

BORDER ECONOMIES

LINKAGES TO THE DEVELOPMENT OF TRADE CORRIDORS
AND REGIONAL VALUE CHAINS IN SADC

Anna Ngarachu, Christopher Wood, Heinrich Krogman,
Elisha Tshuma, Dale Mudenda & Catherine Grant Makokera



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Cover image: People carrying bags walk on towards the Beitbridge border near Musina, July 2018 © WIKUS DE WET/AFP/Getty Images



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CONTENTS

| | |
|--|-----------|
| INTRODUCTION | 6 |
| TRANSPORT AND BORDER CROSSING EFFICIENCY | 7 |
| Standing time | 8 |
| BEITBRIDGE CASE STUDY | 10 |
| Survey methodology | 10 |
| Survey findings on standing time | 11 |
| Time release study findings | 15 |
| Overview of the Beitbridge border economy | 15 |
| CHIRUNDU CASE STUDY | 20 |
| Survey methodology | 20 |
| Survey findings on standing time | 20 |
| Time release study findings | 23 |
| Overview of the Chirundu border economy | 25 |
| BORDERS IN CONTEXT: TRADE SHIFTS | 28 |
| Structure of regional trade | 28 |
| Trade facilitation policy initiatives | 29 |
| CONCLUSION AND POLICY IMPLICATIONS | 32 |
| Coping strategies should accompany trade facilitation | 33 |
| Driver wellbeing must be a priority | 34 |
| Border firms need assistance to adapt and grow | 35 |
| New opportunities are needed at the border in the long term | 35 |
| ANNEXURE | 36 |



EXECUTIVE SUMMARY

Land borders in the SADC region are critical zones for unlocking economic development, regional value chains and trade. It is at the borders that many issues related to regional integration intersect. In this light, this paper examines two case studies on the border regions around Beitbridge and Chirundu, which are critical links in the North–South Corridor and are vital in both regional and bilateral development initiatives.

This paper seeks to add to the conversation on transport linkages and the reasons for uncompetitive trade within SADC, as well as to consider some of the economic development opportunities at land borders in the region. It does so by capturing the research findings from two specific case studies rather than considering the broader macro-approach of policymakers in the region, which has been well documented in other work. It was initially thought that the lack of backhaul opportunities was one of the most pressing contributors to uncompetitive transport pricing in Southern Africa. However, border delays, and particularly standing time of trucks, have emerged as the largest contributor to transport costs in recent research. This paper seeks to understand political economy factors impacting on standing time based on information gathered through snapshots of operations at Beitbridge and Chirundu.

Some key findings currently contributing to standing time at both borders include: (i) poor signage and a lack of disaggregated lanes for offloading trucks, transit trucks, buses, commercial vehicles and passengers; (ii) a lack of risk management processes for scanning and inspections, leading to numerous inspections and duplication of efforts among border agencies; (iii) low levels of staffing among customs officials; (iv) Zambian clearing agents' information gaps on customs procedures; and (v) driver behaviour, where drivers remain at the border despite completion of clearance. Presently, truckers experience poor working conditions in general, undermining driver well-being and contributing to slow movement along the corridor.

There is a complex relationship between trade facilitation and local border economies. Trade facilitation is essential to keep traffic flowing through border towns and maintain their viability; but very efficient border posts also reduce the need for firms specialising in helping traders overcome hurdles at borders. The research considered this relationship as part of a broad-based approach used to engage with different stakeholders. Economic development opportunities for border economies are intimately linked to the operation of border posts. Our research highlights some of the complex linkages to be considered.

The subsequent policy recommendations can be simplified into four key policy observations:

- Coping strategies should accompany trade facilitation. With the current reality of thick borders,¹ trade facilitation is often more complex than a policy or procedural implementation initiative. Therefore, coping strategies should be developed alongside trade facilitation measures, such as better communication mechanisms with key stakeholders and the provision of facilities at the border posts, especially for cross-border traders (mostly women) and people with disabilities. These include ablution facilities, information centres, and safe and strategic business centres. Formalising a SADC Simplified Trading Regime (STR) would ease trade for cross-border traders, creating more employment; increase incomes and food security; and reduce poverty levels among traders, who are predominantly women and youth.
- Driver wellbeing must be a priority, especially if the intention is to keep drivers on the road and trucks moving so as not to contribute to unnecessary standing time. Another priority is maintaining the present wellness clinics to educate drivers on health, wellness and preventive measures against sexual transmitted infections.
- Firms such as clearing agencies operating at borders require assistance to adapt and grow, through training and capacity building, to enable them to take advantage of the opportunities provided by trade facilitation measures through public–private coordination. This is to ensure that trade facilitation initiatives are in fact realised and not undermined owing to a disregard for stakeholder consultation prior to implementation.
- New economic opportunities are also needed in border towns, where, in the long term, a strategic shift to independent growth that does not rely solely on the border posts needs to occur for the local economy to remain sustainable.

AUTHORS

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¹ A shorthand term for borders that are difficult to get through owing to numerous cross-border regulations, a lack of transparency and time-consuming processes, for example.

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INTRODUCTION

This paper seeks to understand border economies in a broader way that considers the views of a range of stakeholders, and moves beyond technical assessments of border post operations as well as the high-level commitments taken by regional governments to ensure trade facilitation. It considers the political economy constraints at borders that lead to increased standing time, thereby diminishing the effects of trade facilitation efforts. It investigates more of the softer issues to firstly understand the economy and activities dominant at the border. It also examines driver behaviour in particular, and whether this contributes to standing time and whether border processes can accommodate drivers, in efforts to smooth out trade facilitation initiatives while supporting their wellbeing.

The paper reviews the concept of standing time as one of the causes of high transport costs in Southern Africa, as well as the causes of standing time. The methodology followed is an analysis drawing on secondary data, time release studies (TRS) and case studies based on interviews in Beitbridge and Chirundu, focusing on non-formal issues, such as driver behaviour, that are all causes of higher-than-average standing times.

The activities in and potential growth opportunities of these two border economies are considered, as is whether these towns can sustainably develop aside from border-linked activities. We consider the benefits and challenges for women and youth

businesses and initiatives to support those (particularly in the services industries that usually emerge in border towns) that could lead to developmental outcomes such as reduction of poverty.

The paper also reviews trade facilitation in the context of these specific borders and looks at the trade facilitation policy initiatives in both towns, and the tensions between trade facilitation and local economic development. The paper does not consider the macro-political economy dynamics of trade facilitation, which perhaps is an opportunity for further research.

The paper concludes with several key policy considerations that would reduce standing time, positively impact stakeholders, contribute to trade facilitation and support regional value chains.

TRANSPORT AND BORDER CROSSING EFFICIENCY

According to the World Bank's Logistics Performance Indicator (LPI), sub-Saharan Africa ranks as the lowest performing region overall and has systemically poor indicators across the LPI indicator categories, as shown in Table 1.¹

| TABLE 1 REGIONAL AND COUNTRY-SPECIFIC LPI COMPARISONS | | | | | | | |
|---|-------------------|---------|----------------|-------------------------|----------------------------------|----------------------|------------|
| SCORES* | OVERALL LPI SCORE | CUSTOMS | INFRASTRUCTURE | INTERNATIONAL SHIPMENTS | LOGISTICS QUALITY AND COMPETENCE | TRACKING AND TRACING | TIMELINESS |
| South Africa | 3.78 | 3.60 | 3.78 | 3.62 | 3.75 | 3.92 | 4.02 |
| Zambia | 2.43 | 2.25 | 2.26 | 2.51 | 2.42 | 2.36 | 2.74 |
| Zimbabwe | 2.08 | 2.00 | 2.21 | 2.08 | 2.13 | 1.95 | 2.13 |
| Sub-Saharan Africa | 2.47 | 2.36 | 2.29 | 2.49 | 2.42 | 2.39 | 2.84 |
| Europe & Central Asia | 3.23 | 3.03 | 3.16 | 3.14 | 3.17 | 3.24 | 3.62 |
| East Asia & Pacific | 3.14 | 2.98 | 3.02 | 3.08 | 3.07 | 3.12 | 3.54 |
| Middle East & North Africa | 2.89 | 2.60 | 2.78 | 2.96 | 2.81 | 2.86 | 3.29 |
| Latin America & Caribbean | 2.66 | 2.48 | 2.46 | 2.69 | 2.60 | 2.67 | 3.05 |
| South Asia | 2.62 | 2.42 | 2.45 | 2.68 | 2.56 | 2.56 | 3.03 |

* Measured on a scale of 1–5, with 5 being a perfect score

Source: World Bank, 'World Bank Logistics Performance Indicators', 2016, <http://databank.worldbank.org/data/reports.aspx?source=2&series=LP.LPI.OVRL.XQ&country=#>, accessed 10 July 2018

1 Lowitt S, 'Cross-Cutting Logistics Issues Undermining Regional Integration Across SADC', TIPS (Trade and Industrial Policy Challenges), 2017, <http://www.tips.org.za/research-archives/trade-and-industry/item/3414-cross-cutting-logistics-issues-undermining-regional-integration-across-sadc>, accessed 10 July 2018.

What emerges in all three main countries relevant to this report, and the sub-Saharan African region as a whole, is that performance scores in infrastructure and logistics competence (which is mainly a private sector activity) are higher² than in customs (a state initiative). This highlights that it is rather the softer operational issues and not the hard infrastructure issues in which the region is lagging behind, suggesting a need to focus on identifying the softer issues and understand the causes behind standing time.

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STANDING TIME

Regarding opportunities for higher value-added production, much depends on the opportunity to access global value chains, which are dependent on efficient logistics. As Table 1 shows, regardless of logistical performance and the private sector's involvement in reducing transport costs, competitiveness is undermined by the lower quality of operations that support transport infrastructure.³

In Sub Saharan Africa intra-regional value chain growth and development is, and will continue to be, constrained by the weakest link in the chain – transport and logistics.

