

October 28, 2008
Testimony of Audrey Adams

Improving Border Management
Improving Trade Facilitation
Improved Export Competitiveness

Good Morning.

It is an honor to be with you this morning to talk about something as important as the economic future of sub-Saharan Africa. I am a recently retired senior executive with US Customs and Border Protection with over 35 years of border management experience. I am committed to the concept that responsible border management is critical to economic well being. Those nations who exercise due diligence at their sovereign borders, who move legitimate traffic through quickly and efficiently, those nations who effectively utilize the principles of effective risk management even while recognizing the many threats that those seeking to do harm can cause at various national borders around the globe, are those nations with the soundest economies.

In many countries around the world, lack of economic security poses a huge threat to the health and well being of the local citizenry. This is certainly the case in many places within sub-Saharan Africa. I am pleased to be with you today to talk about specific border management initiatives which can improve economic security through enhanced trade facilitation.

Before I get into the specific border management concepts that underpin efficient management of a country's sovereign borders, I want to highlight the importance of treating the entire issue of export competitiveness in a holistic manner. As I was doing my research in preparation for today's testimony, I was trying to quantify the magnitude of the problem and specifically to try to identify the lengths of the delays which take place at the borders along certain trade

corridors within Africa. In many cases, the World Bank doing business indicators highlight instances of border processing delays in excess of 7 to 10 or even more days. In those cases, it is prudent to review the procedures in place at the various crossing points and pinpoint the reasons for the delays. For example, the World Bank "doing business indicators" show that it takes 38 days for a shipment to be imported into Mozambique and 39 days for a shipment to be exported. There are similar examples around the continent. Clearly, delays of this duration are unacceptable by any standard.

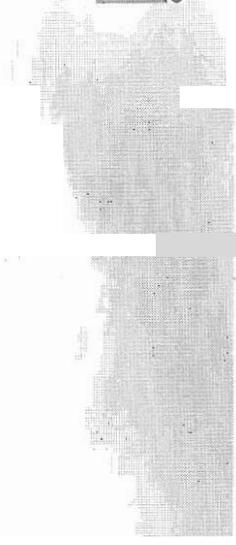
In other situations I attempted to research however, I found that because of civil war and the lack of basic infrastructure, there were cases where countries had very few exports at all. As an example, in preparation for a recent presentation on trade corridors into Namibia, I asked the question about the border crossing process for goods originating in and being exported from Angola, moving into Namibia and for ultimate export through the port of Walvis Bay, Namibia. Much to my surprise, I learned that the recent civil war, coupled with the lack of available roads, meant there were very few, if any exports from Angola using the nearby seaport of Walvis Bay in neighboring Namibia. It is not a far leap to recognize the importance of creating products to be exported before the issue of improved and streamlined border management can be viewed as a way to help assure maximum export competitiveness.

With that as background, and emphasizing the importance of a holistic approach, let's think about the border management practices that do and will lead to streamlined trade facilitation and hence, to improved export competitiveness.

Slide 2

These are some of the givens. The leaders of the African Union and of NEPAD have developed wonderful words to articulate their vision for African prosperity. They have clearly exhibited great foresight and an understanding of the importance of international trade in establishing a vibrant economy. This vision, focusing on the removal of obstacles to free trade has the potential, when fully realized, to

establish an environment conducive to economic stability and prosperity.



Crown Agents

**Vision: Improving Border
Management + Improved Trade
Facilitation = Improved Export
Competitiveness**

United States International Trade Commission
Hearing on sub-Saharan Africa
Effects of Infrastructure Conditions on Export Competitiveness
October 28, 2008



The African Context



- The African Union (AU) and New Partnership for Africa's Development (NEPAD) vision is to:

- Establish a free trade area at the level of each regional economic community
- Gradually removal obstacles to the free movement of persons, goods & services amongst member states

- African economic competitiveness relies upon efficient transport corridors across the continent.

