Regional Integration and Inter-States Trade: the ESA OSBP Experience

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East African Community
We are part of a big African dream
Who is EAC?

• A customs Union established between Burundi, Kenya, Rwanda, Tanzania and Uganda in 2005.
• Its objectives are:
  1. Further liberalisation of intra-regional trade in goods.
  2. Promotion of efficiency in production within the Community;
  3. Enhancement of domestic, cross-border and foreign investment in the Community; and
  4. Promotion of economic development and diversification in industrialisation in the Community.
  5. Deepening and widening political, social and economic cooperation.
This is our journey.....

- Customs Union 2005
- Common Market 2010
- Monetary Union 2012
- Political Federation ?
EAC today....

• A customs Union established between Burundi Kenya, Rwanda, Tanzania and Uganda in 2005.

• A Common Market (Established in July 2010)
The Customs Union

What is a Customs Union?
A legally binding voluntary commitment of cooperation/integration by neighboring countries to
- Dismantle trade barriers amongst themselves
- Adopt harmonized intra-trade regimes
Tenets of the EAC Customs Union

- Gradual elimination of internal tariff;
- Application of a Common External Tariff;
- Removal of NTBs;
- Trade Facilitation;
- Cooperation in prevention, investigation and suppression of offences;
- Joint Institutional framework on Customs and Trade management
THE EAC COMMON MARKET

• **What is a Common Market?**

• A legal and binding commitment to a deeper and stronger functional integration by member countries to:
  
• **Remove all trade barriers on goods and services;**

• Liberalize the movement of the factors of production amongst themselves;
Features of a Common Market

- Additional integration of the factor market on top of the product market integration:
  - Free trade in goods
  - Free trade in services
  - Freedom of movement of capital
  - Freedom of movement of labour and the right of Establishment and Residence
NTBs in East Africa

- 45 Identified in various sectors
- 15 are surface transport related and include:

  - Delays at the Ports (Mombasa & Dar)
  - Varying application of axle load specifications
  - Excessive number of weighbridges
  - Transit charges not harmonized
  - Lack of electronic cargo tracking
  - Corruption along the transit Corridors
  - **Delays at borders**
EAC Article 90: Roads and Road Transport

• ratify or accede to international conventions on road traffic and road signs

• harmonise their traffic laws, regulations and highway codes

• adopt common requirements for the insurance of goods and vehicles

• adopt and establish common road safety regulations

• co-ordinated approach in the implementation of trunk road projects
Evidence Based Decision-Making

Key Transit Cost Parameters:
- Clearing Agency, 8%
- Port Charges, 1%
- Shipping Line, 3%
- Road Haulage, 88%

Primary Causes of Long Transit Times:
- Port Procedures 49%
- Others 7%
- Insecurity 9%
- Vehicle Breakdown 9%
- Border Post Controls 13%
- Personal 5%
- Weigh Bridges 2%
- Customs Checks 2%
- Police Road Blocks 1%
Step 1
- Joint Border Inspections

Step 2
- Integrated Border Management (IBM)/OSBP

Step 3
- Single Window Systems (SWS)
Joint Inspections at Borders

BORDER AGENCIES SHOULD FACILITATE THE MOVEMENT OF PEOPLE AND GOODS ACROSS BORDERS WHILE MEETING NORMAL NATIONAL/REGIONAL TRADE REQUIREMENTS

CRITICAL REQUIREMENTS:

- Appreciate of Each Other’s Responsibilities and Roles
- Streamline and Simplify Documentation and Procedures
- Put in Place Systems that Support Cooperation and Collaboration
- Undertake Joint Inspections
- Agree on Performance Benchmarks and Targets and Customer Service
Characteristics of EAC Borders

- Immigration, customs and police at all borders.
- Other agencies (bureau of standards, plant health, human health, veterinary controls, food and drug safety, etc) at certain borders
- Scarcity of staff at borders
- Agencies operate under separate legal mandates with little overall coordination
- Minimal facilities
- Some problems with power and connectivity; not all borders computerized
- Need greater simplification and harmonization of standards and required documentation
CURRENT BORDER CROSSING PROCEDURES
PRIVATE DEVELOPMENT ENCROACHING BORDER POSTS LAND
PHOTO 4-BUSINESS PREMISES AND BORDER POST OFFICES INTERSPERSED
PEDESTRIAN AND MOTORISED TRAFFIC NOT SEGREGATED
SMALL SCALE IMPORTERS GOODS VERIFIED ON OPEN YARD - ISEBANIA
VERIFICATION IN PROGRESS AT SIRARI
One Stop Border Concept

• To reduce the number of stops incurred in a cross border trade transaction by combining the activities of both countries’ border organisations at a single location [in each direction for juxtaposed facilities].