The greatest detractor of logistics performance is still border functioning, ie, border delays and standing time at the border. The two components most critical to efficient logistics – time taken and costs to transport – are unfavourable in the Southern African region. When considering all border crossing and transit delays, the average speed of a truck traveling the length of the North–South Corridor (South Africa to Zambia) is just 6 km/h. Transport costs are also 1.4–2 times more expensive than in South-East Asian countries.⁴

Standing time generally refers to border delays, and has a further impact on logistics and transport companies' decisions to haul cargo back on the return trip. Depending on the type of cargo intended for a return haul, logistics companies can make a loss if the anticipated standing time is too high. Instead they may opt to bring an empty truck back as soon as possible to prepare for another north-bound one-way trip.

Logistics companies attribute 60% of high and uncompetitive logistics costs to border delays (standing times) and 7% to direct costs (wages and fuel), 3% to border

2 Except in the case of Zambia, which scores slightly lower in logistics competence.

3 Lowitt S, *op. cit.*, p. 4.

4 *Ibid.*

charges and fees, and 30% to lack of backhaul opportunities. For smaller operators the equivalent allocations are 45%, 10%, 5% and 40% respectively. The vast majority of SADC transporters are of the opinion that these costly delays can be attributed to bad management of border posts, including staff and resources. This supports the position put forward by such research that problems are operational rather than related to physical infrastructure.⁵

Standing times at borders are particularly troubling not only because of the variable costs associated with idle vehicles but also because of the fixed costs of financing and depreciation of fleet vehicles. Such fixed costs are sustained whether a vehicle is operating or not. These costs are only offset when revenue is generated by vehicles making successful deliveries, or when they are sold. It is therefore imperative for logistics/transport companies to make as many deliveries as possible with each vehicle, which is why standing time is such a heavy burden for them. The estimate of foregone revenue owing to standing time is between \$400 and \$600 a day.⁶ Standing time is notably the single most important variable in a logistics company's operations and directly impacts the price at which participants can access the logistics and value chain.⁷

Figure 1 highlights the time it takes to complete border compliance documentation in Southern Africa in comparison with East Asian and other lower- and upper-middle-income countries, according to World Bank indicators.

We compare our findings in the case studies to TRS data provided by stakeholders and compare Beitbridge and Chirundu's average times to see if governments should advocate for one-stop border posts (OSBPs), which can significantly reduce clearance and standing times. According to the World Customs Organization, TRS is a 'unique tool and method for measuring the actual performance of Customs activities as they directly relate to trade facilitation at the border'.⁸ TRS measures the 'effectiveness of operational procedures that are carried out by Customs and other regulatory actors in the standard processing of imports, exports and in transit movements'.⁹ The objective of TRS data is to provide an accurate measurement of trade flow elements to ensure that related decisions aimed at improving performance can be implemented effectively.

5 *Ibid.*

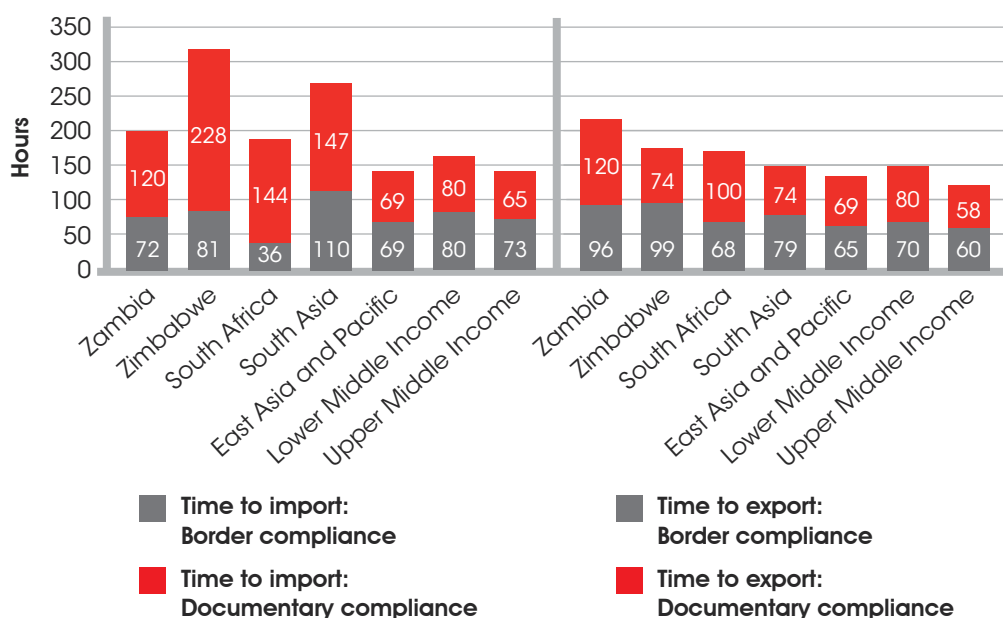
6 Vilakazi T & A Paelo, 'Understanding Intra-regional Transport: Competition in Road Transportation between Malawi, Mozambique, South Africa, Zambia and Zimbabwe', UNU (UN University) Wider Working Paper, 2017/46, <https://www.wider.unu.edu/publication/understanding-intra-regional-transport>, accessed 9 October 2018.

7 Lowitt S, *op. cit.*

8 WCO (World Customs Organization), 'Guide to Measure the Time Required for the Release of Goods, Version 2', 2011, p. 5, <http://www.wcoomd.org/en/topics/facilitation/resources/~media/01713916ED2A4BD38DC119C5E64B890D.ashx>, accessed 11 July 2018.

9 *Ibid.*, p. 5.

FIGURE 1 TIME TO TRADE, DOCUMENTARY AND BORDER COMPLIANCE, HOURS, 2018



Source: World Bank Group, 'Doing Business Index', 2018, <http://www.doingbusiness.org/en/data/#>, accessed 14 June 2018

BEITBRIDGE CASE STUDY¹⁰

SURVEY METHODOLOGY

The methodology was based on a rapid survey that included interviews with various stakeholders¹¹ on both sides of Musina and Beitbridge, using a qualitative research technique. A semi-structured questionnaire was used as a guide for data collection while the open-ended structure of responses allowed for in-depth interviews. This

¹⁰ The full case study is available on request from the authors – not all details were included in this synthesis.

¹¹ On the Beitbridge side, stakeholders engaged on the ground and through other mediums included: Zimbabwe National Road Administration (Zinara) and ZIMRA (Zimbabwe Revenue Authority) officials (six government officials in total) on immigration control and customs procedures; 25 male truck drivers; one medical services volunteer; eight local businesses, including three truck park owners; 12 clearing agencies; 24 cross-border traders; and five touts and vendors. Stakeholders were chosen randomly or through leads provided by researchers. The number of interviews was dependent on respondents' availability and willingness to answer and was limited by the short time period available to conduct interviews. Summary of sample is shown in Annexure 2.

helped the team to triangulate the collected data to minimise subjectivity and error. Some insights from stakeholder workshops in Harare and South Africa were also included in the findings.

SURVEY FINDINGS ON STANDING TIME

On average, 400 trucks crossed through Beitbridge every day in the first half of 2018. The truck drivers indicated that the average waiting time for a truck whose documents were in order was 48 hours. This broadly aligns with GPS data from the Sub-Saharan Africa Transport Policy (SSATP) programme, which reports median crossing times of 16.3 hours, but with a high degree of volatility, with the slowest 5% of trucks facing wait times of 101.9 hours.¹² The documents can be processed within a day and it may take another day or more to move a truck from the South African side to the Zimbabwean side, owing to a lack of disaggregated lanes, among other issues.

Extensive research has been undertaken on border delays, with reported causes including:

- inadequate crossing lanes and lack of divisions between commercial and pedestrian traffic;
- lack of coordination and harmonisation of systems;
- frequent power outages and information technology system breakdowns;
- inadequate staffing at South African immigration; and
- lack of coordination with inspection teams from different border agencies, resulting in duplication of inspections.

Zimbabwean customs officers who serve clients while they are accessing social media using their cell phones also contribute to standing time.

Additionally, Vehicle Inspectorate Department officers delayed issuing receipts to truck drivers immediately after their paying for road transit coupons, and sometimes as much as three hours later. On the South African side, concerns regarding the South African Revenue Service's (SARS) new electronic clearance system highlighted that the centralisation of operations occasionally meant border officials had to work with officials that mainly had knowledge of sea and air freight, ie, a limited amount of expertise on road transportation.