The regional economic communities are implementing initiatives to achieve this vision, including:

- Common Market for Eastern and Southern Africa (COMESA)
- Economic Community for the West African States (ECOWAS)
- Southern Africa Development Community (SADC)

The African Context (cont)



- Regional initiatives are aimed at improving important trade routes e.g.:

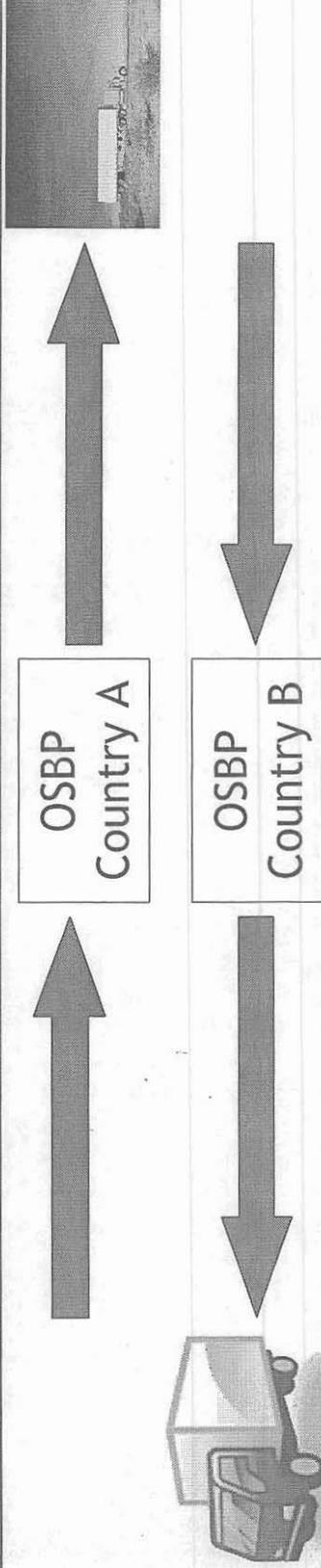
Trade Corridor:	Countries:
Abidjan-Lagos Corridor	Links Cote d'Ivoire, Ghana, Togo, Benin and Nigeria
Central Corridor	Links Port of Dar es Salaam in Tanzania with DRC, Rwanda and Burundi
Dar es Salaam Corridor	Links Port of Dar es Salaam in Tanzania with Zambia and Malawi
Maputo Corridor	Links Port of Maputo in Mozambique with South Africa
Northern Corridor	Link landlocked countries of East & Central Africa (Burundi, DRC, Rwanda, Uganda) with seaport of Mombasa in Kenya. Also serves Ethiopia, Northern Tanzania and Southern Sudan
Walvis Bay Corridor	Three trade routes which links Namibia with South Africa and Botswana; Namibia with Zambia, DRC and Zimbabwe; and Namibia with Angola respectively

Seamless Borders & OSBPs



- One way of improving export competitiveness is through the **One Stop Border Posts (OSBP) and seamless borders :**

- The OSBP model aims to reduce duplication cause by dealing with two sets of agencies (often with similar processes)
- Juxtaposed facilities are set up on either side of the border - with each facility handling traffic going in one way only.



- Seamless borders require:
 - Addressing border management issues prior to arrival through advance information exchange and increased communication
 - Transparent transactions
 - Little or no delays at crossings



Case Study I



Chirundu Border Post

The Chirundu Border Post is:

- The main entry point for commercial traffic from Southern Africa into Zambia and/or processing through to Central & Eastern Africa.
- One of the most utilised inland border points in the Eastern & Southern African region.
- 270 trucks pass through this Zimbabwe / Zambia post per day.

