008 period the Economist (2013) reports that inflation was estimated reaching 231 000 000% in August 2008 this resulted in many industries closing resulting in a high unemployment rate. In Madagascar in 2009 there was a coup which destabilised the country because of this financial foreign aid stopped and this resulted in economic decline. The SADC Trade Protocol was ratified in 2000. Most SADC member states have had internal challenges that needed their urgent focus internally; this has forced them to have an inward looking approach rather than outward looking approach. Trade facilitation requires committement politically and financially but these have been lacking because more critical issues of survival and the territorial integrity of the state have dominated states' focus. Unfortunately challenges will always be present and unforeseeable negative events may arise from time to time and it takes commitment by SADC member states to uphold the agreements that they have signed.

Trade unfortunately is not strictly determined by SADC member states, there are other influencing factors. Tokyo International Conference on African Trade (TICAD) which started in 1993 and meets after every five years. The aim is to bring donors and investors to the conference to discuss how to develop Africa. There is also the Forum on China African Cooperation (FOCAC) which started in 2000. FOCAC aims to interact with Africa on political, social, humanitarian and cultural levels. To counter the presence of China in Africa, the United States also formulated a programme called African Growth Opportunity Act (AGOA) of 2000. This can be viewed as economic partitioning of Africa for natural resources and markets for their goods. Every agreement stipulates the conditions under which African countries can trade, if this is contravened trading can cease. AGOA eligible countries can only outsource raw material only to other AGOA eligible countries, this then secludes non-AGOA countries. To keep the status and privilege awarded under these agreements, SADC countries will rather uphold FOCAC, TICAD and AGOA agreements than to give preference to the SADC Trade Protocol. It therefore means if the SADC Trade Protocol can be violated, trade facilitation can also be ignored and sidelined.

### 4.1.2 Economic Challenges of trade facilitation

SADC countries have a revenue collection mindset instead of a trade facilitation mindset which is a challenge. According to Kasee (2014:108), "It is an indisputable fact that in many countries revenue collected from customs constitutes a large share of the total revenue collected and this is why the focus is still on revenue collection." Mr Marekera the ZIMRA Manager Technical Services shares the same view when he says, "One cannot run away from the fact that LDC need revenue and Customs collection plays a major part in collecting revenue." In this regard, implementation of the WTO Trade Facilitation Agreement however requires a paradigm shift from revenue collection to trade facilitation. SADC countries are faced with the option to reduce tariff barriers and implement trade facilitation for increased SADC intra-trade but the paradox becomes how to generate the much needed revenue. Some of the benefits of trade facilitation according to Milner *et al* (2008) are, "Trade facilitation allows for increases in government revenue and collection efficiency and generally contributes to welfare improvements and economic growth." This is supported by the OECD (2005:3) which states that, "Revenue loss from inefficient border procedures has been estimated at more than 5% of GDP in some cases." When fully implemented trade facilitation should bring about increase in revenue collection but the challenge for most SADC countries is to let go of the current revenue in the short run whilst investing in long run gains of trade facilitation. The gap in revenue is what most SADC countries would rather not feel the impact. In the end it is easier for SADC countries to have limited incentives in making trade as non-cumbersome as possible by reducing tariffs and quotas as well as implementing trade facilitation because it has implications of temporarily reducing revenue.

Most SADC countries are faced with resource constraints against unlimited needs. To implement trade facilitation measures will require substantial investment in various components including but not limited to infrastructure, equipment, new regulations, training, institutional changes, business process reengineering and ICT, Kasee (2014:109). Senior Economist, Zimbabwe MIC noted that in SADC resource constraints hamper the full implementation of trade facilitation because of other pressing fiscus needs for example education, health and security sectors are deemed far more important than improving trade facilitation. Mr Gadzikwa ZIMRA Manager Technical Services gave an example of the requirements in terms of building a OSBP; it requires, infrastructure for sewage, constant water supply, staff accommodation and borders according to the acceptable standards by both states, installation of scanners, good roads enabling legislature, equipment among others. This reveals that the investment requires huge capital to execute the operationalisation of a OSBP. It takes massive capital and committement by the government of any state to implement trade facilitation. However, Jayanetti (2005:9) states that, "Substantial initial investment varies according to the level of reforms needed and the existing infrastructure." Trade facilitation is not necessarily about huge capital projects, considerable improvement can be made within the existing framework without incurring heavy capital investments if the country cannot afford it. For example CBM is not costly to implement it means a state needs to organise and manage itself better unlike OSBP which has many capital considerations. Finances are a huge constraint but for measures that do not require massive capital injections for example training workers, passing legislation that enables smooth flow of trade and changing the business environment, this a state can do to show its committement to trade facilitation. SADC members have made little progress in relation to trade facilitation citing substantial capital investment initially although in the long run it leads to more revenue generated. A change in committement to the trade facilitation agenda will produce more substantial results by SADC.