• To increase the effectiveness of cross-border controls through greater data sharing and cooperation.
OSBP Benefits

• Faster clearances
  • Coaches and passengers in roughly half the time
  • Freight in less time due to more effective risk management, joint scanning and inspections, more sharing of information

• Opportunity for ICT solutions
  • Single entry of data
  • Shared information among agencies
  • Management information systems

• Joint training and facilities

• Facilitate introduction of regional-wide systems
Common Control Areas

Tanzania: Exclusive Use Areas

Rwanda: Exclusive Use Areas

Offices

Public Processing Area

Traffic leaving Tanzania

Traffic entering Tanzania

Traffic entering Rwanda

Traffic leaving Rwanda
<table>
<thead>
<tr>
<th>Income Category</th>
<th>Rank in Income Group</th>
<th>Networked Readiness Index - Rank</th>
<th>Global Competitiveness Index - Rank</th>
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<tbody>
<tr>
<td>HIGH INCOME (46)</td>
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<tr>
<td>Sweden</td>
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<tr>
<td>Trinidad &amp; Tobago</td>
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<td>86</td>
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<tr>
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<td>Suriname</td>
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<td>LOW INCOME (24)</td>
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<tr>
<td>Chad</td>
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</table>
## Connectivity & Competitiveness

<table>
<thead>
<tr>
<th>Country</th>
<th>Income Category</th>
<th>Rank out of 133 Countries</th>
<th>Networked Readiness Index (NRI) (Rank Out of 133 Countries)</th>
<th>Global Competitiveness Index (GCI) (Rank our of 133 Countries)</th>
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<tbody>
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**HI** – High Income  
**UM** – Upper Middle Income  
**LM** – Low Middle Income  
**LO** – Low Income
### PILLARS OF OSBP AND LESSONS

<table>
<thead>
<tr>
<th>Infrastructure</th>
<th>Legal Framework</th>
<th>Operational Framework</th>
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<tbody>
<tr>
<td>• Design Options</td>
<td>• Regional</td>
<td>• Systems Integration</td>
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<tr>
<td>• Budgetary</td>
<td>• Bilateral</td>
<td>• IT Platforms</td>
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<tr>
<td>Allocations</td>
<td>• Operationalization</td>
<td>• Joint Operations</td>
</tr>
<tr>
<td>• Maintenance &amp;</td>
<td>• &amp; Enforcement</td>
<td>• Service Delivery</td>
</tr>
<tr>
<td>Ownership</td>
<td></td>
<td>Charters</td>
</tr>
</tbody>
</table>
Characteristics of Chirundu OSBP

Modern Facilities
- Traffic Segregation
- ICT Infrastructure

Joint Operations
- Commercial Traffic
- Cross-Border Trade
Modern Infrastructure at Chirundu

THE CHIRUNDU ONE STOP BORDER POST WAS OFFICIALLY OPENED BY THE PRESIDENT OF THE REPUBLIC OF ZIMBABWE HIS EXCELLENCY CDE R.G. MUGABE ON 5 DECEMBER 2009
THEME 4 – ICT Solutions
USE OF ICT AT CHIRUNDU OSBP
Simplified Trade Regime (STR)
| Enhanced Compliance by Shippers to Trade Rules and Regulations |
| Evidence Based Advocacy to Reduce the Cost of Doing Business |
| Compliance to International Best Practice and Common Certification |
| Enhanced Capacity for Sustainable Private Sector Advocacy |
VALUE ADDED SOLUTIONS

**On-Going**
- Need
  - Consolidation & Acceleration
  - Customs Automation
  - One Stop Border Posts

**Proposed**
- Need
  - Investment & Commitment
  - National Single Window Systems
  - Integrated ICT Based Logistics Solutions