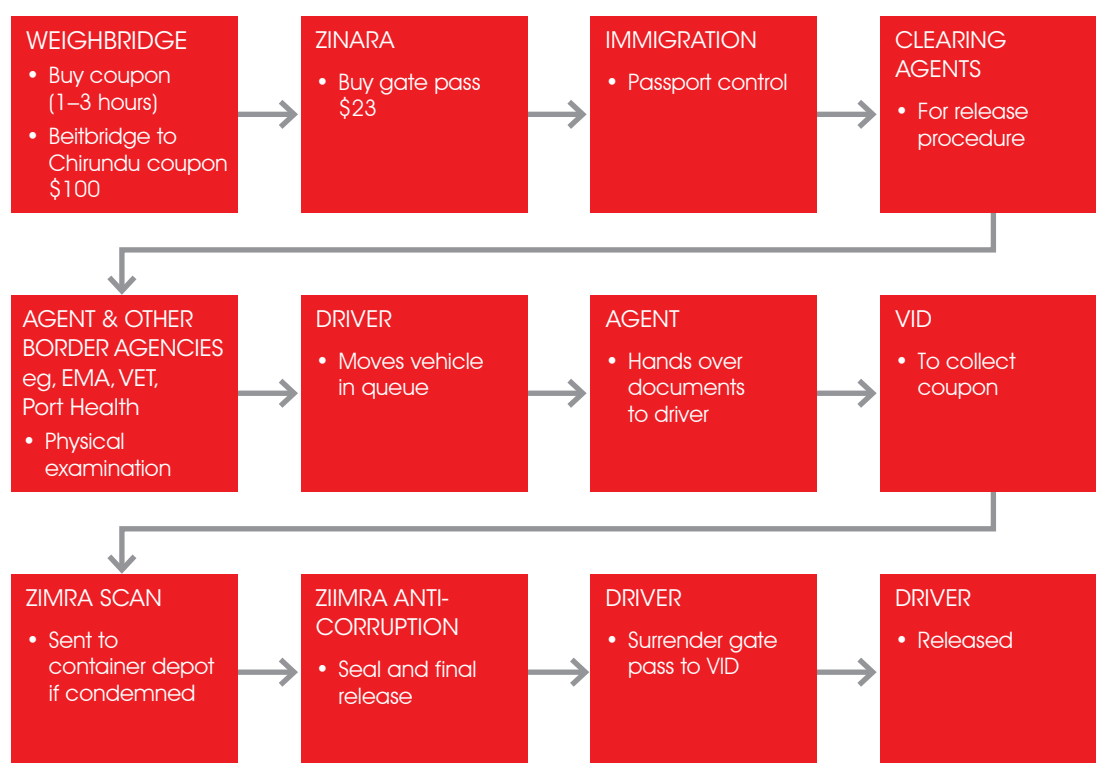
Despite the use of pre-clearances, a compulsory initiative by SARS, an interesting cause of standing time is driver behaviour. With drivers spending most of their time on the road, they tend to rest even when clearance has been completed. They will often spend extra days at the border to undertake basic chores such as going to the

12 SSATP (Sub-Saharan Africa Transport Policy), 'Truck Monitoring in Eastern and Southern Africa', https://www.ssatp.org/sites/ssatp/files/annual_meetings/2017/Presentations/PillarA/Truck%20Monitoring%20in%20Eastern%20and%20Southern%20Africa%20-%20EN.pdf, accessed 24 June 2018.

bank, or make use of the services of commercial sex workers. Running personal errands (shopping and banking) is more prevalent on the Musina side, as these services are of better quality and more accessible there.

Meanwhile, drivers complained of poor working conditions, leading the researchers to question drivers' incentive to take action to reduce standing time, as agents and customs officials do not understand their needs. Challenges listed by drivers include lack of downtime between trips; inadequate funds for necessities; poor treatment by some officials; a lack of amenities at border posts; downsizing of support teams such as escorts and co-drivers; concerns about harassment in the Democratic Republic of Congo (DRC) and xenophobia in South Africa; and reports of union-busting during attempts to organise. Truck drivers also admitted to acting as conduits for smuggling, mainly by cross-border traders, as many are not provided with adequate stipends by their employers. This highlights the need for informal cross-border traders to have a Simplified Trading Regime (STR) within SADC, eliminating the need for complicated procedures for low-value goods and hence avoiding smuggling. This could build on attempts by South Africa and other countries to develop unilateral policies to assist traders, especially women. Several reasons have been cited for the delays, which are summarised and compared with those of Chirundu in Table 6.

FIGURE 2 TRUCK MOVEMENT ON ZIMBABWEAN SIDE

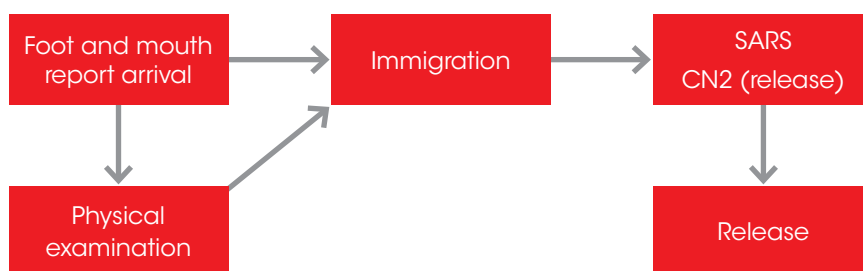


Source: Author's compilation

The numerous steps truck drivers have to take on the Zimbabwean side are laid out in Figure 2. This illustrates that Beitbridge needs to undergo a serious border re-design, simplifying its time-consuming crossing processes and providing enough signage. A truck with no issues with border agencies takes an average of six hours to get through the process, while a truck selected for physical examination takes at least two days.

In comparison, Figure 3 shows a truck's movement on the South African side, which is simplified and shorter. A truck is cleared while still on the Zimbabwean side and only starts crossing when a notification is issued. The truck driver crosses the border and reports his arrival at a point known as 'foot and mouth', where the driver is advised whether the truck has been selected for physical examination. If not, the driver proceeds to immigration and then SARS to obtain a truck release order, then proceeds out. This process takes 30–60 minutes depending on the queue at passport control. If selected for physical examination, this can take 1–3 hours.

FIGURE 3 TRUCK MOVEMENT ON SOUTH AFRICAN SIDE

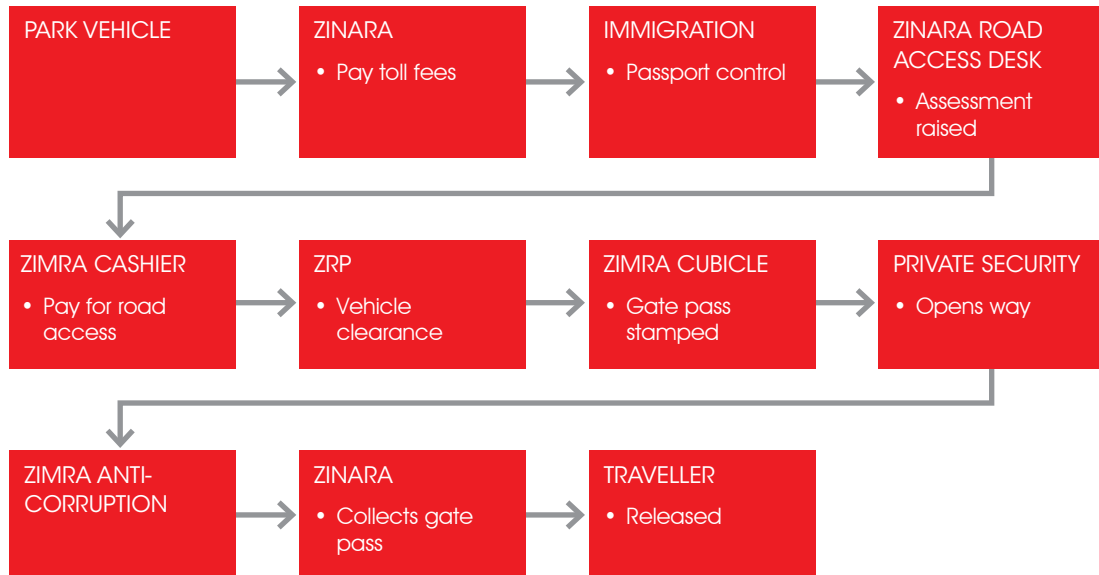


Source: Author's compilation

Figure 4 shows the processes for a private motorist on the Zimbabwean side versus one on the South African side (Figure 5), which are also much shorter. There are plans for modernising Beitbridge through a \$241 million infrastructure upgrade, announced at the bi-national commission to operationalise the Beitbridge OSBP.¹³

13 *The Zimbabwe Mail*, 'South Africa, Zimbabwe push for one-stop Beitbridge border post', 3 October 2017, <http://www.thezimbabwemail.com/economic-analysis/south-africa-zimbabwe-push-one-stop-beitbridge-border-post/>, accessed 17 July 2018.

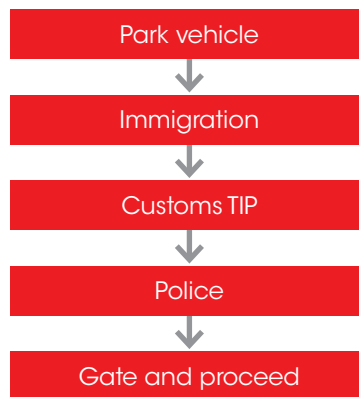
FIGURE 4 PRIVATE MOTORISTS' MOVEMENT AT BEITBRIDGE, ENTERING AT ZIMBABWEAN SIDE



Note: ZIMRA: Zimbabwe Revenue Authority
ZINARA: Zimbabwe National Road Administration

Source: Author's compilation

FIGURE 5 PRIVATE MOTORISTS' MOVEMENT AT BEITBRIDGE, ENTERING AT SOUTH AFRICAN SIDE



Source: Author's compilation

TIME RELEASE STUDY FINDINGS

Michael Fitzmaurice of Transport Logistics Consultants provided some insights from the June TRS 2018 survey, which ran over seven days.¹⁴ Total clearance time into Zimbabwe from South Africa was on average 96 hours 21 minutes, and 81 hours excluding the Container Depot (CONDEP). This corresponds to our survey findings, where drivers reported an average of 48 hours but with extremes of up to 101 hours.

The average process times for all vehicle categories highlighted that the most time-consuming stage at the border that was analysed was at the Truck Parks on the South African side.¹⁵ The other time-consuming process was in the CONDEP section. Some trucks are referred to CONDEP before exiting the border, thereby extending the process. They spend time waiting for ZIMRA to escort the convoy to the CONDEP (located 500m outside the border post) to ensure drivers do not skip the process after leaving the customs exit gate.

On average, a driver can spend an additional day or two at the border after having been cleared by customs; representing drivers' contribution to additional standing time and suggesting dwelling time can increase by more than the 81–96 hours depicted by the TRS data. However, drivers' contribution may already be reflected within the 'time waiting in the yards' captured by the TRS data.