Within the SADC region states have different levels of economic, political and technological development which is a challenge when states are required to show committement to one agenda. Within Southern Africa, different customs administrations are at different levels of modernisation and automation. This can pose a challenge in terms of harmonisation of initiatives, Kasee (2014:109). Anaylsing the period 2003-2013 of the SADC states contribution to SADCs GDP according to GIZ Prospect Report (2014:3), "South Africa region's total Gross Domestic Product (GDP) stands at 55.5%, albeit down from 63% in 2010. Angola comes in second with a share of 13.6%. Namibia, Lesotho and Seychelles, have shares of regional GDP of 1.9%, 0.4% and 0.2% respectively." The statistics indicate that South Africa is more economically developed in the region; Angola is second majorly because of the crude oil it exports. Due to the differences in economic development, size of a country, access to the port, geography some states are prone to put controls to protect its market for example high tariffs and quotas so as to safe guard its own home industry. These protectionist measures contradict the aim of trade facilitation. States are faced with the dilemma of either opening up markets to other SADC states as the expense of crippling their home industry in specific areas. South Africa can produce goods at lower cost than most SADC states and if all tariffs are substantially lowered and there are minimum barriers to trade, South African products will flood the SADC region at the detriment of other SADC member states industries. According to Mr Steven, South African Embassy High Commission Senior Economic Counsellor, "Zimbabwe is moving away from trade with South Africa in the view to protect its own industry. However it is in breach of the SADC Trade Protocol because for the same goods it is opening up its market to China but closing the market to South Africa." This shows that the issue of protectionist measures are real whether motivated by political or economic factors and SADC will have to address this if it wants to move forward. More committement is needed by SADC members not just for trade facilitation agreement but also to uphold the whole SADC Trade Protocol. Unfortunately SADC lacks enforcement measures and simply recommends it members to uphold and implement SADC Protocols.

The region has different border operating times and this hampers smooth flow of intra-regional trade. The movement of goods and services should be continuous, fast and uninterrupted in terms of trade facilitation. Mr Gadzikwa ZIMRA Manager Technical Services says, "The region fails to reap the full benefits of the Chirundu OSBP because it closes early at 6pm whilst other border for example Beitbridge is open 24hours. Burdensome and bureaucratic delays in the processing of documents and clearing goods at the border posts is another problem." Most borders operate between 6 am to 8pm in the SADC region. The SADC Council of Ministers of Trade (CMT) Report (2013:14) meeting noted the following borders Kasumulo/Songwe (between Tanzania and Malawi), Zobue/Mwanza (between Mozambique and Malawi) and Chirundu (between Zambia and Zimbabwe for commercial traffic) need to be extended. At Kasumulo the border opens at 8am - 5pm whilst at Songwe it opens at 6am - 6pm. At Zobue the border opens at 7am - 9pm but at Mwanza it opens from 6am - 9pm, there needs to be an alignment in the opening time. At Chirundu both close at 6pm but this is too early to close for commercial traffic. A trade official from Zimbabwe MIC notes that Chirundu is situated in a game park therefore it is not feasible to operate after 6pm. Borders are different in terms of size, volume of traffic, goods and people hence operating times are bound to be different. This however interrupts the smooth and continuous flow of trade because there is no standard regional border operating time.

Movement in SADC is not as free, for traders, goods and services. For one trip a transporter going to Namibia to Tanzania, it is stopped at different road blocks and the paper work required is dissimilar for ROO, SPS measures, excess vehicle weight and road access fees are not uniform. Mr Marekera ZIMRA says SADC should reconsider the ROO in place because they are too stringent as compared to COMESA. It means therefore that for SADC states who are also COMESA members, traders are more likely to be subjected to COMESA flexible rules than SADC. However in the case of purely SADC countries traders are subjected to the stringent rules. The double standards in the region defeat the purpose of trade facilitation which advocates for harmonisation in documentation required so as to save time and costs. In terms of road blocks, Pearson (2011:5), "There are too many road blocks that is stopping of commercial vehicles at various inter-country road blocks even where there is no proof that goods being transported are of a suspicious nature, such as smuggled goods or drugs." If a vehicle is searched and certified by customs and security officials at the border there is then no need to continuously stop the vehicle as it passes through a country. This not only causes delay but the delay transcends to additional trade costs, which is what trade facilitation aims to reduce. The lack of harmonised standards for road user access, ROO, SPS and road blocks for international trucks in SADC presents a challenge to the smooth flow of trade.