- 15 government agencies enforce various pieces of legislation at this BP
- Transit times for trucks going north range from 26 - 46 hours
- Two set of similar controls add to the long transit time

Chirundu OSBP Project will:

- Increase trade between Zimbabwe & Zambia by an estimated 20%
- Save an estimated US\$40 Million through reduced transit time

Case Study II

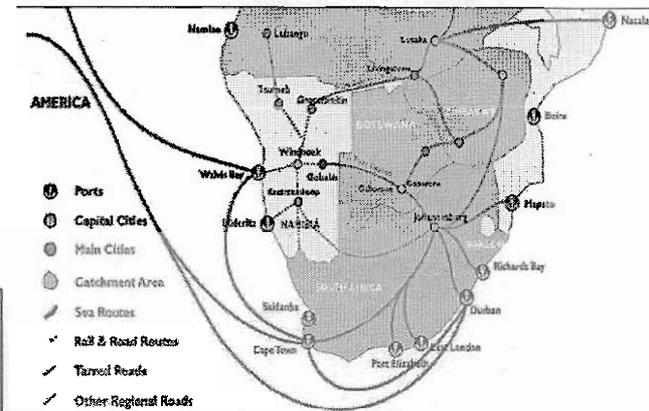


Walvis Bay Corridor

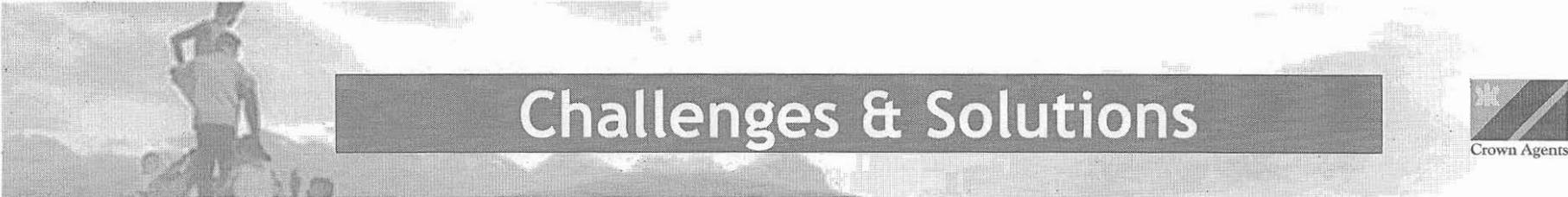
Four routes from Walvis Bay into the Southern Africa Development Region (SADC) forms the Walvis Bay Corridor.

The region's flagship project is the **Trans-Kalahari Corridor (TCK)** between Botswana, Namibia and South Africa aimed at:

- Simplifying & harmonize customs procedures
- Supporting uptake of electronic data interchange



- Utilise pre-clearance mechanisms & adopt a common transit procedure
- Introduce joint customs control & border post management
- Harmonize
 - ❖ business hours & extend hours where justified
 - ❖ road traffic laws & co-ordinate strategies for road traffic control
 - ❖ driver training & testing standards
 - ❖ road user trading systems & use charges for road maintenance
- Promote well-maintained border post facilities



Challenges & Solutions



The Sub-Sahara African Transport Policy Programme (SSATP) has identified trade obstacles along African corridors, e.g.

- Border delays
 - Proliferation of road checks
- Other practises which increase monetary & time costs

Seamless borders support trade facilitation through:

- **Cutting down on transit times**

E.g. exporters of garments from Lesotho & Swaziland to the USA save 10 days shipping time when using the TKC

- **Increasing cargo volume**

E.g. Cargo volume increased by 58.4% on the TKC

- **Facilitating fluid movement of compliant traders**

Seamless borders allow compliant goods from approved traders to move effortlessly across borders, while officials can focus on high risk consignments



Future Vision



Through the provision of advance information, sharing of such data and the use of relevant electronic systems, crossing point managers will have access to relevant information, such as:

- What vehicles and cargo are approaching their borders
- What the origin and destination of the goods are
- The type of goods on board
- Relevant risk information about the driver and truck
- Seal numbers & other security information

Trucks from low risk and compliant companies will be facilitated, except for a statistically valid random sampling.

Based on advance information, all duties, taxes and fees could be paid electronically in advance allowing for full pre clearance

From Theory to Practise



Improved Border Management Will Improve Export Competitiveness

What is required?

- Collaboration between countries & governments
- Collaboration between public & private sector
- Commitment at all levels (executive & on the ground)
- Adequate funding
- Updated legislation, policies & procedures
- Improved infrastructure & facilities
- Effective management of human resources