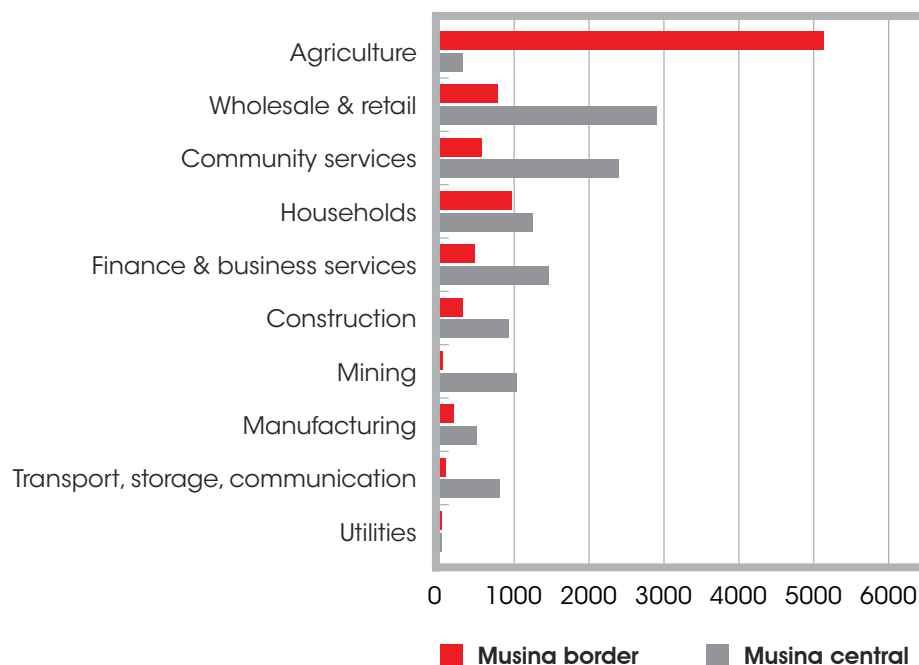
OVERVIEW OF THE BEITBRIDGE BORDER ECONOMY

The economies on both sides of the border (Beitbridge and Musina regions) rely primarily on four major activities: agriculture, mining (notably the Venetia diamond mine in South Africa and Beitbridge colliery in Zimbabwe), retail (some of which is linked to the border economy), and direct border activities. This is largely reflected in the data on employment in Musina shown in Figure 6.

14 The limitation of the published TRS December 2016 survey on Beitbridge was that it only captured vehicles that crossed within a three-day survey period, which amounted to only 7% of all vehicles that arrived at the border on the South African side. It illustrates the average time taken if trucks were to cross within a day, but trucks spend a day or two at the borders, hence it is not a true reflection of the situation. A better representation was gained from the insights provided by Michael Fitzmaurice, Transport Logistics Consultants, June 2018. These are therefore reflected in the paper.

15 Truck Parks on the South Africa side reflects the first stage in the crossing process and the longest because trucks cannot cross until they have received release orders from both SARS and ZIMRA.

FIGURE 6 EMPLOYMENT BY INDUSTRY, SOUTH AFRICAN CENSUS 2011, 10% SAMPLE



Source: StatsSA, 'Census 2011, 10% sample', <http://nesstar.statssa.gov.za:8282/webview/>, accessed 26 June 2018

The border economy can broadly be subdivided into four groups.

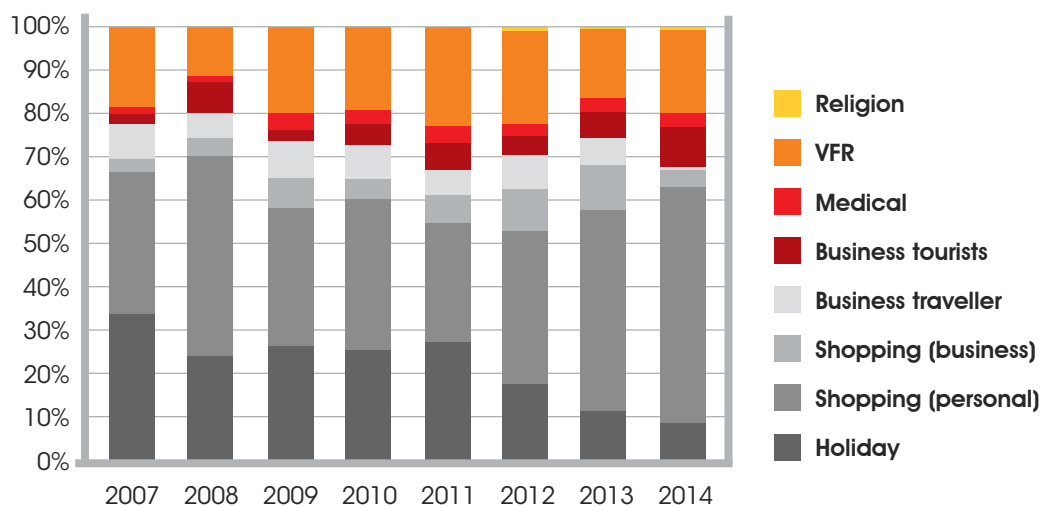
Small-scale cross-border traders

Cross-border traders form a major part of the economy. Estimates from a large-scale survey by the Southern African Migration Programme suggest that 50.1% of those crossing the Beitbridge border are informal traders.¹⁶ Related data by the UN Development Fund for Women suggests that 70% of cross-border traders are women.¹⁷ It is estimated that 30–40% of SADC trade is undertaken by informal traders (although there are reasons to believe this estimate may be too high).¹⁸ As

16 Peberdy S *et al.*, 'Calibrating Informal Cross-border Trade in Southern Africa', SAMP (Southern African Migration Programme) Migration Policy Series, 69, 2015, <http://samp.online.org/wp-content/uploads/2016/10/Acrobat69.pdf>, accessed 6 July 2018.

17 Manzini N, Presentation, 'OECD–DAC Gender Net Eighth Meeting', 16–18 June 2010, <http://www.oecd.org/dac/gender-development/45523544.pdf>, accessed 6 July 2018.

18 Ncube C, 'A cry for recognition and protection: Zimbabwe's forgotten informal cross border traders', SAIIA (South African Institute of International Affairs), Opinion & Analysis, 21 July 2016, <http://www.saiia.org.za/research/a-cry-for-recognition-and-protection-zimbabwes-forgotten-informal-cross-border-traders/>, accessed 9 October 2018.

FIGURE 7 VISITORS FROM ZIMBABWE, 2007–2014

Source: SA Annual Tourism reports data, as reported by Pophiwa N, 'Shopping without Borders: Cross-border Shopping by Zimbabweans in South Africa's Border Town of Musina', HSRC (Human Sciences Research Council), 10 November 2015, <http://www.hsrc.ac.za/uploads/pageContent/6350/Presentation%20-%20Nedson%20Pophiwa.pdf>, accessed 26 June 2018

shown in Figure 7, retail shopping is the major driver of visits from Zimbabwe to South Africa, with a large portion of those visits likely taking place in border regions.

Fieldwork suggests that small-scale traders bear the brunt of many of the inefficiencies at the border. Long delays at immigration on the South African side reduce the number of daily trips that can be made while fees on the Zimbabwean side of the border increase costs. Customs procedures can also form a significant barrier for small-scale traders, as illustrated by the Zimbabwean government's introduction of Statutory Instrument (SI) 64. This limited the import of goods from South Africa and sparked violent protests at Beitbridge, including the burning of a ZIMRA warehouse.¹⁹ The SI 64 was later repealed and merged to form SI 122 of 2017, which still imposes some import controls.²⁰

They are also a vulnerable group owing to the lack of employment opportunities, low education levels and security issues that arise in their pursuit of economic activities; hence our interviews focused on understanding their situation. Women require water and sanitary facilities more often than men and are likely to be travelling

19 *IOL News*, 'Beit Bridge burns', 3 July 2016, <https://www.iol.co.za/news/africa/beit-bridge-burns-2041112>, accessed 26 June 2018.

20 *tralac* (Trade Law Centre), 'Zimbabwe re-brands Statutory Instrument (SI) 64', 16 November 2017, <https://www.tralac.org/discussions/article/12411-zimbabwe-re-brands-statutory-instrument-si-64.html>, accessed 17 July 2018.

with children, and so basic amenities at the borders such as toilets, feeding rooms and accommodation are necessary. The lack of low-cost accommodation means that some of these traders (and/or travellers) resort to loitering at the border post for safety reasons. Trade facilitation initiatives, through targeted improvements to border infrastructure such as better lighting on the pedestrian bridge (at Beitbridge), would improve safety and security. The ease in the flow of traffic resulting from pedestrian lanes would cater for female traders and ensure they could ‘better organise their trading activities around family objectives’.²¹

Retail

Cross-border traders are served by markets and wholesalers across South Africa, with a significant number of these located in Musina.²² While this retail trade appears to benefit the town, some South African respondents held negative views of developments, notably of immigrant communities’ owning and running shops. Goods trade is supplemented by the sale of used cars. The car lots are mainly located in bonded warehouses adjacent to the border, following import from East Asia and Japan. Small-scale vendors, who technically operate illegally, are vulnerable to the decisions of border staff. Nevertheless, they play an important role in servicing pedestrians and truckers, as the border area only has one duty-free shop, on the South African side.

Logistics

Firms involved in the movement of freight play a vital role in the border economy, both in facilitating trade and in creating employment. These firms either provide facilities to trucks and drivers or facilitate the movement of cargo across the border (clearing agencies).

Most facilities for trucks and truckers at Beitbridge tend to be clustered on the South African side. Some are adjacent to the border post (eg, Gateway) and house clearance agents, cafeterias, a fitness centre for drivers and diesel facilities, with extensive security infrastructure. Others are located closer to the town of Musina (eg, Sedipa) and offer similar facilities for truck drivers, although some are less well equipped. Perhaps the most pressing issue, reported by truck parks, was concerns over a drop in trade volumes in 2018, owing to the inefficiencies at the Beitbridge border. This aligns with reports from drivers of increased usage of alternative routes.

Clearing agents vary from large formal enterprises, employing skilled and semi-skilled back-office staff at the border post, to small single-person operations.