A more transparent, predictable and efficient regulatory climate that attracts investors is one of the benefits of trade facilitation. In a bid to implement this one challenge that governments face is the challenge of corruption. Corruption is the abuse of an office or position by government or agency officials who require payment or a bribe in return of a favour awarded to the trader which can be under declaration of goods, processing an export or import permit quickly, forging of documents. The full implementation of a trade facilitation programme reduces corruption, under declarations and fraud because every agent has perfect information about the requirements hence there is transparency. According to the Swedish National Board of Trade (2005:8) when it states that, "Reformed customs procedures reduce levels of evasion, under-declaration, fraud and collusion with customs officials and thus generate obvious profits for the public revenue." This is supported by Peter Malinga former Commissioner of Customs Uganda in Fabbi (2011:7) argues that, "My country's reforms to improve customs administration and reduce corruption helped increase customs revenue by 24% between 2007 and 2008." Mr Hoto South Africa High Commission Economic Counsellor alludes to corruption as one of South Africa's biggest challenges in implementing trade facilitation. South Africa incentivises traders to trade externally, after providing the receipts and necessary trade documents traders are given some money. It has been noted however that people produce fake documents of goods they have not produced.

**4.2 Conclusion**

The period in question 2000 - 2014 SADC member states have been ravaged by individual challenges, this the study will acknowledge. However much could have been achieved in terms of trade facilitation than has been achieved. The major setback in the region that has impeded much growth in terms of trade facilitation are political and economic factors. SADC lacks the political will power to rally behind the agenda of trade facilitation. The reason for the success behind Chirundu OSBP was political will, resources, expertise's involved, time and donor support then followed the initiative. SADC as a body has done little to even initiate programmes and funding for trade facilitation for SADC states, COMESA sought donors for the construction of the OSBP. Also the issue of multiple membership means when making decisions country's can simply choose the agreement that best suits its national interest. SADC needs to be more serious because some interventions of setting standard of road user fee, documentation required, environmental and health safety standards do not require much capital to harmonise them. The study concludes that SADC member states need more ownership of the trade facilitation agenda for them to implement it better and more effectively.

## Chapter 5: Conclusion and Recommendations for SADC for Trade Facilitation Implementation

### 5.1 Conclusion of the study

The study analyses the challenges of trade facilitation implementation in SADC from 2000 to 2014. The concept of trade facilitation historically started from GATT and when it transformed to a more formal organisation the WTO in 1995 it was maintained on the agenda; in 2013 WTO Trade Facilitation Agreement was reached. SADC member states through the SADC trade protocol adopted the agenda of trade facilitation. Trade facilitation when implemented reduces trade costs, increases revenue collection by custom officials, presents a more predictable business environment that reduces uncertainty and increases investment into a country. However, embarking on a trade facilitation programme demands that states amend existing legislature or institute new laws, train the necessary human capital, expand or construct new border buildings and infrastructure over and above that purchase or upgrade existing equipment. The Chirundu OSBP between Zambia and Zimbabwe, Mauritius and Mozambique single window systems and the South Africa CBM approach were discussed as success milestones taken so far by SADC.

SADC faces a number of political and economic challenges in its effort to implement trade facilitation. Lack of strong political will, multiple memberships in regional blocks, internal challenges and preference to other international trade agreements for example FOCAC over the SADC Trade Protocol are some of the political challenges. Fiscus constraints, different levels of economic development, different border opening times, and diverse documentation requirements on road user fee, environmental, health and safety standards as well as a revenue mentality against the trade facilitation agenda are some of the leading economic challenges that SADC has experienced.  These factors if unaddressed will continuously lead to increased trade costs, uncertainty, limiting of FDI and cumbersome trade processes. The region is slowly progressing in line with trade facilitation. In 14years, much more could have been achieved than what SADC implemented. It takes the commitment of SADC member states to own the agenda of trade facilitation and to improve on organisation and management for trade facilitation measures that do not need much capital outlay.

### 5.2 Recommendations for SADC trade facilitation measures

There should be great coordination and cooperation within the SADC region in terms of alignment of border operating hours. This requires strong political will and commitment by implementing agencies and border personnel. For example between Mozambique/ Malawi (Zobue/Mwanza), at Zobue the border opens at 7am - 9pm but at Mwanza it opens from 6am - 9pm. The border opening times are different; if a truck is cleared by 6am at Mwanza it has to wait until 7am for the Zobue Border to open. For better predictability, planning and smooth flow of trade SADC should harmonise and have one standard border operating hours. This reduces costs and makes traders be better able to plan the activities. The Southern Africas Trade Hub Customs Audit (2011:16) observed that most border opening times range from 6-8am and close between 5-10 pm. The suggested standard operating time can be from 6am-10pm. For borders situated in game parks or other life threatening areas and very low traffic borders can be expected to close earlier but all other major borders should have one standard opening time.

SADC countries are constrained by finances in order to fully implement trade facilitation. SADC can actively mobilise donors and resources for the better implementation of trade facilitation. The Zimbabwe MIC Senior Economist and Mr Marekera from ZIMRA accredited the success of the Chirundu OSBP to the COMESA secretariat for organising a consultant to oversee the project and for mobilising different donors to fund the project. Were political will exists SADC should therefore take the leading initiative, to mobilise resources for huge capital projects for example OSBP and single window systems.

The documents required for exporting and importing differ with respect to different states. That means a transit trader needs prior knowledge of the different requirements for ROO, SPS, environmental, health and safety for various countries. In the event that there is imperfect knowledge concerning certain rules and requirements by a country, the trader would have to require the documentation from the original country while they wait by the border for clearance. This can take days or weeks thereby increasing costs to trade. This makes trade clearing a cumbersome and time consuming process. The region should adopt a consolidated single standard and harmonised set of border documents that someone trading can use from one country to the next. Also documentation, processing and computer systems must be uniform across the SADC region and represent all the main languages of SADC member states.

The region should also finalise the adoption of a single road user access fee like and third party motor vehicle insurance, COMESA has set a standard on these but SADC has not. To eliminate confusion in countries that are both SADC and COMESA states, SADC can adopt the same measures for road user access fee and third party motor vehicle insurance. Motorists complain about too many unnecessary road blocks citing security concerns. If a cargo is in transit, there should be clearly stipulated number of times that transit transport can be stopped otherwise it increases costs by delaying it.

Trade facilitation measures reduce non tariff barriers to trade. SADC through the secretariat can organise trainings in different countries for the customs officials, transport representatives, government officials of different specified line ministries especially industry and commerce, finance and transport, clearing agent's representatives on the benefits of trade facilitation, with special emphasis on how trade facilitation increases revenue. SADC can hire a consultant who trains and expounds the benefits of trade facilitation so that governments are very clear about the future revenue gains that trade facilitation can offer if implemented. Mr Materevera from ZIMRA noted that LDCs are more revenue oriented than trade facilitation oriented. Unless the mindset and attitude of key stakeholders changes, trade facilitation will simple be a blue print plan.

SADC has no instrument to enforce agreements when member states do not implement agreed customs and trade facilitation instruments. It can only recommend to member states to adopt resolutions but has no power to force rogue states to align. States join regional integration blocks voluntarily and for loosing part of their sovereignty states gain mutual security, economic, social and cultural benefits. The UN enforces its decisions through the arm of the United Nations Security Council (UNSC). SADC should adopt an enforcement arm of SADC so that can enable it to force rogue states to comply. This will not be adopted easily but it is one way that indicates SADC seriousness towards growth as the regional block.

To tackle the problem of corruption in South Africa, the government can install a system that custom officials can use at the border that trade officials can login in the same system to check or verify that a client actually exported the goods they claim to have exported. They should put more stringent punishment measures for those that are caught in corrupt activities to set an example to the others not to follow the same example.

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27 January 2015. South African High Commission, 7 Elcombe Avenue, Belgravia, Harare.

Mr Garikai Hoto; South Africa High Commission Economic Counsellor.
27 January 2015. South African Embassy, 7 Elcombe Avenue, Belgravia, Harare.

Mr Matevere; Zimbabwe Revenue Authority, Technical Services Manager Harare.
6 March 2015. ZB building, corner First Street and Kwame Nkrumah Avenue, Harare

Mr Gadzikwa; ; Zimbabwe Revenue Authority, Technical Services Manager Harare.
6 March 2015. ZB building, corner First Street and Kwame Nkrumah Avenue, Harare.

**APPENDIX 1: IN-DEPTH INTERVIEW GUIDE (CHIRUNDU OSBP)**

**SECTION A**

Dear Sir/Madam

My name is Makone (nee Pasi) Itai, ID number 43-2007151-p-58 and I am postgraduate student at the University of Zimbabwe from the Department of Political and Administrative Studies. I am doing my dissertation research for my Masters in International Relations. My topic is: An analysis of the challenges of trade facilitation implementation in Southern African Development Community (SADC) from 2000 - 2014. The in-depth interview guide has been prepared to assess trade facilitation implementation as a country. The guide has been divided into three thematic areas, which are (1) examining the nature of trade facilitation, (2) examining the development of the Chirundu One Stop Border Post (OSBP), (3) examining the other challenges associated with trade facilitation implementation. This is mainly intended to unravel in-depth perceptions of the respondents with regard to the implications of trade facilitation implementation in the SADC region. The information obtained from this research will be used solely for academic purposes and is highly confidential. Your honest and accurate responses will be greatly appreciated.