21 Bridges Africa, *Supporting Small-Scale Cross-Border Traders Across Africa*, 7, 4, June 2018, p. 6.

22 They consist of a mixed set of traders, as is to be expected in a town in which 39.6% of the population was born outside South Africa. StatsSA, *op. cit.*

Increasingly, the centralisation of clearing functions, through innovations such as SARS's electronic clearing system, has opened clearing agents at the border to competition from clearing agents located elsewhere. In response, agents have expanded their services, with some now offering truck parks and other support services, such as facilitating inspections by employing informal workers at the border post to help pack and unpack loads for inspection.

Clearing agents also expressed concerns over the drop in traffic through Beitbridge and increasing competition from other border crossings and freight routes. However, clearing agents have a more complex relationship with trade facilitation measures. Changes such as the introduction of SARS's electronic clearing system could undermine their operations. The tensions between trade facilitation and the work of border logistics firms should be a crucial consideration in trade facilitation planning. Logistics firms need to be included in planning processes, and a lack of coordination can often undermine otherwise useful reforms. The conversion of

The tensions between trade facilitation and the work of border logistics firms should be a crucial consideration in trade facilitation planning. A lack of coordination can often undermine otherwise useful reforms

Beitbridge to a 24-hour border post, for example, has been partly undermined by the fact that most clearing agents do not operate at similar hours, and thus late-night operating hours are generally not used. Efforts to work with logistics firms could be improved through some form of cooperation among these firms, but no business body currently exists to represent these firms outside of national associations, where attempts to organise have been unsuccessful.

Manufacturing

Manufacturing activities in the town of Musina have little relation to the border, as they are based around six brick manufacturers, one concrete manufacturer (Musina Crushers), one pottery firm (Maroi), a Tiger Brands facility, and some packaging and agro-processing directly linked to nearby farming activities. The proximity of these firms to the border might seem to suggest some potential for deepened cross-border trade or the creation of regional cooperation. However, all are reliant on established national retail networks, and these generally use centralised distribution systems that do not lend much advantage to the location of manufacture. The South African government does aim to leverage the border for manufacturing development, notably through the Musina-Makahdo special economic zone, but this will require additional work to understand how the border location can be used to support industrial development.

Local economic opportunities

Some trade facilitation measures negatively affect local businesses; for example, two major hotels on the Zimbabwean side have closed since the border post opened 24 hours. With no incentive to remain at the border after clearance, fewer travellers need hotel accommodation. While some level of border activity will likely remain regardless of trade facilitation changes, the current structure of the border industry does not seem sustainable if improvements are made to the border; specifically, in terms of the subsequent displacement of jobs not adequately accounted for in planning around trade facilitation reforms.

It is thus essential to look towards new opportunities, to ensure that the town remains sustainable beyond new initiatives. There is potential to develop Beitbridge by supporting mines and farms operating in the vicinity of the border, facilitate the construction of firms specialising in value addition of minerals and agricultural produce, and grow the tourism industry. The border post is located between two transfrontier parks – Mapungubwe in the west and Gonarezhou in the east – which can be used as a basis to construct more tourism facilities.

CHIRUNDU CASE STUDY²³

The Chirundu OSBP is known as the second busiest border post in Zimbabwe, after the Beitbridge border. However, over the past two years it has overtaken Beitbridge in terms of traffic, and ZIMRA officials attest that it is currently the busiest border. The implementation of the OSBP, in 2009, has cut back on the hours spent at the border, where heavy commercial trucks would spend three days at the border. After implementation, the average was three hours in 2013.²⁴

SURVEY METHODOLOGY

The same methodology and semi-structured questionnaire as highlighted in the previous section were used interviewing various stakeholders²⁵ and agencies on both sides of Chirundu border using a qualitative research technique.

SURVEY FINDINGS ON STANDING TIME

According to customs officials interviewed, an average of 280 north-bound (into Zambia) and 140 south-bound (loaded) commercial vehicles cross the border

23 The full case study is available on request – not all details were included in this synthesis.

24 Muqayi S, 'The impact of the Chirundu one stop border post in addressing border protectionist challenges', *Mediterranean Journal of Social Science*, 6, 6, 2015.

25 Stakeholders included: 19 clearing agents, 23 cross-border traders, 17 'transit' cross-border traders, 15 truck drivers, six bus drivers, the district economic planner, district social planner and district HIV/AIDS coordinator, and ZIMRA and ZRA customs officials, detailed in Annexure 1.

every day, with approximately 7 000 and 5 000 commercial vehicles every month, respectively. South-bound trucks took about 2–16 hours to complete border formalities. However, some drivers estimated their waiting time – from the time they handed over their documents to clearing agents to crossing the border – at 36 hours. The official respondents indicated that north-bound trucks took from 2–24 hours to cross the border, but drivers and clearing agents estimated this time at 2–4 days, with extremes of up to 7 days.

Several reasons have been cited for the delays, as shown in Table 2. With the border only open for 12 hours a day (6am–6pm), any cargo not cleared within this period spends 12 additional hours within the border area. Zambian regulations also do not allow trucks to travel between 9pm and 5am, hence drivers spend more time at the border owing to the restricted travel periods.

TABLE 2 INTERVIEWEES' SUMMARY OF CAUSES OF HIGH STANDING TIMES

| REASON FOR DELAY | NUMBER OF TIMES MENTIONED |
|---|---------------------------|
| Staff shortages and inadequate inspection bays | 9 |
| System failures | 6 |
| Multiple inspections | 2 |
| Too many documents and delays from other border and internal coordination | 11 |
| Slow and tardy agents | 2 |
| Delay in remitting duties by consignment owners | 5 |
| Inadequate infrastructure | 3 |

Source: Author's compilation

Customs staff shortages, bureaucratic formalities, weak interagency coordination owing to a lack of information and communications technology (ICT) connectivity, inappropriate infrastructure, Automated System for Customs Data (ASYCUDA) failures, ill-trained and tardy clearing agents and shorter operational periods were also listed by stakeholders, which is consistent with the literature.²⁶ It is important to note that the ASYCUDA World systems used by Zimbabwe and Zambia have not yet been interfaced, even though that is possible. An observation from one interviewee²⁷ was that Chirundu does not technically operate as an OSBP because the traffic flow and system procedures are still two-stop; something to be reviewed.

26 Woolfey S & E Tshuma, 'Challenges at Chirundu One-Stop Border Post', tralac, 25 September 2013, <https://www.tralac.org/files/2013/09/Annex-2-TRALAC-Original-Article-from-Website.pdf>, accessed 25 June 2018.

27 Michael Fitzmaurice, Transport Logistics Consultants, June 2018.

Except for pre-cleared consignments, customs procedures at the exit border cannot start until formalities are completed at the entry border. The processing of documents from the entry side to the exit side takes up to 24 hours, with delays magnified by the poor border ICT system interface (ASYCUDA) between the two authorities. Customs clearance documents are not transmitted automatically to the exit port and documents are physically couriered by clearing agents or ‘runners’ – adding another layer and the duplication of clearance processes between the two jurisdictions.

In addition to the short opening hours, the clearance procedures are complex and cumbersome. All north-bound bulk refrigerated and containerised trucks are subject to scanning and physical inspection before exiting. The consignments are divided into four categories based on their risk profile, as shown in Table 3.

| TABLE 3 BORDER WAITING TIME BY PRODUCT CLASSIFICATION | | |
|---|---|----------------|
| PRODUCT CODE | EXAMPLES | WAITING TIME |
| Green line | Refrigerated perishables products such as fruits, vegetables, empty trucks, fuel tankers, etc. | 0.5–8 hours |
| Blue | Any products, but importers have direct accounts with the Zambia Revenue Authority (ZRA) or are pre-cleared | 2–24 hours |
| Yellow | Non-containerised consignments | 8–36/72 hours |
| Red | Bulk containerised products that are non-perishable, such as soaps, edible oils | 8–48/168 hours |

Source: Author’s compilation

Consignments must be offloaded for physical inspection by customs officials, agricultural experts for import and export permits, and standards officers, among others, before reloading. There is inadequate coordination and cooperation among border agencies, resulting in multiple inspections and increasing standing time.

Further, the revenue authority inspection division is inadequately staffed (it often has only three officers) and has few inspection bays, limiting the number of trucks that can be cleared at one time. Owing to poor internal coordination, documents also go missing between departments, especially if there are shift changes.

Because most agents, on the Zambian side, have not received appropriate training in clearing and forwarding, the clearing process is slowed down, as tardy/untrained agents mix up procedures and documents, making errors that then need to be corrected. Most freight and forwarding companies’ head offices are in Lusaka, and Chirundu-based agents must seek their approval prior to submitting declarations to customs for processing.

The settling of duties by importers of bulk consignments and tankers also results in delays. Thanks to the Zambian credit facility²⁸ importers can pay within a specified period. However, some do not pay on time, resulting in imports being held at the border.²⁹ Respondents observed that the delay was much longer for consignments with multiple owners, which may require engagement by different agents.

Most drivers spend up to four weeks on each road trip, and are given a day off to be with their families upon return. In a bid to spend more time with their families, some drivers go back home and only return to the border once all the procedures have been completed. Their return commute (from six hours to a day or two) contributes to border standing time. Drivers complained of similar issues as those aired at Beitbridge and engaged in similar activities while waiting at the border.

Participants at the Harare stakeholder workshop attested that the ideal was to spend an average of one hour at this border; however, this has not been the case, as highlighted in the TRS data.

TIME RELEASE STUDY FINDINGS

The total duration of the TRS was 63 days, with nine survey days at the border, and an original sample size of 1 000 trucks with imports and exports, focusing on wet goods (especially hydrocarbons and sulphuric acid), break bulk cargo and containerised cargo.³⁰ This paper focuses on the average clearance time for the entire process to compare to the survey findings, as examining each process is beyond the scope of this paper.³¹

Total clearance time into Zambia is, on average, 26 hours and 34 minutes. ‘Arrival at entry gate to exit’ shows a reduced time for total clearance (17 hours), as most trucks are pre-cleared. However, when going through the electronic scanner (‘arrival at queue to gate’) there can be an additional lag of nine hours owing to queuing or if the scanner breaks down. Exit and entry formalities are quite fast, after which entry processes commence when drivers hand documentation to agents. Entry into Zambia requires revenue to be collected and so inspection and samples are required for valuation and classification, creating another lag of 25 hours and 16 minutes (‘documents received to exit’) if no pre-clearance is used, as shown in Table 4.

28 Zambia has a credit facility allowing importers to import goods and pay later, within a specified period of time.

29 Nkoma A, ‘Experience with Day To Day Management of a Border Post and Main Challenges Encountered in Facilitating Trade’, Zambia Revenue Authority, http://trade.ec.europa.eu/doclib/docs/2007/june/tradoc_134823.pdf, accessed 4 July 2018.

30 Nkamba GC, *Time Release Study – Zambia Country Report*, 2017.

31 Note that each stage is measured individually as a separate process, and the averages should thus not be added to derive a total time.

TABLE 4 CHIRUNDU IMPORT ANALYSIS

| PROCESS | AVERAGE TIME | STANDARD DEVIATION |
|--------------------------------|--------------|--------------------|
| Arrival at queue to gate | 9 hr 48 min | 8 hr 14 min |
| Exit formalities from Zimbabwe | 10 min | 1 hr 56 min |
| Entry formalities into Zambia | 11 min | 1 hr 7 min |
| Documents received to exit | 25 hr 16 min | 23 hr 14 min |
| Total clearance time | 26 hr 34 min | 29 hr 41 min |
| Arrival in queue to exit | 27 hr 27 min | 33 hr 34 min |
| Arrival at entry gate to exit | 17 hr 7 min | 24 hr 48 min |

Source: Nkamba GC, *Time Release Study – Zambia Country Report*, 2017

Total clearance time out of Zambia (Table 5) is on average 16 hours and 32 minutes (10 hours less than for imports). Export trucks may undergo physical inspection and so exit formalities can take up to 15 hours. With pre-clearance and no inspections, or if trucks are empty, exit is within 26 minutes. The major delay is between arrival and validation (16 hours and 40 minutes) if exports are scanned electronically. However, processes after validation (1 hour and 20 minutes) are quick, suggesting that documentation processes do not incur delays. It takes six minutes to clear the exit gate once the truck queues to exit into Zimbabwe, with two minutes' release time.³²

TABLE 5 CHIRUNDU EXPORT ANALYSIS

| PROCESS | AVERAGE TIME | STANDARD DEVIATION |
|--|--------------|--------------------|
| Arrival to sighting | 1 min | 3 min |
| Exit formalities | 15 hr | 16 hr |
| Validation | 4 min | 8 min |
| Exit from border | 26 min | 3hrs |
| Between arrival and validation | 16 hr 40 min | 32 hr 32 min |
| Truck arrival at exit gate and exit from Common Control Zone | 6 min | 3 min |
| Release and acquittal | 2 min | 7 min |
| Total clearance time from arrival in queue | 16 hr 32 min | 31 hr 47 min |
| Total clearance time from validation | 1 hr 20 min | 4 hr 19 min |

Source: Nkamba GC, *Time Release Study – Zambia Country Report*, 2017

32 Nkamba GC, *op. cit.*

These correspond with our survey findings, where drivers report an average of 2–24 hours (north-bound) and 2–16 hours (south-bound). Compared to Beitbridge, where average total clearance time is 81–96 hours, this definitely makes a strong argument for the value of an OSBP, which reduces clearance on average by 50 hours (looking at the available import data). Driver behaviour would increase the time to exit by a day or two.

The TRS for both borders show an exceptionally high variation in clearance times. This creates uncertainty, which could be a severe cost to firms, as they cannot plan production or retail around efficient delivery, leading to production delays and the holding of high levels of inventories. While the delays are a problem, the uncertainty is frequently more problematic. The gains from improving trade facilitation would arise from shorter delays and less uncertainty.

OVERVIEW OF THE CHIRUNDU BORDER ECONOMY

The OSBP has increased efficiency in term of clearance procedures, but Chirundu still has some structural issues that contribute to longer standing time. The introduction of the OSBP has opened up a bigger trading economy, and unearthed numerous activities conducted in the border economy. The implications of its introduction are highlighted below.

Small-scale cross-border traders

Chirundu's economic activity consists predominantly of small-scale or informal cross-border traders: transit cross-border traders and local cross-border traders. The latter tend to be individuals and small-scale businesses that are often not registered and escape domestic taxes and regulations, operating mainly between the two border towns/countries. The transit cross-border traders often use buses and go through the immigration and customs procedures at the passenger terminal, using Chirundu as an access point to third-party countries.

Most of the transit traders are women and youth, consistent with recent literature that identifies women as making up the majority of traders who rely on income solely from informal trade.³³ There is also a score of informal cross-border traders among residents of the border region. The predominance of women in cross-border trade is consistent with the findings of similar studies.³⁴ They sell low-value products (below the customs threshold) in organised markets (Friday and Monday) or on the street.

Challenges experienced included bureaucratic constraints, attributed to the processes employed by customs officials and leading to extended bus clearance time, thereby

33 Peberdy SA, 'Border crossings: Small entrepreneurs and cross-border trade between South Africa and Mozambique', *Tijdschrift voor Economische en Sociale Geografie*, 91, 4, 2000, pp. 361–378.

34 *Ibid.*

costing traders time and money. Notably, buses have become commercial cargo movers for cross-border traders and accept consignments for companies. As a result they also contribute to the increased time for clearance, owing to the extra time needed to inspect goods and not just passengers.

Other challenges included the lack of amenities such as showers, and toilets on the Zambian side (costing \$0.20 [ZMW³⁵ 2] per use). For women and those travelling with children, this is a constraint, especially if they do not have funds or local currency. Further, both sides of the border have limited low-cost overnight accommodation and traders arriving at the border after hours have to sleep in cars or in the open; a health and safety hazard.

Roughly 78% of transit traders interviewed were aware that they could self-declare their merchandise, and of the regulatory requirements. However, most of them used 'self-declared'³⁶ clearing agents, as valuations tend to be lower with agents than under self-clearance. Additionally, informal cross-border traders knew little of the information desks that assist traders with self-declaration or information regarding the STR, perhaps owing to their low education levels and the fact that they were unregistered.

Further, transit traders displayed little knowledge of the rules of origin within the Common Market for Eastern and Southern Africa (COMESA) and SADC region beyond Common Lists.³⁷ The trade rules are not publicly provided, and therefore remain technical and less user-friendly for less educated traders. These conditions make it difficult for them to identify available opportunities and know their rights when trading in the region.³⁸ Despite the blurred border operations, none of the traders complained of sexual harassment at the borders.

Informal traders are also at a disadvantage owing to restrictive and stringent rules of origin, sanitary requirements and limits on the quantities they can trade. There are instances of confiscation of goods that are above permitted quantity thresholds, creating an environment of corruption and smuggling, and bans on key products such as sugar and used clothing that can easily be traded and contribute to traders'

35 Currency code for the Zambian kwacha.

36 The customs manager explained that these were self-declared agents who intimidated small-scale cross-border traders and coerced them into giving them business.

37 Common Lists are a set of listed goods on which you do not pay any duties; a provision under the COMESA (Common Market for Eastern and Southern Africa) Simplified Trade Regime. This is on the condition that countries involved the cross-border trade are participating in the COMESA Free Trade Area. However, a trader may be required to still pay excise duties and/or value added tax on these goods. COMESA, *COMESA Simplified Trade Regime: Facilitating Cross Border Trade*, http://www.comesa.int/wp-content/uploads/2017/09/COMESA-Simplified-Trade-Regime-STR_email.pdf, accessed 4 July 2018.

38 Ogalo V, 'Informal Cross-Border Trade in EAC: Implications for Regional Integration and Development', CUTS International Research Paper, 2010, http://www.cuts-geneva.org/pdf/BIEAC-RP10-How_Might_EAC_Reduce_Negative_Implications.pdf, accessed 9 October 2018.

incomes. It is important to recognise that these may be gender-related constraints, hence trade facilitation initiatives such as simplifying trade rules and regulations would ensure clarity, transparency and reduced insecurity for less-educated women and youth cross-border traders.

Trade facilitation initiatives such as simplifying trade rules and regulations would ensure clarity, transparency and reduced insecurity for less-educated women and youth cross-border traders

Local economic opportunities

The towns are far from capital cities and hence depend on and exist because of the border.³⁹ Most of the region's residents depend on employment in industries servicing border activities or small-scale cross-border trade. The former predominantly consists of customs activities that have generated employment for youth and new investment opportunities in the border region. The main formal employers are clearing agencies, approximately 100 small-scale freight agencies⁴⁰ and three global logistical firms, making clearing agencies the largest formal employer at the border. The Zimbabwean side had approximately 45 firms with similar employment characteristics.

The region has virtually no manufacturing industries and employment opportunities are largely found with freight companies, local government, truck parking areas and, to a lesser extent, lodges, with about 10 registered lodges on the Zambian side.

Chirundu residents have benefited economically from border-related service industries, with youth and residents engaged in providing services to travellers and truckers, eg, providing profitable foreign exchange services to cross-border travellers and selling insurance cover to foreign registered cars crossing into the country. Additionally, women sell various food and grocery items and provide commercial sex services. Residents have opened several small restaurants and pubs and constructed low-cost housing to cater for the growing population.