**SECTION B: DEMOGRAPHIC PROFILE**

a. Profile of the Respondent:
   Age:..........................Gender:..............................................
b. Ministry/ Government Dept. or Agency/ Diplomat: (please specify in the space below)..........................................................................................................
c. Position/Rank:..........................................................................................................
d. Years in Service:......................................................................................................

**SECTION C: EXAMINING THE UNDERSTANDING OF TRADE FACILITATION**

1. What do you understand by the term Trade Facilitation?

2. In your view what is the extent of the use of the term Trade Facilitation presently, by your Ministry or any other government department?

3. What instruments are at the disposal of your government or any other government in terms of trade facilitation?

**SECTION D: SUCCESS IN IMPLEMENTING THE CHIRUNDU BORDER POST**

5. What are the major factors that lead to the success of the operationalisation of the Chirundu Border Post being a One Stop Border Post?

6. How long in terms of time and how much in terms of money did the project cost?

7. During the project what were the challenges faced and how did the government overcome them?

8. What have been the achievements of the project so far from 2009-2014?

**SECTION E: CHALLENGES IN IMPLEMENTING OTHER TRADE FACILITATION MEASURE**

9.To date there is only one OSBP which is Chirundu which was opened in 2009, how come other borders have not been converted to OSBP?

10. In terms of the Single window system when is Zimbabwe planning to implement this?

11. In terms of the Coordinated Border Management method, when is Zimbabwe planning to implement this?

12. What have been overall Zimbabwe’s challenges in trying to implement Trade Facilitation?

13. What has been the impact of the lack of trade facilitation implementation on development in Zimbabwe?

14. Do you have any recommendations that you can suggest with regards to trade facilitation in SADC?

**APPENDIX 2: IN-DEPTH INTERVIEW GUIDE (CBM)**

**SECTION A**

Dear Sir/Madam

My name is Makone (nee Pasi) Itai, ID number 43-2007151-p-58 and I am postgraduate student at the University of Zimbabwe from the Department of Political and Administrative Studies. I am doing my dissertation research for my Masters in International Relations. My topic is: An analysis of the challenges of trade facilitation implementation in Southern African Development Community (SADC) from 2000 - 2014. The in-depth interview guide has been prepared to assess trade facilitation implementation as a country. The guide has been divided into three thematic areas, which are (1) examining the nature of trade facilitation, (2) examining the development of the Chirundu Coordinated Border Management (CBM), (3) examining the other challenges associated with trade facilitation implementation. This is mainly intended to unravel in-depth perceptions of the respondents with regard to the implications of trade facilitation implementation in the SADC region. The information obtained from this research will be used solely for academic purposes and is highly confidential. Your honest and accurate responses will be greatly appreciated.

**SECTION B: DEMOGRAPHIC PROFILE**

e. Profile of the Respondent: Age:................................Gender......................................

f. Ministry/GovernmentDept/Diplomat:(please specify below)........................................

g. Position/Rank:...............................................................................................................

h. Years in Service...........................................................................................................

**SECTION C: EXAMINING THE UNDERSTANDING OF TRADE FACILITATION**

1. What do you understand by the term Trade Facilitation?

2. In your view what is the extent of the use of the term Trade Facilitation presently, by your Embassy or any other South African Government department?

3. What instruments are at the disposal of your government or any other government in terms of trade facilitation?

**SECTION D: SUCCESS IN IMPLEMENTING THE COORDINATED BORDER MANAGMENT(CBM)**

5. What are the major factors that lead to the success of the operationalisation of the CBM?

6. How long in terms of time and how much in terms of money did the project cost?

7. During the project what were the challenges faced and how did the government overcome th them?

8. What have been the achievements of the project so far from 2011-2014?

**SECTION E: CHALLENGES IN IMPLEMENTING OTHER TRADE FACILITATION MEASURE**

9. In terms of the Single window system when is South Africa planning to implement this?

10. In terms of the One Stop Border Post, when is South Africa planning to implement this and which border posts?

11. What have been overall South Africa challenges in trying to implement Trade Facilitation?

12. What has been the impact of the lack of trade facilitation implementation on development in South Africa?

13. Do you have any recommendations that you can suggest with regards to trade facilitation in SADC?