According to previous research, economic activities agglomerate away from the border with increased trade facilitation. Chirundu, however, has potential in certain areas. The improving business and socio-economic environment has resulted in increased investment in the district, including the recent construction of a Shoprite shopping mall. With these economic dynamics, there have been spill-over effects onto nearby villages, creating markets for Chirundu and corresponding towns' agricultural products. On the Zimbabwean side, the growth of Chirundu has forced

39 Nugent P, 'Border towns and cities in comparative perspective', in Wilson T & H Donnan (eds), *A Companion to Border Studies*. Hoboken: Blackwell Publishers, 2012.

40 The smaller firms employ between two and four agents, while the larger firms have an average of 11 employees. There are altogether 280 employees in the industry.

local authorities to convert part of the previously reserved game park to residential land. This, however, cannot extend too far owing to conservation constraints. Because of its location – within a game reserve – it has an opportunity to establish tourism facilities and value-added services. Additionally, there is potential for fisheries and animal husbandry, which could foster the establishment of food processing industries. The manufacturing industry, however, is unlikely to take root in the short to medium term owing to a lack of appropriate infrastructure and the remoteness of the region.

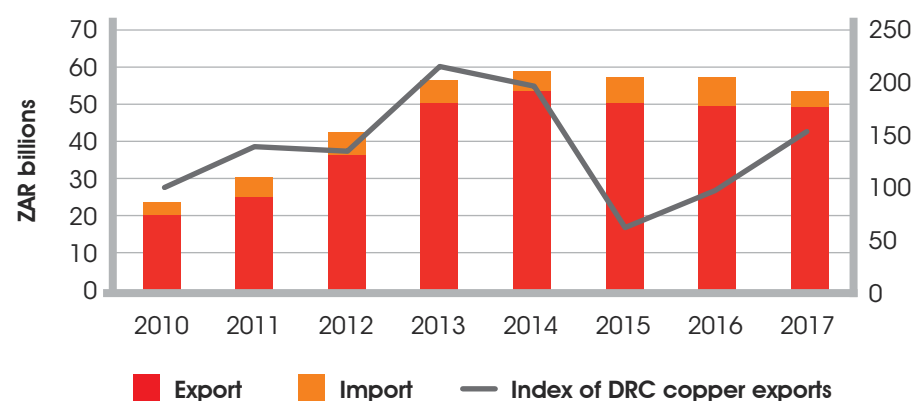
BORDERS IN CONTEXT: TRADE SHIFTS

Stakeholders at the validation workshop in Harare commented on the overall shifts in trade in the region and the impact on borders. We examined the reduction in trade flows through Beitbridge and the likely reasons behind it, looking at the value of imports and exports over the last 10 years and the share of trade moving through South Africa's land borders.

STRUCTURE OF REGIONAL TRADE

Concerns regarding the diversion of traffic from Beitbridge are reflected in Figure 8, as the value of the trade passing through Beitbridge has been in decline since 2014. Part of this decline is likely owing to overall depressed trade values since 2014 and collapses in commodity prices after the end of the commodity supercycle. However, a portion is likely attributable to both slowing growth in the Copperbelt and problems at the Beitbridge border post itself. The slow growth trajectory of the South African economy is also a related factor.

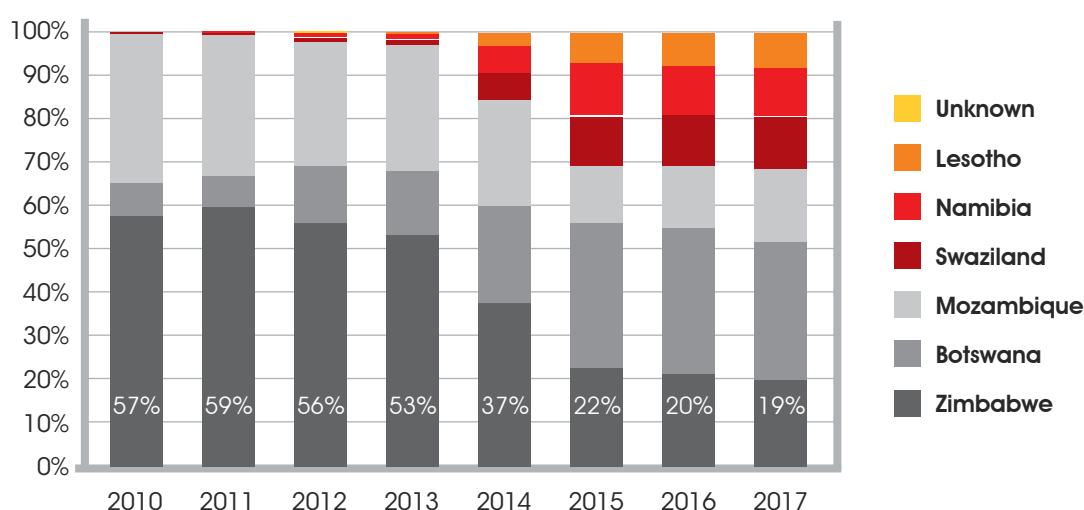
FIGURE 8 SOUTH AFRICAN EXPORTS AND IMPORTS VIA BEITBRIDGE, AGAINST DRC COPPER EXPORT TREND



Source: Author's calculations, based on Quantec data (export and import), <https://www.quantec.co.za/>, accessed 13 July 2018, and ITC Trademap data (DRC copper exports), <https://www.trademap.org>, accessed 13 July 2018

The redirection of traffic can be seen in Beitbridge's diminishing share of total trade through South African land borders, as shown in Figure 9. At least part of this shift is likely explained by improvements in data collection at other border posts, although this is difficult to quantify. However, even if data from 2014 alone is assessed, a trend of declining trade via Beitbridge is still evident. The data indicates that most of the shift has been driven by traffic increasingly being diverted through Botswana via Kopfontein (11% of inland border trade) and Skilpadshek (10%), with a continued role for Grobler's Bridge (9%). These figures do not include transit trade through South Africa (with only South African imports and exports considered), which likely accounts for a large portion of freight through Beitbridge. Nevertheless, this is a worrying trend, and one which may impact the prioritisation of Beitbridge in the context of South African trade facilitation.

FIGURE 9 SHARE OF TOTAL TRADE VIA SOUTH AFRICAN LAND BORDERS, 2010–2017



Source: Author's calculation, based on Quantec data, <https://www.quantec.co.za/>, accessed 13 July 2018

TRADE FACILITATION POLICY INITIATIVES

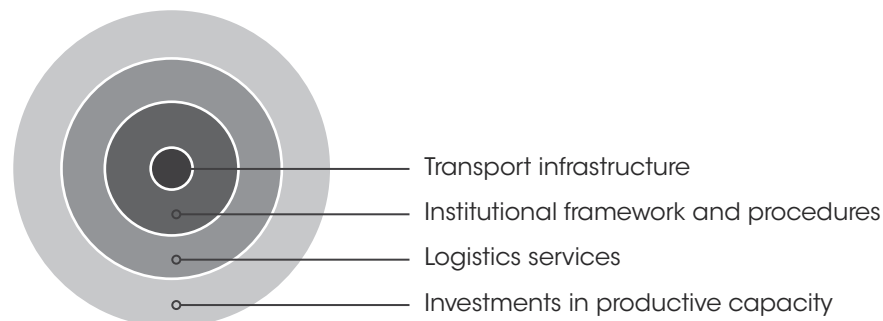
There are different types of trade facilitation initiatives in terms of border developments that are vital in assuring the continued viability of both borders but nevertheless have the potential to impact border economies. Despite this, active planning for border economies is not common, with the focus instead on movement across the border. Efforts to align trade facilitation and the border economy may require a more holistic approach, in which the demands of trade facilitation actively consider the imperative of economic development not simply through regional integration but also through the growth nodes at borders.

Efforts to align trade facilitation and the border economy may require a more holistic approach, in which the demands of trade facilitation actively consider the imperative of economic development not simply through regional integration but also through the growth nodes at borders

Corridor development

Corridors, perhaps more than any major trade facilitation initiative, are well equipped for economic development initiatives owing to their holistic approach. This approach considers the entirety of the corridor rather than focusing on key policy connecting points such as border posts, which naturally give way to more traditional trade facilitation policies. Nevertheless, corridors have a mixed history of actually addressing economic development, as initiatives mostly targeting port, road and rail development seems to predominate (see Figure 10), with the question of economic development left for the long run.

FIGURE 10 EXPANDING SCOPE OF THE CORRIDOR APPROACH



Source: Sequeira S, Hartmann O & C Kunaka, 'Reviving Trade Routes: Evidence from Maputo Corridor', SSATP, 2014, <http://documents.worldbank.org/curated/en/419461468202146203/pdf/937640NWP0Box30eviving0Trade0Routes.pdf>, accessed 6 July 2018

Reconsidering the traditional model of corridor development, front-loading economic development initiatives at the border could offer a blending of the current approach with one that has more immediate developmental impacts.

One-stop border posts and border coordination

While the OSBP model has the potential to streamline the flow of goods and reinforce the usage of a crossing, there is little focus on specific economic development in the border areas. Most design documents for OSBPs concentrate on the flow of traffic,

but have few facilities set up for anything beyond that, eg, providing drivers, cross-border traders and vulnerable groups with access to social amenities. Similarly, efforts to coordinate border management, through initiatives such as South Africa's Border Management Agency (BMA), have little focus on economic development in the border regions.

In some ways, the predominance of shared administrative functions across borders complicates economic development initiatives, as coordination efforts largely involve national departments and agencies involved in border management but have weak intersections with local economic development agencies. Coordination structures are unlikely to involve local government or national/provincial economic development agencies. National self-interests could usher in further complexities, making economic development initiatives on one side of the border more difficult to introduce. In general, if the development of border economies is to become a priority, border administrative arrangements will have to include or at least liaise with agencies charged with economic development. For example, if the proposed BMA in South Africa moves ahead, economic development could be taken into account in its design.

Infrastructure development

While soft issues have increasingly come to the fore in trade facilitation efforts, infrastructure development remains the bedrock of regional efforts, partly because of the enduring infrastructure deficit and partly because investing in hard infrastructure is often easier than untangling administrative issues at the border. Most infrastructure development focuses on transport linkages, such as road or rail, rather than the border post itself. Nevertheless, there is evidence that the region will soon see substantial changes to the structure of physical border posts. Zimbabwe has pledged \$100 million to revitalise the Beitbridge border post,⁴¹ while South Africa's nascent BMA has pledged to redevelop six priority ports of entry via a public–private partnership model.⁴² Chirundu has seen major redevelopment in terms of its conversion to an OSBP, with the focus now shifting to revitalising the border road⁴³ and basic infrastructure in the town itself.⁴⁴

41 *Zimbabwe Independent*, 'US\$100m for Beitbridge border rehabilitation', 5 January 2018, <https://www.theindependent.co.zw/2018/01/05/us100m-beitbridge-border-rehabilitation/>, accessed 6 July 2018.

42 South Africa, Department of Home Affairs, 'BMA annual targets: PPP for ports of entry', http://www.home-affairs.gov.za/files/KPIS_2018_2019/Annual%20Targets%202018/BMA/PPP%20for%20Ports%20of%20Entry.pdf, accessed 6 July 2018.

43 Zambia, RDA (Road Development Agency), 'Request for competing proposals for the construction of the Chirundu border to Chilanga road', http://www.rda.org.zm/index.php/publications/doc_details/486-request-for-competing-proposals-for-the-construction-of-the-chirundu-border-to-chilanga-road, accessed 28 July 2017.

44 *Daily Mail* (Zambia), 'Changing face of Chirundu', 3 April 2018, <https://www.daily-mail.co.zm/changing-face-of-chirundu/>, accessed 28 July 2017.

Infrastructure development offers a good opportunity to integrate border economies into trade facilitation measures, ie, by providing spaces for small-scale vendors, duty-free shops and basic amenities such as bathrooms and showers for truckers facing delays, and redeveloping utility infrastructure (eg, water and electricity supply) that provides basic services to border businesses such as truck parks and clearing agents. Finally, taking a corridor approach, areas further away from the border may offer opportunities for easing the burden on truckers and creating local economic development, while supporting the building of truck stops along the corridor could unlock related opportunities such as integrating bulk-break activities and truck servicing.

Systems reform

Reforming the systems underpinning movement across the border is a major part of the current push in trade facilitation towards addressing 'soft issues'. This includes the introduction of new ICT systems, pre-clearance and pre-inspection systems, electronic scanners and other innovations. All of these hold the potential to have a substantially disruptive impact on the border economy, even while also having some of the most significant positive impacts on trade facilitation. The effects of new electronic systems on the border economy are largely ambiguous and determined more by the supporting policies that accompany these initiatives. Proper training for small-scale clearing agents, for example, could see electronic clearing systems creating employment opportunities for the local community even while posing a challenge to more established providers (who likely would still have a solid stream of business from major freight companies).

CONCLUSION AND POLICY IMPLICATIONS

SADC's trade facilitation initiatives should go further than customs modernisation, simplification and harmonisation of border procedures, to look beyond the border issues. Table 6 highlights a comparative view of the reasons for delays, as suggested by respondents, and recommendations should focus on these as well as other ideas suggested below.

SADC's trade facilitation initiatives should go further than customs modernisation, simplification and harmonisation of border procedures, to look beyond the border issues

TABLE 6 SUMMARY OF INTERVIEWEES' RESPONSES REGARDING LONG STANDING TIMES, CHIRUNDU AND BEITBRIDGE

| REASONS FOR DELAYS | NUMBER OF TIMES MENTIONED (CHIRUNDU) | NUMBER OF TIMES MENTIONED (BEITBRIDGE) |
|---|--------------------------------------|--|
| Staff shortages and inadequate inspection bays | 9 | 5 |
| System failures | 6 | 15 |
| Multiple inspections | 2 | 9 |
| Too many documents and delays from other border and internal coordination (OSBP specific) | 11 | – |
| Slow and tardy agents/clearing agents' errors on declarations | 2 | 7 |
| Delay in remitting duties by consignment owners | 5 | 5 |
| Inadequate infrastructure/lack of separate transit lanes | 3 | 20 |
| Delays in bills of entry to the other side of the border (OSBP specific) | 4 | – |
| Submission of declarations without import licences where required | – | 10 |

We consider the following policy options for individual countries and the region, clustered around key themes.

COPING STRATEGIES SHOULD ACCOMPANY TRADE FACILITATION

Trade facilitation is often more complex than simply an implementation initiative. Therefore, as the trade facilitation initiatives slowly come on board, the state and private sector should implement coping strategies that include better communication mechanisms and provision of facilities at the border, with employment opportunities for locals and cross-border traders. Such a framework could involve the following:

- More can be done to facilitate cross-border trading by women and the youth. With the engagement of the relevant cross-border traders association, the use of trade information desks would inform cross-border traders of border procedures, including the types of duties charged and COMESA's STR, ensuring cross-border traders are not exploited. SADC should look at finalising its SADC STR and harmonising it with those of COMESA and the EAC. The trade information desks should be advertised more, as there is a lack of awareness about them.
- Amenities within the border area should be enhanced to include showers, feeding rooms and eateries, thereby addressing cross-border traders' travel needs. The private sector can play a role in providing facilities that make the journeys of drivers and other vulnerable groups more bearable. This includes

providing low-cost accommodation, eateries and appropriate security features on pedestrian walkways.

- Formalising the status of vendors in the border post would ensure better border control, better services for travellers, and better opportunities for the vendors themselves.
- It is important to ensure the transparency and predictability of procedures for customs valuations; chargeable fees and their determination; and rules about the movement of people, goods, and services in a non-technical way; thereby reducing incentives for corruption, bribery and arbitrary charges. This would also benefit cross-border traders.
- Border process re-engineering that includes all border agencies is required. It is necessary to involve affected stakeholders on these border policy reviews.
- System issues (eg, with ASYCUDA, interfacing the systems used by Zimbabwe and Zambia) should be reviewed, and a fail-safe mechanism during system downtimes/power outages should be provided.
- To address staff shortages and inadequate inspection bays, immigration and customs should revisit their staffing policies to ensure adequate numbers of staff are present, especially during peak traffic flows, to expedite processes. Border agencies should also review their policies regarding the use of personal phones while on duty.
- A gender audit of customs and border agencies should be conducted to ensure women are equally represented.
- To reduce multiple inspections, customs officials could undertake risk management by sampling cargos for scanning and physical inspection. Additionally, joint inter-agency inspections and other procedures could reduce duplication of effort among agents.
- Authorities must encourage regular importers to pre-clear their products in Chirundu, ensuring there are no delays in bills of entry or delays owing to other border processes or internal coordination. Transport companies should ensure there are no delays in remitting duties by consignment owners; pre-clearance should assist with this.
- Increased staffing levels and expanded infrastructure (truck parking, inspection bays, office space), especially on the Zambian side, are needed to match increased economic activities.

DRIVER WELLBEING MUST BE A PRIORITY

If the intention is to keep drivers on the road and trucks moving, it is important to:

- Provide drivers with sufficient off-duty resting time, enabling them to travel longer distances without needing to park their trucks in border areas in order to rest for prolonged periods.
- Continue to promote the education of drivers on health and wellness and preventive measures against sexual transmitted infections, by supporting and expanding the wellness clinics.

- Allow drivers to form national or regional associations that advocate better working conditions and educate them on concerns regarding standing time. This would ensure that they are represented in policy design, where driver behaviour could be factored into border design or trade facilitation measures.
- Transporters could also consider allowing drivers to travel with their wives to increase their family time, reducing the need to commute back and forth.
- South Africa should put in place visible measures to prevent xenophobic attacks on truck drivers through the organised drivers' association, highlighting drivers' contributions in different SADC countries and breeding a culture of collaboration and not competition for jobs.

BORDER FIRMS NEED ASSISTANCE TO ADAPT AND GROW

Support and upgrade the companies that service the border.

- Provide training and capacity building to existing clearing agents (especially for youth on the Zambian side) to improve their technical skills and knowledge of documentation and clearing procedures and processes.
- In the medium to long term, the industry should be regulated to ensure that only formally qualified individuals are employed and to standardise clearing agents' qualifications in the SADC region.

NEW OPPORTUNITIES ARE NEEDED AT THE BORDER IN THE LONG TERM

Border towns will need to find new ways to leverage growth off the border in order to remain sustainable. Location cannot be the overriding factor, as that may work for certain industries such as tourism but not for those locked into local supply chains.

ANNEXURE

| ANNEXURE 1 SAMPLED AND INTERVIEWED STAKEHOLDERS IN CHIRUNDU | | |
|---|-------------|---|
| AGENTS | INTERVIEWED | OTHER INFORMATION |
| Clearing agents | 19 | 19 (14 male and 5 female) |
| Cross-border traders | 23 | Some in groups of up to three, and eight from the COMESA Market, in Lusaka |
| 'Transit' cross-border traders | 17 | Six on the Zimbabwean side and 11 on the Zambian side |
| Truck drivers | 15 | |
| Bus drivers | 6 | Four transit bus drivers destined for Zambia and two destined for Zimbabwe |
| Local government officials | 5 | District economic planner, district social planner, district HIV/AIDS coordinator and customs officials – on both sides of the border (ZIMRA and ZRA) |
| Total | 85 | |

| ANNEXURE 2 SAMPLED AND INTERVIEWED STAKEHOLDERS IN BEITBRIDGE | | | |
|---|-----------|-----------|-----------|
| AGENTS | MALE | FEMALE | TOTAL |
| Clearing agents | 10 | 2 | 12 |
| Cross-border traders | 4 | 20 | 24 |
| Truck drivers | 25 | 0 | 25 |
| Government officials | 5 | 1 | 6 |
| Local business operators | 6 | 2 | 8 |
| Touts and vendors | 3 | 2 | 5 |
| Total | 53 | 27 | 80 |



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